FINAL REPORT



State of Washington
LTC Public Transportation Study



Stage 1

Comprehensive, Statewide Policy Review of Public Transit Systems

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PUBLIC TRANSPORTATION STUDY

Task 1.A

History of Governance of Public Transit Systems In Washington State

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STATE OF WASHINGTON
The Legislative Transportation Committee

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Abstract

The purpose of this task was to provide a history of the governance structures for public transportation in Washington State. This necessarily involved a recounting of the basic financial structure which is dealt with in more detail in Task 2.A.

The Revised Code of Washington and the Chapter Laws of each legislative session were reviewed from the beginning of statehood to ascertain the statutory development of the public transportation governance system. That review, along with occasional gubernatorial veto messages, provided a bare bones history. Because most of the significant legislation creating the current system was adopted in the late 1960s and early 1970s, it was also possible to supplement the legal review with interviews of legislators and representatives of interest groups who actually participated in the legislative debate. These persons are acknowledged at the end of the report. Their insight and recollections provided invaluable historical context.

The major historical events in the development of the current public transportation governance structure were:

- Assumption of government responsibility for financing public transportation.
- Authorization of separate local governments, other than cities, to provide public transportation service.
- Authorization of dedicated local option taxes to fund public transportation.
- Provision of public transportation throughout urbanized area regardless of city boundaries by multijurisdictional special purpose transit agencies.
- Initiation of state interest in public transportation for purposes of carrying out state public policies.

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I. Introduction

Two major themes characterize the governance history of public transit in Washington State: (1) The Legislature has chosen to make the provision of public transportation almost exclusively the province of local government agencies; and (2) Almost all of the significant decisions have been made in the last 25 years.

Prior to 1965, public transit was provided by cities, usually through a private contractor, and service was funded through service charges (farebox and advertising revenues). The legislature made 1965 a watershed year in public transit history because, for the first time, it authorized the use of general tax funds for transit.

The current public transit system, including the governance and finance systems, was authorized by the legislature in the last 25 years. Local implementation of the authorizing legislation is of even more recent vintage as more than one-half of the current public transportation systems in Washington State were created and became operational during the 1980s.

When the legislature did decide in 1965 and in later years that new governmental structures and the use of tax revenues was necessary for public transit, it decided to leave the decisions about the provision of service, creation of the governments, and levying of taxes to local officials. Only in recent years has there been any attempt to begin to inject any kind of state oversight of the system.

II. Transit as a Utility

Throughout most of this century until the 1960s, public transit was treated as a utility, either being provided by cities or private companies franchised by a city. Transit systems, whether publicly or privately operated, were self-sufficient and supported by fare-box and other non-tax revenues. Many cities chose to give a franchise to a private company to provide the service. Thus, the service was provided similarly to utility companies who have a monopoly franchise and are regulated by the Washington State Utilities and Transportation Commission.

The municipally-operated systems were treated as a utility or an enterprise fund operation and as a rule no other governmental revenues were allocated to the operations.

The utility approach to transit started in the first decade of statehood. In 1897, with the enactment of Chapter 112, Laws of '97, cities were authorized to provide a series of utility functions, including water, sewer, and "street railways engaging in the business of transporting and carrying passengers and freight for hire."

In 1923, bus systems were added to the street railway authorization with the enactment of Chapter 173, Laws of '23. That year Chapter 176 was also enacted which authorized special assessments against property benefitted by a municipal street railway.

It was not until 1965 that there was a legislative decision that the provision of public transit services was a governmental obligation and general tax revenues were authorized to fund city transit systems. This occurred at a time when city-operated or franchised bus systems were failing financially in Seattle and in other urban areas of the state. The economics of fare increases could not match the increases in the cost of vehicles, fuel, wages and other expenses. Cities had begun to subsidize the operations with operating funds.

III. Metro Created

For 35 years after the 1923 session, the legislature paid no heed to public transportation. Public transportation was not an issue that produced any legislative initiatives.

In 1957, two measures were passed which marked the beginning of the transition from privately-owned systems to public systems. The enactment of Chapter 114, Laws of '57, authorized municipally-owned transportation systems to purchase privately-owned systems.

Secondly, the legislature authorized the creation of a new government, which eventually became the largest provider of public transit in the state, the Metropolitan Municipal Corporation of Seattle, known as "Metro." Its original creation was the result of pressures created by the post-war population boom in King County and the need to create a coordinated sewage treatment system with a multiplicity of jurisdictions in the drainage basins feeding into Lake Washington.

Almost all of the focus of the initial authorizing legislation (Chapter 213, Laws of '57) was on the sewage treatment function. But the drafters of the initial legislation anticipated the need for coordinated provision of other services beyond city boundaries in King County, including the provision of public transportation. Even then there were signs that the urban bus services were experiencing difficulties. Other services put on the potential list for provision by Metro included land use planning, solid waste disposal, water supply and parks and recreation.

The new government, a hybrid of cities, the county, and special districts, followed a governance trend of the times to create what was called a "federated" system. It was a compromise that permitted government functions that had traditionally been provided by cities to be provided on a larger geographic basis without removing the city officials from the decision-making process and transferring the function to another government. The result was a governing board, called the Metro Council, which eventually included 44 county, city, and special district officials and even appointed citizens.

In 1977, nearly 20 years after the creation of Metro, the first rumblings of dissatisfaction with the "federated" system surfaced with the passage of Chapter 277, 1st Ex. Session, Laws of '77. This measure authorized the voters of King County to merge Metro

into King County as a single government. A year later, in 1978, the King County Council put the measure on the ballot and it was defeated by a substantial margin.

In 1990, Federal Western District Court Judge William Dwyer ruled the original Metro governance structure unconstitutional, violating constitutional standards of voter representation set by case law promulgated in the 1960's over voting rights, after Metro had been created. (See Cunningham vs. Metro) Now, some 13 years after the '77 legislation, King County and city officials are seriously discussing the creation of a merged government in response to the Judge Dwyer ruling.

The first attempt to seek voter approval of Metro included authorizing the government to do regional planning and transit services, as well as a regional sewage treatment system. That measure failed at the polls and the proposal was resubmitted a year later with only the water quality function being authorized. Metro waited another 15 years to begin its role in public transportation with the approval by the voters of a transit role in 1972, and assumption of several city bus systems in 1973.

Beginning in 1973, Metro started the process of becoming a major local government provider of transit service and to be the first multijurisdictional provider, moving the service from what had been the exclusive domain of city governments. Previously, however, several significant changes in governance legislation occurred in the 1960s, preparatory to the major changes that were to occur in the 1970s.

Other than authorizing the creation of Metro, prior to 1965 the only other significant transit-related legislation also occurred in 1957. The Legislature enacted Chapter 292, Laws of '57, which exempted urban transportation systems from the motor vehicle fuel tax. The initial exemption was temporary until 1959. It was extended in two-year increments until 1965 when the exemption was made permanent.

IV. Transit a Public Purpose

The 1965 Legislature started a decade of transit legislation which forms the basis of our current system. Almost all of the governance and revenue systems in place today were created in law during the ten-year period of 1965 to 1975.

In 1965, the Legislature formally recognized for the first time that transit systems may not be able to be fully funded from fares. They also for the first time declared as a matter of public policy:

> "All persons in a community benefit from a solvent and adequate public transportation system, either directly or indirectly, and the responsibility of financing the operation, maintenance and capital needs of such systems is a community obligation and responsibility which should be shared by all." (Chapter 11, 1st Ex. Session, Laws of '65, RCW 35.95.010)

To that end, they authorized first class cities to levy a business and occupation tax on business and an excise tax on households of $1 per month to fund public transportation. In a far-reaching statement of public policy, the legislature further declared:

> "We further find and declare that the maintenance and operation of an adequate public transportation system is an absolute necessity and is essential to the economic, industrial and cultural growth, development and prosperity of a municipality and of the state and nation, and to protect the health and welfare of the residents of such municipalities and the public in general."

This action was driven by the increasing difficulties of cities, particularly Seattle, to fund a bus system from the fare box. This first authorization of a general tax for the provision of public transportation was to set the stage as an important predecessor to the major decisions made during the next ten years that created the current system.

Another law was enacted in 1965 that was to influence transportation planning over the next 20 years. With the enactment of Chapter 111, 1st Ex. Session, Laws of '65, the Legislature authorized councils of governments to be formed for regional transportation planning, among other duties. While their role since then has been to be a means of complying with federal regulations requiring metropolitan planning organizations in urban

areas in order to be eligible for funding for transportation. That role is currently being re-evaluated in various versions of growth management legislation before the legislature.

In 1967, Metro returned to the Legislature to seek additional clarifying language on how it could proceed to provide public transportation. That same year, the first evidence of legislative recognition of a potential state role appears. In Chapter 108, Laws of '67, the legislature authorized the Highway Commission to spend funds benefitting "urban public transportation systems." Those systems were defined as "a system for public transportation of persons or property by buses, street cars, trains, electric trolley coaches, other public transit vehicles, or any combination thereof operating in or through predominantly urban areas and owned and operated by the state, any city or county or any municipal corporation of the state..."

It authorized the Commission to join any county, city, other state or federal agency for planning, development and establishment of urban public transportation systems in conjunction with new or existing highway facilities. This action had little initial impact because apparently no funds not restricted by Article 2, Section 40, Washington State Constitution (18th Amendment), were appropriated to the Commission for this purpose.

Also in 1967, the '65 authorization of household and B & O taxes for 1st class cities for transit was extended to 2nd and 3rd class cities having public transportation systems. This was in response to a growing problem by cities across the state to fund the bus systems. In Seattle, a different set of events was about to occur which significantly impacted the public transportation system of this state.

V. "State" Taxes for Transit

In 1968, community leaders in King County and Seattle forged a package of bond issues for public improvements known as Forward Thrust. It included major bond issues for construction of sewer systems, storm-water systems, the Kingdome, parks, suburban arterials, and a high-capacity transit system, probably a rail system.

All of the package was approved by the voters except the transit system measure. The lack of voter approval of that issue was preceded by a late negative campaign focusing attention on the costs of the system. General Motors Corp. was a major contributor to the negative campaign. The ballot measure failure left community leaders with a failing Seattle bus system and they turned their attention to the legislature for solutions. One of the criticisms of opponents of the measure was that while capital needs were addressed by the bond issue, operating needs remained a problem.

In 1969, the major action that put the state government into a financial role for public transportation occurred. Chapter 255, Laws of '69, authorized Metro and other cities which owned or operated a transit system to levy a motor vehicle excise tax (MVET) up to a maximum rate of 1 percent. The tax authority required a match of the MVET funds by other local taxes imposed for transit. The same measure added Metro as a municipality authorized to levy the B & O and household taxes previously authorized to cities.

Because the tax is levied by the local government, it is legally not a state tax. However, because the local tax is a deduct against the state motor vehicle excise tax collected in that jurisdiction, this money has long been considered "the state match."

Some observers of that time say the MVET funds were perceived to be a state subsidy and were required to be appropriated by the State Legislature. That approach was used in the '73-'75 biennial general fund budget. However, in the 1975 session the legislature refused to appropriate the funds. A law suit was instituted by Metro and the Washington State Supreme Court ruled that because the MVET was a local tax, no appropriation was required. (See Municipality of Metropolitan Seattle vs. Robert O'Brien, 86 Wn. 2d 339, 544 P. 2d 729.) The failure to appropriate the funds stemmed from political feuds between some powerful Senators outside of King County with some King County legislators, and with arguments between the legislature and Gov. Daniel J. Evans over transportation funding and the proposed Department of Transportation.

The constitutional provision in Article 11, Section 12, which prohibits the levying of state taxes for local purposes may have required a local tax mechanism anyway. However, it was an unusual local option tax, being a credit against an existing state tax. The legislature in 1967 had used the same technique in authorizing a hotel-motel tax to fund the construction of the Kingdome, authorizing a county-imposed tax on hotel rooms as a credit against the state sales tax. That was the first time the legislature had authorized a local tax as a deduct against an existing state tax. The match requirement was also unique to any local option taxes authorized before or since by the legislature. Seattle civic leaders report they selected the motor vehicle excise tax at the time for the same reason they selected the hotel room sales tax for the Kingdome: there was a nexus or a salient relationship between the impact of the tax and the system it was supporting.

Regardless of the legal realities of the local versus state tax issue, the action provided a major state commitment of revenue to public transportation. Interviews of participants in the legislative debate at that time indicate the commitment has grown far beyond the expectations of legislators at that time. Observers have noted that a maximum of 10 urban areas may have been anticipated to benefit from this authorizing legislation, instead of the 20 transit agencies that currently are levying the tax. That this system was potentially a significant cost to the state general fund, was recognized by some legislative leaders at that time. However, the matching requirement of another locally-levied tax, at the time a household tax limited to $12 per year per house, limited the total impact on state budgets.

It appears that the failure in King County of a local bond issue to be financed by property taxes for a high capacity transit system led to the state authorization of a local tax on cars for public transit purposes. That same year there is further evidence of growing legislative recognition of the multijurisdictional nature of transit. The legislature, with the passage of Chapter 139, Laws of '69, allowed counties and cities to jointly operate a bus service. This, except for the county role in Metro, is the first time county government is recognized as a possible purveyor of public transportation.

An historical footnote that year was the enactment of Chapter 281 which created the Division of Urban Transportation reporting to the Washington State Highway Commission. The Division was to coordinate planning and oversee the expenditures of the MVET tax authorized for Metro. The measure was vetoed by Gov. Evans because of the failure of the measure creating a Department of Transportation. Later the division of public transportation was enacted as part of the measure creating the Department of Transportation (See below).

VI. Sales Tax for Transit

Seattle and King County officials returned to the voters in 1970 to again seek approval of a bond issue for a rail system. It was again defeated, by an even greater margin than in 1968. This clearly left the community with no option but to salvage the current bus systems and make them viable operations. Community leaders again turned to the legislature for approval of a new local option tax to assist in the support of the system.

The last major funding measure for public transportation was authorized in 1971 with the enactment of Chapter 296, 1st Ex. Session. Metro was authorized a 0.3 percent sales tax for public transit in lieu of the household/B & O taxes authorized in 1969. The legislation delayed any imposition of the tax until after July 1, 1972. It also limited the amount of sales tax revenues that could be used to match the MVET funds to $3 million for the fiscal year ending June 30, 1973. A prohibition on use of the funds for MVET match after June 30, 1973, was vetoed by Gov. Evans. In his veto message Gov. Evans said the effect of that language would have been to deny the MVET match to King County transit systems, while allowing it to continue (with household and/or B & O taxes) in all other counties. "With this matching capability restored, the needed long-term funding support for public transportation within a Class AA (King) County will be provided," he said. Technically, also King County and the cities within the county were also given authority to levy the new tax, although the intention was to allow Metro to take over the various city bus systems in the county at that time. The law required voter approval in order to impose the tax. The tax originally had a "sunset" of 1973, but that provision was also vetoed by Gov. Evans. The vetoes turned a tax providing one-time assistance for a year into a permanent major source of funding for Metro for transit.

In an unusual governance move that year, the legislature statutorily expanded the boundaries of Metro to make it coterminous with King County. There was no local decision made on the boundary expansion. That was authorized in Chapter 303, 1st Ex. Session, along with several additional provisions in the Metro statute relating to the provision of public transit service. Metro had in place the MVET, the sales tax, and had statutorily expanded its boundaries to be coterminous with the county before finally seeking voter approval in 1972 to assume the role of the county's transit provider.

The authorization in 1972 of both the local option sales tax and the assumption by Metro of the city bus systems substantially changed the impact on the state general fund of

the MVET authorization. What had previously been potentially a relatively minor impact on the state general fund, suddenly became millions of dollars.

Legislative and gubernatorial concern over this impact led to consideration of repeal of the tax in the 1973 session. Having just put the new system in place, this was vigorously opposed by various King County elected officials and civic leaders. The MVET tax was rewritten and both a dollar limit on the match in the 1973-75 biennium and a sunset of the local tax authority in 1981 was adopted as a compromise. In 1979, the Legislature repealed the sunset before it occurred.

Thus a significant financial base for transit was created because of events in the state's largest county. It remained for the next two sessions to make the governance system changes that were to result in the expansion of a public transit network that serves virtually every urban area in the state.

VII. Counties Enter Transit Service

There was never to be another metropolitan municipality formed under the Metro authorizing legislation. In 1974 and 1975, the Legislature authorized the creation of two new governmental agencies which were to assume the provision of transit service throughout the rest of the state. Chapter 167, Laws of '74, authorized the creation of County Transportation Authorities (CTA) in any county except King. Except for the joint city-county authorization in 1969 (never implemented), and King County's role in Metro, no county had ever provided public transit services.

This act authorized a county-wide system managed by a board consisting of the three members of the county legislative body and three city mayors. The act also gave the new entity the same sales tax authority that Metro had achieved in 1971. The county authorities were not initially given the MVET tax authority that Metro and the cities had. The legislature also enacted a sunset of 1979 on the sales tax and prohibited it being pledged for bonds. Both of the latter provisions were vetoed by Gov. Evans. A section of the bill that was designed to prohibit the creation of any more Metro's anywhere else in the state was also vetoed by Gov. Evans. This act, now codified as Chapter 36.57, RCW, also included, for the first time, the requirement to produce a public transportation plan.

There is currently only one Authority as authorized by this act providing transit service, the Grays Harbor County Transportation Authority, which was created the same year the act was passed. County and city officials in Snohomish County created a county transit authority that year in Snohomish County. However, the imposition of the sales tax was defeated at the polls. A public transit benefit authority (see below) was created the following year, but the CTA was never dissolved. Now known as Sno-Tran, the CTA acts as a planning agency and conduit for federal transit funds. The legislation was amended in 1975 to allow counties to provide public transit service in the unincorporated areas only. No county has chosen to do so.

The measure was adopted amidst conflict and debate between the cities and the counties at the time. Cities were seeking a new mechanism which would allow provision of services beyond city boundaries which would include them in the governance system. Counties were advocating that if the service went beyond city boundaries it should be governed by the county. While there had been much discussion in 1974 of a concept like the PTBA act that was to be adopted in 1975, the political forces of that session resulted in a

county-only authority being adopted. In a separate act (Chapter 133, Laws of '74) that year, the Legislature authorized the state, counties and cities to build high occupancy vehicle lanes.

VIII. Public Transit Benefit Areas

With the major exception of Metro, the genesis of most of the public transportation systems in Washington State today stems from the passage of Chapter 270, 1st Ex. Session, Laws of 1975, which authorized public transportation benefit authorities.

This major legislation, now codified as Chapter 36.57A, RCW, resulted from the culmination of three conditions: (1) The multijurisdictional nature of the service (i.e., more than a city); (2) The need for regional coordination; and (3) The need for a broad tax base to sustain the service. These realities had been recognized in King County, but this legislation essentially said the same circumstances potentially existed throughout the state. There are still four city-only transit systems in the state: Everett, Prosser, Pullman, and Yakima. All the new systems established since have been PTBA's and every other city system that existed in 1975 has been absorbed into a PTBA.

PTBAs may include an entire county or even be multicounty, and some are, though most include an urbanized area that is less than the entire county. The authority in Benton-Franklin Counties and the state's newest system in Chelan-Douglas both include parts of two counties. PTBAs in Clark, Cowlitz, Island, Kitsap, Lewis, Pierce, Snohomish, Spokane, Thurston, Walla Walla, and Whatcom, cover only part of the county. The systems in Clallam, Jefferson, and Pacific include the entire county.

The 1975 act expanded the financial system created for Metro to the new systems, resulting eventually in that transit finance system existing virtually statewide. It gave the new authorities and the county authorities (CTA's) the household/B & O authority previously granted to cities and Metro. It authorized the option of a sales tax ranging from 0.1 to 0.3 percent. And it expanded the MVET tax authority to both county systems (CTA's), authorized the previous year, and PTBA systems.

The PTBA boards were delineated as a combination of both county and city officials. Their composition varies, depending on the nature of their service areas. For instance, some agencies have one county commissioner on the board and some have all three. There is a maximum of nine members for a single-county PTBA and a maximum of 15 for a multicounty authority. The act requires mutual agreement among county and city officials of the composition of the governing board. The act also requires a review of the composition of the board every four years or whenever an annexation of more than 15 percent of the authority's total existing population occurs. Additionally, there is a mandatory requirement

to consider possible annexations of territory every two years. The process required for creating a PTBA clearly followed a philosophy of local consensus-building. It strikes a balance between traditional county and city rivalries and requires all parties to agree to service areas and board composition.

Until 1991, only one PTBA was allowed in a county. Further flexibility was authorized with the enactment of ESHB 2151 (Chapter 318, Laws of '91) which will allow two different PTBA's to serve parts of a single county. That may only occur if the annexation of part of a second county by a second PTBA is approved by the legislative authority of the second county and the territory is contiguous to the second PTBA.

The act further required the submission of a detailed comprehensive transit feasibility plan which must be reviewed by the State Transportation Commission (initially the Highway Commission), as a condition of collecting the MVET. The Department adopted administrative regulations in 1979 establishing format and detailing information required in the comprehensive plan. (Chapter 468-84, 468-85, Washington Administrative Code.)

The act also extended the sales tax authority to city and unincorporated county systems. But it prohibited the use of sales tax revenues as a match for MVET revenues except by multijurisdictional authorities, i.e., Metro, CTA's or PTBA's. Thus the legislature used tax policy as an incentive for multijurisdictional cooperation in this area. The initial act also said no more than 10 percent of total revenues from the MVET could be pledged to bonds.

The adoption of the PTBA legislation was a natural evolutionary step from the debate that had occurred in the previous year when the county authority act was adopted. The key was the need to create a governance mechanism that could encompass territory larger than a city, but smaller than an entire county.

There were two primary considerations for this need. First, there was a political perception that rural, out-lying areas of a county would not support by popular vote the enactment of the sales tax, thereby preventing the creation of a county-wide authority. Because it was not anticipated that there would be general transit service to those areas, it was assumed they would resist taxation.

Secondly, there was a desire in at least one major metropolitan county in the state, Snohomish, to preserve the City of Everett's bus system independent of a system to serve the rest of the rapidly suburbanizing county. An attempt to include the system in a CTA had failed the previous year (See above).

Because neither the county-wide nor city systems satisfactorily dealt with these conditions, and because there was significant political resistance to using the "Metro" governance system in Snohomish County, the PTBA concept was adopted. The measure resulted from a converging of three forces: (1) The inability of cities to finance a bus

system by themselves; (2) The impracticality of a total county-wide system in many cases both because of voter antipathy to a transit tax and resistance by some cities to having their systems absorbed into a county-wide system; and (3) Growing demand for transit service outside of central cities because of population shifts.

The County and PTBA legislation, combined with enactment of federal assistance for both capital and operating expenses, resulted in a significant increase in transit authorities throughout the ensuing decade, with most of the systems being formed in the early '80's. Starting with Grays Harbor Transit in 1974 and continuing through 1990 with the approval of a PTBA in Chelan-Douglas counties, two county transit authorities (one operating and one planning only) and 17 PTBA's were formed. Many of the PTBA's absorbed existing city bus systems (e.g., Spokane and Tacoma), while others represented the first provision of public transit in an area.

Table VIII-1, Washington State PTBA and CTA Sales Tax Votes, lists the current county and PTBA systems and the dates of the sales tax votes. The provision of both a variety of governance options and reasonable revenue bases permitted transit service to be established literally throughout the state. With the exception of Mason and Skagit counties where transit tax proposals have failed, only the most rural of counties in Washington are today without a public transit system.

Table VIII-1
Washington State PTBA and CTA Sales Tax Votes

Transit System	Year
Grays Harbor County	1974
Snohomish County (Sno-Tran)[1]	1974
Snohomish County (Community Transit)[2]	1976
Clallam Transit	1979
Pacific Transit	1979
Pierce Transit	1979
Clark County (C-Tran)	1980
Jefferson Transit	1980
Thurston County (Intercity Transit)	1980
Walla Walla (Valley Transit)	1980
Benton-Franklin Counties (Ben Franklin)	1981
Spokane Transit	1981
Kitsap Transit	1982
Island Transit	1983
Whatcom Transit	1983
Lewis County (Twin Transit)	1985
Cowlitz County (CUBS)	1987
Chelan-Douglas	1990

[1] Sales tax failed, planning agency only (See above)

[2] Approved after CTA tax failure (See above)

IX. A Decade of Change

Thus in that one decade (1965-75), the legislature had: (1) Given its first authorization of taxes for public transportation; (2) Created two new kinds of governments for transit; and (3) Added two major new broad-based taxes for transit purposes. In this decade, the foundation for the present system was established.

The first legislation, the authorization of general taxes occurred because the inflating cost of equipment and fuel outstripped the market capacity of fares to support the cost of services of city bus systems, whether they were private franchised systems, or publicly owned and operated.

The second changes, new taxes and governments, were driven by a variety of societal and economic changes:

1. The growing suburbanization of Washington. From 1960 to 1980 the percentage of population outside of incorporated cities grew from 40.2% to 49%. At one point in the early '80s, the majority of Washington's citizens lived outside of cities. The incorporation of several cities in the late '80s returned the split to approximately 52% incorporated and 48% unincorporated in 1990. Despite this suburban growth, most of the jobs were still located in central cities. This need for transit service outside of traditional central cities was particularly important in Snohomish and Pierce Counties. (Metro was addressing the issues of King County suburban growth.)

2. The turmoil in the Middle East in the early '70s resulted in wars and then rapidly-escalating fuel prices. The gas shortage of 1973-74 was a major factor in increasing political support for transit.

3. The impacts of congestion and air pollution were beginning to be a factor in establishing more public support for transit.

4. Action at the federal level also was an encouraging factor. UMTA had been created and by 1974 and 1975 there were both capital and operating subsidies available for local transit service.

5. The failure of the voters in King County to approve major property-tax financed bond issues for a rail system.

Only refinements of the present system would occur until the late 1980's and early '90s when the legislature would once again begin looking at public transportation. The recent actions would mark the beginnings of a view that transit was not just a needed public service that local governments should provide, but was a tool to carry out state policy in both transportation and other areas including land use policy and air quality.

X. State DOT Formed

The next major event of governance in the history of public transportation was the creation of the Department of Transportation in 1977. A goal of Gov. Evans' for a decade, it occurred after he had left office. The original enabling legislation in Chapter 151, 1st Ex. Session, Laws of '77, contained a variety of state policies for the newly-created Transportation Commission. It charged them with promoting "integrated, intermodal" systems that were coordinated with land use policies and met the needs of the elderly and handicapped.

The initial act also created the current transit division, moving it from the Planning and Community Affairs Agency (Now the Department of Community Development) to the new transportation agency.

XI. Continuing Governance Changes

Two measures affecting the governance of transit were passed in 1979. Chapter 59, Laws of '79, amended the planning requirement for PTBA's to consider "consolidating or coordinating all or any portion of the K-12 pupil transportation system." Chapter 175, 1st Ex. Session, Laws of '79, eliminated the ability to pledge MVET revenues in the future to bonds.

In 1980, the authorized sales tax rate for Metro was doubled to 0.6 percent. Also Chapter 166, Laws of '80, exempted ride-sharing vans from sales taxes, use taxes and motor vehicle excise taxes.

In 1981, County Transportation Authorities were also authorized to provide ambulance service. In 1983, Chapter 65, Laws of '83, provided that areas annexed by a city that was in a PTBA were automatically included in the PTBA. It also allowed systems created by inter-local agreement which had citizen members on their board, to retain that citizen member if they became a PTBA. That was to allow the Thurston PTBA (Intercity Transit) to maintain its current governing board.

Chapter 112, Laws of '84, increased the sales tax authority for all other transit authorities from 0.3 to up to 0.6 percent.

XII. Growing State Role

Legislative attention to inter-modal relationships and congestion problems continued throughout the '80s. A legislative-sponsored study in 1984 recommended a high speed rail system in Central Puget Sound. In 1987 the Legislature created the Rail Development Commission and charged it with developing proposals for new high capacity systems. It was funded from an allocation of MVET receipts going to the four transit systems in Central and Southern Puget Sound.

In late 1988, the Commission released its report and legislation was drafted creating processes for determining what kinds of high capacity systems would be built, authorizing local option taxes for their funding, and mandating regional planning of the systems.

The recommendations were eventually passed in 1990 as part of a major transportation funding package. Chapter 43, Laws of '90, was the first major step by the legislature to impose upon local governance systems a requirement for specific planning actions and priorities. Until then, the levels and kinds of services had been left entirely to local government agencies.

The measure also provided to counties new local option taxes to fund high occupancy vehicle (HOV) lanes. Two new taxes, an employer tax and a motor vehicle excise tax were authorized for this purpose. New local option revenues authorized in a highway transportation funding measure also passed in 1990 including a motor fuel tax, a license fee and commercial parking taxes could also be used for this purpose. Cities were also authorized to form street utilities for purposes of funding the maintenance of an existing street system.

Transit agencies, after completion of a planning process, could also seek voter approved taxes including an additional 1 percent sales tax, a motor vehicle excise tax and an employer tax, to fund high capacity systems. Those systems may be rapid transit, commuter rail, busways or combinations with associated roadway improvements. The High Capacity Transportation Act also provided state funds for the planning. The Act provides for 80 percent of local planning costs. These funds come from the original rail development account, which was renamed the high capacity transit account.

In 1988 (Chapter 167, Laws of '88), the Legislature created the Transportation Improvement Board, a multijurisdictional agency charged with allocating funds for local

transportation projects. The agency absorbed the old Urban Arterial Board. Significant in the charge to the new agency was a demand that projects that involve multiple agencies, including transit agencies, be given a priority in the funding. The first criteria for funding is for a project to be "consistent with state, regional and local plans and consideration of the project's relation to "rapid mass transit" and the Rail Development Commission rail plan. For the first time, the use of state highway funds for transit-related highway improvements (turnouts, special lanes, etc.) was authorized for local agencies. In 1991, the legislation was amended to add transit agency members to the governing board.

XIII. Growth Management

The legislature also adopted in 1990 another measure which does not specifically deal with public transportation governance, but which may have profound impacts eventually on the systems: ESHB 2929, the Growth Management Act of 1990 (Chapter 17, Laws of '90, 1st Ex. Session). This law requires 12 counties to produce by 1993 new comprehensive plans which make a direct and real connection between land use and capital facilities and transportation systems. While the relationship of land use regulation to transit service demand or feasibility has long been acknowledged, there has until 1990, been no requirement that agencies coordinate the two governmental services. Most of the transit systems in the state are in the process of redoing their transit comprehensive plans, and because of ESHB 2929, the impact of urban growth boundaries, transportation system (transit and highways) planning and land use regulation will become a factor in their planning.

The plan revisions come as a result of the enactment of legislation in 1989 requiring transit districts for the first time to develop a six-year plan. This measure, codified as Chapter 35.58.2795, RCW, requires planning on how to meet state and local long range priorities, capital improvements, significant operating changes, and a funding plan for program needs. The plan requirements, combined with ESHB 2929 requirements, will probably result in significant new missions for transit agencies, all of them driven by state oversight requirements enacted in the last two years.

Legislative attention to transit issues continued in the 1st Regular Session in 1991. Several new laws were approved impacting transit including changes to the high capacity transit fund, a rewrite of the high capacity transit act of 1989, the creation of a high-speed rail commission and the trip demand management (TDM) act.

While not directly changing transit governance or finances, the TDM legislation may have the most impact. Second Substitute House Bill 1671 (Chapter 202, Laws of '91) requires eight counties with more than 150,000 population and all the cities within them to develop trip demand management plans which require specific goals of reducing single occupancy vehicle trips for every employer with more than 50 employees within their jurisdiction. The legislation clearly assumes the potential increased use of public transit to assist in the achievement of these goals.

Engrossed Substitute House Bill 1677 (Chapter 309, Laws of '91) simply expanded the number of transit districts which may develop high capacity systems. Spokane, Clark

and Kitsap Counties were added to the original group of King, Pierce, Snohomish and Thurston Counties which can both plan and implement high capacity service and contribute funds to the high capacity transit fund.

The legislature created a high speed ground transportation steering committee and created an office of high speed ground transportation within the Department of Transportation with the passage of Substitute House Bill 1452 (Chapter 231, Laws of '91). The committee will report to the legislature by October, 1992 a recommended plan for implementation and proposed legislation to implement a high-speed ground transportation system.

Engrossed Substitute House Bill 2151 (Chapter 318, Laws of '91) made a series of changes in the high capacity transit act, many of them technical. In addition to allowing more than one PTBA in a county (See above), the measure strengthened the relationship between the system development and land use and other transportation plans, particularly those plans required by the Growth Management Act (See above). The act also included increased specificity on the contents of the system plan

The '89, '90, and '91 legislation culminated almost a decade of legislative review of transit functions, sources of funding and relationship with other parts of the transportation system. The public transportation study, authorized in 1990, of which this report is a part, in historical perspective seems a natural event in a progression of events that has seen transit progress from a utility, to a city-supported service with local taxes to a regional service with state support to being regarded as an integral part of a state transportation system.

XIV. Conclusions

1. Governance of public transportation in Washington State has traditionally been and still is primarily local.

2. State interest in public transportation has grown, but state statutes (e.g., GMA, TDM, and Clean Air) and programs (e.g., DSHS, DCD, and DOH programs) do not articulate this interest in a precise way.

3. Public transportation funding is locally levied and generated pursuant to State authorization and local voter approval.

4. While Washington State statutes authorize and encourage multijurisdictional provision of transit services, they do not adequately address multicounty or regional transit issues, except through interlocal agreements. Limitations on the interlocal agreement process prevent it from being an adequate mechanism for dealing with such regional issues as growth management, high capacity transit, regional mobility, regional accessibility, or other regional and state mandates.

5. City-only transit systems inhibit multijurisdictional approaches to meeting local and regional transit needs.

Acknowledgements

The above chapter is a product of both the formal legislative history of transit as written in the chapter laws of the various legislatures, the Revised Code of Washington and the Washington Administrative Code, and the perspective of a series of key persons who were particularly involved in the major decisions of the 1965-75 decade of change.

The authors gratefully acknowledge the insights and recollections of the following persons, listed with their titles at that time of history:

Rep. Duane Berentson, Chair, House Transportation Committee
Sen. R. Ted Bottiger, Vice-Chair, Senate Transportation and Utilities Committee
James R. Ellis, Seattle attorney, civic leader, legal counsel to Metro

Stanley Finklestein, Assistant Executive Director, Association of Washington Cities
James W. Guenther, County Administrator, Clark County
Sen. August P. Mardesich, Senate Majority Leader
Rep. Gary Nelson, member, House Transportation Committee
Rep. Robert A. Perry, Chair, Legislative Transportation Committee

While many of the insights and historical recollections of the above persons are incorporated into this chapter, the responsibility for historical accuracy and perspective remains with the authors of the chapter.

PUBLIC TRANSPORTATION STUDY

Task 1.B

Planning Processes, Missions, Services, and Impediments In Washington State

Prepared for:

STATE OF WASHINGTON
The Legislative Transportation Committee

Prepared by:

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Abstract

Washington State communities have responded to the state authorizing legislation for public transportation by establishing transit districts, implementing transit planning processes, and providing services. Transit missions reflect the evolving state mandates and local service demands which guide transit development. Transit agencies have worked to implement services which are based upon identified community needs.

The State also provides guidance for communities and transit agencies for determining community needs and transit feasibility. State regulations outline planning requirements through the Comprehensive Transit Plans, Transit Development Plans (TDP), and Six-Year Transit Development and Financial Programs (TDFP) process. There is some potential redundancy in the planning processes. Current requirements for developing TDPs and TDFPs may suggest that transit agencies must prepare two plans to meet state and federal requirements. Since specific content and format are not specified for either plan this ambiguity should be clarified. Some of the more recent plans have begun to address regional land use, community development, economic development, urban design, pedestrian, and transit related development concerns. These plans are not specific concerning the types of land use activities or urban forms which may and may not be served efficiently and effectively by the various transit services.

New transit agency missions and responsibilities have been identified within state growth management, transportation demand management, high capacity transportation, and clean air legislation. Federal legislation, including the ADA and Clean Air Act also places new responsibilities on state government, local jurisdictions, and transit agencies to meet these growing environmental and social service concerns.

Local communities and metropolitan regions will be seeking increased transit service to implement the new state and federal legislative initiatives. At the same time, transit agencies are responding to their citizens' desires and needs for alternative public transportation, while improving mobility to employment centers and residential communities. These improved or new services may provide increased accessibility for the elderly, handicapped, and transportation disadvantaged, as well as to the general public. State statutes may need to clarify the relationship between new initiatives and transit's direct or implied role in implementation.

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I. Introduction

Public transportation in Washington State is guided by state statutes and local jurisdiction actions. Transit agencies and the services they provide were established within a framework of state authorization and local needs. The Washington State Legislature has declared a state mission by adopting a statute in 1965 which stated in part that:

> "All persons in a community benefit from a solvent and adequate public transportation system, either directly or indirectly, and the responsibility of financing the operation, maintenance, and capital needs of such systems is a community obligation and responsibility which should be shared by all."

The Legislature further found and declared:

> ". . . that the maintenance and operation of an adequate public transportation system is an absolute necessity and is essential to the economic, industrial and cultural growth, development and prosperity of a municipality and of the state and nation, and to protect the health and welfare of the residents of such municipalities and the public in general." (Chapter 11, 1st Ex. Session, Laws of 1965, RCW 35.95.010)

Based upon state statutory authorization, local jurisdictions begin the process for planning and implementing public transportation services. Four types of jurisdictional levels are permitted to establish and operate public transportation systems in Washington State. These are cities, counties, metropolitan municipal corporations, and public transportation benefit areas (PTBA). Each jurisdiction is responsible for planning and implementing a system of transportation to serve the needs of the community.[1] The state legal requirements for transit planning vary from none for cities and county transportation authorities to comprehensive planning practices for PTBA's and metropolitan municipal corporations. In order for local transit agencies to qualify for federal Urban Mass Transportation Administration funds a continuous planning process must be instituted.

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[1] See Governance Report for a full description and history of governance structures.

II. State Mandated Planning for Public Transportation

Planning for public transportation systems is generally guided by the individual statutes for the four types of jurisdictions which permit cities, counties, metropolitan municipal corporations.and public transportation benefit areas to establish and provide transit service. The planning guidelines are established either in the Revised Code of Washington (RCW) or Washington Administrative Code (WAC) and are also found in four required planning studies. These planning studies include:

- Public Transportation Feasibility Study
- Comprehensive Transit Plan
- Transit Development Plan
- Six-Year Transit Development and Financial Program

A. Public Transportation Feasibility Study

The State Department of Transportation, through a grant process, funds "Public Transportation Feasibility Studies" which assist local jurisdictions to determine the:

> ". . .extent of residents' needs for public transportation"
> (Chapter 468-84 WAC)

This assistance is restricted to the potential establishment of PTBAs. WSDOT has not been appropriated funds to assist communities with these studies for several years.

These studies are intended to assist communities formulate informed decisions before proceeding with public transportation activities. Based upon the feasibility study, PTBAs are required to develop a "Comprehensive Transit Plan." County transportation authorities and cities may initiate transit service without this study process.

B. Comprehensive Transit Plans for PTBAs

Pursuant to Chapter 36.57A RCW and Chapter 468-85 WAC PTBA's are to be assisted with planning efforts in the development of transit activities by the Washington State Department of Transportation (WSDOT). Communities desiring to develop transit service

through a PTBA must complete a "Comprehensive Transit Plan" and submit the plan for WSDOT's review and approval. Other public transportation jurisdictions do not prepare comprehensive plans. The purpose of the plan is:

> ". . . to lead to the development and management of regional public transit systems which are energy efficient, provide viable transportation alternatives, offer availability to all elements of the public, and are responsive to the public need." (Chapter 468-85-010 WAC)

The requirements for a comprehensive transit plan do not identify a need for the development of a mission statement or other guiding principles for the transit organization or service. Transit district missions reflect those implied general missions statements found in state statutes and the administrative code listed above. While no particular plan format is required of the local jurisdictions, the content of the plan is specified. Each transit district which has submitted a plan for review by the WSDOT has followed the prescribed content. Comprehensive plan requirements include:

1. A map of the public transportation benefit area
2. Capital Improvements Element
   - number, type and passenger capacity of service vehicles
   - non-revenue equipment
   - types of terminals, shelters, parking facilities
   - garage and maintenance facilities
3. Level of Service
   - user characteristics
   - trip characteristics
   - frequency of scheduled service and demand-responsive service
   - days and hours of service
   - means to facilitate public use, ie. signage, timetables, etc.
   - location of employment centers, government facilities, and shopping centers
   - vehicle fuel consumption
4. System Funding for First Year
   - local funding opportunities and sources
   - state matching funds
5. System Funding for Years Two through Five
   - estimates of capital, maintenance and operations costs
   - proposed sources of revenue
6. Relation to Nearby Transit Operations
   - identify any existing public transportation service
   - other transportation services, ie. taxi, air and rail service, special services, etc.
7. Prospects for geographic expansion of PTBA boundaries

8. Accessibility to elderly, handicapped, and low income persons
9. Citizen Participation Element
10. Coordinated Planning Element
    - comments from local jurisdictions on the plan's compatibility with local goals, objectives, and policies
    - comprehensive transit plan sent to each local jurisdiction

A local public hearing is required for plan approval. The comprehensive transit plan, upon completion, is forwarded to the WSDOT for review and approval to form. WSDOT does not evaluate the plan and has never rejected a plan. Upon plan approval and successful ballot issue for establishing the sales tax levy, notification is provided to the Washington State Department of Revenue and MVET matching funds are released to the new transit district[2].

Upon the establishment of transit service, districts coordinate transit planning activities at the local and regional levels. This coordination is usually accomplished through the regional transportation plan administered by the metropolitan planning organization (MPO) or the regional transportation planning organization (RTPO). Planning activities for high capacity transportation (HCT) is guided through the requirements of the High Capacity Transportation Act of 1990 and as amended in 1991. These statutes require regional coordination and review through Joint Regional Policy Committees (JRPC), whose membership includes locally elected officials serving on transit boards and the Washington State Secretary of Transportation. Currently, King, Pierce, and Snohomish Counties in central Puget Sound and Clark County in Southwest Washington are engaged in HCT planning activities. In addition, regional HCT planning activities are assisted by national expert review panels which provide technical oversight. These panels are selected by the Legislative Transportation Committee.

C. Transit Development Plan (TDP)

Transit districts receiving federal funds are required to provide a continuous planning process. This effort may be assisted through Urban Mass Transportation Administration funds. UMTA Section 9 funds are available to MPOs for transit funding in urbanized areas and Section 18 funds are primarily used to assist transit agencies in rural areas. Currently, transit districts in Washington State prepare transit development plans on a one, five, or six year period. Neither UMTA nor WSDOT specifies a schedule for updating TDPs.

Transit development plans (TDP) do not have a standard format or content. The TDPs generally focus on capital, operating, and maintenance issues, as well as organization and management concerns. Some of the more recent plans have begun to address regional

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[2] See Task 2A interim report on Financing Mechanisms

land use, community development, economic development, urban design, pedestrian, and transit related development concerns. These plans are not specific concerning the types or spatial organization of land uses which can and cannot be served by the various transit services. As a part of the transit development plan process many transit districts have responded to their own need to develop an agency mission statement.

D. Six Year Transit Development and Financial Programs (TDFP)

All transit districts were required in 1989 to prepare six-year transit development and financial programs by the state legislature. The TDFP is to contain a financial program for the calendar year and the ensuing five year period. RCW 35.58.2795 specifies that the program contain the following information:

1. Descriptions of how the agencies will meet state and local long-range priorities for public transportation,
2. Capital improvements,
3. Significant operating changes planned for the system, and
4. How the districts intends to funds program needs.

The TDFP is to be filed with the Washington State Department of Transportation, Transportation Improvement Board, cities, counties, and regional planning organizations within which the transit agency is located. Plans are to be submitted by April first of each year.

In developing the six-year program, each transit agency must consider the policy recommendations affecting public transportation as contained in the State Transportation Policy Plan and, where appropriate, those policies adopted by the State Legislature. This includes the public transportation provisions of the Growth Management Act. As with the TDPs, these plans are not specific concerning the types or spatial organization of land uses which can and cannot be served by the various transit services. These plans do reference, where appropriate, regional transportation plans and any associated regional land use provisions. At least one public hearing is required for the initial six-year program and each annual update. Six-Year Transit Development and Financial Programs were first required in 1990.

III. Review of Transit District Missions

Transit missions were compiled for this study from comprehensive transit plans, transit development plans, and transit development and financial programs from each transit district in the state. In addition, specific data from other sources concerning mission statements was requested from each transit agency. Work sessions were conducted with the transit agencies to review and discuss mission statements and related policy directives. The plans, programs, and additional data were reviewed and evaluated to determine stated or implied transit mission statements and general transit goals.

Such transit district mission statements, that exist, are diverse and reflect the varied needs of each community and transit agency. There are no set definitions or standards related to mission concepts. Each community has an inherent understanding of such missions as quality, safety, efficiency, etc. Twenty-six different attributes were identified from the mission and goal statements in the plans, programs, and data. These attributes can be organized into five mission categories. These include Community Development, Efficiency and/or Effectiveness, Environment, Service Characteristics, and Service Types (see Figure 1).

A. Community Development

This mission category concerns aspects of community development. Transit systems identifying this mission category as significant included urban, rural, large, and small districts. Community development mission attributes include a concern for transit's role in land use, urban and rural development, mobility, and multi-modal facilities. In addition, public involvement was reported as an element of the community development process. These mission attributes recognize the potential role of transit in community development and demonstrates a desire by local communities for using transit as an effective tool to assist in the implementation of other community and social service policies as mandated within State statutes or local ordinances. This mission category also identifies a growing role for transit involvement in land use planning policy as expressed at the local, regional, and state levels. The mobility attribute reflects the need to provide transportation services as an alternative to single occupancy vehicles (SOVs), as well as service to those individuals which are public transportation dependent. This includes the ability to provide service between the various public and private transportation modes available within communities.

B. Efficiency and/or Effectiveness

This category demonstrates a recognition of the requirements to balance service efficiency and cost effectiveness. These attributes are also associated with the requirement for balancing revenues with community service demands. Several agencies identified the need to maintain fare structures which reflect costs associated with service types and over service mix. For example, two systems have instituted "no fare" policies or "pre-pay" policies to maintain lower operating costs associated with fare collection. This local policy action reflects an implied mission of overall cost effectiveness. There seems to be a recognition within these local systems that transit service is a public service and benefit that can be effectively provided for with public funds. Transit agency mission attributes suggest that various service types have been developed within the context of local definitions of efficiency and effectiveness , as well as community demand for services. There is a recognition that fixed routes service, dial-a-ride,van service, etc. are all needed to meet community demands within the context of a well managed transit system. This mission category was shared between large, small, rural and urban transit systems.

C. Environment

Transit agencies have identified several mission attributes which recognize the benefits of transit service to the environment. These include energy conservation, clean air, congestion relief, better land management, and reduction in the use of SOVs. Congestion relief and reduction in SOV usage were primary elements to improve air quality within local communities and regions. Energy conservation is found as a primary purpose of the comprehensive transit planning process as identified in Chapter 468-85-010 WAC. Environmental mission attributes are shared by urban, rural, large, and small transit agencies.

D. Service Characteristics

This category concerns characteristics related to services provided by the transit agency. Comfort and attractiveness were identified as significant mission reflecting a concern for passenger facilities and services. Service reliability and convenience also were identified as major service objectives. The mission attributes of safe and safety reflect a combined concern for safe vehicle operations and a concern for promoting passenger safety in the service district. This latter concern was more reflective of the larger and more urban systems. Quality was an underlying attribute of all transit systems. This attribute concerned not only quality service operations, but quality management, staff, and organizational operations. Customer service is a concern of all systems and is inclusive of strong customer relations and community service.

E. Service Types

This mission category concerns aspects of service types provided by the transit agencies. Special services for the elderly, handicapped, and poor were identified by several agencies. This may reflect the requirements in state statutes to provide service to these specific population groups. Agencies also identified other attributes of their customer base reflecting specific needs or concerns. These included university students and faculty, shift workers, retail centers, charter service, tourist, and package service. In addition, several systems implied a mission that service was to be provided to all residents of the service area. In one case, the bus route plan was constructed to provide service to within four blocks of all residential units within the city. Service types demonstrate the variety of community service demands which transit agencies address, including commuter, rural, regional, and special needs services.

IV. Mission Findings

A. State Missions

The State's statutory mission for public transportation is encompassed within local transit agency mission statements. Identified local transit district mission statements also reflect the diversity of each community as envisioned within the state governance structure which provides accountability to local jurisdictions for transit development. Local transit mission statements and implied mission statements define the vision for transit service for each community, although neither legislative mandates nor administrative codes require that a transit agency identify, evaluate, or adopt mission statements.

Over the past several years, growing statewide concerns related to growth management, air quality, traffic congestion, and the needs of the public transportation dependent have resulted in new transit service missions to meet these new legislative directives. Recent state legislative acts include: the Growth Management Acts of 1990 and 1991, Transportation Demand Management Act of 1991, and High Capacity Transportation Acts of 1990 and 1991. In addition, federal statutes have placed new responsibilities on state and local jurisdictions to address the needs of the disabled, as well as to respond to the requirements for clean air, through the 1990 Americans with Disabilities Act and the 1991 Clean Air Act, respectively.

B. Local Missions

Local missions have responded to evolving state mandates.and local community demands for services. Changes in local missions are also a direct result of communities seeking methods to address issues related to highway congestion, provision of social services, environmental quality, and urban development. Local communities are seeking increased transit usage and service, as well as effective transit related tools for land use and growth management.

Transit systems located within metropolitan regions coordinate their planning activities through the Metropolitan Planning Organization. These activities include coordination of transit service through the regional transportation plan and development of an associated land use plan. Within Central Puget Sound this land use plan is entitled: "Vision 2020" and has been adopted by each jurisdiction within the region. The year 2020 plan envisions that

transit agencies will need to triple their ridership to accommodate the projected population and associated land use pattern in the four county Central Puget Sound region.

V. Missions Guide Service

Transit missions, goals, and objectives guide the establishment of transit services. In addition, services reflect the needs of the community through the planning and public involvement processes. Services provided by the transit districts vary in order to meet the specific needs of the community. These services share common characteristics which include: Local Fixed Route, Commuter Fixed Route, Demand Response, Vanpool, Event, Contract, Transportation Systems Management/Transportation Demand Management, (TSM/TDM) and Other (see Figure 2).

A. Local Fixed Route Service

Local fixed route service includes buses and/or vans using established routes on a fixed timetable. Service on these routes have varying headways between buses of usually less than an hour. Some agencies also provide additional service on fixed routes during peak travel periods. All transit agencies within Washington State provide local fixed route service.

B. Commuter Fixed Route Service

Commuter fixed route service is provided by many transit districts. This service is provided to serve the transit users during peak commuter hours. It is provided in urban areas. Because the service is focused on peak commuter hours several systems have provided alternative services, such as taxi service for users, to address emergency or other transportation requirements in non-peak hours. Commuter services utilize a variety of transportation vehicles, including over-the-road coaches.

C. Demand Response Service

Demand response service addresses the transportation requirements of the elderly, handicapped, and others with special needs. These services are not based upon fixed routes and generally provide door-to-door passenger delivery. Services may charge a fare, but many are administered through a donation program. Specially equipped buses and vans,

including wheelchair lifts are used for this service type. Demand response service is provided by large, small, rural, and urban transit districts.

D. Vanpool Service

Vanpool service is provided primarily by urban transit districts. This service includes the provision of vans for rideshare programs. It is usually a transit agency provided van that is operated by the user. Vanpool program evaluations have indicated that they provide a cost effective approach for reducing congestion. Vanpool programs are usually coordinated with employers in order to provide specialized parking.

E. Event Service

Event service is identified by nearly all transit agencies as a regular part of the transit program. This service is characterized by the provision of services for regularly scheduled or special events within the community. For example, this service may include fixed transit routes serving sporting events, special event transit service for community activities, or holiday retail transit service.

F. Contract Service

Contract service is provided by large, small, rural, and urban transit districts. Service contracts cover a variety of activities. Specialized services for the elderly, handicapped, and disadvantaged are a primary element of this service. Many transit agencies contract to private or non-profit transit providers for all paratransit activities. Some agencies provide the necessary administrative services for communications, dispatching, and routing of paratransit vehicles.

G. TSM/TDM Service

Transportation Systems Management/Transportation Demand Management service is provided by the urban transit agencies. TSM/TDM activities are generally program services which may include, ridesharing, ride matching, transit passes, park-and-ride facilities, transit planning for employers, and demand management. Additional services may include community development activities, transit related land reviews, and real estate project design. This activity will continue to grow in importance with the increasing requirements in the state for TSM/TDM services as expressed in the state TDM Act and GMA, as well as the new regulations found in the federal Clean Air Act and State Clean Air Act passed in the 1991 session.

H. Other Service

A variety of other services are provided by transit agencies in response to community needs. Transit agencies provide specialized activities including package and limited freight service and ticketing service for connections to other transportation modes. Additional services include state capital shuttle, special street car, monorail, trolley, or school related activities. Some charter service for community groups is provided, although this activity is limited by federal regulations. Federal regulations also prohibit transit agencies from providing regular school transportation services.

VI. Impediments and Mission Fulfillment

The state governance structure and missions do not place any significant impediments upon transit agencies for the provision of transit services. State government has established a governance structure which permits local transit agencies to address community needs with a variety of services. Changing federal, state, and local concerns, such as growth management, congestion relief, special needs transportation have placed additional reliance on transit agencies to provide new or increased services.

The State has vested in local jurisdictions the responsibilities for instituting new land use programs and coordinating regional transportation planning. However, this current approach to the State's new growth management and TDM initiatives does not provide transit agencies with an authoritative role in the new programs. This could be an impediment as both state authorizing statutes and local jurisdiction planning programs assume that transit will be a key tool in effectively managing the urban environment, but do not allow transit agencies to sit at the decision-making table as partner with the other jurisdictions. In most cases, transit agencies are not even provided a review role for land use plans or development projects for transit compatibility.

VII. Conclusions

Washington State communities have responded to the state authorizing legislation by establishing transit districts, implementing transit planning processes, and providing services. Local transit missions, although not required by statute, reflect the evolving state mandates which guide transit development. Transit agencies have worked within the authorizing legislation to plan and implement services which are based upon identified community needs.

The State provides limited guidance for communities and transit agencies for determining community needs and transit feasibility. State regulations outline planning requirements through the Comprehensive Transit Plans, Transit Development Plans, and Six-Year Transit Development and Financial Programs process. There is some potential redundancy in the planning processes. Current requirements for developing TDPs and TDFPs may suggest that transit agencies must prepare two plans to meet state and federal requirements. Since specific content and format are not specified for either plan this ambiguity should be clarified. There is no state evaluation of these plans. In addition, these plans do not specify how local land use activities and urban forms should be accommodated with the various transit services. Transit plans need to articulate how communities should respond within their land use programs to the needs of transit.

New transit agency missions and responsibilities have been identified within state growth management, TDM, HCT, and clean air legislation. Federal legislation also place new responsibilities on state government, local jurisdictions, and transit agencies to meet these growing environmental and social service concerns.

Local communities and metropolitan centers may be seeking increased transit service to implement the new growth management and other requirements. At the same time, transit agencies are responding to their citizens' desires and needs for alternative public transportation to relieve congestion, while improving mobility to employment centers and residential communities. These improved or new services may provide increased accessibility for the elderly, handicapped, and transportation disadvantaged, as well as to the general public. State statutes may need to clarify the relationship between new initiatives and transit's direct or implied role in implementation.

PUBLIC TRANSPORTATION STUDY

Task 1.C & D

Public Transportation Roles and Relationships In Washington State

Prepared for:

STATE OF WASHINGTON
The Legislative Transportation Committee

Prepared by:

The Matrix Management Group

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Abstract

The purpose of this task was first to provide a summary of the governance structure of the state and of local public transit operations for the provision of public transportation service. This included a description of the roles of and relationships between key government offices and agencies within the state governance structure and within local public transit governance structures. Secondly, this task was to provide an overview of state accountability provisions and reporting requirements for public transit and local public transit accountability provisions and reporting requirements. It was also to identify potential improvements to the accountability process.

This work was accomplished via a combination of interviews of public transportation "players", review of the Revised Code of Washington and Washington Administrative Codes, and research of local transit board compositions, accountability, and reporting practices. Also, Washington State governance structures were compared with those of five comparable states. Persons interviewed included state legislators, the Governor's Office and other state agency officials, local officials, directors of state associations, LTC staff, Washington State Department of Transportation representatives, and local transit managers.

It was discovered that the State has a longstanding interest in public transportation and, over the past quarter century, has demonstrated an increasingly active role in establishing governance frameworks for the provision of public transit. Although the State is a significant provider of public transportation services (e.g., Washington State Ferries), the vast majority of surface public transportation services are provided at the local level. Governance and accountability structures for provision of these local public transportation services exist as local entities.

The State role in the provision of local public transit services has consisted primarily of legislating governance structures that may be used by local transit providers, administering federal and state funds passed to local transit providers, and monitoring the performance of local transit agencies through review of performance statistics and conducting financial audits. In addition, the State has also legislated public transportation policy direction in such laws as the High Capacity Transportation Act, Clean Air Act, Growth Management Acts, and Transportation Demand Management Act.

There is an increasing need for public transportation that serves larger regions and crosses jurisdictional boundaries. To date, limited services of this type have been provided through interlocal agreements between transit agencies serving a portion of these larger regions. There is no existing governance structure that permits these needed interregional, interjurisdictional transit services to be routinely provided to the extent that they are needed.

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I. Introduction

The roles of and relationships among government offices and agencies involved in public transportation are summarized in the material that follows. The following definitions apply:

> **Public transportation**: Publicly supported surface transportation services, including paratransit, and the interface with and passenger component of marine transportation (excluding county ferry systems and systems owned or operated by the common schools).
>
> **Paratransit**: Those non-fixed-route services and operations provided by transit agencies to persons with disabilities, and elderly, minority, or other transportation-disadvantaged (mobility-impaired) persons.
>
> **Governance**: The legal, governmental, and administrative structure for the provision and/or regulation of public transportation. (In short, governance deals with the flow of authority and direction that determines what public transportation services government will provide.)
>
> **Accountability**: The relationships within a governance structure through which choices are made to respond to the mandates of authoritative sources and through which performance is measured against those mandates. (In short, accountability deals with the manner of the response to governance and whether it is satisfactory.)

The predominant characteristic of public transportation in Washington is local services that respond to the distinctive character and needs of local communities under the direction (governance) of local elected officials. The predominant local view regarding response to locally distinctive service demands is "if it ain't broke, don't fix it." In fact, most indicators are that local public transportation services are organized and working increasingly well in Washington, and they enjoy both a governance structure and a funding basis that compares favorably to their peers across the country. The PTBA governance system is particularly praised by the managers and governing board members of local transit systems because of its ability to adapt to local needs and priorities and address regional transportation needs, and its broad-based financing.

It is increasingly evident, however, that there are regional and State interests in public transportation also. Identification of these interests is still evolving; not surprisingly, roles and relationships for these interests are unfocused. Almost all governance systems in place were created in the 1965-1975 timeframe. The State interest in public transportation, or more exactly, the State programs that depend on public transportation, have received attention in the last few years. It is worthy of mention, however, that in 1965, the Legislature declared "...an adequate public transportation system is an absolute necessity...to...a municipality and of the state and nation...". In 1967, the Legislature authorized the Highway Commission to spend funds benefiting urban public transportation systems owned by the State or any city, county, or municipal corporation; and further, to join in the planning, establishment, and development of urban public transportation systems—but no funds were provided for feasibility planning that were unrestricted by the 18th Amendment to the State Constitution.

Accountability follows the lines of governance; governance structures for transit exist at the local level; therefore, the primary provisions for reporting to meet the needs of accountability also are found at the local level. Transit boards expect and receive reports from transit managers that allow them to evaluate the adequacy of progress toward goals they established. There is no State or other guidance on the characteristics of good accountability reporting. Much of the accountability reporting at the local level is very good, but practices in this regard are highly varied.

Broad accountability is provided to the public. Except for citizen board members at Intercity Transit and Metro, all other transit board members are elected officials—albeit elected to another office from which they are appointed or automatically designated as a member of the transit boards. Annexations to transit districts, and the levying of local sales taxes for transit, require a vote of the people, and such votes represent a significant measure of accountability. The levying of local business and occupation taxes or household taxes require a vote of the people when imposed by a CTA or a PTBA. City transit, Metro Transit, and unincorporated county transit systems are permitted to impose business-and-occupation and household taxes without voter approval. Public hearings are required on State-mandated Transportation Development and Financial Programs (TDFPs) and Comprehensive Transit Plans. Hearings are also required by the State for budget and policy proposals, and on Transit Development Plans (TDPs).

Information reported to the State and federal government by transit districts is primarily descriptive in nature, which is useful for understanding the diverse character of public transportation in Washington. It is not evaluative in nature and is not used in an accountability sense at the State jurisdictional level. In addition, the State Auditor performs an audit every one to two years.

II. State Governance Structure for Public Transportation

State governance of public transportation flows directly from the Legislature and the Governor to local transit agency boards. (See Figure 1, State Governance of Public Transportation in Washington.) The Legislature, with approval of the Governor, has added the Metropolitan Municipal Corporation (Metro), County Transportation Authorities (CTAs), Unincorporated County Transportation Authorities (UCTAs), and Public Transportation Benefit Authorities (PTBAs) to city transit systems to establish the five kinds of public transit systems authorized in Washington. Similarly, the State has authorized the broad-based funding structure now in place. The State has consistently refrained from a direct role in public transit. In 1989, legislation was adopted that requires the Washington State Department of Transportation (WSDOT) to gather information and provide a report annually to the Legislature that is descriptive of public transit operations in Washington. This public transportation study in itself constitutes a significant undertaking by the Legislature to evaluate public transportation in Washington.

During 1989, Governor Booth Gardner determined he needed more direct coordination between the Executive and Legislative branches concerning transportation issues. He established a position of Special Assistant for Transportation within the Executive Office. This position coordinated for the Executive Office, legislative initiatives between WSDOT, the Office of Financial Management (OFM), other agencies and legislative committees.

The State is a direct provider of public transportation in two ways. The most direct way is the provision of public transportation through Washington State Ferries, under the direction of the Transportation Commission and WSDOT. Less obviously, the State directly provides transportation as an element of social and health services with funding from the Department of Social and Health Services (DSHS).

Although the State has a limited role in the governance structure with respect to public transportation, the State is nevertheless a very influential element in the governance system. When the State Department of Transportation was created in 1977, and a variety of State policies were enunciated for the newly-created Transportation Commission, they were charged with promoting "integrated, intermodal" systems that were coordinated with land-use policies and met the needs of the elderly and handicapped. The WSDOT response to this charge has been to strive to provide leadership through persuasion and power of suggestion, reviews when requested, and technical assistance primarily to smaller transit systems. In

accordance with the requirements set down for PTBAs, WSDOT also influences the formulation of PTBAs at the time of their creation through review of their feasibility studies and certification that they meet the comprehensive plan requirement.

WSDOT's primary entry to transit operations, however, is in its role in administering federal transit funds. Here, its Public Transportation Branch follows, with some latitude, criteria set by the Urban Mass Transportation Administration (UMTA) as indicated below by program (section numbers are from the 1990 Surface Transportation Act):

Section 3. The purpose of this section is to provide capital assistance to eligible transit projects selected by the Urban Mass Transportation Administration or earmarked by Congress. This program is known as "discretionary funding." Section 3 funds go to state or local public bodies who apply for them, and these funds are allocated at the discretion of UMTA and Congress. After certain deductions and earmarkings, 40% of the remaining funds are reserved for new starts and extensions, 40% for rail modernization grants, 10% for major bus projects, and 10% are unspecified. Section 3 funds are for capital projects only, and a 25% state and local match is required. However, in Washington, no State funds are used.

Section 3 funds go directly to local agencies. WSDOT coordinates the grant process with smaller properties and UMTA. These properties cannot obtain funds without WSDOT certification that no other funds are available.

Section 9. The purpose of this section is to allocate operating and capital assistance on a formula basis to urbanized areas. Urbanized areas over 200,000 population receive Section 9 funds directly from UMTA; urbanized areas under 200,000 population receive Section 9 funds via state governors, who delegate their distribution responsibilities to their transportation departments. Section 9 funds are for operations or capital projects identified by the local agencies. Different sized urbanized areas may use these funds for operations up to a certain percentage of their 1982 baseline; as shown below.

Urbanized Area Population	Percentage Eligible for Operations
Greater than 1,000,000	80%
200,000 to 1,000,000	90%
Less than 200,000	95%

Areas newly designated as urbanized by the 1980 census or later can use up to two-thirds of their first Section 9 allocation for operations. The remaining portion of each urbanized area's allocation may be used only for capital projects.

Section 9 funds are allocated by UMTA formula. Some formula terms use transit operating data, and these allocation percentages therefore vary from year to year.

One-half of all Mass Transit Account funds exceeding $1 billion per year are distributed to all recipients through the Section 9 program for capital purposes only. Section 18 recipients (discussed below) receive a share of Section 9 (B) funds as well as their share of Section 9 funds for capital and operating purposes.

The federal share of local operating assistance can be up to 50% of an agency's operating expense less its earned revenue. The State and local operating assistance share must equal or exceed the federal share. For capital assistance, the federal share is 80%, with a 20% state and local match.

In the urbanized areas with greater than 200,000 population, WSDOT plays no role in the distribution of Section 9 funds, as they go directly to the local agencies. In the six urban areas with a population between 50,000 and 200,000, WSDOT monitors the distribution of Section 9 funds, as follows. WSDOT coordinates a meeting of representatives of the six areas to plan their programs. WSDOT receives the grant applications from the six areas and passes them on to the Urban Mass Transit Administration after review. Since the amount of funds available makes it impractical for each of the six areas to receive a useful grant for capital facilities each year, WSDOT acts as a monitor and broker regarding the distribution of these funds among the six areas from year to year. WSDOT tracks the past distribution history, mediates distribution among the six agencies each year, and acts to ensure that each of the six districts receives its fair share over the long run.

Section 16 (b) 2. The purpose of this section is to assure the availability of mass transportation to elderly and disabled persons. Recipients of these funds include private, nonprofit corporations and associations providing transportation services for the elderly and disabled. The funds are administered through state governors. Eligible expenditures include capital equipment and state administrative costs. The funds are allocated by formula to states based on the population of elderly and disabled individuals, with a fixed minimum amount for each state. The matching ratio is 80% federal, 20% state and local.

The Section 16 (b) 2 monies are administered by WSDOT for the Governor. It notifies the State's eligible nonprofit organizations of the availability of grant monies and receives applications from these agencies for use of this money. A review committee evaluates the grant applications and recommends a work program to WSDOT. WSDOT selects these review committee members, compiles the work program, and submits the recommended applications to UMTA. When grant applications are approved by UMTA, WSDOT allocates the money to the agencies. WSDOT also provides technical assistance to the agencies in the form of specifications for vehicle purchase, monitors the purchases, and monitors the performance of the purchased vehicles through annual inspections. After the agencies purchase the vehicles, WSDOT sends 80% of the purchase price to the agencies.

The Section 16 (b) 2 process can include public hearings prior to the preparation of work programs and grant applications. These hearings would be offered if there were opportunities for interagency coordination, for example. These hearings are conducted by WSDOT.

Section 18. The purpose of this section is to allocate funds for mass transportation in rural areas. Section 18 funds go to mass transportation providers outside of urban areas, and these funds are administered through state governors. Section 18 funds can be expended on operations or capital projects. The funds are allocated by formula based on the non-urbanized area population of each state. The matching ratio for operating assistance is up to 50% of net cost not exceeding the sum of state and local operating assistance. The matching ratio for capital assistance is 80% federal, 20% state and local.

Section 18 monies are administered by WSDOT. It notifies the eligible agencies, selects review committee members, prepares work programs, and passes recommended grant applications on to UMTA in a process similar to that of Section 16 (b) 2. In conference with representatives of eligible agencies, WSDOT determined that rural public transit agencies can spend Section 18 monies for capital projects only, and that private transportation agencies can apply for Section 18 grants for capital or operating expenses. Grant applications are reviewed on the basis of need, with WSDOT review committees deciding which applications to recommend to UMTA for approval. After the grant money is distributed to the agencies, WSDOT monitors capital purchases and provides technical assistance to local agencies. WSDOT representatives visit each site three times per year to perform project reviews of the transit agencies to ensure that grant monies are being spent in a manner consistent with the approved applications. During these reviews, a WSDOT project monitor and financial administrator examine agency records documenting project scopes and eligible and ineligible costs. The Section 18 process also includes a public hearing option similar to that for Section 16 (b) 2.

Section 18 (h). The purpose of this section is to provide transit assistance in nonurbanized areas. Grants are available for research, technical assistance, training, and related support services.

Section 18 (h) monies come to WSDOT. These monies are used to purchase consultant assistance in developing and presenting training programs and technical assistance to local transit providers. WSDOT does not use any of these monies directly for its administrative expenses.

Interstate transfers. The purpose of this feature of the 1973 Federal-Aid Highway Act is to allow substitution of transit projects in urban areas for Interstate Highway projects deemed nonessential by state and local authorities. Any eligible state or local government agency can apply for these fund transfers for capital projects only. Upon application by the state governor and local government agency, 50% of such funds are allocated at the discretion of the federal Secretary of Transportation, and 50% in accordance with cost

estimates approved administratively or by Congress. The matching ratio is 85% federal, 15% state and local.

WSDOT representatives interviewed were not aware of any instances when this program had been used to provide any facilities or services to local transit agencies.

Section 8. WSDOT receives monies under Section 8 and uses them to provide technical assistance to local transit agencies and for studies of risk management and insurance issues. WSDOT monitors the urban metropolitan planning organizations' planning processes, and annually passes Section 8 money through to these organizations.

Section 4 (i). WSDOT receives monies through a competitive grant application process under Section 4 (i) for innovative programs. WSDOT has used this money in the recent past for such programs as coordination among agencies providing transit for disabled persons, and producing a video regarding drug testing and making it available to transit agencies. Also being considered is using some of this money for studying requirements for compliance with the federal Americans with Disabilities Act.

Section 10. This section has provided $70,000 through a competitive grant application process, matched with an equal amount by WSDOT, for management training in such areas as labor relations, customer relations, employee productivity, coalition building, intermodal facilities planning, and marketing.

The apparent structure of governance at the State level does not adequately reflect the positive influence of WSDOT on smaller transit districts that stems from the administrative functions and technical assistance provided through administration of UMTA funding.

III. State Interest in Local Roads and Streets

Differences and similarities between State governance of roads and streets and of transit can be instructive. Significant portions of the State-collected gas tax goes to cities and counties directly, to be programmed as they see fit within the constraint of the 18th Amendment to the State Constitution. Thus, city street and county road programs are widely perceived to be locally based; their "governance is local". However, the State has perceived a State interest in these elements of transportation systems also. As far back as 1961, one-half cent of the gas tax was designated for the Arterial City Street Fund, and its use was limited to arterial construction in cities. (Its size and use has since been expanded.) The County Road Administration Board (CRAB) was formed in 1965. It provides technical assistance, enforces standards of good practice and county engineer qualifications and guides improvement of county roads to function with some Statewide consistency. In 1968, the State earmarked a portion of the gas tax for a bond program to address urban arterial needs, and created the Urban Arterial Board which enforced statutory and administrative criteria for project grants from the Urban Arterial Trust Account. Funds have been granted in response to competing grant applications from cities and counties, and to prioritization according to a State formula. This pattern of an asserted State interest has accelerated with the following recent programs:

County Arterial Preservation Program (CAPP)—A funding program that induces counties to make maintenance a continuing budget priority.

Rural Arterial Program (RAP)—A funding program that uses State standards and criteria to influence the approach to programming road improvements taken at the county level.

Transportation Improvement Account (TIA)—A State program directed by an interjurisdictional board that provides funding for transportation projects that best meet State guidelines. The criteria for project evaluation include the requirement that the project be consistent with State, regional, and local plans, and consideration of the relationship of the project to rapid mass transit.

The State has continued to emphasize placement of governance for local road programs at the local jurisdictional level. Although the CRAB is a State agency, it is directed by a Board appointed from among county officials (six elected officials, three

engineers). The TIA is administered by the 15-member Transportation Improvement Board (TIB); 12 of the members are city and county officials, half of whom are elected.

IV. State Interest in Public Transportation

A similar but less-direct pattern demonstrating a State interest in public transportation has evolved. It started with authorization of the Metropolitan Municipal Corporation of Seattle in 1957, through which the State induced public transportation that 1) provides multijurisdictional service, 2) is based on regional coordination, and 3) enjoys a broad tax base approved by voters.

A. Commitment of MVET to Transit

Designation in 1969 of the motor vehicle excise tax (MVET) as a major transit funding source definitively declared transit to be an activity in which there is a State interest. However, since local jurisdictions legally levy the MVET, and have full discretion over the programming of the MVET they receive, MVET has been ruled by the Washington State Supreme Court to be a "local tax". The State, through statutory action, nevertheless still determines the extent of MVET committed to transit and the conditions under which local agencies become eligible to receive it.

B. Recent Legislation

During the early 1990s, the State Legislature enacted a number of measures which depend on and presume the existence of effective public transportation as a primary vehicle for achieving their aims. These include:

- **High Capacity Transportation Act (HB1825)**—This act has provided 80-percent State funding for high-capacity transportation planning. It requires a process that is expected to establish an action program for high-capacity transit in Pierce, King, and Snohomish Counties by the end of 1992, and in Clark County by the end of the decade.

- **Growth Management Act (HB2929)**—This act establishes a new relationship among cities, counties, and the State that will, among other things, rely on public transportation to achieve the desired effects of comprehensive land-use and transportation planning.

- **Transportation Demand Management Act (HB1671)**—This act places requirements and targets on local jurisdictions for the manner in which they meet trip demand.

The State role in public transportation that has been indirectly established by this legislation can be seen more completely in the following summaries.

1. High Capacity Transportation Act (HCTA)

The State's role in public transportation has been increased by the High Capacity Transportation Account, Part III of ESHB1825, but this role will likely be essentially a transitional one—a means of bridging from the local scale of transit operations to regional solutions. Under HCTA, the State provides up to 80 percent of the funding for high-capacity transit planning. Local jurisdictions provide the balance. "Local" includes certain transit districts who must demonstrate that their plan is coordinated within the region. Counties and cities, in conjunction with local transit districts, can also apply for HCTA funds through a unified application. A single, coordinated HCTA request is made to the State from each region which qualifies. WSDOT administers the funding program according to criteria specified in HB1825. The HCTA Statewide Advisory Council—consisting of appointments by the Secretary of Transportation, typically drawn from transit board members in each congressional district, the Governor's office, the LTC Chair or designee, the Washington State Transportation Center (TRAC), and the Transportation Improvement Board—reviews funding applications. Applications must also pass through the appropriate metropolitan planning organization (MPO) before consideration by WSDOT.

High-capacity transit uses include rapid (rail) transit and busways on exclusive rights-of-way. Once a community commits to a high-capacity planning process by preparing a high-capacity system plan and applying for HCTA funding support, its planning is critiqued by an Expert Review Panel. The Expert Review Panel is appointed by the Governor, the LTC Chair, and the Secretary of Transportation. The cost of the Expert Review Panel is paid from the High Capacity Transportation Account. The Panel's role consists solely of critique, with recommendations being made to the Governor, the LTC, the WSDOT, and the submitting lead transportation agency.

A Joint Regional Policy Committee (JRPC) is formed for each region (only one at this time), consisting of a WSDOT representative and transit board members in proportion to the population of their district to that of the region as a whole. The JRPC guides development of the high-capacity transportation system plan and financial package for the region. It has initial approval/disapproval authority relative to the plan. Transit boards have the

final authority for system plan and financial program approval before submitting them to the voters.

2. Growth Management Act (GMA)

In the GMA, the Legislature has declared that the transportation systems in the State, owned and operated by numerous public jurisdictions, should function as one interconnected and coordinated system. Transportation planning at all jurisdictional levels should be coordinated with local comprehensive plans; and all jurisdictions should cooperate to achieve both Statewide and transportation goals. Thus, the Legislature declared that a coordinated planning program for regional transportation systems and facilities is in the State's interest.

The State has taken the initiative to establish a new relationship among cities, counties, and the State to address growth management. Certain counties must, and others may elect to, participate in a comprehensive planning process. The State will establish two review panels, one each for Western and Eastern Washington. The review panels will examine comprehensive plans for the counties to see that they are in accord with the guidelines set down in the GMA.

Planning goals are established. For example, efficient multimodal transportation systems that are based on regional priorities and coordinated with county and city comprehensive plans are encouraged. The transportation element of comprehensive plans must include a number of transit considerations, including (paraphrased from ESHB2929, Section 7):

a) Land-use assumptions used in estimating travel;

b) Facilities and services needs, including:

   i) An inventory of transportation facilities and services, including transit alignments, to define existing capital facilities and travel levels as a basis for future planning;

   ii) Regionally coordinated level-of-service standards for all transit routes, to judge system performance;

   iii) Specific actions and requirements for bringing facilities or services into compliance with an established level-of-service standard;

iv) Forecasts of traffic for at least ten years;

v) Identification of system expansion and transportation system management needs;

c. An analysis of probable funding capability compared to needs; and a multiyear financing plan for needs identified in comprehensive plans and reflected in six-year transit programs;

d. An assessment of the impacts of the transportation plan and land-use assumptions on the transportation systems of adjacent jurisdictions.

After jurisdictions adopt comprehensive plans, they must adopt and enforce ordinances which prohibit development approval if the development causes the level of service on a transportation facility to decline below the standards adopted in the plan, unless transportation improvements or strategies to accommodate the impacts are made concurrently with the development. Strategies may include public transportation service.

The Washington State Department of Community Development will administer $18 million to assist affected local jurisdictions with comprehensive planning.

Regional Transportation Planning Organizations (RTPOs) have been authorized. RTPOs are formed voluntarily within a county or within geographically contiguous counties, under certain statutory provisions that encourage regional coordination of multimodal transportation and land-use planning. The WSDOT must verify that each RTPO conforms with statutory requirements. In urbanized areas, the RTPO is the same as the MPO designated for federal transportation planning purposes.

RTPOs certify that the transportation elements of comprehensive plans adopted by local jurisdictions conform with statutory requirements and are consistent with regional transportation plans. RTPOs also develop and adopt a regional transportation plan that is consistent with both local comprehensive plans and State transportation plans. WSDOT, through biennial legislative appropriations, allocates funds to carry out regional transportation planning. The emphasis on regional transportation planning, with consistency and coordination provided through RTPOs, will contribute to an increased role for transit districts in regional planning and strengthen their interrelationships with the general-government jurisdictions in which they operate.

3. Transportation Demand Management (TDM) Act

House Bill 1671 was adopted in 1991. Through this Act, the State addressed the impact on congestion of unmanaged access to the highway system, established requirements and targets for changes in travel behavior that must be met by certain employers in certain local jurisdictions, and mandated implementation of commute-trip reduction plans for all major employers. The TDM Act states that counties and cities are responsible for implementing TDM programs within their jurisdictions. The local jurisdictions will develop schemes appropriate to their situations. Both public and private employers with more than 100 employees are affected.

A 23-member State Commute Trip Reduction Task Force is established by the TDM Act. This Task Force is to establish guidelines for commute-trip reduction plans, review progress toward implementing these plans, and report periodically to the Legislature. The Task Force members will be drawn from the following: the Secretaries or designees of the State Departments of Transportation, Ecology, Energy Office, Community Development, and General Administration, and three county, three city, three transit agency, six employer, and three citizen representatives appointed by the Governor from lists submitted by umbrella associations representing each group.

Transit systems are not directly referenced in HB 1671; however, in every known case, counties have turned to transit agencies as a full partner in addressing the objectives of HB 1671. Because, in many cases, the same elected county officials serve on both the county legislative authority and the transit board, this joint effort in developing a commute-trip reduction plan is a natural one. Transit agency staff are direct participants in negotiating commute-trip reduction plans with major employers.

Some of the TDM programs directly involve transit in the form of planning for turn lanes, park-and-ride lots, acquisition of buses, routing and scheduling, and other initiatives.

Coordination of TDM developments is not so straightforward where the transit board does not include county commissioners or where several systems must coordinate, only one of which is a county system. Some coordination with adjacent systems—in other counties—may also be necessary.

The above paragraphs demonstrate that there is a very evident State interest in public transportation, and that considerable influence has been and is being exerted on its nature and capabilities. Clearly, GMA and TDM are predicated on the existence of viable public transportation that is assumed to be expandable to meet increased demands. However, no clear organizational or governance focus at the State level has emerged in conjunction with

this State interest in public transportation. A key question is whether any "institutional" focus is needed at the State level.

C. Department of Social and Health Services Role in Public Transportation

It comes as a surprise to many that the State Department of Social and Health Services is a major player in the provision of the paratransit element of public transportation services. However, the full extent of this role is not well defined. The primary purposes of DSHS, the social and health programs, are well understood. "Buried" within many of those programs is the provision of transportation services in support of the Department's social and health objectives. Transportation in this functional area is provided through grants to, and contracting with, transit districts and various not-for-profit organizations. DSHS personnel also provide transportation using State vehicles, as an adjunct to their other direct services to their clients. In Stage 1 of this public transportation study, only the interface between DSHS programs and transit districts has been addressed.

Governance of DSHS public transportation (primarily paratransit) can be viewed as a two-dimensional matrix. One dimension includes the transit services provided directly by DSHS. The social and health programs themselves, including their transit components, are clearly directed by the Secretary of Social and Health Services, who in turn, is accountable to the Governor. As with all activities which are the direct responsibility of the State, these programs are evaluated by various State agencies, such as the Office of Financial Management and the Legislative Budget Committee. On the other dimension, however, are the paratransit services "purchased" from transit districts by DSHS, where the management structures which oversee the efficiency and effectiveness of those services are directed by the local transit boards.

D. State Auditor's Office

The State, through the State Auditor, provides fiduciary oversight of transit districts. By State law, audits are required to be performed every one to three years on agencies receiving public money and on all municipal corporations. Transit districts are audited every one to two years. As part of these fiduciary audits, the State Auditor's Office also certifies compliance with federal regulations by those districts that receive federal funds.

The State Auditor's Office does not conduct performance audits of transit districts. Such audits of transit districts are prohibited by the State Constitution. A copy of each completed audit is provided to the transit district audited, WSDOT, and the federal government. The State Auditor's Office also performs post-audit quality-control reviews. The federal government has been invited to and does participate in these reviews.

V. Overview of Local Governance Structure for Public Transportation

The primary feature of public transportation governance in Washington is found at the local level. It is the local transit district board. Governance at this level is well established, quite clear, and can be described concisely.

Four of the five types of transit districts authorized by State law are in use. The structure of their transit boards is similar, but does vary. The types currently operating in the State include:

A. City Transit Systems

City transit systems originated during the era when all transit was city transit. In these systems, the city council is the "transit board." Transit is typically a department of city government, or in some cases, a division within the public works department. City systems are found in Everett, Yakima, Pullman, and Prosser.

As with every other department of city government, the transit staff develops programs and budgets in response to the objectives and guidelines provided by the city council; and reports of accomplishments and performance are provided as required by the city council and mayor in order to improve performance and plan for the future.

City transit systems participate in the MPO for their region where one exists, and participate in transportation planning at the regional level. In some cases, such as Everett, where there are ongoing local and regional activities aimed at coordinated interagency and intermodal planning, the transit manager serves as a standing city representative to such activities. In Yakima, the Transit Manager is one of the three City representatives to the Council of Governments Technical Advisory Committee for Transportation (better known as YMATS). The smaller city systems have few external relationships; there is ongoing consultation as needed, however, with the WSDOT Public Transportation Branch. There is no MPO for Pullman or Prosser.

B. County Transportation Authorities (CTAs)

There is one county transportation authority providing transit service. This is Grays Harbor County. The Grays Harbor Transit Board consists of the three County Commissioners and three mayors.

Snohomish County also created a county transportation authority (Sno-Tran) which is the recipient of federal transit funds. Sno-Tran sought a local tax base in 1974 to support its activities, but it failed, so it is funded from local jurisdiction contributions. It provides planning and coordination for the services provided by Everett Transit and Community Transit. The Board for Sno-Tran consists of three members of the County Council and the mayors of Everett, Edmonds, and Lake Stevens.

CTAs participate in the COG for their region, and participate in transportation planning at the regional level. In Grays Harbor, the COG was the contractor for the transit plan update.

C. The Municipality of Metropolitan Seattle (Metro)

While transit services have been available in Seattle and King County for many years, the current operating authority (Metro) did not begin service until January 1, 1973. Metro had received legislative authority to operate, and with voter approval of a 0.3 percent sales tax in September, 1972, it began the process of buying the Seattle Transit System and other area private bus operators to establish one system. Its current taxing authority is a 0.6 percent sales tax.

Metro is governed by the Metro Council, a Board of 44 representatives made up of King County, city, and special-district elected officials and appointed citizens. Metro governance is a rapidly evolving issue prompted by the federal district court ruling by Judge William Dwyer declaring the Council unconstitutional. If this issue is not resolved by King County voters in November, 1991, legislative action may be required. These voters are being asked to authorize a merger of Metro with King County government.

The structure of the Metro Council, as it relates to the provision of transportation services, is as follows: the Transit Committee (a standing committee of the full Council) has reporting to it the Service Evaluation Subcommittee, the Elderly/Handicapped Subcommittee, and the Capital Facilities Subcommittee, each comprised of Transit Committee members. The Transit Committee itself reports to the full Council, with the latter ultimately responsible for service-related decisions.

Metro participated actively in the area's MPO, the Puget Sound Council of Governments (PSCOG) through that organization's King Subregional Council and its Standing Committee on Transportation (SCOT). PSCOG was disbanded effective September

26, 1991 to make way for a reconstituted successor organization. It is anticipated that Metro will actively participate with that organization as well.

D. Public Transportation Benefit Authorities (PTBAs)

Most transit districts of the State are PTBAs. There are 17 of them. PTBA boards are formed pursuant to the legislation authorizing PTBAs. Board composition is initially determined within 60 days of the establishment of the PTBA's boundaries, and it varies in ways that reflect PTBA service areas. A conference is held by the cities and counties within a proposed PTBA. This conference, consisting of a legislatively-directed membership, determines the composition of the board. There is a maximum of nine members for a single-county PTBA, and a maximum of 15 for a multicounty PTBA. In some PTBAs, all county commissioners serve on the board, and in others, only one. In some PTBAs, mayors of all incorporated cities are included; in others, only some cities are represented; and in still others, there may be more than one representative from the major city of the service area. Exhibit 2 provides a summary of the current board representation of each PTBA.

Each board is required to review its composition every four years or whenever an annexation of more then 15% of the authority's existing population occurs. It is also mandatory for PTBAs to consider possible annexation every two years. The authorizing legislation clearly seeks to encourage consensus among local jurisdictions and to transcend city-county jurisdictional rivalries.

Because PTBA boards consist predominantly of elected officials who have multiple assignments to boards, commissions, and committees, both within their home jurisdiction and within their region, it is often assumed that local transit is well represented and interwoven with the numerous regional activities involving transit. In addition, although not always required or occurring, transit managers and key professional staff typically serve on technical planning committees and advisory groups of the MPO/RTPO and other recurring activities in their area. The focus of GMA, HCTA, TDM, etc. has accelerated the acceptance of the transit representative in governmental and transportation planning activities. Nevertheless, there have been a number of such activities where transit has not been included heretofore, and where transit has become included primarily through the assertiveness of transit managers rather than by prescription when such groups are established. Specifically, review of permit applications and development plans by transit districts has probably been more the exception than the rule.

E. Local Governance Structure for Paratransit

Paratransit services provided by transit districts are, of course, subject to the same governance structure as any other aspect of the transit district. Much paratransit is a contract service provided to an external client.

F. Differences Among Local Governance Structures

One significant difference among local governance structures is found at King County Metro and Intercity Transit. These are the two cases where citizen members (not elected officials) also serve on the transit board.

In a wide array of interviews, it was generally agreed that the transit boards consisting of elected officials from multiple jurisdictions have worked well. These boards provide ongoing cross-representation in policy planning and understanding of issues. In many cases, however, there was a willingness to concede that some board members see their transit responsibility as an "additional duty", the position to which they were actually elected being their primary responsibility. The needs of transit are served by advocacy for transit by the board member while serving in his/her other capacities. Sometimes the member sees his/her role on the transit board as an opportunity to gain services or improvements that might otherwise have been vested in the city or county legislative body.

Citizen positions on transit boards may strengthen advocacy for public transportation and could provide more continuity than that assured by a single term of elected office or assignment to the transit board by the city or county executive or legislative authority. Provision for citizen board members yields a means to select members based specifically on their knowledge and interest in serving.

On the other hand, nonelected board positions reduce the accountability of a board to voters. While citizen members of transit boards may not have the burden of the numerous assignments to committees, boards, and commissions typical of elected officials, they also typically would not have the broad perspective that comes from a breadth of current involvement, nor the authoritative means to undertake multiparty implementation that is so often needed to get things done. Nonelected board members may be more likely to represent a narrow interest group and will not be influenced by the crucible of elective office that forces recognition of conflicting worthy aims.

One difference unique to city transit systems is that transit functions as a department of city government or as a division of the public works department. This relationship to policy makers is no less accountable than districts reporting to a multijurisdiction board.

Exhibit 2

WASHINGTON STATE
PUBLIC TRANSPORTATION SYSTEM

Transit Governing Body Membership

System	County Commissn/ Council	City Mayor	City Council	Other Elected Official	Special District	Citizen Members	Total Members
Ben Franklin	3 *		4 *				7
Chelan/Douglas	4 *			8 *			12
Clallam	2		6 *				8
C-TRAN	3		5 *				8
Community	2		7 *				9
CUBS	1		4 *				5
Everett		1	7				8
Grays Harbor	3	3 *					6
Intercity	1		3 *			3	7
Island	3		4 *				7
Jefferson	3		2				5
Kitsap	3	4 *	2				9
Metro (as of 8-15-91)	10	12*	11*	1	2	8	44

Exhibit 2 (Continued)

WASHINGTON STATE
PUBLIC TRANSPORTATION SYSTEM

Transit Governing Body Membership

System	County Commissn/ Council	City Mayor	City Council	Other Elected Official	Special District	Citizen Members	Total Members
Pacific	3		4 *				7
Pierce	1		5 *	1			7
Prosser			7				7
Pullman			7				7
Sno-Tran***	3	3 *					6
Spokane	2		6 *	1 **			9
Twin	1		2 *				3
Valley	2		5 *				7
Whatcom	1		4 *	1			6
Yakima			6				6

Footnotes:

* Multijurisdiction--more than one county or city.

** Alternating position, Spokane County Commission/Spokane Council.

*** Does not have an authorized levy nor operate services.

Citizen advisory committees provide an alternative means of ensuring consideration of the perspectives of users, advocates, and critics. Each of the State's 23 transit districts has used citizen advisory committees, and each has used them in a slightly different way. These differences result because there is no Federal or State legislative or administrative requirement for the use of such bodies by local transit agencies. "Substantial changes" in an agency's operations, such as fare increases or major service revisions, do require a "public forum." This requirement is usually met by offering the opportunity for a public hearing.

Transit agencies have found it useful, however, to constitute citizen advisory committees from time to time. These groups provide an additional perspective to transit boards and general managers concerning particular issues of high interest or controversy, or just provide a mechanism to funnel general citizen opinion into the decision-making process.

Some citizen advisory committees are standing groups, formally constituted with bylaws and procedures for member selection. Their members can be chosen to represent particular constituent groups of riders (e.g., the disabled, the elderly, school children); to provide geographical balance in a transit agency's areas of service; or to represent community groups with an interest in transit service (e.g., businesses, employers, recreation providers). Standing citizen advisory committees continue to function over time and provide input to their agencies on a wide variety of matters.

Another major type of citizen advisory committee is ad-hoc. These groups are formed for a limited period of time to address a specific issue, for example, the requirements of the federal 504 program (nondiscrimination toward the handicapped). Most issue-specific, ad-hoc citizen advisory committees cease to exist once they have completed the tasking for which they were created. Committees formed to address the federal 504 program may need to be revived to assist agencies to comply with the requirements of the Americans with Disabilities Act.

Differences of opinion may arise over the continued existence or functions of citizen advisory committees among agency general managers, transit boards, committee members, and the public. Some citizen committees want to continue to function when their transit agencies would prefer to do without them. The effectiveness of the working relationship between a committee and its agency depends to a large extent on the personalities and negotiating skills of the involved parties.

Some citizen advisory committees have played an effective role in influencing transit agency policy as well as becoming effective advocates for transit in their communities. Citizen advisory committees for the transit agencies serving Clallam, Jefferson, Kitsap, and Island Counties have formed a joint committee that addresses transit issues of regional concern and promotes interagency coordination of transit service in the four-county service area. The group is looking at coordinating marketing strategies and schedules (including ferries) to make cross-region trips easier for transit riders.

Citizen advisory committees with clearly-defined missions, procedures, and memberships can be an effective means of providing improved accountability to local constituents.

G. Impacts of Differences in Roles and Relationships

Differences in roles and relationships among the several transit district types are minor and support adaptation to local characteristics. No negative impacts have been identified due to differences in roles and relationships.

The demographics of Washington with 49% of the State's population residing outside of incorporated cities are supportive of providing transit on a regional, multijurisdictional nature. The popularity of the PTBA system is demonstrative of this.

In two counties with significant urban area populations, Snohomish and Yakima, the continued existence of city-only systems inhibits this regional approach to service. This will become more apparent as these counties and cities attempt to implement the provisions of the Growth Management Act and the Transportation Demand Management Act, as both counties are mandatory participants in those two programs.

Even though the finance system for transit in Washington mitigates against single-city systems, government leaders in the Everett and Yakima communities apparently see more value to their citizens in system control than in improving the financial base to expand services for citizens of their region.

VI. Federal Government Requirements

The Federal Government imposes no duplicative lines of governance or accountability. Federal funds for transit either flow to the WSDOT Public Transportation Branch, or to the districts directly. There are criteria which define the purposes of various federal funding programs, however, WSDOT administers those funds with considerable autonomy within the program criteria. This autonomy serves to enhance WSDOT's ability to provide assistance to smaller districts and to work participatively with these districts to combine allocations in a particular year to maximize their effective use and to ensure all districts benefit from the programs over time.

Certain federal transit funds flow to a single designated agency in a county—Metro in King County, Sno-Tran in Snohomish County, and typically the MPOs in other areas. Because coordinated planning is a requirement of federal programs, this single point of contact helps to focus and thereby reinforce coordinated system planning.

Federal reporting requirements are focused on fund accounting and audits every three years. However, through its Section 15 reporting program, UMTA also collects information from each federally-supported transit agency annually, and produces a national statistical summary. In addition, systems receiving federal funds must participate in a continuous planning process. The resulting Transit Development Plans are filed with WSDOT, who files a single composite TDP with its grant application to UMTA for federal funds.

VII. Comparison of Washington Governance Structure with that of Comparable States

State and local governance structures in states comparable to Washington have been analyzed for distinctions both in state-local relationships and local structure. Comparable states were selected and approved by the Public Transportation Study Policy Advisory Committee and are the same states used in the analysis of financing mechanisms in comparable states for Task 2.C., i.e., Indiana, Michigan, Minnesota, Missouri, and Wisconsin.

There appear to be four distinctions between Washington and other states on governance and the concomitant revenue structure:

1. Other states generally attach more "strings" to the state funds provided for local operating agencies. (See "Financing Mechanisms in Comparable States, Task 2.C.) In most cases, the state funds are actual state-levied and -collected tax dollars as opposed to Washington, where almost all transit funding is from local-option taxes.

2. In the other states, local operating agencies, to a much greater degree, are still part of city governments, as opposed to the preponderance of independent, multijurisdictional operating agencies in Washington.

3. There is much less local-option taxing authority for operating agencies in comparable states, with the local tax subsidy coming from general government funds, rather than dedicated taxes for transit, as is the case in Washington.

4. Most other states have not yet enacted state programs comparable to growth management and transportation demand management which rely on the existence of transit services as a "tool" to implement some of those policies.

A. Indiana

Almost all of the 37 transit agencies in Indiana are departments of city government, and their elected governing boards are the mayors and city councils of the respective cities. Seven of the agencies, mostly in the larger cities, are "public transportation corporations",

which are quasi-independent with a separate board of directors. But even in these cases, the "corporations" must be created by city ordinance, and the boards are appointed by the mayors and councils.

Most local taxes used for transit come from regular property-tax levies authorized for cities, although the transportation corporations have been authorized a small levy for transit purposes beyond the normal city levy. Recently, the State Legislature, in reaction to public concern about rising property taxes and the ability of appointed officials to set tax rates, required that the budgets of the public transportation corporations be approved by their city councils, giving even greater city control over these operations.

The Indiana Department of Transportation does provide funds, mostly federal 1990 STA Section 18 funds (see above), to rural counties for private nonprofit agencies providing social-service transportation in rural areas. In most cases, this money is funneled through the counties, who also contribute some general funds for the service.

One commuter railroad exists in Indiana. It provides service from the South Bend area into Chicago, a distance of about 90 miles. It is a $20 million annual operation with three million passengers annually and is totally supported by fares, State, and federal funds. It is a special district created by State statute, called the Northern Indiana Commuter Transportation District, and is governed by a board of nine members appointed by the county commissioners and councils of the four counties it serves, with one appointment by the Governor.

State funds are provided to the operating agencies using a formula based on annual financial data.

Counties in Indiana can approve a local-option income tax. If they do so, its revenues are divided among local agencies in a county in the same proportion as the property tax. Because public transportation corporations have a property-tax levy, this means that they also receive some of the income-tax revenue. Only three counties have implemented this option so far. The local-option income tax and property tax provide an incentive for cities to create public transportation corporations, but this option is politically sensitive because it increases taxes.

B. Michigan

A variety of options exist under six different acts of the Michigan Legislature for the provision of transit at the local level. Most of the State's transit providers are transit authorities, authorized by legislation adopted in 1969. Most of the 72 transit agencies are created by cities, under either general city authority or through the Public Transportation Authority Act. There are 26 transit agencies created by counties. Almost all of the county-formed authorities are in small rural areas and were formed to receive federal Section 18

and/or Section 16(b)2 funds for paratransit services. Almost none of those authorities provide standard fixed-route transit service. In several cases, they have been formed for the specific purpose of issuing revenue bonds to pay for vehicles.

A specific act governs the provision of transit in the counties of the Detroit metropolitan area. Called the Southeastern Michigan Transportation Authority Act, it provides for a governing board including the mayor and county executives from Wayne, Oakland, and Macomb counties. The Suburban Mobility Authority for Regional Transportation serves the urbanized area in the three counties outside of the City of Detroit. The suburban system and the Detroit system are, however, independent of each other for general operating decisions.

The transportation-authority boards are a combination of elected officials and citizens. The authorities have independent property-tax levy authority, if approved by voters. The levy may either be perpetual or limited with reapproval required.

Michigan has passed no legislation comparable to the Growth Management Act, the Trip Demand Management Act, or other programs that significantly rely on the provision of transit services to achieve government policies.

C. Minnesota

With the exception of relatively small, nonprofit paratransit providers in rural areas, who receive federal Section 18 funds through the counties from the State, almost all of the systems in Minnesota are departments of city government or have been created by city governments. Two sets of cities have a joint authority with a board appointed by the city councils or mayors.

The Minneapolis-St. Paul urban area contains seven independent county transportation authorities, each involved in providing rail transit services. Regional coordination of these services occurs at the seven-county regional planning organization, but coordination breaks down when there are disagreements among the member counties since the RPO has no authority to require compliance. The State Legislature is the next-level forum for addressing these disputes, and a deadlock there has resulted in a cooperative agreement between three counties (those containing Minneapolis and St. Paul and one suburban county—Dakota County), while the other four continue to work independently. This arrangement has made it difficult to provide efficient regional transit service in this major metropolitan area.

Minnesota has also not passed legislation impacting transit districts like Washington's GMA or TDM.

D. Wisconsin

The pattern noted in Michigan and Indiana also prevails in Wisconsin. There are 22 agencies providing fixed-route transit service, and all of them are municipally owned. Two of the agencies contract with a national management firm to operate their service, and two contract with the previous private owner-operator.

As in Washington, private carriers began having substantial financial problems in the '60s, and cities began acquiring these systems. By 1976, there were no private carriers left in Wisconsin.

The current city-run operations vary, with some being a separate department and others being a division of the public works department. No city or other local government has any local taxing authority specifically earmarked for transit. All of the systems compete for property-tax revenues with other city services.

Many of the city transit systems contract with adjacent towns and villages, or in one case, the county, to provide service outside of the city limits. These interlocal agreements usually specify that the jurisdiction receiving the service must contribute its appropriate pro-rata share of the operating deficit not covered by fares and State and federal revenues.

Wisconsin has no growth management or TDM legislation, though the State DOT is working with a seven-county area around Milwaukee using State funds to promote less SOV travel because the metropolitan area is a nonattainment area for air quality.

Wisconsin has a completely separate network providing transportation services to the elderly and handicapped. The State DOT works with rural-area governments, usually counties, to provide this service. The counties receive Section 18 and 16(b)2 funds for capital needs, although DOT does not administer the Section 18 funds.

Wisconsin's demographics are similar to Washington's, with nearly half of the State's population living outside of cities. Despite this situation, the multijurisdictional, regional type of governance has not developed.

E. Missouri

Missouri's two major urban centers, St. Louis and Kansas City, are both adjacent to State boundaries. In both cases, the transit system provides service across the State boundary into Illinois and Kansas.

The transit systems in those urban areas are managed by agencies created by special legislation. Transit service in St. Louis is provided by the Bi-State Development Agency, and in Kansas City, by the Area Transportation Authority. The members of these boards are appointed by the Governor.

These authorities receive their funding from the two cities, who levy a one-half-cent sales tax authorized by Missouri law for transportation purposes. That tax, earmarked for transportation, not just transit, was first enacted for counties and was later extended to cities.

All of the other transit systems in the State are city bus systems. Most are departments of city government. In Springfield, the State's third largest city, the service is governed by the City's Public Utilities Board, which is appointed by the mayor and confirmed by the city council.

With the exception of the two major urban systems, there are no independent transit districts, and no county provides transit service. There are no earmarked taxes for transit either, but cities and counties do have the transportation sales tax.

The Missouri Legislature has not passed any State controls on land use or growth management, nor any State-level clean air legislation.

VIII. Overview of Accountability Provisions and Reporting Requirements

Accountability reporting deals with a transit agency's progress toward implementing the mandates and achieving the objectives adopted by its board or other policy body with jurisdiction such as the State Legislature. Accountability reporting differs from the statistical performance reporting commonly encountered (e.g., operating costs, farebox revenues, passenger trips). Accountability reporting compares actual progress in completing worktasks with planned progress in those tasks according to schedules adopted by the policy body in consultation with agency staff.

A. Accountability of Local Transit Systems to State Government

There has been little accountability reporting imposed on local transit districts, WSDOT, and DSHS over the years. Since 1989, however, by direction of the Legislature, WSDOT has collected and reported information to the Legislature annually. This information is not evaluative or evaluated. It is descriptive in nature. No feedback is provided to transit agencies as a result of those informational reports, nor is any feedback required to be provided by the State. The statute establishing public transportation reporting requirements (RCW 35.58.2796, Sec. 2.) describes the annual report as summarizing the status of public transportation systems in the State. Some people have anticipated that reference to "status" would result in establishment of indicators and evaluative reporting.

Accountability reporting, as it now exists, occurs at the local level. This reporting reflects the governance structure in which accountability for local transit services is to the local transit boards and local voters.

A significant change in the scope of accountability is likely, however. Growth management will provide the impetus for coordination of land use and transportation facilities. In the future, ongoing evaluation of growth management effectiveness could evolve into a framework for accountability that will include an implied dependence on public transportation as one mechanism for obtaining desired planning and land-use goals.

B. Accountability of Local Transit Systems to Local Governments

No formal provisions have been noted for accountability reporting by transit systems to city and county governments except, of course, the internal budgeting and reporting of city transit systems as a part of city government. For the most part, any reporting by PTBAs or county transportation authorities has been presumed to be provided through the cross-representation of the elected officials serving as transit board members.

A number of aspects of board-staff interaction and sharing of information contribute to transit agencies' ability to successfully meet their accountability for results. These aspects include the annual capital and operations plans, and the transit development and financial plan (TDFP) process. Accountability is inherent in the manner by which these plans are developed and adopted. Elections of individuals who become board members and public hearings on plans, district boundaries, and local-option funding provide accountability to the public. Service and productivity evaluations by boards, conducted at least annually, and as often as quarterly, provide internal accountability. Board retreats also contribute to accountability when they include discussion with general managers and staff regarding progress toward objectives.

There are variations in local accountability provisions only in the sense that local boards have differing expectations and impose differing requirements. To an extent, these differences reflect variations among the services provided by local public transportation agencies and differences in service complexity and scale of operations. However, accountability characteristics exist that stem from differences in staff size and capabilities, as well as from matters perceived to be important by the boards. In general, no guidance or technical assistance is provided by the State, Washington State Transit Association (WSTA), or others that would assist agency boards and staffs in developing performance evaluation that would enhance accountability. Informal practices, such as that of the WSDOT Public Transportation Branch manager attending local transit board retreats when invited, do provide opportunity to be of help.

Differences in local accountability reporting stem from differences in the complexity of operations. To some extent, local reporting is a function of the size of staff available to conceive and produce such reports; but mostly, reporting reflects local characteristics and expectations, and thus is not particularly instructive to other systems.

In summary, no structured accountability reporting exists between transit agencies and regional or State policy bodies. All accountability reporting that occurs at present takes place within individual transit agencies, and within some agencies, what occurs in this area is minimal. There is little common understanding among transit officials and policy makers throughout the State regarding what constitutes effective accountability reporting and how it should be used.

Since the vast majority of transit systems in the comparable states are city-owned, and the vast majority of county or special transit districts provide only paratransit services, the accountability reporting that occurs in these states takes place mostly within individual jurisdictions, as it does in Washington. Most of the few special (non-City-owned) districts (e.g., St. Louis and Kansas City, Missouri) are locally funded, and therefore display similar accountability structures to those of the city-owned systems. These systems exhibit no visible accountability features that could be of use in Washington.

IX. Conclusions

To recap the State's role in public transportation, it consists of:

- Administration of federal public transportation funds
- Planning and formulation of RTPOs
- Audit oversight of all transit providers
- Administration of social and health service funds used for transportation
- Initiating a growth management structure
- Initiating regional high-capacity transit planning
- Promoting coordination between counties and WSDOT for TDM
- Promoting personal and commercial mobility and improving the accessibility of facilities, goods, and services

When issues and their resolution transcend the capabilities and authorities granted to local jurisdictions, the superior authority of the State has been drawn upon. When major transit initiatives failed in King County in 1968 and 1970, local leaders turned to the State. The crucible of debate between local and State leaders forged structural and funding mechanisms that have served King County (Metro) well and have appeared in subsequent provisions for local transit throughout the State, (i.e., authorizing PTBA legislation). The State's role is to establish and modify the structure of public transportation to achieve its objectives for economic, industrial, and cultural growth, development, and prosperity, but it has consistently focused governance of public transportation at the local level.

1. Transit services are dominantly provided and governed at the local jurisdictional level as prescribed in state statutes. (Marine mass transit and specialized transportation integral to social services are state functions.)

   Financial resources on which public transportation depends are authorized and governed at local, state, and federal jurisdictional levels.

   Public transportation service demands, and state and societal objectives, increasingly transcend transit system boundaries, i.e., are regional; but provisions for regional planning are not effectively established, and regionally driven integrated transportation implementation is poorly structured. (Although HCTA Joint Regional Policy Committee system planning efforts in the Pierce-King-Snohomish region are driving

toward a ballot proposition in November 1992 that may represent a significant factor in strengthening this situation.)

2. There is no focal point at the state level for the analysis, evaluation, and determination of the explicit or implicit reliance on public transit for the achievement of goals and objectives contained in state legislation. There is a need for a state public transportation plan that defines the responsibility of transit to respond to federal, state, and local transportation, environmental, economic, and social objectives.

3. A system of effective planning, cooperation and integration linked to implementation is needed—all modes, all providers, all services, all jurisdictions.

4. There is wide spread support of the view that "it (local public transportation) ain't broke, don't fix it." No (State) governance intrusion is needed. No evaluative reporting or accountability to the state for local services is needed; but accountability for use of funds authorized by the State (including MVET), coordination of planning, and influencing of priorities is warranted.

5. Administrators and board members, both locally and in other states, regard the PTBA structure as a superior and effective means of governing the provision of transit services because:

   - The cross-representation of board members (city and county) enables multijurisdictional issues to be dealt with effectively.
   - Since a PTBA is a special purpose government with dedicated revenues, it does not have to compete with other governmental services for funding.
   - Service can be provided at a regional level except where multiple transit agencies provide service within a metropolitan area.

6. Substantial transportation of unknown quantity and cost is provided directly or by contract or grant by state agencies such as DSHS.

7. Generally, in the peer states analyzed, local taxes have not been dedicated to the provision of transit services. Transit systems in these states compete with other local programs for local funds.

8. In other states analyzed, where there has been direct state funding of public transit, there have also been conditions attached to these funds. In Washington State, where public transit has traditionally been a local responsibility, state involvement in transit planning has been minimal.

PUBLIC TRANSPORTATION STUDY

Task 2A

CURRENT FINANCING MECHANISMS OF PUBLIC TRANSIT SYSTEMS AT THE STATE AND LOCAL LEVEL

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STATE of WASHINGTON

The Legislative Transportation Committee

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CURRENT FINANCING MECHANISMS OF PUBLIC TRANSIT SYSTEMS

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Abstract - Current Financing Mechanisms of Public Transit Systems at the State and Local Level

This section of the Public Transportation Study contains a history of state and local financing of transit authorities in Washington, a detailed description of each "regular" transit tax source (i.e., motor vehicle excise, sales, B & O and household), a discussion of the differences among transit authorities in their legal authority to use the "regular" tax sources, a summary of new local option transportation taxes (e.g., motor vehicle fuel, motor vehicle excise, motor vehicle registration) which could be beneficial to transit authorities, a description of the proposed 1993 transit MVET rate reductions and other recent MVET changes which have created new funds and accounts (i.e., Transportation Fund, Central Puget Sound Transportation Account and Public Transportation System Account), a transit revenue flow chart and a discussion of state and local transit finance issues.

I. Current Financing Mechanisms of Public Transit Systems

A. Description of Transit Agencies Tax Sources

The Washington State Legislature has provided local enabling legislation for the creation and operation of five different forms of local government transit agencies in Washington State. The five types of transit agencies are listed below:

- Metropolitan Municipal Corporation (Metro, RCW 35.58, authorized in 1957);

  One Metro transit system has been operating in the State since 1973 (another one was created but never funded);

- County Transportation Authority (CTA)(RCW 36.57, authorized in 1974);

  There is currently one transit operating system in the State (one other CTA is involved in planning only);

- Public Transportation Benefit Areas (PTBA)(RCW 36.57A, authorized in 1975);

  There are currently sixteen in the State;

- City and Town Transportation Systems (RCW 35.84.060, motor bus systems authorized in 1923);

  There are currently four in the State;

- County Unincorporated Transportation Benefit Area (RCW 36.57.110. authorized in 1975); and

  There is currently none in the State.

The Legislature has provided each of the five types of transit agencies with authority to impose local taxes and to otherwise generate revenues for the operation, maintenance or capital needs of the transit agencies. Although the revenue sources available to the various types of transit agencies are quite similar, there are some important differences.

Local transit agencies derive revenues from several sources, including: (1) locally imposed taxes; (2) transit system operating revenues and other local sources of income; and (3) various federal and state sources. The importance of locally imposed taxes to total transit revenues is shown in Table 1 below:

Table 1
SUMMARY OF 1989 REVENUES OF All TRANSIT AGENCIES IN WASHINGTON

REVENUE SOURCE	AMOUNT (millions)	Percent of Total
Local Sales Tax (1)	$181.9	40%
Other Local Taxes (2)	.4	
Motor Vehicle Excise Tax (3)	100.9	22%
Federal - Capital (2)	78.8	18%
Federal - Other (2)	9.4	2%
Farebox (2)	52.5	12%
Other (2)	28.8	6%
Total	$451.9	100%

Sources: (1) Department of Revenue, Tax Statistics 1989; (2) Department of Transportation, 1989 Summary: Public Transportation Systems in Washington State; and, (3) State Treasurer, Washington State Treasurer Monthly Report, January 1990.

As Table 1 indicates, the local transit sales tax was by far the most important revenue source for all transit agencies combined in 1989, accounting for approximately 40% of total revenues. Second in importance is the motor vehicle excise tax (MVET) at 22% of revenue followed by Federal revenues at 20%, farebox revenues at 12% and all other at 6%. Included in the all other category is contract revenue, interest income and other miscellaneous income, such as advertising income. The other local option taxes, namely the local

business and occupation (B & O) and household excise taxes account for less than 0.5% of all transit authority revenue. Only two transit systems in the State are currently using these latter two taxes (Prosser and Pullman).

It is important to note that the combined 1989 transit revenue figures shown in Table 1 for all transit districts do not represent the importance of a particular revenue source for any one transit agency. For example, although MVET revenues represented only 22% of all transit revenues in 1989, several transit agencies rely on this source for more than 40% of their revenues. In addition, it should be noted that the importance of Federal funds varies from year-to-year and the large majority of these funds may go to only a few transit agencies. The differences in the relative importance of the various revenue sources will be considered in later phases of the study.

The remainder of PART A provides a detailed description and discussion of the locally authorized transit taxes. Federal revenues, farebox and other local revenues will be the subject of another report. Some additional local option taxes are discussed in PART D of this report. The discussion of the four local taxes (i.e., sales, MVET, B & O and household) that follows will cover the following areas:

- RCW Authority and Description of Tax;
- Tax Rate Authority;
- How the Tax is Imposed;
- Collection Agency and Flow of Funds;
- Use of Funds;
- Special Conditions;
- Differences Among Transit Agencies; and
- Agencies Imposing the Tax and Annual Revenue Amounts.

1. Local Sales/Use Tax

RCW Authority and Description of Tax - The local transit sales/use tax is authorized by RCW 82.14.045. All five types of transit agencies are authorized to impose the local sales/use tax.

The tax applies to all taxable retail sales or uses within the transit district's boundaries. It is a piggyback tax to the State's retail sales/use tax with the tax applying to the same transactions as the State tax. The tax applies to most retail sales of tangible personal property (sales of motor vehicle fuel and food for off-the-premises consumptions are two major exceptions). The tax also applies to the charges for selected personal services, including the repair, cleaning, altering, installing, etc. of real and personal property, motel/hotel rentals, various

amusement charges and others. The use tax applies to articles purchased in other states but used in Washington.

Tax Rate Authority - All five types of transit agencies are authorized to impose local sales/use taxes at any of the following rates: 0.1%, 0.2%, 0.3%, 0.4%, 0.5%, or 0.6%.

How the Tax is Imposed - The local governing body of a transit agency is authorized to submit a proposition to the voters for the imposition of a local transit sales/use tax. Voter approval by the residents living within the boundaries of the transit district is required before the tax may be imposed. Unless the voters previously approved a higher sales tax rate than currently used by the transit agency, future rate increases are also subject to voter approval.

Collection Agency and Flow of Funds - The Department of Revenue is the collection agent for the local transit sales/use tax. After the transit district voters approve the imposition of the tax the transit agency contracts with the Department of Revenue for the collection of the tax. The Department retains 1.5% of the amount collected for each transit agency with sales tax rates ranging from 0.1% to 0.5%. The department retains a 1.4% collection fee for transit agencies imposing a 0.6% tax rate. The law allows the Department to retain 2% of the collections for administering the tax. The 2% charge was reduced administratively in 1982 by the Department after a study of local sales/use tax collection costs.

The Department of Revenue reports the amount of transit sales taxes to the State Treasurer which are collected through the 15th of each month approximately ten days prior to the end of that month. After deducting the administrative collection fee, the State Treasurer remits the revenues to the individual transit agencies by electronic funds transfer on or before the last day of the month.

Use of Funds - The sales/use tax revenues are to be used for the sole purpose of providing funds for the operation, maintenance, or capital needs of public transportation systems. County Transportation Authorities and Unincorporated County Transportation Authorities have been authorized to use these funds to provide ambulance services.

Special Conditions - Any transit agency that imposes a local sales tax is prohibited from imposing a local household tax or local B & O tax.

The local sales/use tax cannot be imposed by two transit agencies in the same geographical area (i.e., no doubling up).

City transit systems and Unincorporated County Transit Authorities may not use sales/use tax revenues to match MVET revenues. There are presently two City Transit Systems imposing local sales taxes (Everett and Yakima). There are no Unincorporated County Transportation Authorities in existence.

Differences Among Transit Agencies - Three of the five types of transit agencies are permitted to use sales/use tax revenues as matching funds for receiving MVET revenues. These are the Metropolitan Municipal Corporations, the County Transportation Authorities and the Public Transportation Benefit Areas. City Transit Systems and County Unincorporated Transportation Authorities are not permitted to use local sales/use revenues to match MVET revenues.

County Transportation Authorities and Unincorporated County Transportation Authorities are permitted to use sales/use tax revenues for ambulance services. No other type of transit agency is permitted to do this. Grays Harbor is the only operating district that has this authority.

Agencies Using Tax and Annual Revenues - Table 2 lists the transit agencies levying the sales/use tax as of March 1, 1991 and tax collections for calendar 1989 and 1990.

TABLE 2
TRANSIT SALES TAX RATES AND SALES TAX DISTRIBUTIONS
FOR 1989 AND 1990

TRANSIT AGENCY	RATE OF TAX	CALENDAR YEAR DISTRIBUTIONS	
		1989	1990 (1)
Benton-Franklin PTBA	0.3%	$ 3,234,794	$ 3,624,203
Chelan-Douglas PTBA	0.4%	(2)	(2)
Clallam County PTBA	0.3%	$ 1,313,948	$ 1,476,949
Clark County PTBA	0.3%	$ 5,034,092	$ 5,928,257
Cowlitz PTBA	0.1%	$ 540,904	$ 573,778
Everett (city)	0.3%	$ 4,176,549	$ 4,513,169
Grays Harbor County	0.3%	$ 1,484,966	$ 1,511,687
Island County PTBA	0.3%	$ 679,999	$ 786,068
Jefferson County PTBA	0.3%	$ 411,099	$ 542,192
King County Metro	0.6%	$120,856,257	$134,762,872
Kitsap County PTBA	0.3%	$ 3,189,770	$ 3,982,011
Lewis County PTBA	0.1%	$ 341,597	$ 384,890
Pacific County	0.3%	$ 308,891	$ 340,456
Pierce County PTBA	0.3%	$ 13,175,871	$ 14,380,872
Prosser (city)	None	(3)	(3)
Pullman (city)	None	(3)	(3)
Snohomish County PTBA	0.6%	$ 7,690,897	$ 13,721,348
Spokane County PTBA	0.3%	$ 9,187,622	$ 10,142,202
Thurston County PTBA	0.3%	$ 3,467,074	$ 3,875,419
Walla Walla County PTBA	0.3%	$ 786,492	$ 904,166
Whatcom County PTBA	0.3%	$ 3,092,923	$ 3,839,664
Yakima (city)	0.3%	$ 2,153,972	$ 2,293,688
Total		$181,127,787	$207,583,971

(1) Large increases in 1990 may be due in some cases to tax rate increases and/or extension in transit agency boundaries.
(2) Chelan-Douglas came into existence in late 1990.
(3) Prosser and Pullman impose B&O taxes in lieu of sales tax. As of June 1991 Prosser also collects a household tax.

Source: Dept. of Revenue, Local Tax Distributions, March 1991

2. Local Business and Occupation Taxes

RCW Authority and Description of Tax - All five types of transit agencies are authorized to impose business and occupation (B&O) taxes by RCW 35.95.

The tax applies to the value of products, gross proceeds or gross income of all taxable business establishments within the boundaries of the transit agency. The base of the tax, including definitions of taxable income, exemptions and deductions, is the same as the State's business and occupation tax.

Tax Rate Authority - There are no rate limitations specified in the law.

How the Tax is Imposed - Two types of transit agencies, City and Metro, are permitted to impose B&O taxes with the approval of their corporate authorities (i.e., without voter approval). In addition, the law has been interpreted as to permit the County to impose the B&O tax for an Unincorporated County Transportation Authority without voter approval.

The other two types of transit agencies, County Transit Authority and Public Transportation Benefit Areas, must secure voter approval prior to imposing a B&O tax. None of these agencies are presently utilizing the B&O tax.

Collection Agency and Flow of Funds - The B&O tax is levied and collected by the local transit authorities. The county may impose and collect the B&O tax for an Unincorporated County Transit Authority.

Local transit business and occupation taxes may be collected monthly, quarterly or annually, depending on the local authorities.

Use of Funds - The local transit B&O tax revenues are to be used for the sole purpose of providing funds for the operation, maintenance, or capital needs of public transportation systems.

Special Conditions - Local transit agencies that impose B&O taxes are prohibited from imposing sales/use taxes.

Differences Among Transit Agencies - Three types of transit agencies, City, Metro and Unincorporated County are permitted to impose transit B&O taxes without securing voter approval. The other two types of transit agencies, County and Public Transportation Benefit Areas, are required to obtain voter approval before imposing this tax.

Districts Imposing Tax and Annual Revenue Amounts - Both the cities of Prosser and Pullman use the B&O tax authorized for transit purposes. In the past, Prosser has used annual B&O tax revenues of approximately $15,000 to match MVET revenues. As of June 1, 1991, Prosser has also initiated a household tax (see Section III) and in 1992 can additionally use those revenues to match MVET. Pullman's B&O tax which is imposed on public utilities, brought in $239,000 in 1989 for matching MVET revenues.

3. Household Tax

RCW Authority and Description of Tax - All five types of transit agencies are authorized to impose household taxes by RCW 35.95.

The tax applies to each housing unit within the transit boundaries where one or more persons live as a family unit.

Tax Rate Authority - The tax is not to exceed $1 per household per month.

How the Tax is Imposed - As with the B&O tax, the corporate authorities of City Transit, Metro Transit and Unincorporated County Transit systems are permitted to impose the tax without securing voter approval. The other two types of transit agencies, County Transportation Authority and Public Transportation Benefit Areas must secure voter approval before imposing a household tax.

Collection Agency and Flow of Funds - The household tax is levied and collected by the local transit agencies. The county may impose and collect the household tax on behalf of an Unincorporated County Transit Authority.

Local household taxes may be collected monthly, quarterly or annually, depending on the local authorities.

Use of Funds - The local transit household tax revenues are to be used for the sole purpose of providing funds for the operation, maintenance, or capital needs of public transportation systems.

Special Conditions - Local transit agencies that impose household taxes are prohibited from imposing sales/use taxes.

Differences Among Transit Agencies - Three types of transit agencies, City, Metro and Unincorporated County are permitted to impose household taxes without securing voter approval. The other two types of transit authorities, County Transportation Authorities and Public Transportation Benefit Areas, are required to obtain voter approval before imposing this tax.

Districts Imposing Tax and Annual Revenue Amounts - As of June 1, 1991, the City of Prosser imposed a household tax of $1 per month. It is estimated that his tax will yield approximately $20,000 in 1992. This amount will be used to match MVET funds available.

4. Motor Vehicle Excise Tax (MVET)

RCW Authority and Description of Tax - The authority for local transit agencies to impose and receive MVET revenues is found under RCW 35.58.273 and RCW 82.44.150. All five types of local government transit agencies are permitted to impose this tax, but in order to qualify for revenues they must match the MVET revenues with other tax revenues collected at the local level. Local matching tax sources available to transit districts include sales/use, B&O and household excise.

All registered motor vehicles subject to the State MVET under RCW 82.44.20 within the boundaries of the transit agency are subject to the local MVET. Because of the dollar for dollar offsetting credit against the State imposed MVET, the local tax does not increase the amount of tax paid by the taxpayer. <u>It simply results in a reduction of State MVET revenues.</u> Although it is sometimes described as a State tax source, it is a local tax and this was confirmed by the Washington State Supreme Court in 1976. In 86 Wn. 2d 339, 544 P 2d 729 the Court ruled that transit MVET revenues do not constitute a State fund subject to the constitutional requirement of legislative appropriation.

Tax Rate Authority - The maximum rates of the transit MVET are as follows:

<u>Until January 1, 1993</u>

King, Pierce, Snohomish and Thurston Counties - 0.7824%

(The regular Legislative session in 1991 added Spokane, Kitsap, Clark, and Yakima Counties to this category. This would apply to Yakima County only if it forms a PTBA.)

Transit districts in other counties - 0.815%

After January 1, 1993

Maximum rates in all transit districts - 0.725%

The 0.815% rate is equal to the previous 1.0% rate in terms of revenue yield because the tax base (i.e., taxable value of motor vehicles) was broadened to achieve revenue neutrality. See PARTS D and E of this report for a more complete discussion of MVET rate changes and new MVET funds/accounts created in 1990.

How the Tax is Imposed - The MVET, which must be matched with other local revenues, is imposed by legislative action of the transit authorities.

The Collection Agency and the Flow of Funds - The MVET is collected by the Department of Licensing and remitted to the transit agencies on a quarterly basis. The Department of Licensing is required to advise the State Treasurer of the amount of MVET revenues collected in each transit district for the previous calendar quarter on the 25th day of February, May, August, and November of each year. The transit MVET taxes are not subject to a collection cost deduction by the Department of Licensing.

Before the distribution of MVET funds is made to the local transit agencies, certain specified deductions for the High Capacity Transportation Account (HCTA - effective in 1990), the Central Puget Sound Public Transportation Account (CPSPTA - effective in 1993), the Public Transportation Systems Account (PTSA - effective in 1993) and the Transportation Fund (effective in 1990) are made (an explanation of these funds is contained in PARTS D and E of this report). After making the deductions, the State Treasurer remits the transit MVET to each transit agency on the first day of January, April, July and October of each year. This means that the MVET revenues collected during the October-November-December period are distributed to the transit agencies on April 1 of the following year.

Use of Funds - The revenues may be used to acquire, construct, operate and maintain a public transportation system. After May 14,

1979 revenues from the MVET cannot be pledged for the payment or security of the principal of and interest for any bond for public transportation purposes. MVET revenues may also be used for ambulance services by County Transportation Authorities and Unincorporated County Transportation Authorities.

Special Conditions -

- Matching tax revenues are required to be collected at the local level and obligated for transit programs as a condition for receiving MVET revenues. Sources of matching revenues include the transit sales/use tax, the transit B&O tax and the transit household tax.

- Transit agencies are not permitted to impose B&O and household taxes and use such tax revenues for matching if they are imposing the sales/use tax.

- City Transit agencies and Unincorporated County Transit Authorities may not use sales/use tax revenues as matching funds for MVET revenues.

- The amount of MVET tax revenues going to individual transit districts is limited to the amount collected within the district or the amount of other local taxes collected for matching purposes, whichever is less. Several transit agencies do not collect sufficient matching revenues to fully match their MVET revenues. This means that they get less than the full amount of MVET transit taxes collected within their districts.

  Transit agencies are required to submit reports to the Department of Licensing showing their budgeted matching tax revenues as a condition for receiving MVET revenues. In April of the following year an adjustment in MVET payments is made on any differences between the budgeted and actual matching tax collections.

- Portions of MVET revenues collected in transit districts are being distributed to new funds/accounts created in 1990. An explanation of these distributions is contained in PARTS D and E of this report.

Differences Among Transit Agencies - Two types of transit agencies, City and Unincorporated County, are not permitted to use sales/use tax revenues as matching funds for MVET revenues.

As noted in (2) above, until January 1993, transit agencies in King, Pierce, Snohomish and Thurston Counties (and starting in 1991, Spokane, Kitsap, Clark, and Yakima Counties) are limited to lower MVET rates than transit agencies in other counties. However, an additional amount of MVET revenues equal to 4.5% of the revenues collected in the counties goes to the High Capacity Transportation Account.

Only CTA's and UCTA's are authorized to use MVET revenues for ambulance services.

Agencies Imposing Tax and Annual Revenue Amounts - Table 3 shows the transit agencies using this tax and the amount of revenue received in 1989 and 1990.

TABLE 3
TRANSIT DISTRICT MOTOR VEHICLE EXCISE TAX DISTRIBUTIONS
CALENDAR 1989 AND 1990

TRANSIT AGENCY	CALENDAR YEAR DISTRIBUTIONS	
	1989	1990 (1)
Benton-Franklin PTBA	$ 2,912,001	$ 3,690,749
Chelan-Douglas PTBA		
Clallam County PTBA	$ 1,186,403	$ 1,473,948
Clark County PTBA	$ 5,032,881	$ 5,934,092
Cowlitz PTBA	$ 395,307	$ 578,403
Everett (city)		
Grays Harbor County	$ 1,520,897	$ 1,484,966
Island County PTBA	$ 783,480	$ 693,795
Jefferson County PTBA	$ 393,535	$ 473,208
King County Metro	$ 52,026,698	$ 59,017,843
Kitsap County PTBA	$ 3,087,640	$ 3,466,256
Lewis County PTBA	$ 346,026	$ 341,596
Pacific PTBA	$ 285,338	$ 329,891
Pierce County PTBA	$ 10,962,279	$ 12,532,802
Prosser (city)	$ 15,000	$ 15,000
Pullman (city)	$ 311,945	$ 346,454
Snohomish County PTBA	$ 7,550,141	$ 9,137,673
Spokane County PTBA	$ 8,643,000	$ 9,493,916
Thurston County PTBA	$ 2,766,031	$ 3,216,005
Walla Walla County PTBA	$ 739,327	$ 901,491
Whatcom County PTBA	$ 1,949,892	$ 2,650,320
Yakima (city)		
Total	$100,907,813	$115,778,108

(1) Large gains in 1990 may be due to annexations and/or increases in matching tax rate. Decreases do not reflect a declining motor vehicle base but rather are due to fluctuations caused by adjustments made in payments originally based on estimates.

Source: State Treasurer's Office, December 1990 Monthly Report and Anita Tuttle, April 3, 1991.

B. Differences in Transit Agency Taxing Powers

The taxing authority of the five types of transit districts is quite similar. However, there are a few important differences as indicated in PART A of this report. This portion of the report explains the differences and discusses the possible reason for the differences. The discussion that follows is organized by type of tax source.

Transit Sales/Use Tax - There are two differences among the five types of transit agencies with regard to the use and application of the transit sales/use tax: 1. City Transit Systems and Unincorporated County Transit Authorities are not permitted to use sales/use tax revenues to match MVET revenues; and, 2. County Transit Authorities and Unincorporated County Transportation Authorities are permitted to use transit tax revenues to provide ambulance services. Other transit agencies are not so authorized. These two differences are discussed below:

1. City Transit Systems and Unincorporated County Transit Authorities are not permitted to use local sales/use tax revenues as local match for MVET revenues.

   Explanation. There are four city transit systems currently operating in the State. Two of these systems, Everett and Yakima, impose transit sales/use taxes and are not eligible to use such revenues as local match for MVET revenues. The other two cities with transit systems, Prosser and Pullman, impose different local taxes (i.e., B&O and Household taxes) and are permitted to use revenues from those sources as local matching funds.

   There are no Unincorporated County Transit Authorities currently operating in the State.

   Rationale. One reason for not allowing City and Unincorporated County Transit Systems to use sales/use revenues as local match is legislative policy to encourage transit districts to provide transit services to large geographical areas, including urban, suburban and rural areas without regards to political boundaries in order to achieve greater transit system efficiencies and to provide optimum service levels to the people. Another reason for extending transit services to the unincorporated areas is that citizens in those areas are financially contributing to transit systems when they shop inside cities.

The inconsistency in allowing other sources of local revenue to be used for matching MVET results from the earlier enactment of the other local option sources. This was prior to the establishment of the Public Transportation Benefit Areas.

2. The second difference is that only County and Unincorporated County Transportation Authorities are permitted to use sales/use revenues to provide ambulance services.

Explanation. There is only one County Transportation Authority currently operating in the State, Grays Harbor. There are no Unincorporated County Transportation Authorities operating in the State. The enabling law for these transit agencies permits them to provide ambulance services.

Rationale. The only transit agency affected by this law is the Grays Harbor Transportation Authority. The sales/use tax revenues of this agency were quite high several years ago when two nuclear plants were being built in the County. The agency had surplus funds during this period and requested that it be given permission to provide ambulance service.

Transit B&O and Household Taxes - There is only one difference among the types of transit agencies with regards to the use of transit B&O and household taxes. That difference is with the way in which the taxes are imposed by the transit agencies.

Explanation. Three of the five types of transit districts are permitted to impose the transit B&O and household taxes without voter approval. They are City, Metro and Unincorporated County transit agencies. The other two types of transit agencies, County and PTBA, must obtain voter approval before imposing either tax.

Rationale. This difference is more theoretical than real. This is because only two transit agencies are using either or both of these two taxes, and they are cities. They were not required to secure voter approval when the taxes were imposed. Because of the superior revenue productivity of the transit sales/use tax, one might assume most districts would opt for it as a revenue source. However, because of the ease of enacting both the B&O and household services (without approval) some new agencies might contemplate its use.

Motor Vehicle Excise Tax - There are two differences in the MVET among the five types of transit agencies. The first is that certain agencies cannot use transit sales/use tax revenues to match MVET revenues. These differences were discussed above.

The second difference has to do with any county that has 4.5% of their transit MVET revenues diverted.

Explanation. Revenues from 4.5% of the transit MVET imposed in the counties of King, Pierce, Snohomish and Thurston (and again, starting in 1991 the counties of Spokane, Kitsap, Clark, and Yakima if it forms a PTBA) are diverted into the State's High Capacity Transportation Account of the State Transportation Fund. This fund was originally established in 1987 as the Railway Development Account. Funds from this account are used to support high capacity transportation programs and are subject to appropriation by the Legislature. Transit districts located in the other counties do not contribute to this account.

Rationale. These funds were diverted from regular transit distribution and earmarked for high capacity transportation purposes in these counties because of the recognition of the needs for those programs.

At the present time only four counties are paying into this account whereas the funds are available for statewide high capacity transportation planning and programs. The possibility of additional counties contributing to this funds is presently under consideration by the Legislature.

However, it should be noted that after January 1, 1993 when the MVET rate is reduced to 0.725% for all transit agencies, the MVET revenues going into the HCTA from the contributor counties will come from revenue above the 0.725% rate. The impact of this is to reduce the share that would otherwise go to the Central Puget Sound Public Transportation Account (CPSPTA) or the Public Transportation System Account (PTSA). These accounts are described in PARTS D and E.

TABLE 4
SUMMARY OF TRANSIT AGENCY TAXING AUTHORITY BY TYPE
OF TAX AND BY TYPE OF TRANSIT AGENCY

	TAX SOURCE			
Description of Tax	Sales/Use	Business & Occupation	Household	Motor Vehicle Excise
RCW Authority	82.14.045	35.95.040	39.95.040	35.58.273 & 82.44.150
Districts Authorized to Use Tax	City, County, County unincorp., Metro, PTBA	City, County, County unincorp., Metro, PTBA	City, County, County unincorp., Metro, PTBA	City, County, County unincorp., Metro, PTBA
Tax Base	Taxable retail sales/use within transit boundaries	Gross income of businesses within transit boundaries	Each housing unit where one or more persons lives as family unit	All motor vehicles subject to State Tax under 82.44.20 within transit boundaries
Tax Rate	0.1%, 0.2%, 0.3%, 0.4%, 0.5%, 0.6%	No rates in law	Not to exceed $1 per household per month	0.815% to 0.725% effective 7/92
How Imposed	Voter approval	Corp. Authority - City, Metro & Unincorp. County Voter Approval - County & PTBA	Corp. Authority - City, Metro & Unincorp. County Voter Approval - County, County unincorp. PTBA	Legislative action by local authorities
Collection Agency	Department of Revenue	Local Authorities	Local Authorities	Department Licensing
Flow of Funds	Monthly collection and transmittal to transit districts	Collection up to local authorities	Collection up to local authorities	Department of Licensing remits funds quarterly to local transit districts
Special Conditions	Transit districts that use B&O or household tax cannot use sale/use City and county unincorp. not permitted to use sales tax revenues to match MVET revenues	If B&O used, no sales/use permitted	If household tax used, no sales/use permitted	Matching tax revenues required at local level. Local sales, B&O, household taxes can be used for match except cities and unincorp. counties may not use sales/use tax revenues to match.

C. History of Transit Tax Authority in Washington

1. Overview of Transit Revenue History

From the 1920's through the 1940's transit bus systems in Washington were operated mainly by private companies. No direct government financial support was provided to these companies.

The early city transit systems were generally operated as utilities with operational income expected to cover costs. Although there were some subsidies provided from general government revenues, no specific tax sources were available for the support of these systems until the mid 1960's.

Legislature Adopts Transit Funding Policies in 1960's - In the mid 1960's the Legislature explicitly recognized the importance of public transportation systems to the well being of the State's communities. The Legislature enacted enabling legislation permitting first class cities to impose local taxes to support public transit systems. These new tax sources were the business and occupation and the household excise taxes described earlier in this report.

Additional Transit Agency Taxing Authority - During the next few years the Legislature expanded transit district taxing authority to other types of transit agencies, including all cities, METRO, County Transportation Authorities, Unincorporated County Transportation Authorities and Public Transportation Benefit Areas.

The Legislature also provided two new sources of transit district revenue sources in the late 1960's and early 1970's. These revenue sources are the transit MVET and transit sales/use tax. The original authorization for the transit MVET was for a 1% rate. The sales/use tax rate for transit agencies was originally authorized at 0.3% but was subsequently increased to 0.6%.

Limits on the Use of MVET - Over the years the Legislature has taken actions that have limited, eliminated, restored and reduced the revenues that transit agencies can derive from the MVET. Not all of these changes were allowed to become effective. These actions include:

- A limitation of $12 million on the amount of transit MVET revenues available to all transit agencies during the 1973-75 biennium;

- 1973 legislation eliminating the use of the MVET by transit agencies effective in 1981;

- Subsequent repeal in 1979 of the proposed 1981 elimination of the transit MVET; and

- Most recently, the 1990 legislation which reduces the transit MVET tax rate by approximately 10% effective with 1993 distributions.

The various changes in transit district funding mechanisms are described more fully in the paragraphs below.

2. Milestones in Transit System Funding Mechanisms

1897: A law (Chapter 112) was enacted in 1897 allowing cities to perform certain utility functions, including authority to "...construct, condemn and purchase, purchase, acquire, add to, maintain and operate cable, electric or other railways within the corporate limits of such city or town, for the transportation of freight and passengers..." No specific taxing authority was granted to cities to support these functions. (RCW 35.92)

1923: City authority to operate public transportation systems was broadened to include "motor busses" with the passage of Chapter 173. (RCW 35.92)

Another law (Chapter 176) passed in 1923 permitted cities to make special assessments against property benefitted by a municipal street railway. This was the first source of revenue specifically provided to fund public transportation systems. The law also provided legislative recognition that public transportation provides benefits beyond the users of the systems. (RCW 35.43)

1957: A new governmental entity, a Metropolitan Municipal Corporation (Metro), was authorized by the Legislature and given authority to provide various governmental services (with voter approval), including public transportation services. (Chapter 213) (RCW 35.58)

Metro was given authority to levy certain voter approved property taxes and to levy special assessments payable over 25 years or less on all property benefitted from the Metro service.

Chapter 114 authorized cities to purchase private bus systems. (RCW 35.92.270)

Chapter 292 provided an exemption from motor vehicle fuel taxes to urban transportation systems. (RCW 82.36.275)

1965: Under 1965 legislation (Chapter 111, 1st Extraordinary Session) first class cities were permitted to impose two new sources of revenue to support their public transportation systems. These sources of revenue are the business and occupation (B&O) and household excise taxes. The B&O tax is a gross receipts tax on business establishments engaging in business within the city. The household excise tax is a tax not to exceed $1 per month on each household in the city. (RCW 35.95)

With the passage of this new funding law, the philosophy of funding public transportation programs was carried one step beyond that of having the users and benefitted property owners support the program. The 1965 Legislature indicated that the general public receives benefits from a public transportation system and should contribute to its support through general taxes: In the law's preamble the legislature stated that:

> "All persons in a community benefit from a solvent and adequate public transportation system, either directly or indirectly, and the responsibility of financing the operation, maintenance, and capital needs of such systems is a community obligation and responsibility which should be shared by all."

The Legislature further stated that "...municipalities have been forced to subsidize such systems (public transportation) at the detriment of other essential public services."

1967: The authority to impose B&O and household taxes for transit purposes which was initially given to first class cities in 1965 was extended to second and third class cities by Chapter 145 of the Extraordinary Session. (RCW 35.95)

The 1967 Legislature also authorized the Highway Commission to spend funds benefitting urban public transportation systems (Chapter 108). This was the first indication of direct State financial support for local public transit systems. (RCW 41.46)

1969: The Legislature extended the authority for using the transit B&O and household taxes to Metro.

For the first time the MVET was authorized for use in funding local transit programs. Under the original law only Metro was given authority to impose the MVET tax (at a 1% rate). Although the transit MVET is legally a locally imposed tax, a direct dollar-for-dollar credit is allowed against State MVET liability. Thus, the net effect is to reduce State funds by the amount of the local tax. (Extraordinary Session, Chapter 255) (RCW 35.58)

The law required Metro to match the MVET revenues with other locally levied taxes. The taxes available to Metro at that time for matching purposes were the B&O and household excise taxes. This taxing authority was extended to Metro in the 1969 legislation referenced above. (RCW 35.95)

The actual use of MVET revenues by Metro was delayed by the legislature in order to reduce the negative impact on State general fund revenue during the 1969-71 biennium.

Another significant change in 1969 was allowing cities and counties to jointly operate transit systems (1st Extraordinary Session Laws, Chapter 139). (RCW 39.34.085)

1970: Cities and counties were allowed to impose local sales/use taxes for the support of city and county services. Prior to this time the State had reserved the sales/use tax for its own use. Although this new tax authority did not directly impact transit agencies, it did set the stage for transit agencies to be given this revenue source in future years.

1971: Metro and cities within a class AA county (King) were given authority to impose a 0.3% sales/use tax with voter approval and allowed to use the sales/use tax as local matching tax revenue for MVET revenues. The sales/use tax if imposed would take the place of the B&O and household taxes. (Extraordinary Session, Chapter 296) (RCW 82.14.045) The bill as passed by the Legislature provided that sales taxes could not be used to match MVET after 1973. This provision was vetoed by the Governor.

1973: Metro imposed the first transit sales/use tax at 0.3% on January 1,1973. The State Highway Commission, the forerunner of the present Washington State Transportation Commission, endorsed the principle of spending monies dedicated for highway purposes for highway related public transit facilities that aid in reducing traffic congestion. The cities of the state and WSDOT were authorized to use gas tax funds for the proportionate share of highway and street costs when these facilities are to be jointly used with transit service. This use was permissible under Amendment 18.

In 1973 the Legislature enacted a law (1st Extraordinary Session, Chapter 136) repealing the use of the MVET by transit agencies effective in 1981. The prospective repeal of the transit MVET came about as a result of a "compromise" between the governor's office, key legislators and representatives of Metro. With the King County voters approving the 0.3% transit sales tax it became apparent that Metro would be able to match a much larger amount of MVET revenues than originally anticipated. A compromise was reached between those favoring immediate repeal of the 1% transit MVET because of the prospective impact on State general fund revenues and those who wanted to assist Metro with its critical funding problems. With extension of the transit MVET to other types of transit agencies and the increasing importance of this source of revenue to fund transit programs, the 1979 Legislature repealed the law which would have eliminated the MVET as a source of transit revenue in 1981.

1974: The Legislature permitted county governments to go into the transit business and to impose a 0.3% sales/use tax with voter approval to support such programs when it authorized the County Transportation Authority in 1974 (Extraordinary Session, Chapter 167). (RCW 36.57) This was the first time that county governments were given authority to provide transit services on their own.

1975: A major transit law was enacted in 1975 (Extraordinary Session, Chapter 270, RCW 36.57A) when the legislature created the Public Transportation Benefit Areas (PTBA). These new taxing districts were given authority to impose 0.3% local sales/use, B&O, household and MVET taxes. The PTBA's were authorized to use either the B&O, household or sales/use tax as the local tax match for MVET. This law also permitted all city transit systems to impose the sales/use tax. Previously, only cities in AA counties could impose the transit sale/use tax. All transit agencies were prohibited from using the B&O and household taxes if they imposed a sales/use tax.

The MVET was authorized for City Transit Systems and Unincorporated County Transportation Authorities but sales/use taxes could not be used as a match for MVET revenues.

$450,000 appropriated to assist with transit comprehensive plans.

The law permitting transit agencies to impose local sales/use taxes was changed to permit these agencies to impose the tax at rates of 0.1%, 0.2% or 0.3% rather than only at the 0.3% under the prior law. (Extraordinary Session, Chapter 270) (RCW 82.14.045)

1978: Food for off-the-premises consumption became exempt from State and local sales taxes effective July 1, 1978 as a result of voter approval of an initiative measure in November of 1977. This measure lowered the revenues from sales/use tax revenue from 15% to 20% for individual transit agencies, depending upon the location.

1979: The Legislature repealed the 1973 law eliminating the transit MVET in 1981. The Legislature also prohibited the use of MVET for servicing bonds issued after May 14, 1979. (Chapter 173, Laws of 1979, RCW 35.58.2721)

1980: Metro's maximum sales/use tax authority was doubled from 0.3% to 0.6% with the passage of Chapter 163. (RCW 82.14.045) This same law provided a $3 million appropriation of state funds for distribution to public transportation districts for the remainder of the 1979-1981 biennium to be used only in emergency situations.

1982: Food for off-the-premises consumption was made taxable for a 14 month period to help offset revenue losses during the recession. Many districts used this revenue to establish self-insurance accounts.

1984: All transit agencies were permitted to impose the sales/use tax up to 0.6% with the passage of Chapter 112. The Department of Licensing estimated that the amount of MVET diverted from the State would increase by $5.3 million in fiscal year 1986 as a result of the higher sales/use tax authority. (RCW 82.14.045)

1987: The Rail Development account was created July 1, 1987 with 4.2% of transit MVET revenue in King, Pierce, Snohomish and Thurston Counties (Chapter 428, Laws of 1987). The Rail Development Account was subsequently changed to the High Capacity Transportation Account in 1990.

1990: Major changes were made in the funding of public transportation programs, including the funding of transit systems. The valuation of motor vehicles for purposes of the MVET tax was changed from a "blue book" market value approach to a statutory formula using the manufacturer's suggested retail price less an annual depreciation allowance (Engrossed Substitute House Bill 6358). (1990 Session Laws, Chapter 42)

This change increased the base of the tax which was offset by reductions in MVET rates to achieve a revenue neutral result. For example, the MVET rate for transit agencies in King, Pierce, Snohomish and Thurston Counties was lowered from 0.96% to 0.7824%. The MVET rate was reduced from 1.0% to 0.815% for transit agencies in all other counties.

A more far reaching change in the transit MVET tax will become effective with MVET distributions effective in calendar 1993. At that time the distributions to individual transit districts will be based on a MVET rate of 0.725% for all transit agencies. The difference in amounts of revenue that transit agencies would have received at the higher rates and the amount they will be receiving at the lower rates goes into new funds. A discussion of the these new funds and how the money is to be spent are described in PART D and E of this report.

New local option public transportation tax sources were provided for in Engrossed Substitute House Bill 1825 enacted in 1990. (1990 Session Laws, Chapter 43) Some of these new local option taxes could be of benefit to transit systems. The new local option taxes are described in PART D of this report.

In addition to the food exemption change mentioned previously (1982), other changes have been made in the sales tax base both increasing and decreasing it. For example, in 1984 the voters exempted trade-ins of like items (auto's, used farm machinery, and other durable goods) from tax. For the most part these changes have been considered too minute to outline here.

D. Other Potential State and Local Tax Sources

Part A of this report describes the four local tax sources (sales/use, B&O, household excise and MVET) available to transit agencies for funding their ongoing operational and capital needs. The 1990 Legislature created new funds and accounts with dedicated portions of MVET revenues collected within the transit agency's boundaries.

The 1990 Legislature also authorized new local option taxes for various transportation programs. The new accounts and funds supported by MVET revenues and the new local option taxes are described herein. Also included is a short description of additional revenue sources available to Metropolitan Municipal Corporations.

The degree of certainty that transit agencies will benefit from the new or newly diverted tax revenues varies according to the specific tax source. Some of the revenue will be returned for expenditure within the transit district boundaries in which it was collected for programs of direct benefit to the transit agency. Other tax revenues are to be used for "highway" or "public transportation" purposes and may be of little or no direct benefit to transit agencies. All of these new funds are subject to appropriation by the Legislature. Other tax sources would be locally imposed. The use of the locally imposed taxes will be determined by local officials.

1. New MVET Funds and Accounts

The 1990 Legislature created new funds and accounts with portions of the MVET revenues collected within the transit agency boundaries. These four funds/accounts are explained below and are graphically illustrated in PART E.

High Capacity Transportation Account - The funds going into this account were previously earmarked for the Rail Development Account, which was created in 1987. The account is supported by revenues from a diversion of 4.5% (originally 4.2%) of transit MVET revenues collected in King, Pierce, Snohomish and Thurston Counties (and as of 1991 Spokane, Kitsap, Clark, and Yakima if they form a PTBA).

The 1990 Legislature changed the name of the account and provided that the funds could be used for various high capacity transportation programs. The funds are to be appropriated by the Legislature and disbursed by the Washington State Department of Transportation.

Central Puget Sound Public Transportation Account (CPSPTA) - This account is supported by a portion of MVET revenues collected in transit districts in King, Pierce and Snohomish Counties. The revenue going to this account is equal to the difference between the amount of MVET revenues collected and matched with local revenues at the .725% rate (effective January 1, 1993) and the amount that could have been matched at the .815% rate, less the 4.5% of MVET going to the High Capacity Transportation Account.

These revenues are to be spent in one or more of the counties where collected and can be used for the following purposes:

- Development of high-capacity transportation systems;
- Development of HOV lanes and related facilities; and
- Public transportation contributions to Transportation Improvement Board projects.

Public Transportation Systems Account (PTSA) - This account is supported by a portion of MVET revenues collected in transit districts in counties outside of King, Pierce and Snohomish. The revenue going to this account is equal to the difference between the amount of MVET revenues collected and matched with local revenues at the .725% rate (effective January 1, 1993) and the amount that could have been matched at the .815% rate, less the 4.5% of MVET revenues going to

the High Capacity Transportation Account from the transit system in Thurston County (Again, as of 1991 the Legislature also included Spokane, Kitsap, Clark, and Yakima County if they form a PTBA).

These revenues are to be spent in the specific areas where collected and can be used for the following purposes:

- Development of high-capacity transportation systems;
- Development of HOV lanes and related facilities;
- Public transportation contributions to Transportation Improvement Board projects; and
- Public transportation system-related roadway projects on state highways, county roads or city streets.

State Transportation Fund - A new "Transportation Fund" was created in 1990 at the State level which is available for "transportation purposes" (i.e., not limited to highway purposes by the 18th Amendment). There are three sources of revenue for this new fund:

- 0.2% State MVET surtax (effective 9/1/90);
- MVET transit residual (effective 7/1/91); and
- 0.1% MVET transfer from General Fund (Effective 7/1/93).

The transit residual is the amount of MVET revenues that transit districts would be unable to match with other local taxes at a MVET tax rate of .815%. This residual amount previously reverted to the State's General Fund.

Transportation Fund monies including all new special MVET funds are subject to appropriation by the State Legislature and may be used for any transportation purposes.

2. New Local Option Taxes

High Occupancy Vehicle Lanes and Program Funding - King, Pierce and Snohomish Counties are authorized to levy, with voter approval, certain local taxes to accelerate completion of HOV lanes and related facilities on state highways and local arterials and to fund other HOV programs. The taxes authorized under this program are:

- Employer tax of up to $2/employee/month;
- Up to 15% MVET surcharge except on heavy trucks (The maximum surcharge is equal to a 0.3% MVET and it is an additional tax - not credited against the State tax); and
- As of January 1991 no county has enacted a HOV tax.

High Capacity Transportation System Development - King, Pierce, Snohomish, Thurston, Clark, Kitsap, Yakima, and Spokane Counties are authorized to levy certain voter approved taxes for high capacity transportation systems. The following taxes are authorized for these programs:

- Employer tax of up to $2 per employee per month;
- Local option MVET tax up to an additional 0.8% except on large trucks and not to be credited against State tax (The combined HOV and HCT MVET rates cannot exceed 0.8%); and
- Sales/use tax up to 1%(limited to 0.9% if 0.1% criminal justice tax imposed).

The revenues from these taxes can be used for planning, constructing, and operating high capacity transportation systems, including commuter rail and feeder transportation systems.

Local Option Commercial Parking Tax - Cities and counties (in unincorporated areas) are permitted to impose commercial parking taxes. The tax can either be imposed on the commercial parking business, based upon gross proceeds or number of stalls, or on the customers. No rate is set in the law. The tax can be imposed without voter approval but is subject to special referendum.

The revenues may be used for general transportation purposes, including 18th Amendment "highway purposes"; public transportation; high capacity transportation; transportation planning and design and other transportation-related activities, including HOV lanes.

As of January 1991 no county or city has enacted this tax.

Local Option Vehicle License - A county wide vehicle license fee may be imposed by the county of up to $15 per vehicle (trucks over 6000 pounds are exempt). The revenues are to be divided between cities and counties on the basis of population factors (1.5 weight for unincorporated area and 1.0 for cities).

The revenues may be used for transportation purposes, including "18th Amendment "highway purposes"; public transportation; high capacity transportation; transportation planning and design; and other transportation-related activities, including HOV lanes.

The tax does not require voter approval but is subject to special referendum. As of January 1991, a $15 fee has been authorized by the county councils of King and Snohomish.

Local Option Fuel Tax - A county-wide motor vehicle fuel tax and special fuel tax may be imposed with voter approval at 10% of the State rate. This is currently equal to 2.3 cents per gallon. The revenues are to be divided between cities and counties on the basis of population factors (1.5 weight for unincorporated area and 1.0 for city area).

The revenues must be used for "highway purposes" as defined by the 18th amendment. This permits the funds to be used for HOV lanes. As of January 1991 no counties were imposing this tax.

3. Revenue Sources Available to Metropolitan Municipal Corporations (METRO)

Property Tax Levies - Metro is authorized under State law (RCW 35.58.090 and RCW 35.58.116) to make certain property tax levies. RCW 35.58.090 permits with voter approval a one year "organizational" levy of twenty-five cents per thousand dollars on all assessed value within the district when the district is first formed. The measure must be approved by at least 60% of those voting for the measure.

RCW 35.58.116 permits property tax levies to be made to service general obligation bonds if such bond authorization is approved by at least 60% of the voters. Annual property tax levies are also permitted for any authorized purpose, but must be approved annually by at least 60 % of the voters voting on the measure.

Special Benefit Assessments - RCW 35.58.500 authorizes Metro to levy special assessments payable over a period not exceeding twenty years "on property within the metropolitan area specially benefitted by any improvement." The amount of such benefit assessments is to be based on the benefits conferred by the project. Metro used this law to help fund the downtown Seattle tunnel.

E. Recent Changes Made in Motor Vehicle Excise Tax Rates and Distributions Affecting Transit Agencies

The 1990 Legislature made some extensive changes in the Motor Vehicle Excise Tax (MVET) that affect transit agencies. Some of these changes became effective in 1990 (e.g., rate and base revenue neutral changes) and many other changes (e.g., lowering of authorized rate and creation of new funds) will become effective in 1993.

This part of the report contains a brief explanation of these changes along with some graphic presentations which help to more clearly explain the changes.

Changes Effective in 1990 - CHART B-1 illustrates the changes that became effective 9/1/90 and remain effective until January 1, 1993. The chart shows the reduction in transit agency MVET rates from .96% to .7824% for transit agencies in King, Pierce, Snohomish and Thurston Counties. The MVET rates for transit districts in the other counties were reduced from 1.0% to .815%.

Because the taxable base (i.e., taxable value of motor vehicles) upon which the rates are imposed was increased by an offsetting amount, these initial changes in transit MVET rates are revenue neutral. This can be seen in Chart B-3 which follows. The total State MVET rate was also reduced in 1990 from 2.354% to 2.0% to offset the higher taxable value. A 0.2% surtax was added to the State tax bringing the total rate to 2.2%. To put the transit tax in perspective, the 0.815% rate is equal to 41% of the State's 2% base rate.

As mentioned previously in this report, a dollar for dollar credit is provided against the State tax for any regular local transit tax.

Another change that became effective in 1990 was that the Railway Development Account was redesignated as the High Capacity Transportation Account (HCTA). The funds for this account come from an amount equal to 4.5% of the transit MVET revenues collected in the King, Pierce, Snohomish and Thurston Counties.

A third change that took effect in 1990 was that the residual (unmatched) amount of MVET revenues that previously reverted to the State's General Fund are now deposited in the Transportation Fund.

Changes Effective in 1991 - During the 1991 Session, the law governing the High Capacity Transportation Account was revised to allow PTBA's in Spokane, Kitsap, Clark, and Yakima Counties to be eligible to contribute to the High Capacity Transportation Account.

Changes Effective in 1993 - The changes in transit agency MVET rates and distributions of revenue that will become effective in 1993 are illustrated in CHART B-2. These changes are summarized below:

- The allowable rate of transit MVET has been lowered for all transit agencies to .725%.

- A new Central Puget Sound Public Transportation Account (CPSPTA) has been created for use in the transit districts in King, Pierce and Snohomish Counties. The amount that goes into the CPSPTA is equal to the difference between the amounts of MVET revenues these transit agencies could match at an .815% tax rate and what they are actually able to match at the new .725 tax rate, less the contributions to the HCTA.

- A new Public Transportation System Account (PTSA) is created from a portion of MVET revenues collected in transit districts in counties other than King, Pierce and Snohomish. The amount that goes into the PTSA is equal to the difference between the amounts of MVET revenues that agencies in these counties could have matched at the .815% tax rate and what they actually match at the .725% tax rate, less the amount of MVET revenues from Thurston, Clark, Kitsap, Spokane, and Yakima Counties that goes into the HCTA.

- The MVET revenues that transit agencies would not be able to match at a .815% rate (excluding contributions to the HCTA) continue to go to

the Transportation Fund. CHART B-2 does not show any amounts going to the Transportation Fund from transit agencies in King, Pierce and Snohomish Counties because these counties have always been able to match all MVET revenues. CHART B-2 shows the unmatched MVET from other transit districts going to the Transportation Fund. Not all of the transit agencies in the other counties are contributing to the Transportation Fund because some of those agencies are able to fully match the MVET revenues collected in their areas.

CHART B-3 provides a hypothetical numerical example of the three alternative MVET distribution methods. This table illustrates how the MVET revenues will be generated and how the funds will flow from a given motor vehicle fleet, for each scenario. In this example, counties are grouped in one of three categories, determined by which funds they will be eligible to contribute to in 1993. The numbers used in the example are illustrative with the purpose of demonstrating the mechanics of the administration of the tax and are not based on current distributions. For example, according to the chart Clark County would appear to be matching all of the available MVET funds generated, when in reality they leave a great deal of this revenue on the table.

CHART B-3 shows how the total MVET contribution to transit varies little under each scenario, but less of the revenue is made directly available to PTBA's after 1993, while a greater share is placed in special accounts to be distributed by state appropriation.

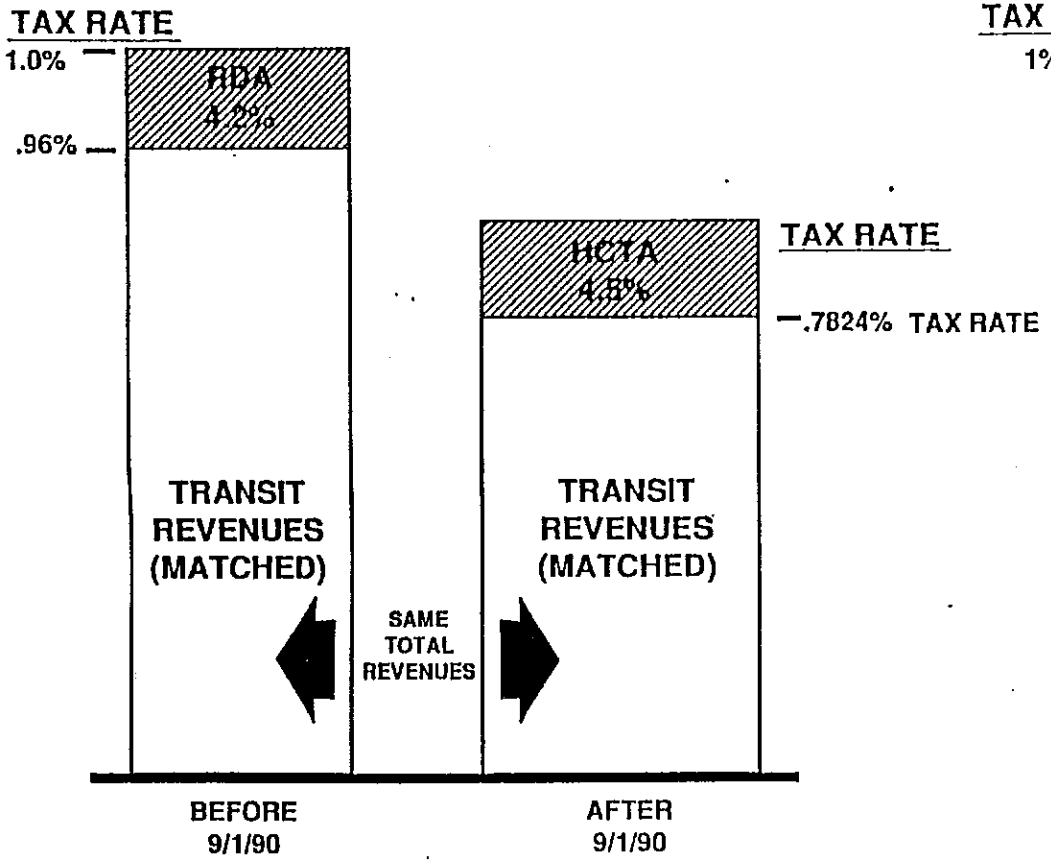
CHAR - 1

REVENUE NEUTRAL TRANSIT MVET CHANGES

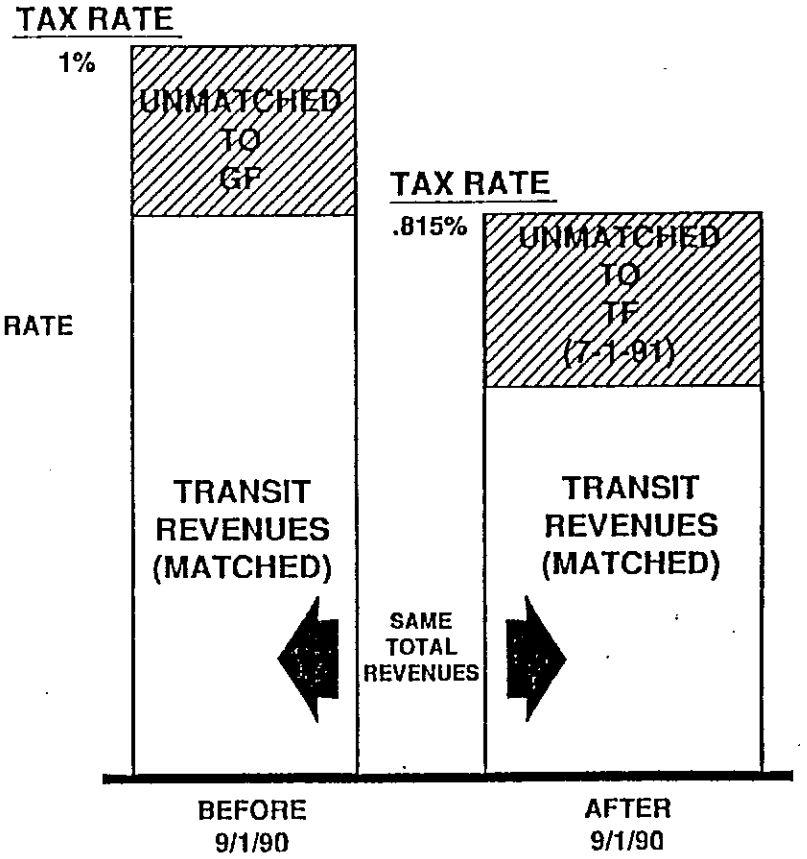
(9/1/90 to 1/1/93)

LOWER RATE / BROADER BASE

KING, PIERCE, SNOHOMISH & THURSTON COUNTIES ***



ALL OTHER TRANSIT COUNTIES



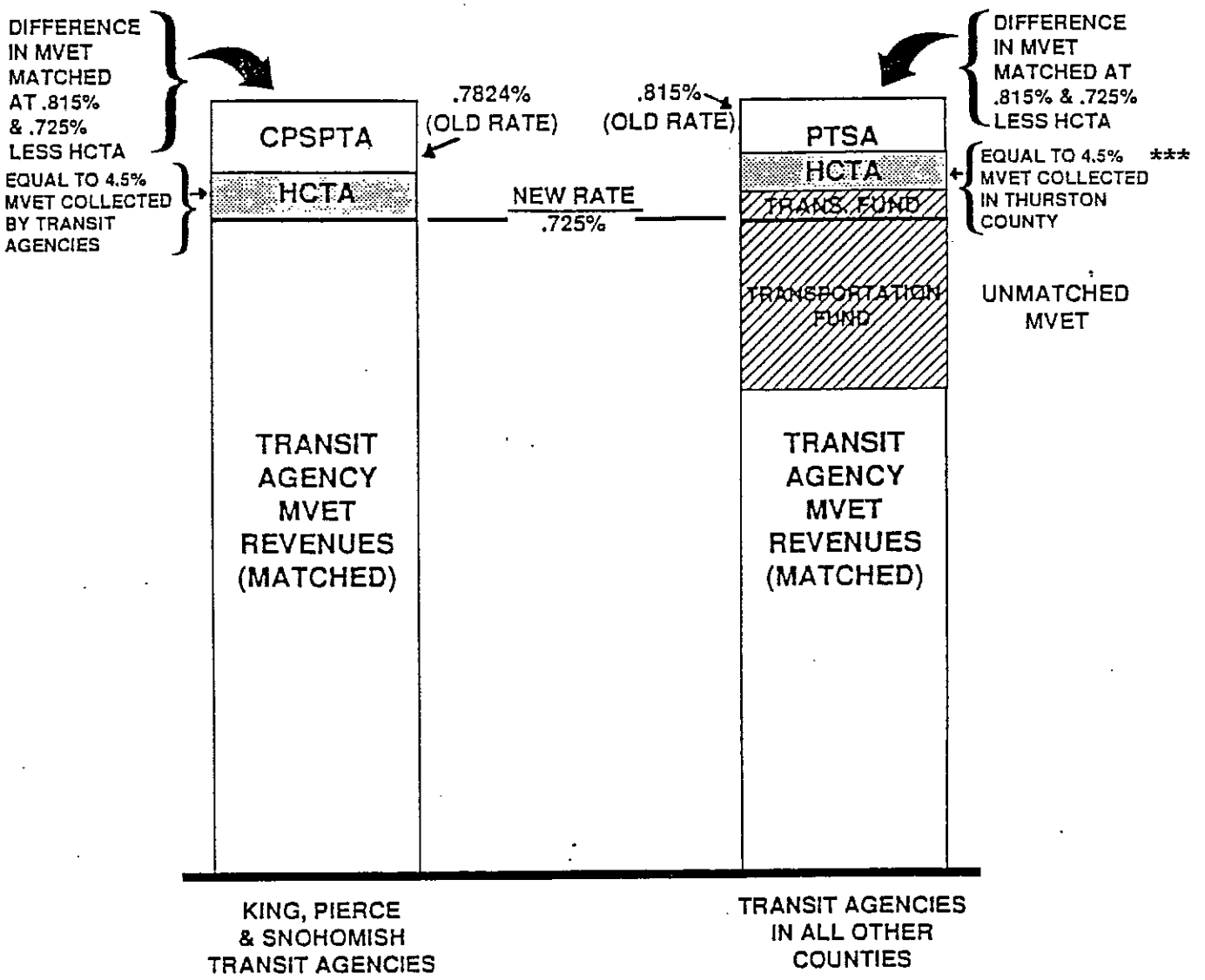
RDA = RAILWAY DEVELOPEMENT ACCT.
HCTA = HIGH CAPACITY TRANSPORTATION ACCT.
GF = GENERAL FUND
TF = TRANSPORTATION FUND

*** Because of legislative action in the 1991 session, PTBA's in Spokane, Kitsap, Clark, and Yakima Counties are eligible to contribute to the HCTA.

CHART B - 2

NEW TRANSIT MVET TAX RATE AND DISTRIBUTIONS

EFFECTIVE 1/1/93



CPSPTA = CENTRAL PUGET SOUND TRANSPORTATION ACCOUNT
HCTA = HIGH CAPACITY TRANSPORTATION ACCOUNT
PTSA = PUBLIC TRANSPORTATION SYSTEM ACCOUNT

***Because of legislative action in the 1991 session, PTBA's in Spokane, Kitsap, Clark and Yakima Counties are eligible to contribute to the HCTA.

MVET Hypothetical Distribution Example

Chart B-3

Washington State Public Transportation Study

Gannett Fleming, Inc.
July 16,1991

Before September 1 1990		King, Snohomish, Pierce Counties	Kitsap, Spokane, Clark Yakima &Thurston Cos.	All other Counties
Motor vehicle fleet value		1,000,000,000	150,000,000	150,000,000
Transit levy of MVET		0.96%	0.96%	1.00%
Available for distribution to districts		9,600,000	1,440,000	1,500,000
MVET matched with local revenue		9,600,000	1,440,000	1,350,000
Rail Development Account	4.20%	403,200	60,480	n/a
Residual funds transfered to State General Fund		0	0	150,000
Total distribution to transit districts		9,600,000	1,440,000	1,350,000
Total available for transit purposes (inc special funds)		10,003,200	1,500,480	1,350,000
Revenues to transit as a % of fleet value		1.00%	1.00%	0.90%

After September 1 1990 and before January 1, 1993		King, Snohomish, Pierce Counties	Kitsap, Spokane, Clark Yakima &Thurston Cos.	All other Counties
Motor vehicle fleet value		1,226,993,865	184,049,080	184,049,080
Transit levy of MVET		0.7824%	0.7824%	0.8150%
Available for distribution to districts		9,600,000	1,440,000	1,500,000
MVET matched with local revenue		9,600,000	1,440,000	1,350,000
High Capacity Transportation Account	4.50%	432,000	64,800	n/a
Residual funds transfered to Transportation Fund		0	0	150,000
Total distribution to transit districts		9,600,000	1,440,000	1,350,000
Total available for transit purposes (inc special funds)		10,032,000	1,504,800	1,350,000
Revenues to transit as a % of fleet value		0.8176%	0.8176%	0.7335%

After January 1, 1993		King, Snohomish, Pierce Counties	Kitsap, Spokane, Clark Yakima &Thurston Cos.	All other Counties
Motor vehicle fleet value		1,226,993,865	184,049,080	184,049,080
Transit levy of MVET		0.7250%	0.7250%	0.7250%
Available for distribution to districts		8,895,706	1,334,356	1,334,356
MVET matched with local revenue		8,895,706	1,334,356	1,334,356
High Capacity Transportation Account	4.50%	400,307	60,046	n/a
Central Puget Sound Public Transportation Account (CPSPTA)	*(a)*	703,988	n/a	n/a
Public Transportation System Account (PTSA)	*(b)*	n/a	105,598	15,644
Residual funds transfered to Transportation Fund	*(c)*	0	0	150,000
Total distribution to transit districts		8,895,706	1,334,356	1,334,356
Total available for transit purposes (inc special funds)		10,000,000	1,500,000	1,350,000
Revenues to transit as a % of fleet value		0.8150%	0.8150%	0.7335%

Notes:

(a) amount equal to the difference between what could be matched at 0.815% and what is matched at 0.725% less the amount that goes into the High Capacity Transportation Account.

(b) amount equal to the difference between what could be matched at 0.815% and what is matched at 0.725% less the amount that goes into the High Capacity Transportation Account.

(c) amount equal to the difference between what would have been available at 0.815% and what could have been matched at 0.815% less the amount that goes into the High Capacity Transportation Account.

F. Transit Agency Finance Issues: State/Local Revenues

Previous sections of this report described the history of state and local transit funding in Washington, the sources of state and local revenue sources available to transit agencies, differences and limitations in the funding sources available to the different types of transit agencies, the planned reduction in the rate of the MVET available to transit agencies (and the simultaneous creation of new funds with those revenues formerly directly available to transit agencies) and the 1990 local option taxes.

It is the purpose of this section to identify potential state and local transit finance issues which should be further reviewed and/or studied by the consultants and the Policy Advisory Committee for the purpose of developing appropriate recommendations to state policymakers. Background information for most of these issues was provided in previous sections of this report. This section reviews these issues and provides:

- a high level summary of each issue;
- possible ways of resolving each issue, if appropriate; and
- whether or not additional information is needed before a policy position can be taken.

The issues are listed with no particular significance to be assumed in their importance from the order in which they appear:

Reduction in Transit Agency MVET Rate - The reduction in the MVET rate available to transit agencies effective with tax distributions in calendar 1993 has been described and documented in this report. The rates are being reduced from the 0.7824% for transit agencies in King, Pierce, Snohomish, Thurston, Clark, Kitsap, and Spokane to 0.725% effective with calendar 1993 distributions. Transit agencies in other counties will have their rates reduced from 0.815% to 0.725% at the same time.

The new accounts and funds created by the reduction in transit agency MVET rates have been described in this report. The net effect of these changes on the ability of individual transit agencies to fulfill their missions will be considered in later stages of this study. This is because the information gained from the transit agency survey and interviews, along with projections of individual transit agency revenues to 2000 will provide information needed to properly evaluate this issue.

Cities and UCTA's cannot use Sales Tax to Match MVET - State law does not allow city transit agencies and unincorporated county transportation authorities to use local sales tax as matching revenue for MVET revenues. Other local transit revenue sources (i.e., B&O and household taxes) are available to use for matching purposes. These alternative revenue sources are generally not as productive as the local sales tax and are only used by two transit agencies in the state (Prosser and Pullman).

It should be noted that there are no UCTA's in existence so the present restrictions only affect city transit agencies. Of the four city transit systems in the State, only two are imposing the sales tax (Everett and Yakima).

The law prohibiting city transit agencies and unincorporated county transit authorities from using sales tax as match was established in accordance with legislative policy. There are two apparent reasons for this policy: (1) rural residents are paying a significant amount of the transit sales taxes collected within city limits and should also receive benefits from transit services; and, (2) the law provides an incentive to transit agencies to cover larger geographical areas which should be more efficient and economical than two or more agencies providing this service.

County and Unincorporated County Transit Authorities can use their local taxes (e.g., sales, MVET) to fund Ambulance Services - CTA's and UCTA's are permitted to use transit agency revenues to fund ambulance services. Other types of transit agencies do not have this legal authority. There is only one operating transit agency that falls in this category - Grays Harbor Transit Authority.

The authority to use transit funds for ambulance services was provided by the legislature at the request of Grays Harbor CTA. Several years ago Grays Harbor was able to collect large amounts of revenue from the local transit sales tax at a fairly low rate (i.e., 0.2%) because of the construction of the nuclear power plants. This is no longer the case. A property tax levy is available to counties to fund emergency medical services and is widely used in other counties.

MVET Revenues cannot be used for Bonding - Transit MVET revenues cannot be used as a source of revenue for servicing bonds. This limitation on the use of MVET revenues might have come about because the Legislature did not anticipate the MVET to be a permanent source of funding for transit agencies.

In 1973, four years after the MVET was authorized for Metro transit, the legislature passed a law which would have prohibited all transit agencies from using the MVET effective in 1981. The law which would have eliminated the use of the MVET by transit agencies was repealed in 1979, two years before it was to become effective. The 1979 Legislature also enacted the measure prohibiting the use of MVET revenues to support bonds issued after May 14,1979.

Under a scenario that the transit MVET would only be levied for a few years, a limit on the use of MVET revenues for bond redemption purposes was appropriate.

With the transit MVET becoming a permanent and essential source of transit agency funding, the policy of not permitting the use of the funds for redemption of bonds needs to be reviewed. It could permit a lowering of the interest rate on bonds and thus a savings to tax payers with additional revenues guaranteed to repay the bonds. Discussions with bond counsel would provide specific dollar savings.

Distribution of Transit MVET Revenue Quarterly - Transit MVET revenues collected by the state are distributed quarterly to transit agencies according to state law. There is a six month lag from the beginning of the quarter in which the tax is collected until the money is distributed to the transit agencies. No interest is paid to the transit agencies during the time the funds are on deposit in the State Treasury.

According to the Department of Licensing staff, the transit MVET revenues could be distributed on a monthly basis with little extra effort, as the information needed to distribute the revenues to the individual transit agencies is available on a monthly basis. Further, the Department of Revenue distributes transit sales tax on a monthly basis and in addition transit agencies earn interest on sales tax revenues held by the State. Changing the transit MVET revenues to monthly distribution would provide transit agencies with revenues at an earlier date and alleviate any cash flow problems that might exist and also permit transit districts to earn interest on these funds before spending them. Potential interest on receiving this money earlier could amount to $1.5 million per year statewide for the districts. On the other hand, there would be an offsetting impact on the state treasury.

Transit Agencies do not share in "County 40" Revenues - MVET taxes paid directly to the Department of Licensing at their headquarters office in Olympia are treated as not being collected within a transit jurisdiction regardless of where the taxpayer resides. These "County 40" revenues are distributed in the same manner as other MVET revenues collected in non-

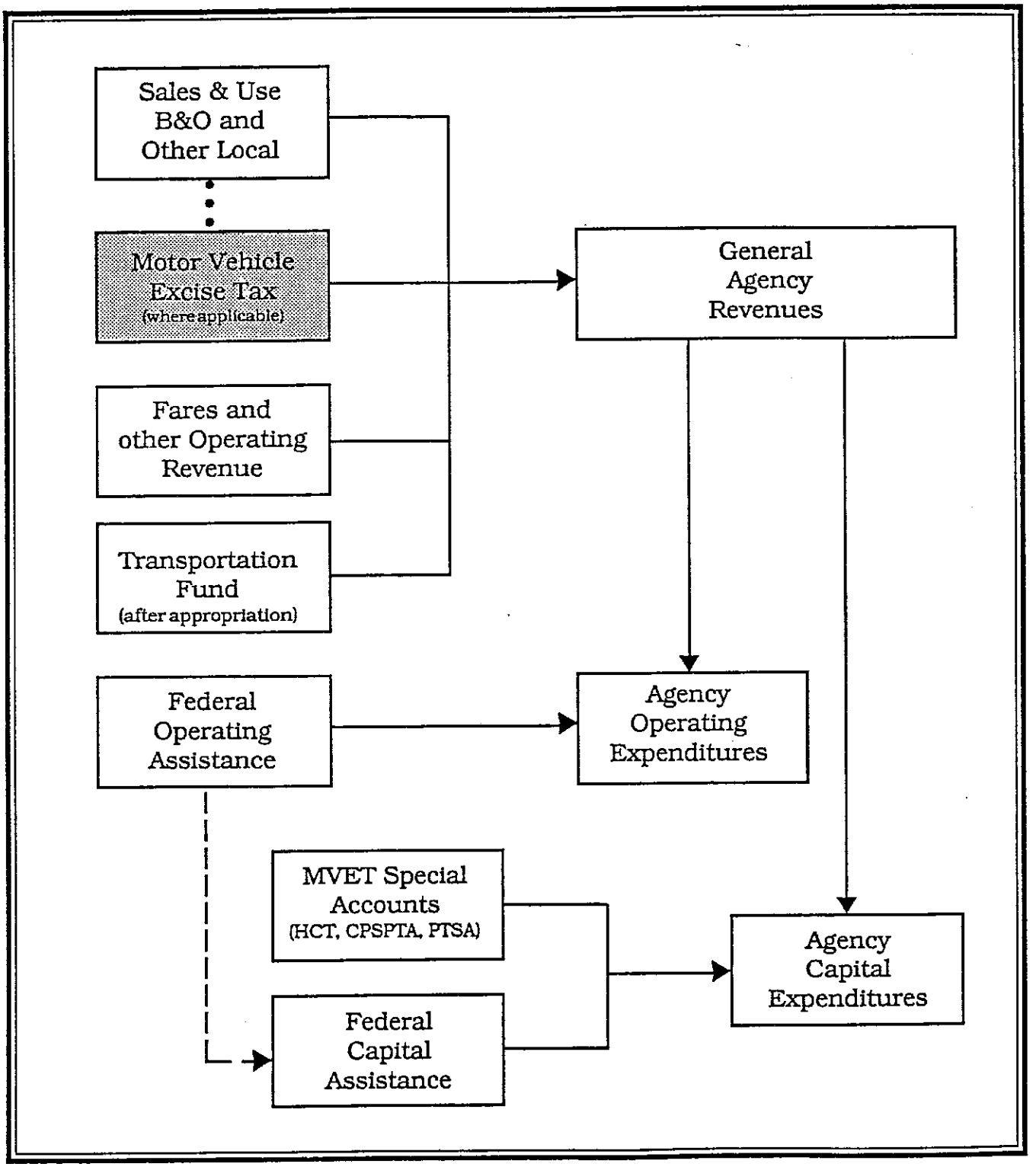
transit areas. "County 40" MVET revenues are equal to approximately 1% of total MVET revenues. Allocating the transit agencies' share of these revenues to the transit agencies would provide some additional transit agency revenues. On the other hand, it should be noted that transit agencies do not have their revenues reduced by the collection fee that the Department of Licensing receives for collecting the MVET. This collection fee is equal to 1.6% of MVET collections.

The loss of transit MVET revenues from "county 40" transactions and the savings from not sharing in the collection costs are approximately offsetting on an aggregate basis. Information is not available from the Department of Licensing to determine the net impact on individual transit agencies.

Revenue Adequacy and Productivity Issues - There are several additional revenue issues which will be evaluated in later stages of this study. More information is needed before a position can be taken on these issues. These include:

- How the different types of transit missions compare to the different types of tax structures;
- Will existing State and local transit agency revenue sources be adequate to meet the new requirements being imposed on transit agencies (i.e., the Clean Air Act, the Americans with Disabilities Act and the Demand Management Legislation);
- How will the new funds created by the reduction in transit MVET rates will be controlled and managed and will transit agencies receive significant benefits from these funds;
- The responsiveness of transit revenue sources to inflation and other growth factors;
- Differences among transit agencies in the relative importance of individual revenue sources;
- Differences in the productivity of sales and MVET revenues (i.e., per capita yield at comparable tax rates) among the individual transit agencies; and
- Differences in transit agencies abilities to match MVET revenues.

Washington State Transit
Revenue Flow Chart
Chart B-4



G. Missions and Tax Structures

The review of the local missions and goals of transit properties has defined a broad range of components. These generally fit within the envelope provided by the State's defined purpose for public transportation. The local programs can be traced to the State's direction in 1965. At that time, local jurisdictions were given responsibility for providing and financing "adequate" transit services for community residents. The "health and welfare" of those residents and the economic prosperity of the community provided the basis for the legislative mandate.

Subsequently, the State has added new responsibilities to the transit agencies' purpose, specifically, in the areas of growth management and transportation demand management (TDM). These new areas will be reflected in Transit Development and Financial Programs (TDFP) that are required by WSDOT (since 1989). The essential element of these annual implementation plans is the setting of priorities for public transportation in each community.

1. Local Priorities

The basis for establishing priorities for service expansion, capital expenditures, and system direction should be a local mission or goal statement. As a policy tool, the mission statement provides or articulates the vision that decision makers have for the local transit network. However, the Comprehensive Transit Plans, and the Six Year Transit Development and Financial Programs do not require the discipline of documenting a mission statement nor the quantification of objectives that result from it.

Research by Molyneaux Associates in the area of local missions has concluded that they are included or implied in the plans cited above and other local documents. The compilation revealed that the missions statements reflected the diversity of transit agencies the types of service they provide, and the communities they serve. There were, however, similarities throughout the state. Five general categories were created and the 27 different mission components were organized into these groups. This includes: Community Development, Efficiency and/or Effectiveness, Environment, Service Characteristics, and Service Types.

The individual mission statements and the compilation do not set priorities, however, and may only imply, in local situations, a priority. Individual plans and budgets reflect the local priority as established by

the Board or Council for a defined period of time. All transit authorities have one or more specific mission elements from each of the five categories in their overall statement.

Therefore, annual priorities at a local level may be modified from time to time to reflect changing conditions while the "mission" of the agency need not be amended. The breadth of the mission statement, the absence of direct links to specific objectives, and the flexibility of priority setting means that the evaluation of missions and structures must look to the annual planning process for clarifications.

2. Annual Planning/Budgeting Process

Throughout the State a wide variation exists in the degree of sophistication of planning and budgeting. This is only reasonable given the variation in size and complexity of the transit agencies. Generally, the process includes the following steps:

(1)	Quantify	(i)	Additional operating expenditures needed to maintain existing service (e.g. fuel or running time-labor);
		(ii)	Highest demands for expansion of service (from surveys, telephone complaints, Board discussions);
		(iii)	Expected demands for new service (e.g. new subdivisions or activity centers);
(2)	Calculate	(i)	Revenue generated by sales tax and MVET (or other sources);
		(ii)	Ridership and farebox revenue;
		(iii)	Other revenues (e.g. advertising, charts etc.);
(3)	Plan		Plan for the baseline services plus those services in 1. only to the point that they both equate to revenues generated in 2.

Two factors impact this simplified annual process. The first is the provision for capital acquisitions, a parallel planning path, and one that affects the total revenues available for operations and maintenance.

The second also reduces the available resources by a reserve for operating costs. The cash flow reserve varies in size throughout the state but is a prudent protection against the reimbursement schedule and potential shortfalls in other revenue accounts. Again, the sophistication of the accounting practices, the amounts of reserves and the level of detailed planning vary considerably.

Federal revenues, since they are generally used for capital purposes, are not, therefore, a factor in the determination of annual operating strategies.

3. Observations

- It appears that there is not a specific impact of tax structures on the mission (either stated or implied) of local transit agencies. Even though the tax structures are surrogates for different governance strategies, research has shown that all transit agencies have embraced elements in each of the five general mission categories. Variations in funding sources have not resulted in different overall direction for transit agencies.

- A prudent, almost conservative, financial strategy underlies the plans of each transit system. Capital budgets are generally on a "pay-as-you-go" basis, with contributions from annual sources a prime cost factor in annual budgets.

- The missions for each agency are similar in content, varying in the size, complexity and cost of the transit response. Tax structure has not impacted the general nature of the missions.

- The Six Year Transit Development and Financial Programs that are currently being prepared in virtually every agency do not have a clearly defined state priority for public transportation on which to build local plans. Without State priorities, the local plans must reflect an interpretation of the State's objectives.

- State and Federal initiatives are having immediate and far reaching effects on local agencies. Prior to 1990 the impacts of most policies and legislative initiatives was relatively minor or an annual basis. However, Americans with Disabilities, and Clean Air at the Federal level, and Growth Management and TDM at the State level have changed that situation. The quantification of these impacts is underway, and it is expected that the financial effect will be felt at different levels throughout

the State. ADA will be significant. Planning to incorporate the expected regulations has indicated that other expansion/service priorities will be deferred for some time to accommodate the ADA services.

- The nature of the funding authorization facilitates the development of long range plans and transit programs. The result of this situation is a strong financial plan and capital development program that enhances the agencies' ability to provide cost effective services.

II. Conclusions

Based on the previous discussion outlined in this report, the following is a summary of conclusions.

1. MVET Implications:

   There will be a reduction in the MVET rate, effective with tax distributions in calendar 1993, from 0.7824% to 0.725% for agencies in King, Pierce, Snohomish, Thurston, Clark, Kitsap, and Spokane Counties and from 0.815% to 0.725% for agencies in other counties. As a result, transit agencies: 1) will experience a decrease in the increase in their MVET revenues (i.e., MVET revenues will not increase at the same rate); and 2) will have less MVET revenues that they could potentially match (i.e., lost potential for future revenues). In the cases where agencies are not able to match revenue at 0.725%, the change in the law will have no apparent effect.

2. Flow:

   Transit MVET revenues collected by the state are distributed quarterly to transit agencies according to state law, with a six-month lag from the beginning of the quarter in which the tax is collected until the money is distributed to the agencies.

3. Limitations:

   a. City transit agencies and unincorporated county transportation authorities cannot use local sales tax as matching revenue for MVET revenues.

   b. Transit MVET revenues cannot be pledged as a source of security for the repayment of long-term debt.

   c. MVET taxes paid directly to Department of Licensing at their headquarters office in Olympia are treated as not being collected within a transit jurisdiction regardless of where the taxpayer resides. These "County 40" revenues are distributed in the same manner as other MVET revenues collected in non-transit areas. "County 40" MVET revenues are equal to approximately 1% of total MVET revenues.

d. All transit agencies are authorized to impose local sales/use tax at any of the following rates: 0.1%, 0.2%, 0.3%, 0.4%, 0.5%, or 0.6%. Local sales/use taxes cannot be imposed in other increments (i.e., less than one-tenth of 1%).

e. MVET collected as pro rate (tax applied to trucks based on the percent of the year spent on Washington roads) is deposited into the state general fund including the transit share of the 2% base rate.

f. Given that random drug testing of transit employees has been determined to be unconstitutional in the State of Washington and that federal funds will likely be conditional on the implementation of such a testing program, Washington's eligibility for federal assistance could be jeopardized. However, federal legislation now under consideration may contain a clause that would preempt state law on this issue.

FINAL REPORT



State of Washington
LTC Public Transportation Study



Stage 1

Comprehensive, Statewide Policy Review of Public Transit Systems

January 1992

List of Products

1. History of Governance of Public Transit Systems in Washington State (Task 1A)

2. Planning Processes, Missions, Services, and Impediments in Washington State (Task 1B)

3. Public Transportation Roles and Relationships in Washington State (Task 1C & D)

4. Current Financing Mechanisms of Public Transit Systems at the State and Local Level (Task 2A)

5. Historical, Current, and Projected Transit Revenue (Task 2B)

6. Federal Revenue Sources - Addendum #1 (Task 2B.3)

7. New Revenue Sources for Public Transportation Purposes - Addendum #2 (Task 2B.3)

8. Financing Mechanisms in Comparable States (Task 2C)

9. Capital Financing Practices (Task 2D)

10. Appropriateness and Adequacy of Current Funding (Task 2E)

11. Federal, State and Local Policy Issues (Task 3A)

12. The Qualitative and Quantitative Benefits of Public Transportation (Tasks 4B & 4B)

13. System Costs and Service (Task 4A)

14. Relationship of Local Transit Revenues to Costs (Task 4C)

PUBLIC TRANSPORTATION STUDY

Task 2B

HISTORICAL, CURRENT, AND PROJECTED TRANSIT REVENUE

Prepared for:

STATE of WASHINGTON

The Legislative Transportation Committee

Prepared by:
Gannett Fleming

in association with:

Moss Adams (Management Design Associates)
Mr. William H. Ostenson
Booz·Allen & Hamilton
Berk and Associates

September 5, 1991

APPROPRIATENESS AND ADEQUACY OF CURRENT FUNDING

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Appendix A - Appraising Appropriate Levels of Service and Developing Descriptive System Profiles

Addendum #1 - Federal Revenue Sources
Addendum #2 - New Revenue Sources for Public Transportation Purposes

Abstract - Historical, Current, and Projected Transit Revenue

This interim report covers the task 2.B.1 through 2.B.5 as detailed in the Public Transportation Study Stage 1 Statement of Work. The objective of this interim report is to explore the historical, current and projected revenues for public transit in the State of Washington and determine, based on the observed numbers, trends, conditions, sources and major changes, if any issues with state policy implications emerge. This review will include all sources of revenue to public transit agencies in the state including those from Federal, State and Local sources.

This report consists of five parts including:

- The Abstract highlighting major findings and conclusions of this interim report;
- A review of historical, current and future revenue from state and local sources;
- A review of historical, current and future revenue from Federal Sources;
- An analysis of revenue issues with state policy implications; and
- A description of the methodologies used to gather the historical revenue data and produce the projected revenue data.

The review of public transit revenue followed three basic steps. First historical data was collected from existing published sources, primarily the Urban Mass Transportation Administration (UMTA) Section 15, the Washington State Treasurer, and the Washington State DOT Public Transportation Systems reports. The accumulated revenue information then was distributed to transit agencies, along with cost and operating statistics, as part of the statewide transit survey, for review, verification and correction. The returned revenue data became the historical database for this study.

Second, existing projections of future transit revenue (including the forecasting mechanisms) were collected from transit agencies (also as part of the survey response), the State Department of Licensing (projections of MVET revenue) and existing Senate and House proposals for Federal Surface Transportation Act reauthorization legislation. A consistent process for incorporating these diverse sources of future revenue was developed in conjunction with a Technical Revenue Subcommittee with membership representation from the transit agencies, the State Department of Transportation, the State Department of Licensing and the staff of the State Economic and Revenue Forecast Council.

Third, the numbers, trends, conditions and major changes in the historical, current and future revenue were analyzed to identify issues with state policy implications. Particular attention was paid to the impact of the changes in MVET enacted in 1990 and programmed to take effect in 1993.

I. State and Local Revenue

The following discussion focuses on historical, current and future conditions and trends for state and local revenues to transit operators. State and local revenues are grouped together because all non-federal public funds flowing to transit districts, with the exception of High Capacity Transportation Account monies, are considered to be locally generated funds. This discussion focuses on the historical and the expected future revenue on a statewide basis. Given that the objective of this report is to search for revenue issues with state policy implications, much of the analysis is conducted at the state level, however, agency specific examples are used to illustrate particular issues.

A. Historical and Current Revenue by Source

1. Sales Tax

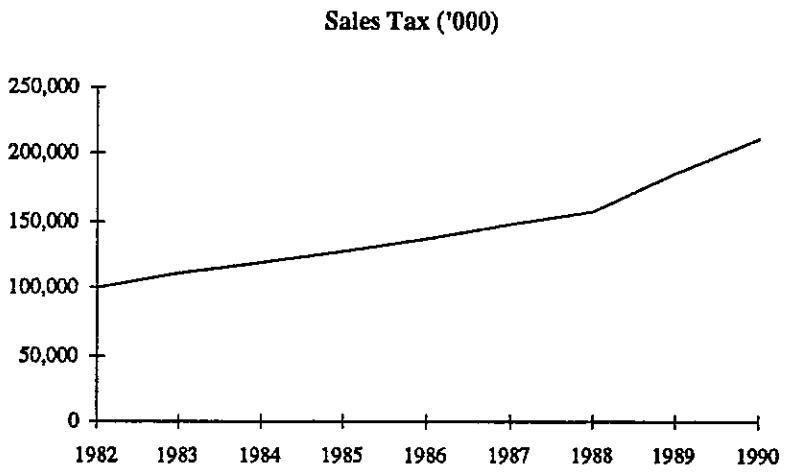
The local transit sales/use tax, as authorized by RCW 82.14.045, applies to all taxable retail sales or uses as well as for selected personal services within the transit district's boundaries, and is levied at any of the following rates: 0.1 percent, 0.2 percent, 0.3 percent, 0.4 percent, 0.5 percent, or 0.6 percent. It is an add-on tax to the State's retail sales/use tax with the tax applying to the same transactions as the State tax and has been the single largest source of transit revenue for the state's operators. Sales tax has historically accounted for between 35 and 45 percent of total revenues to transit and Sales tax currently represents approximately 42 percent of revenues to transit statewide.

The yield from the sales tax is intrinsically linked to strength in a potentially volatile component of the local economy, expenditure levels. In addition to the potential for volatility, revenue from the sales tax exhibits considerable seasonality as components of local expenditures can and do vary considerably over the course of a calendar year. While the seasonal characteristics can be incorporated into cash flow planning, it is often difficult to foresee near term changes in local spending levels which can result in near term budget surpluses and deficits. The major factors which influence sales tax collections are:

- population changes (in and out-migration);
- local economic conditions (unemployment rate, inflation rates, income growth);
- national economic conditions (interest rates, inflation rates);
- construction activity; and
- tourism and related spending.

The Pacific Northwest, and the Puget Sound region in particular, enjoyed a prosperous decade in the 1980's (especially the second half of the decade), both in absolute terms and relative to other regions in the country. Over this period most sectors of the economy participated in the economic expansion, including the manufacturing and service sectors. The jobs created in the State fueled strong net in-migration which led to a boom in both residential and commercial construction activity. Though some regions of the state fared better than others over this period, the overall impact of this activity translated into substantial growth in sales tax revenues statewide, as is evidenced by the chart below (Figure 1). Revenue from the transit sales tax has grown an average of almost 10 percent per year and over 16 percent each of the last two years.

Figure 1: Historic Transit Sales Tax Revenue



It should be noted that part of the growth occurred for reasons other than economic. Some changes in sales tax revenue were attributable to the creation of new districts or increases in the tax rates in existing districts. There were four districts created between 1982 and 1990, they are as follows (including year and rate):

- Cowlitz County PTBA (1988) 0.1%
- Island County PTBA (1986) 0.3%
- Lewis County PTBA (1986) 0.1%
- Whatcom County PTBA (1984) 0.3%

The districts where changes in tax rates occurred since 1982 are as follows:

- Snohomish County PTBA (1990) 0.3% to 0.6%
- Clark County PTBA (1984) 0.3% to 0.2%
- Clark County PTBA (1989) 0.2% to 0.3%
- Spokane County PTBA (1983) 0.2% to 0.3%
- Grays Harbor County (1985) 0.2% to 0.3%

In general these changes have had only a marginal impact on the statewide revenue in any particular year with the largest impact of any of these being the doubling of the rate in Snohomish County in May of 1990, which accounted for approximately 2.5 percent of the 14 percent increase in total sales tax revenue in that year.

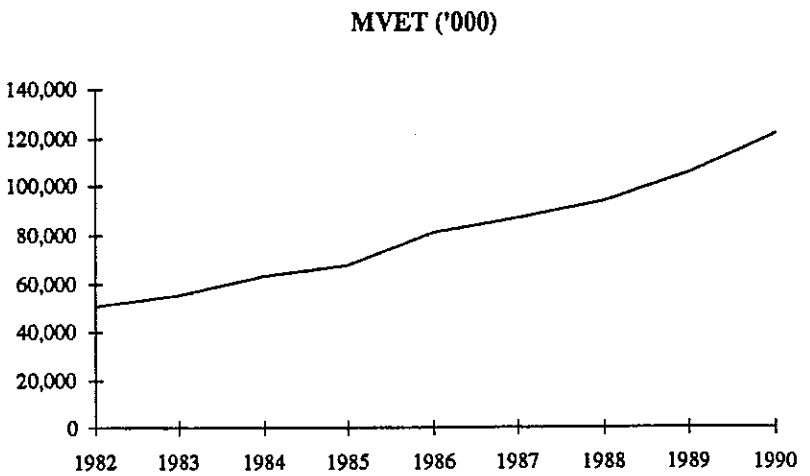
2. Motor Vehicle Excise Tax

The Motor Vehicle Excise Tax (MVET), as authorized in RCW 35.58.273 and RCW 82.44.150, permits transit agencies to qualify for the transit component of general MVET revenues by matching these revenues, on a dollar for dollar basis, with other tax revenues collected at the local level. Local matching tax sources available to transit districts include sales/use, B & O and household excise.

The rates of the transit MVET are applied to the value of the motor vehicle less depreciation and are as follows:

- King, Pierce, Snohomish and Thurston Counties 0.96%
- Transit districts in other counties 1.0%

Figure 2: Historic Transit MVET Revenue



After the sales tax, MVET is the second most significant revenue source for the funding of transit service in the State of Washington, accounting for between 20 percent and 25 percent of total revenue since 1982, with the current share at 22 percent. If Federal funds are not included in total revenue the current share of MVET to state and local revenue is approximately 28 percent.

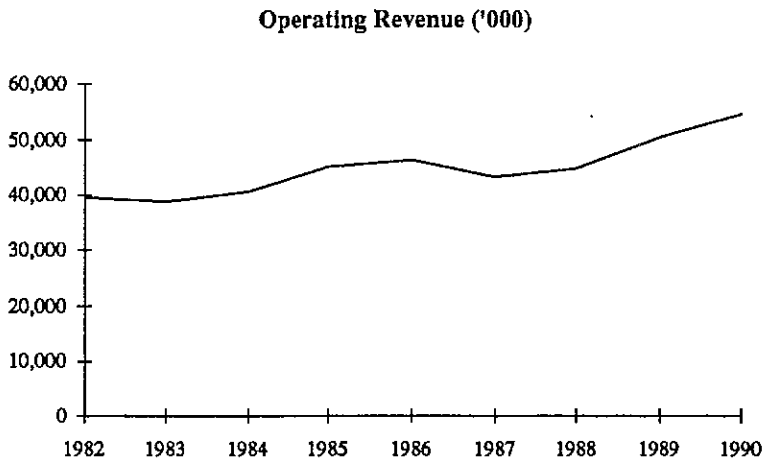
The rate of growth in MVET revenue through the 1980's was stronger than the local transit sales tax revenue, averaging almost 12 percent per year since 1982. Figure 2 above shows the trend of MVET revenue from 1982 to 1990. As with sales tax revenue some of this growth can be attributed to events other than economic, such as the addition of four districts since 1982 and the increase in matching revenues in others. However these activities account for only a marginal portion of the increase relative to the rapid growth in the taxable value of motor vehicles in the State of Washington.

The Motor Vehicle Excise Tax is less responsive to changes in local and national economic conditions than the sales tax because approximately 90 percent of annual motor vehicle registrations are renewals. Since motor vehicles are a depreciating asset and lose value each year, either the total number of vehicles in the fleet needs to be increasing or older vehicles need to be replaced by new and much more valuable vehicles, in order for the value of the fleet to continue to grow. Given this, the major factors which influence the MVET collections include population changes (in and out-migration), local and national economic conditions affecting new car purchases (especially interest rates which influence consumer's ability to finance new car purchases) and demographic and geographic trends which tend to influence vehicle ownership rates (i.e. the pattern of suburbanization in major metropolitan areas).

3. Operating Revenue

Operating revenue is composed of all revenues derived directly from the operations of a transit system, of which the largest component is the farebox revenue. Other sources include such things as revenue from special shuttle services, and school service revenue. Revenue from operations has declined as a share of total revenue from approximately 20 percent of state and local funds in 1982 to the current level of approximately 13 percent. The total revenue collected from operations since 1982 is displayed in Figure 3 below. The average annual growth of operating revenue has been approximately 4 percent per year since 1982.

Figure 3: Historic Transit Operating Revenue



There are several factors which influence the ability of a transit organization to generate operating revenue, some factors are within its control and some beyond its control. The factors over which an agency can exert control are in the fare and service policies which affect how the system operates. It is within these policies that local transit management determines how much service will be provided, where the service will be provided and the price charged for use of the service. These decisions are constrained by two major forces; first, the total revenue of the agency will constrain the level of service provided, and second, the price elasticity of demand for the service will constrain the price of the service. In other words, given a relatively fixed level of service (in the short term) and the inverse relationship between ridership and fares, an agency needs to find a balance between the revenue and ridership.

Perhaps the single largest variable currently affecting the ability of many transit agencies to maintain a given share of total revenue from the farebox is the increasing level of congestion in major urban areas. This issue accounts for a large portion of the declining share of operating revenues experienced throughout the 1980's. What has happened is that as congestion increases, the average speed of traffic decreases, and the time necessary to provide a mile of transit service increases.

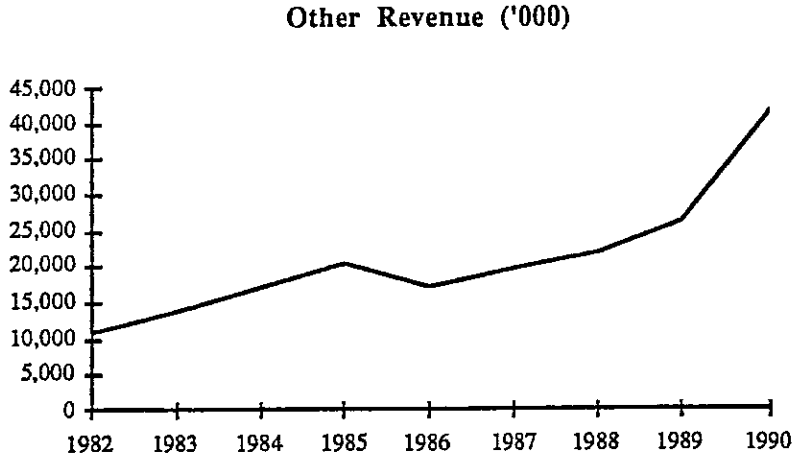
The most important measure of transit service, from the consumer's point of view, is the frequency of that service, and to maintain consumer loyalty (i.e. ridership levels), an agency needs to maintain

the system's level of service in terms of frequency of service. As congestion slows the system down, it may become necessary to increase the number of vehicles in the system to maintain the desired level of service, otherwise, a transit rider who expects a bus every fifteen minutes may get one every twenty minutes even though the same number of miles of service are being provided. This is seen as a reduction in the level of service and will likely cost the system ridership and operating revenue. To maintain existing levels of operating revenue an agency will likely be required to find additional revenues to accommodate the increase in the cost of providing the expected level of service.

4. Other Transit Revenue

Other Revenues is the last category of state and local revenue and is a catchall for other sources of revenue other than federal, local transit sales tax, motor vehicle excise tax and operations. These include revenues generated from such things as the household tax, the utility tax, the B&O tax, charter income, interest income, and state grants from the High Capacity Transportation Account. The figure below shows how revenue in this category has changed since 1982. The share of total state and local revenue accounted for by these other sources varied from approximately 5 percent up to the current 10 percent.

Figure 4: Historic Other Transit Revenue



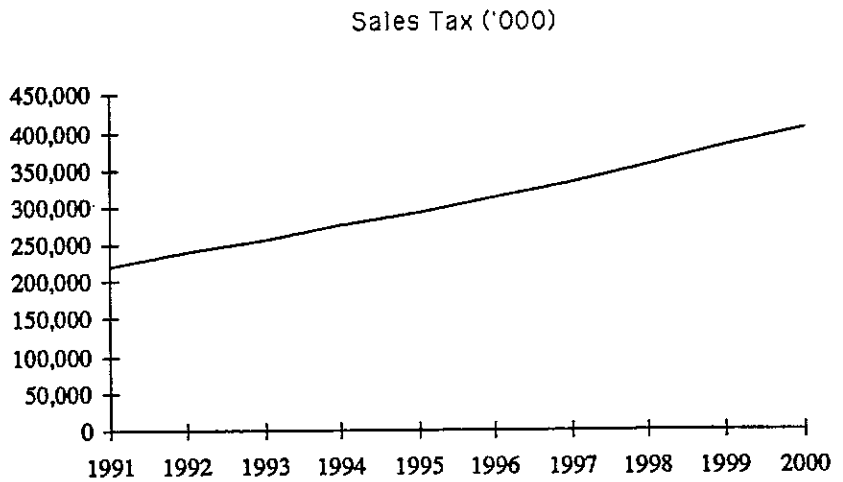
Over the last decade the largest single source of other revenues, on a statewide basis, has been interest income earned on the balances in capital reserve accounts, established to fund future capital improvements. This has been a relatively stable source of revenue, primarily due to the formula driven nature of the depreciation accounts.

B. Projected Revenue by Source

1. Sales Tax

The revenue generated from the sales tax is expected to remain the single largest component of state and local transit revenue in the State of Washington. The chart below shows the trend in sales tax revenue over the next decade. Growth is expected to be approximately 7 percent per year and is based on current law. Also implicit in this rate of growth is the assumption that the regional Pacific Northwest economy will continue to be perform well relative to the national economy. This projection does not appear overly optimistic when compared to the historical period, but it does assume the general health of the economy in the 1990's to be similar to that experienced in the 1980's.

Figure 5: Projected Transit Sales Tax Revenue



As was observed in the historical data, there will continue to be large differences in the local productivity of the sales tax. These regional productivity differences can be attributed to the differences in local economic conditions. For instance, Clallam County, which has been affected in recent years by the downturn in the forestry sector, is expected to continue to see less growth than the state as a whole. This structural shift in the most important element of that local economy will be reflected in lower spending levels and therefore lower tax revenues.

Another situation where productivity faces a negative impact, is in Clark County where, because of its proximity to Oregon (which does not have a sales tax), taxable retail sales per capita are among the lowest in the state. This situation constrains Clark County's ability, not only to generate sales tax revenue from the existing transit levy, but also limits the flexibility to use any of the additional taxing authority permitted under current statutes, thus generating additional revenue. This problem is compounded by the fact that Clark County is unable to match approximately 15 percent of its available MVET revenue.

While Clark County's status as a border county acts to constrain it's ability to generate revenue from the sales tax, Whatcom County which borders British Columbia, is capable of generating a per capita sales tax yield similar to King County. This is due to the emerging strength of the retail base in Whatcom which has developed in response to the surging demand for retail products, fueled by shoppers from British Columbia. Whatcom County has benefitted in the past from its proximity to the Canadian border, but the benefits were generally cyclical in nature. The current increase in demand, while it is unlikely to grow at the pace experienced in the last three years, represents a structural change in the local economy. There are two reasons for this change. First, is the Free Trade Agreement between Canada and the U.S., which has resulted in gradual and ongoing reductions in trade barriers between the two nations, in particular numerous import tariffs on consumer products have been reduced or eliminated in the early phases of implementation. Second, is a major change regarding massive increase in the retail infrastructure in the county, where several large retail centers have opened in the past five years, creating a huge supply of goods for the canadian market.

2. Motor Vehicle Excise Tax

The 1990 Legislature made extensive changes in the Motor Vehicle Excise Tax (MVET) law which will affect transit agencies. Some of these changes became effective in September 1990 (e.g., rate and base revenue neutral changes) and many other changes (e.g., lowering of authorized rate and creation of new funds) will become effective in July 1992.

Because of the six month lag between MVET collections and transit distributions, the impact of the first of these changes did not begin to be noticed until the second quarter of 1991.

a. Changes Effective in 1990

i. As of September 1, 1990 MVET transit rates were adjusted to the following:

King, Pierce, Snohomish and Thurston Counties - 0.7824%

Transit districts in other counties - 0.815%

The 0.815 percent rate is equal to the previous 1.0 percent rate in terms of revenue yield because the tax base (i.e., taxable value of motor vehicles) was broadened to achieve revenue neutrality. Stated simply, the changes in 1990 should not have had any effect on the revenue generating capacity of the transit MVET. To put the transit tax in perspective, the 0.815 percent rate is equal to 41 percent of the State's 2 percent base rate. See interim report 2A "Current Financing Mechanisms of Public Transit Systems at the State and Local Level" for the background and explanation of the Motor Vehicle Excise Tax.

ii. Another change that became effective in 1990 was that the Railway Development Account was redesignated as the High Capacity Transportation Account (HCTA). The funds for this account come from an amount equal to 4.5 percent of the transit MVET revenues collected in the King, Pierce, Snohomish and Thurston Counties.

b. Changes Effective in 1991

i. During the 1991 Session, the law governing the High Capacity Transportation Account was revised to allow PTBA's in Spokane, Kitsap, Clark, and Yakima Counties to be eligible to contribute to the High Capacity Transportation Account.

c. Changes Effective in 1992

The changes in transit agency MVET rates and distributions of revenue which are scheduled to become effective on July 1, 1992 are summarized below:

i. The allowable rate of transit MVET has been lowered for all transit agencies to 0.725 percent.

ii. A new Central Puget Sound Public Transportation Account (CPSPTA) has been created for use in the transit districts in King, Pierce and Snohomish Counties. The amount that goes into the CPSPTA is equal to the difference between the amounts of MVET revenues these transit agencies could match at an 0.815 percent tax rate and what they are actually able to match at the new 0.725 percent tax rate, less contributions to the HCTA.

iii. A new Public Transportation System Account (PTSA) is created from a portion of MVET revenues collected in transit districts in counties other than King, Pierce and Snohomish. An agency's contribution to the PTSA is equal to the difference between the amount of MVET revenues that the agency could have matched at the 0.815 percent tax rate and what they actually match at the 0.725 percent tax rate, less, where applicable, the amount of MVET revenues contributed to the HCTA.

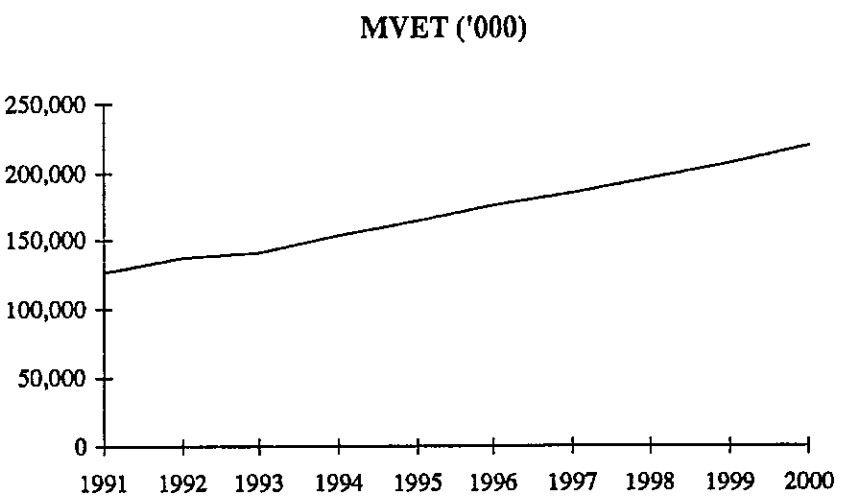
The total funds generated by the MVET and distributed directly to transit districts will continue to exhibit relatively strong growth throughout the 1990's, due primarily to expectations regarding the state economic outlook and anticipated continuing net in-migration. For the ten year period studied for this report, the expected average annual growth in transit MVET revenue (see Figure 6) is just over 6 percent per year. This is somewhat less vigorous growth than was experienced in the previous decade, but probably represents a responsible conservative estimate, given some of the uncertainty surrounding the changes in MVET law, especially those which became effective in 1990.

The impact of the changes in MVET administration which became effective on September 1, 1990, as summarized above will not be fully known for a couple of years. The objective of the change was to simplify the administration of MVET by dropping the old system of multiple depreciation schedules which could be altered over time in response to changes in the market value of vehicles, to the current method of using tow statutory schedules which will remain fixed over time (one schedule for passenger vehicles; one for heavy trucks). The rate of excise tax was adjusted based on a representative sample of

vehicles to produce revenue neutrality. It was hoped that, given the adjusted rate of the excise tax, the total revenue generated by the entire fleet of vehicles in the State of Washington would be the same under either method. It will take some time for any seasonal fluctuations in collections to wash out and a determination of the degree to which the changeover attained revenue neutrality.

The changes enacted in 1991, which allow PTBA's in Clark, Kitsap, Spokane and Yakima counties to contribute to the High Capacity Transportation Account, is a recognition that congestion relief is an important issue in other parts of the state beyond the Central Puget Sound area and will serve to broaden state involvement in the search for solutions. This change will provide for Clark County an opportunity for obtaining some of the MVET revenue which is currently lost to the Transportation Fund, since the HCT contribution is determined on the basis of 4.5 percent of available MVET without regard to the level of local matching revenue. Another effect of this change will be in offering Yakima Transit, currently a city operation, another incentive for forming a Public Transportation Benefit Area, which would be required in order to become eligible for HCT funds.

Figure 6: Projected MVET Revenue



The changes which take effect on July 1, 1992 address specifically the transit component of the MVET levy and involve a reduction in the rate of the transit levy but will not result in fewer MVET dollars being available to transit. Though the

change takes effect in 1992, the effect will not be felt until January of 1993 because of the two quarter lag between MVET collections and transit distributions. The result of the reduction is that less of the revenue generated by MVET will be made available directly to transit agencies, while a greater share is placed in special accounts to be distributed by state appropriation. Basically the difference in the amount of MVET revenue which could have been matched at the 0.815 percent rate and the revenue distributed at the new rate less HCT contributions will be deposited in the Public Transportation Accounts. The dollar value of this reallocation will be approximately $10 million in 1993 growing to almost $14 million in the year 2000. Metro will absorb more than half of this lost revenue ($5 million in 1993 and $8 million in 2000).

Only about half of the transit districts in the state will experience any change in expected MVET revenue as a result of the rate reduction. The others, who cannot match all of the MVET available even at the lower rate, will continue to experience growth in MVET revenue equal to the revenue growth of the local matching source. The net result of these factors, plus the expected rate of growth in total MVET revenues between 1992 and 1993, will be a flattening out of revenue increases in 1993, then a return to expected state growth rates from then on. This is illustrated in Figure 6.

Of the districts which will experience an adverse impact from the rate reduction in 1993, six will experience a marginal net decrease in MVET revenue from 1992 to 1993, with a maximum expected percentage decline of approximately 2 percent (Whatcom Transportation Authority). The other districts will see marginal increases in 1993, because the growth in the taxable base exceeds the reduction in the rate. The districts which experience moderate growth despite the rate reduction are generally those which contribute to the High Capacity Transportation Account and as a result only face the reduction in MVET rates from 0.7824 percent to 0.725 percent, or about a 7 percent decrease.

The following table shows the expected amounts to be placed in each of the High Capacity Transportation Account, the two new Public Transportation Accounts, and the annual contribution to the Transportation Fund of unmatched transit MVET revenue for the next 10 years. The CPSPTA and the PTSA

commitments are to be determined at the end of each fiscal year, the State has made an administrative decision to begin this process at the end of Fiscal Year 1994, after the first full fiscal year of the program.

Table 1
Annual MVET Revenue Deposited in Special Funds

	HCTA	CPSPTA	PTSA	TF
FY1991	4,833,742	0	0	0
FY1992	5,085,379	0	0	3,735,821
FY1993	5,583,854	0	0	4,347,368
FY1994	5,731,123	7,898,922	2,455,960	5,938,647
FY1995	6,248,812	8,632,160	2,222,815	7,233,770
FY1996	6,717,152	9,279,129	1,826,825	8,790,476
FY1997	7,120,181	9,835,877	1,849,453	9,656,746
FY1998	7,547,392	10,426,029	2,004,061	10,475,572
FY1999	8,000,235	11,051,591	2,139,455	11,451,025
FY2000	8,480,249	11,714,686	2,249,106	12,747,863
FY2001	8,989,064	12,417,568	2,364,399	14,146,809

While these accounts contain significant sums of money and are expected to grow the benefits that transit agencies will derive from them are unknown at this time. Also there is currently no process established for the distribution of the funds deposited in these accounts.

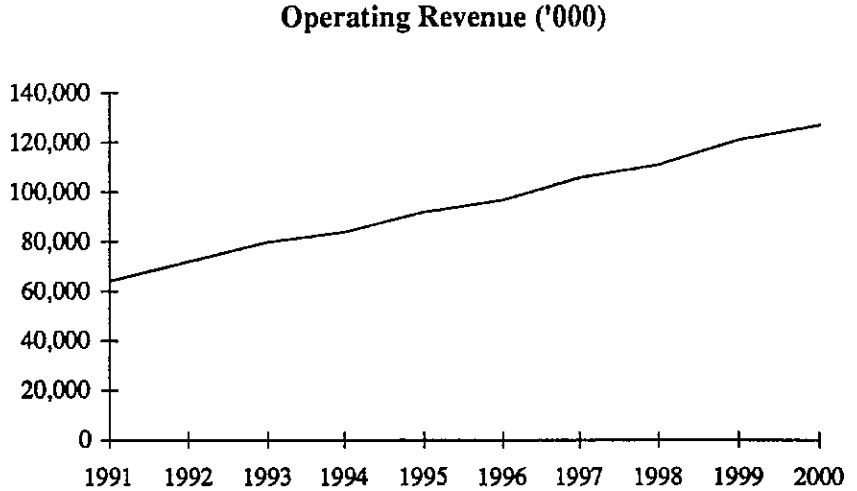
Due to the mechanism which funds the Public Transportation Systems Account, where the contribution to the PTSA is determined as the amount of MVET which could have been matched at 0.815 percent less the MVET distributed to the district and any contributions to HCT, the annual contribution is subject to much more volatility than either the CPSPTA or the HCTA. This volatility is the result of the fact that many of the districts which contribute to the PTSA, do not generate enough matching revenues to match all of the available revenue at the 0.725 percent and therefore do not make any contribution to the PTSA. The districts which are contributing to the PTSA, are in

many cases unable to make the full contribution as they are unable to match the revenue generated by the 0.815 percent rate. The total revenue flowing into the PTSA will vary as the various districts' abilities to match available MVET varies. For example if MVET revenues were to grow faster than expected some of the districts which currently contribute to the PTSA, would not be able to match the minimum required MVET at the higher level and would thus not contribute to the PTSA. This was evidenced when DOL revised the June forecast of MVET by reducing the long term growth of MVET revenue down from 7 percent annually to 6 percent, the effect on the PTSA was to increase the expected annual contributions.

3. Operating Revenue

The expected future operating revenues, as shown in Figure 7 below, are simply a summation of each agencies estimation of the operating revenues likely to be generated from the adopted service development plans and future fare policy. As was mentioned earlier, operating revenues, in particular farebox revenue, are determined in large measure by adopted agency policies regarding the level of transit service offered and the price charged for use of that service. Therefore, implicit in the forecast for operating revenue are estimates of future service levels and the ridership these will generate.

Figure 7: Projected Operating Revenue



Operating revenues are expected to grow over the next decade at a rate comparable to other the revenue sources studied in this interim report. The average annual rate of growth for the period is expected to be

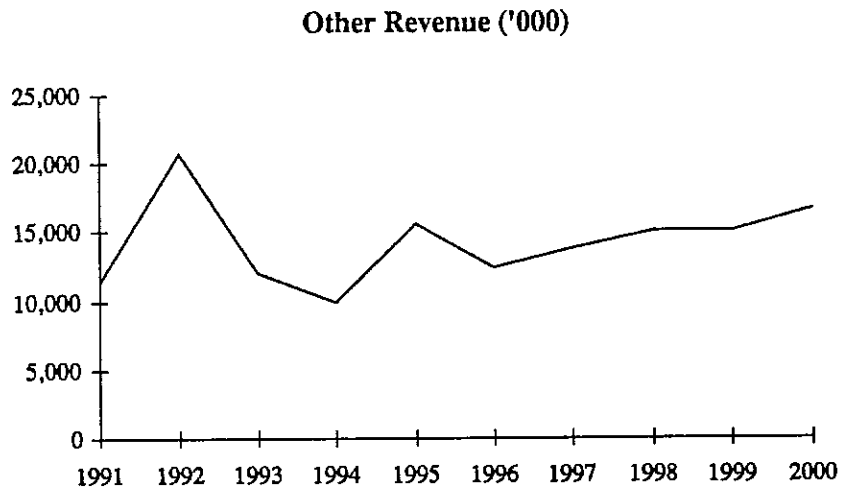
approximately 8.5 percent. This growth has two major components, with some of the increase occurring due to growth in ridership and another portion due to increases in fares.

4. Other Transit Revenues

As mentioned in the previous section Other Transit Revenues include revenues generated from such things as the household tax, the utility tax, the B&O tax, charter income, interest income, and state grants from the High Capacity Transportation Account.

The forecast of future revenues from these sources is illustrated in Figure 8 above, and is dominated by the influences of the interest income component and the accounting for some near term expected activity. The high level of volatility in the early years can be explained in terms of fluctuations in known income and expenditure activity, in particular, programmed capital spending will cause the interest income generated by the capital reserve account to drop dramatically as the account balance is drawn down.

Figure 8: Projected Other Transit Revenues



Given that transit districts employ conservative financial practices (see Interim Report 2D, Capital Financing Practices), only revenues which can reasonably be expected to materialize are accounted for in the district's future revenue estimates. Because of this approach, potential revenue from sources like the High Capacity Transportation Account and the Public Transportation Systems Accounts are not accounted for except for the very near term, where there is more certainty as to the availability and distribution of these funds. The level of conservatism generally increases as the forecast goes further into the future and the information regarding potential other sources of revenue gets less reliable and agency plans get beyond those already programmed.

TABLE 2
FEDERALLY APPOINTED TRANSIT FUNDING FOR 1991
UMTA SECTION 9 - FORMULA APPORTIONMENTS

	GENERAL FUND	TRANSIT FUND	TOTAL
UZA's - Over 1,000,000 in Population			
Seattle - Everett, WA	$ 23,149,354	$ 3,019,751	$ 26,169,085
Portland, OR - WA	$ 11,548,775	$ 1,505,884	$ 13,054,659
		(Vancouver, WA Portion	$ 1,266,302)
For UZA's 200,00 to 1,000,000 in Population			
Spokane, WA	$ 2,698,926	$ 351,838	$ 3,050,764
Tacoma, WA	$ 3,990,196	$ 520,150	$ 4,510,346
Apportioned to the State Governor for UZA's 50,000 to 200,000 in Population			
Total	$ 2,273,074	$ 296,133	$ 2,569,207
Bellingham	$ 275,786	$ 35,929	$ 311,715
Bremerton	$ 338,674	$ 44,122	$ 382,796
Longview, WA - OR	$ 270,042	$ 35,181	$ 305,223
Olympia	$ 341,062	$ 44,433	$ 385,495
Richland - Kennewick	$ 556,370	$ 72,483	$ 628,853
Yakima	$ 491,140	$ 63,985	$ 555,125
UMTA Section 18 Formula Apportionment and Rural Transit Assistance Program (RTAP) Allocation to State for non-urbanized Areas			
Section 18	RTAP (Rural Transit Assistance Program		
$1,161,669	$78,348		
UMTA Section 16(b) 2 Allocation to the State			
Washington	$586,799		
		Total for 1991	$ 39,392,520

II. Federal Revenue

As of this writing, the Federal reauthorization for national transit legislation is presently being considered in Congress. The existing program was reauthorized in 1987 and is due to expire with the end of the Federal Fiscal Year (FFY) 1991 (September 30, 1991). Though reauthorization is expected, any change in program structure or funding levels will not be known until the Congress has acted and the President has signed the legislation.

It was intended that as part of this study forecasts of Federal revenue would be produced, and potential state policy actions identified as a response to changes in the structure or funding levels of the Federal program. However, since final approval of the Federal Legislation has yet to occur, a general indication of program and funding direction will be discussed, and are based on existing proposals at the time of this writing. In addition, a historical review of Federal funding for transit districts may provide some clue to future funding levels, given that most Federal programming/funding changes are likely to be incremental at best.

A. Historical and Current Federal Revenue

Current 1991 Federal Section 9 apportionments are shown on Table 2 for the State's urbanized areas. Also included are the apportionments that go to the State for smaller urban areas, Section 18 and Section 16(b)2. As can be seen, the State of Washington was apportioned a total of $51,180,877 for Federal Fiscal year 1991. Breaking out the totals of funding by Federal programs; Washington received 3 percent of the Section 9 money, and 2 percent each for the Section 18 and Section 16(b)2 programs.

Of the existing 22 transit systems 20 have received Federal grants in the past. Only LINK (Chelan/Douglas) and Island Transit have not received Federal grants. LINK is a new system not yet able to apply for or utilize Federal money. Within a short time that could change. Island is also a relatively new (1987) system and is also very small. No need has as yet been identified for Federal funds, though that too could change in the near future.

Between 1980 and 1990 the remaining 20 systems were granted a total of $838,384,249 in Federal funds. This total represents all Federal funding from all transit programs for this period. Table 3 shows the total for each system and a breakdown of that total for capital, operating, and "other" uses. The "capital" figures are from Section 3 discretionary, Section 9 formula funds, operating funds are from either the original Section 5 or its predecessor and existing Section 9 program or the Section 18 program. The "other" category is a combination of Section 6, 8, 10, or other small sources of assistance.

TABLE 3
HISTORICAL FEDERAL FUNDING FOR PUBLIC TRANSPORTATION
IN THE STATE OF WASHINGTON
1980 - 1990

SYSTEM	CAPITAL	OPERATING	OTHER	TOTAL
1. Benton-Franklin PTBA (Ben Franklin Transit)	$9,219,607	-	$1,788 (Sec 10)	$9,221,395
2. Chelan-Douglas PTBA (LINK)	-	-	-	-
3. Clallam County PTBA (Clallam Transit)	$1,049,179	-	-	$1,049,179
4. Clark County PTBA (C-TRAN)	$16,417,121	$3,102,876	$3,200 (Sec 18-planning)	$19,523,197*
5. Cowlitz PTBA (CUBS)	$1,496,570	$863,648	-	$2,360,218
6. Everett (City) (Everett Transit)	$5,218,970	$7,563,197	$12,601 (Sec. 10,9,& planning)	$12,794,768
7. Grays Harbor County (Grays Harbor Transp. Auth.)	$134,750	-	-	$134,750
8. Island County PTBA (Island Transit)	-	-	-	-
9. Jefferson County PTBA (Jefferson Transit Authority)	$1,142,305	$154,588	-	$1,296,893
10. King County Metro (METRO)	$520,102,864	$87,358,465	$3,476,477 (Sec. 4,6,8,9&10)	$610,937,806

SYSTEM	CAPITAL	OPERATING	OTHER	TOTAL
11. Kitsap County PTBA (Kitsap Transit)	$8,650,260	$1,490,601	$2,821	$10,143,682*
12. Lewis County PTBA (Twin Transit)	$456,951	$221,587	-	$678,538
13. Pacific County (Pacific Transit)	$2,257,311 (Sec. 3 & 18)	$531,782	$1,775 (Sec. 10)	$2,790,868
14. Pierce County PTBA (Pierce Transit)	$45,004,464	$23,538,615	$289,301 (Sec. 8&10/Sec. 18 Planning)	$68,832,380
15. Prosser (City) (Prosser Rural Transit)	$75,102	$123,960	-	$199,062
16. Pullman (City) (Pullman Transit)	$777,862 (Sec. 18)	$254,400 (Sec. 18)	-	$1,032,262
17. Snohomish County PTBA (Community Transit)	$24,400,043	$2,375,570	$866,952 (Sec. 8&10/Sec. 18 Planning)	$27,642,565
18. Spokane County PTBA (Spokane Transit Authority)	$31,600,115	$14,940,265	$575,118 (Sec. 6 & 10)	$47,115,498*
19. Thurston County PTBA (Intercity Transit)	$10,629,776	$481,213	$6,513 (Sec. 10)	$11,117,502*
20. Walla Walla County PTBA (Valley Transit)	-	$291,875	-	$291,875
21. Whatcom County PTBA (Whatcom Trans. Authority)	$2,202,329	$1,068,561	$264,982 (Sec. 10 & Planning)	$3,535,872*
22. Yakima (City) (Yakima Transit)	$4,720,851	$4,720,851	-	$6,725,948
TOTAL	$682,840,676	$149,082,054	$5,501,528	$837,424,258

There have been three other notable Washington State recipients of Federal transit funding in the last decade. The Washington State Department of Transportation Marine Division has received $31,032,858 in capital grants, and $15,816,458 in operating grants between 1980 and 1990. Sno-Tran received a total of $2,508,252 for a combination of capital, operating, and planning assistance in the same decade. Lastly, between 1980 and 1990 the City of Seattle has received a total of $8,334,129 in Federal grants. Many have been for capital assistance projects for monorail rehabilitation or reconstruction, and there have also been other operating assistance and numerous planning, research, and managerial training grants (Section 6 and Section 10). The actual breakdown for the City of Seattle is as follows (1980 to 1990):

The City of Seattle (1980 to 1990)	
CAPITAL	$7,354,200
OPERATING	342,763
SECTION 6 (demonstration and evaluations)	543,568
SECTION 10 (training grants)	93,598
TOTAL	$8,334,129

B. Projected Federal Revenue

The purpose of this section will be to provide a brief overview of the pertinent funding changes in Federal Legislation and some of the important structural changes which have been proposed. Given that specific legislation is yet to be passed, this discussion will focus on those broad elements of each proposal with special attention to areas of commonality among the proposals in order to try to define a reasonable range of expectations about the version which will eventually be enacted.

As of this writing, the reauthorization process for Federal Surface Transportation Legislation is well underway with the introduction of three major proposals. These proposals define the parameters of likely authorization changes which the final legislative package might contain. The three major packages include; the Administration's proposal (S.610 & H.R. 1351) the Senate bill (S.1204 which passed the Senate on June 19, 1991 by a vote of 91-7 and the House bill (H.R. 2950).

Of prime concern to Washington State's transit systems and the State Legislature, is the question of potential state policy actions that would be

required in the event Federal capital and operating assistance is reduced. Upon review of the above mentioned federal proposals, it is reasonable at this time to assume that Federal funding will at least be maintained at current levels, and could possibly increase over the life of this authorization. This being the case, questions regarding the quantification of the negative impacts of a reduced federal role and the potential options for the replacement of Federal funds do not appear relevant at this time.

There are two primary reasons why Congressional action at this time would serve to increase the Federal transportation program. First, the present Administration is more sympathetic to the idea of an increased Federal participation in mass transit, and many people both in and out of the legislative process believe these increases are necessary. Second, Federally mandated responsibilities, which have been added to the local transit agencies' agendas, require additional funding. The most recent, and potentially the most expensive, examples of this are the requirements mandated by the Americans with Disabilities Act and Clean Air legislation. The feeling in Congress is that since these programs have been Federally mandated, some of the responsibility for funding the programs necessary for compliance rightfully belongs at the Federal level.

Elements of the Administration's proposal have been included in both the Senate and the House Bill. At this point in the legislative process; however, a pure Administration proposal is not under consideration. Two major departures from the existing transit program structure can be found in the Senate Bill and the House Bill. Comparing funding levels in the Administration proposal and two legislative bills is of interest. The Administration proposal is for a total transit program of approximately $16 billion over 5 years. The Senate past bill containing both trust fund and general fund money proposes a funding level for the same 5 year period at $21 billion. The House Bill, presently being considered for the same period includes a 5 year authorization totaling $32.4 billion. As the reader may note, this is over double the administrations proposed program level.

Some of the more important programmatic and funding changes in the pieces of proposed legislation include the following:

1. Section 3

Present Section 3 program funded from the penny gas tax is presently at a $1.4 billion in 1991. Both the Senate and the House Bills would raise that program to more than $1.6 billion average per year, over the next 5 years. Both bills start at approximately the 1991 level and increase the annual commitments over the life of the legislation. The

categories of expenditures in both these bills are the same as those in the existing program, 40 percent toward new starts, 40 percent toward rail modernization, and 20 percent toward bus. Most importantly, both the Senate and the House bills eliminate the 10 percent unspecified discretionary fund, within the 20 percent bus portion, that has been available to the administration. Also importantly, the House bill takes that 10 percent and uses it to establish a minimum state allocation for capital assistance, severely limiting the administration's ability to access discretionary funds. In the rail modernization category, specified "existing rail cities" get funding for their fixed guideway systems without a decision of the administration.

For new starts, the Senate bill includes broader factors for programming and prioritizing applications for federal assistance. Possibly, the most significant departure in dealing with new rail starts can be found in the House bill, which identifies a list of projects to be funded. The House bill indicates that the administration should report on the analysis of new starts included in this list to the House Public Works Committee, who would then allocate funds among those projects. Another significant and important factor is that the Administration proposed to reduce the Federal share of capital projects. In the Senate bill, the existing 75 percent and in the House bill a 80 percent Federal share is maintained. For ADA or Clean Air programs and projects, 90 percent of capital costs can be covered with Federal funds.

2. Section 9

Present Section 9 funding is approximately $1.8 billion for fiscal year 1991. Both the Senate and House proposals start at that level but annually go to a little over $2.5 billion in the Senate Bill and almost $2.8 billion per year in the House Bill. In the House Bill, some of that money (a little over one-half billion dollars) comes from trust fund revenues. Also an important note, the current funding shares of 80 percent Federal money for capital, 50 percent Federal money for operating are retained. The Senate Bill contains a 90 percent Federal share for ADA or Clean Air associated costs. Both bills retain the rail modernization tier of funding in addition to having added the Section 3 set aside for rail modernization described above. An important area of agreement in these bills is that this money can be used for highway projects under certain conditions, most notably if ADA projects are satisfied and if transit needs are met. If effect, it appears that compromise legislation will include some cross funding of both highway and transit projects from one program to the other. The

House Bill also includes inflation adjustments for all cities in operating assistance programs, (not just for small cities as under the current law) and materials and supplies presently in operating expenses becomes by redefinition a capital item.

The net impact of these changes in the Section 9 operating and capital program, distributed by formula, could increase the funds available to Washington systems by as much as 25 percent.

3. Section 18

Presently funded at a little over $65 million a year, the Senate bill would increase this amount to $127 million in the first year of the reauthorization and up to $164 million in the fifth year, however it limits operating assistance, to funds available only from general revenues not Trust Fund revenues. This results in an indirect cap depending on the level of general revenue funding that is provided. Regardless, it appears that there could be almost three times the present level of funding within this program. An interesting facet of the House proposal in this area is that it sets aside $20 million to subsidize intercity bus travel. Both bills maintain the 80 percent federal capital share and 50 percent federal operating share, the Senate bill however adds a 90 percent federal share for both ADA and Clean Air bus costs. Both bills retain state administration of the Section 18 program.

As one can see from this brief overview, both pending bills increase funding levels, transfer responsibility in many areas to state and local governments, and restate the federal presence in the national mass transit program. Perhaps the most important part of either piece of legislation, is that the House bill is dependent upon a five cent gas tax increase, a penny of which would go to the mass transit portion of the highway trust fund. As of this writing that gas tax increase is in doubt and the Senate bill has no comparable revenue title.

III. State Policy Issues

The following is a summary of issues with state policy implications derived from the analysis of historical, and future revenue for transit in the State of Washington.

- Some transit agencies do not receive all of the available MVET revenue due to local conditions and constraints on their ability to generate sufficient matching funds. These conditions and examples include:

  1. Geographic Considerations: Because of its proximity to Oregon, which does not have a sales tax, taxable retail sales per capita in Clark County are among the lowest in the state.

  2. Size Considerations: Because of its small size and inability to use sales tax revenue as an MVET match, Prosser only matches about 10 percent of its available MVET.

- The impact of the MVET rate reduction will be felt by only about half of the transit districts in the state. The others will see no change because, even at the lower rate, they will be unable to generate enough local matching funds (assuming existing rates). The impact of the rollback in the rate, in terms of lost MVET revenue to districts, will be approximately $10 million in 1993 growing to almost $14 million in the year 2000. Metro will absorb more than half of this lost revenue ($5 million in 1993 and $8 million in 2000).

- The full impact of the MVET changes in 1990 will not be known for a couple of years. It will take that long to determine whether or not the change to a statutory depreciation schedule and the corresponding rate adjustments were truly revenue neutral.

- Revenues over the next 10 years are expected to grow at a similar rate as over the past 10 years, however the environment in which transit must operate will be different, and financially more demanding due to the additional burdens placed on transit operators of additional Federal mandates like the Clean Air Act and the Americans with Disabilities Act and State mandates like the Growth Management Act and Transportation Demand Management legislation. The increased responsibilities associated with these new mandates have generally come without additional funding for implementation of the requisite compliance programs.

- It appears that, given the federal proposals outlined in this interim report, transit properties in the state of Washington can expect at least a continuation of past levels of federal financial support. Therefore there does not seem to be a need to explore methods for generating additional state or local revenue to make up any shortfall caused by an interruption in federal assistance.

- Given that random drug testing of transit employees has been determined to be unconstitutional in the State of Washington and that federal funds will likely be conditional on the implementation of such a testing program, Washington's eligibility for federal assistance could be jeopardized. If appropriate language is not incorporated into the federal statute which would allow the federal requirement to supersede the State ruling, the State may be forced to look to other sources of revenue to replace the lost federal assistance.

IV. Revenue Forecast

This section details the methods and assumptions used in the collection of the historic revenue data and the preparation of projected revenues for the purposes of this study. The section is divided into three parts, the overall approach to the study task, the methods used in the historical data collection and the methods used in preparing a consistent set of district level revenue projections.

A. Overall Task Approach

The purpose of this report is to explore the historical, current and projected revenues for public transit in the State of Washington and determine, based on the observed numbers, trends, conditions, sources and major changes, issues with state policy implications. The relevance of the study's findings depend very much, therefore, on the validity of the numbers used in the analysis. For this reason, wherever possible, existing, approved or adopted numbers are used.

B. Historic Data Collection

The primary sources of historic data used in this study were the Urban Mass Transportation Administration's (UMTA) Section 15 reports, reports from the Washington State Treasurer, and the Washington State DOT Public Transportation Systems reports.

The UMTA report is an annual compilation of financial and operating statistics required of all public transit authorities in the United States within an urbanized area with a population greater than 50,000. The information contained in the report is compiled and collated from data provided annually by each district and is based on the audited financial statements of the agency.

The State Treasurer's office provided the study team with listings of all revenues distributed by the Treasurer to each of the transit properties in the state.

There are two series of reports available from the Washington State DOT which address public transportation in the State of Washington. Before 1989 the State DOT periodically published a report called "Public Transportation in Washington State" which provided an overview of all transit operators including a compilation of revenue, cost and operating statistics. Using reports from 1979, 1984 and 1988 data it was possible to create a time series database for the period 1976 to 1987. In 1989 the Legislature enacted a law requiring DOT to compile an annual report of Public Transportation Systems in the State, to assist the Legislative Transportation Committee and the DOT with future decision making opportunities. At the time this study began, two of these new reports were available, the 1989 and 1990 editions.

A financial and statistical profile was created for each district using all of the available information from these two sources. These profiles were included with the transit survey which was distributed to each district in the state for the purposes of ensuring that the financial and statistical information was both accurate and complete. In some cases districts were required to fill in some holes where data was incomplete in the published sources, and in other cases, especially for the smaller districts, most or all of the statistical data was unavailable and required agency input. The revised profiles were returned and the discrepancies evaluated. In most cases, the discrepancies were minor and for the purposes of consistency the district figures were used. The historical revenue figures appear in the district level tables in Appendix A of this Interim Report.

C. Forecasting Mechanism

Given the importance of relying on existing approved and adopted methods and figures, the forecasting mechanism used in this study was more of a process of analysis and compilation incorporating the existing revenue projections and methodologies. We did not develop a new uniform methodology for producing an independent set of forecasts. All of the processes and revisions to existing models used for this study were developed in association with a technical advisory committee with representation from the State DOT, the State DOL, the transit agencies, and the office of the Economic and Revenue Forecast Council.

Figure 9: The Revenue Projection Process (Forecast Mechanism)

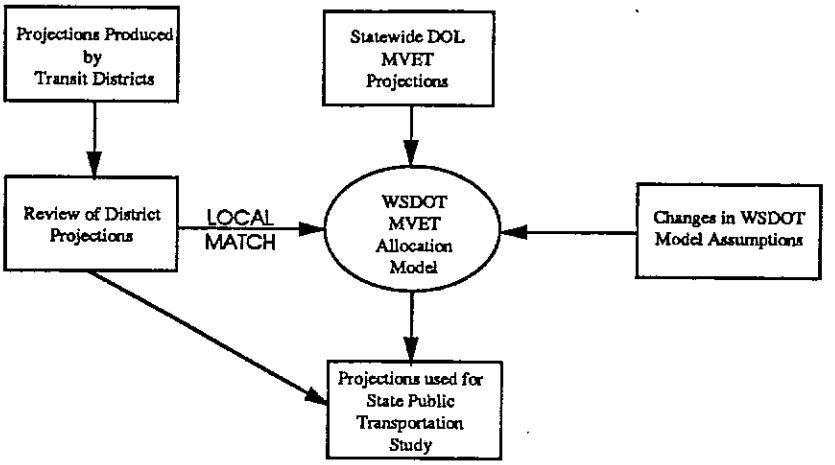


Figure 9 is a schematic illustrating this process. There are essentially two sources of official revenue forecasts for transit in the state; the local agencies prepare revenue forecasts (including MVET) as part of the regular budgetary and planning processes, and the State Department of Licensing (DOL) responsible for preparing the forecasts of MVET revenue used by the Legislature and the Governor's Budget Office for state budget planning. Currently, these activities occur independently, with the local districts basing their MVET forecasts on local historical trends. The Forecast Mechanism used for the LTC Study essentially combines the revenue information from these two sources, using the district information as the basis for projections for all sources except MVET and producing from the DOL statewide MVET forecast the expected shares to each transit district using a refined version of the WSDOT MVET Allocation Model.

1. Local District Projections

The State Department of Transportation requires each transit district to produce and submit 6-Year Transportation Development and Financial Plans, which include a forecast of expected total revenue for the following six year period. These plans must be updated annually and submitted to WSDOT. Before these plans are finalized and submitted to the State they are reviewed, approved and adopted by the local transit policy boards.

These long-range plans were collected as part of the survey process, and the revenue forecasts were reviewed relative to historic growth trends, recent collections activity, current economic issues, and the projections of revenue for contiguous districts and those with similar economic bases. In the majority of cases, where the district figures proved to be reasonable estimates of future income, they were used for the purposes of this study. In the few instances where district projections were either out of date, or unduly conservative, an independent forecast was produced and the two series were compared to actual collections to date this year to determine which was likely to be more accurate for calendar year 1991. The forecast which tracked best with the likely growth for the current period was selected as the official series for this study.

2. State Forecast of Motor Vehicle Excise Tax Revenue

As was stated above, DOL is responsible for producing MVET revenue forecasts for State Budget planning purposes. Analysts at DOL prepare a 10 year forecast of MVET revenue, which is updated each quarter. The first two years of this projection, in this instance the 1991-93 biennium, is reviewed and eventually approved by the State Economic and Revenue Forecast Council for use in state budget planning. The forecast used for this study was released September 17, 1991, and is presented below with the percent increase from the previous year. While DOL produces a total MVET forecast, based on the full 2.2 percent rate, transit only shares in the funds generated by 2.0 percent, as the 0.2 percent surtax is automatically deposited into the Transportation Fund. Therefore the forecast presented is based on the base 2 percent rate.

The short term forecast (first four years) is prepared using multivariate econometric models, which project number of vehicles and the average value of vehicles in the state. The following description of the DOL models is taken from "Transportation Economic and Revenue Forecasts for Washington State" prepared by the Interagency Revenue Task Force, March 1991.

TABLE 4
STATEWIDE FORECAST OF 2% MVET REVENUE

FISCAL YEAR	AMOUNT	PERCENT
FY1991	$433,534,330	6.1 %
FY1992	459,873,718 (actual)	10.0 %
FY1993	506,086,864	8.2 %
FY1994	548,447,775	7.5 %
FY1995	589,553,186	6.0 %
FY1996	624,925,752	6.0 %
FY1997	662,421,298	6.0 %
FY1998	702,217,430	6.0 %
FY1999	744,296,369	6.0 %
FY2000	788,954,364	6.0 %
FY2001	836,291,626	6.0 %

"The MVET revenue estimate is the product of three factors: the projected average value of vehicles in Washington State times the number of vehicles that will be subject to the tax times the statutory tax rate. The average value of the vehicle fleet is the most difficult factor to forecast. It is determined by an econometric model. The model estimates average fleet value based on Washington State personal income data predicted by the Economic and Revenue Forecast Council and on national short term interest rates predicted by Data Resources, Inc. The econometric approach has improved forecast accuracy. For example, over 90 percent of the variation in fleet average value is explained by state personal income, national interest rates and seasonality factors."

The longer term figures are based on a historical trend analysis, which estimates the likely long term average annual growth rate for the final six years of the ten year forecast.

3. WSDOT MVET Allocation Model

The study team was able to use the WSDOT MVET allocation model, prepared by the Economic Analysis Division of DOT, which takes the state DOL MVET forecasts and allocates transit's share to each of the eligible transit districts in the state, based on a number of factors.

Figure 10: MVET Allocation Model

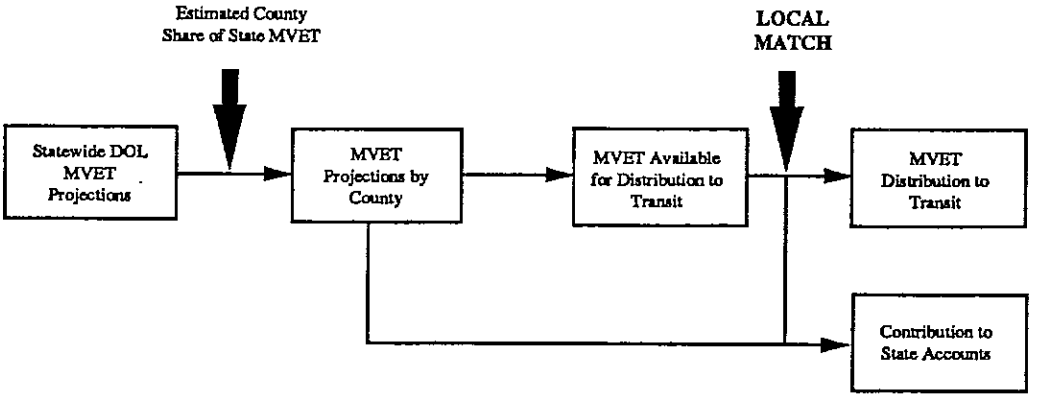


Figure 10 is a schematic diagram which shows how the model distributes the transit share of the DOL 2 percent MVET revenue forecast to the various transit districts and special transportation accounts (High Capacity Transportation Account, the two Public Transportation Accounts, and the Transportation Fund). The model estimates quarterly transit distributions by following three steps:

- First, the DOL forecast is divided by the 2 percent rate to determine the total value of the motor vehicle fleet;
- Second, the MVET funds available to each district is determined as the product of the total fleet value, the traditional quarterly share of collections, the estimated county share of state MVET collections, the percent of the county's population within the transit district, and the appropriate rate of transit MVET; and
- Third, the quarterly distribution is then determined as the lesser of the available MVET and the estimated budget of local matching revenue.

The model goes through these steps, quarter by quarter, until either all of the available MVET for a particular year is allocated to the district or the estimated budget of local matching revenue is reached. In the latter case, the remaining available MVET funds are allocated to the State Transportation Fund.

For the purposes of this study, the allocation model was enhanced in two important ways, which allowed for a district level allocation more in line with local conditions and projections. These improvements are outlined as follows:

- WSDOT Version: In the original model the share of the total state collections available to each eligible transit agency is determined based on a weighted average of the previous 10 years of distributions by county and is held constant throughout the forecast period.

  Revision: For this study the base year distribution was based on a 3 year weighted average and for the first four years of the forecast the shares were adjusted based on the experienced trend over the past 10 years. For all subsequent forecast years the district share of state MVET revenue is held constant.

  Rationale: The original method assumes that growth in total MVET will be uniformly distributed throughout the state. This is not a reasonable assumption, as it ignores the fact that there are large regional differences in population, employment and income growth. By varying the county share of state MVET according to historical trends, we can capture some of these regional differences and produce a more reasonable allocation of revenue.

- WSDOT Version: The original model uses a projection of locally raised matching funds which assumes a uniform 6 percent growth rate for each transit property in the state.

  Revision: For the purposes of this study the revenue projections prepared and used for other sources, including the sales tax, the B&O tax and the household tax were used for the appropriate estimates of available matching revenue.

Rationale: The growth in district matching revenues depend on local economic conditions which are not uniform throughout the state and we were required to provide local revenue projections which were based on the distinct local conditions of each agency. Therefore by using these projections of local revenue in the model the MVET projections the model will be both sensitive to local conditions and consistent with the other forecasts presented in this interim report.

V. Conclusions

Based on the process and the analysis described above, the following is a summary of the findings and conclusions of this interim report.

1. In general, state and local revenue growth is expected to continue to be relatively strong through the next decade, though not quite as strong as was experienced over the past ten years.

2. Some transit agencies do not receive all of the currently available MVET revenue due to local conditions and constraints on their ability to generate sufficient matching funds. These conditions include, with examples:

   a. Geographic Considerations

   Because of its proximity to Oregon, which does not have a sales tax, taxable retail sales per capita in Clark County are among the lowest in the state.

   b. Size Considerations

   Because of its small size and inability to use sales tax revenue as an MVET match, Prosser only matches about 10 percent of its available MVET.

3. The rate reduction which is to take effect in 1993 will serve to redirect MVET revenue, which currently flows directly to transit districts with few stipulations as to their use, into the special Public Transportation Accounts (e.g., the Central Puget Sound Public Transportation Account and the Public Transportation System Account), to be made available to transit for limited types of capital projects. The benefits that transit agencies will receive from the new MVET accounts are unknown at this time. Also there is currently no process established for the distribution of the funds deposited in these accounts.

4. The impact of the MVET rate reduction will be felt by only about half of the transit districts in the state. The others will see no change because, even at the lower rate, they will be unable to generate enough local matching funds

(assuming existing rates). The impact of the rollback in the rate, in terms of the MVET revenue flowing into the special accounts, as opposed to the current situation where the funds flow directly to districts, will be approximately $10 million in 1993 growing to almost $14 million in the year 2000. Metro will absorb more than half of this lost revenue ($5 million in 1993 and $8 million in 2000).

Of the districts which will experience an adverse impact from the rate reduction in 1993, six will experience a marginal net decrease in MVET revenue from 1992 to 1993, with a maximum expected percentage decline of approximately 2 percent. The other districts will see marginal increases in 1993, because the growth in the taxable base exceeds the reduction in the rate.

5. The full impact of the MVET changes in 1990 will not be known for a couple of years. It will take that long to determine whether or not the change to a statutory depreciation schedule and the corresponding rate adjustments were truly revenue neutral.

6. Senate and House reauthorization bills for the Federal Surface Transportation Act contain significant funding level increases for both transit capital and operating funding. Existing reauthorization proposals would keep federal funding at current levels, or, even possibly, funding levels could increase over the life of the authorization.

7. There is currently no process established for distributing federal transportation trust fund balances, should those become available to Washington State.

8. Section 18 funds are currently available for all transit systems in the state that are in or serve areas outside of urbanized areas (i.e. rural areas). Three conclusions are drawn:

    a. urban and rural agencies compete theoretically on an equal basis for an insufficient amount of Section 18 funds to meet the demand.

    b. urban systems sometimes receive Section 18 funds and rural agencies do not; and

    c. the agencies do not clearly understand what a successful Section 18 grant application would include or how it should be filled out (i.e. it is perceived that there are variable requirements for filling out and filing an application upon which success is determined but the evaluation process is unknown).

9. Federal funding has provided a variable but still significant portion of total state public transportation funding in Washington over the last decade. After allowing for the removal of the Section 3 discretionary funding for the Metro bus tunnel, federal funds have averaged in the neighborhood of 15 percent of total revenues.

10. Given that random drug testing of transit employees has been determined to be unconstitutional in the State of Washington and that federal funds will likely be conditional on the implementation of such a testing program, Washington's eligibility for federal assistance could be jeopardized.

11. Federal 13(c) labor issues have produced some trepidation, which has stopped or slowed some systems in their pursuit of federal funds (e.g. Walla Walla, and the State).

IMPORTANT

IT NEEDS TO BE EMPHASIZED THAT THE HISTORICAL AND PROJECTED REVENUES IN THE DISTRICT LEVEL TABLES IN THIS APPENDIX ARE DERIVED FROM DIFFERENT SOURCES AND MAY OR MAY NOT BE COMPLETELY COMPARABLE. FOR EXAMPLE, THE MVET REVENUES IN THE HISTORICAL DATA ARE REPORTED ON AN ACCRUAL BASIS, IN COMPLIANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, WHILE THE PROJECTIONS ARE ON A CASH BASIS, SINCE THE OBJECTIVE OF THE STUDY IS TO ANALYZE THE ADEQUACY OF CURRENT FUNDING. IT MAY THEREFORE BE NECESSARY TO REVIEW THE HISTORICAL AND PROJECTED REVENUES INFORMATION PRESENTED INDEPENDENT FROM ONE ANOTHER.

DISTRICT LEVEL PROJECTIONS APPEAR IN THE FOLLOWING ORDER:

Benton-Franklin PTBA
Chelan-Douglas PTBA
Clallam County PTBA
Clark County PTBA
Cowlitz PTBA
Everett (city)
Grays Harbor County
Island County PTBA
Jefferson County PTBA
King County Metro
Kitsap County PTBA
Lewis County PTBA
Pacific County
Pierce County PTBA
Prosser (city)
Pullman (city)
Snohomish County PTBA
Spokane County PTBA
Thurston County PTBA
Walla Walla County PTBA
Whatcom County PTBA
Yakima (city)

APPENDIX A

State and Local Revenue Projections
Washington State Public Transportation Study
Gannett Fleming, Inc.
September 5,1991
(In thousands of current year dollars)

Ben Franklin Transit (Benton-Franklin PTBA)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	<-------- ACTUAL									PROJECTED -------->									
Population - Benton	107,726	106,877	106,035	105,200	106,632	108,084	109,556	111,048	112,560	112,702	112,844	112,986	113,128	113,271	113,404	113,536	113,669	113,802	113,936
Population - Franklin	35,025	35,159	35,293	35,428	35,564	35,700	36,048	36,399	36,753	37,111	37,473	37,554	37,635	37,717	37,798	37,880	37,959	38,037	38,116
% of population in PTBA (Benton)	81.0%	81.0%	81.0%	81.0%	81.0%	81.0%	81.0%	81.0%	81.0%	81.0%	81.0%	81.0%	81.0%	81.0%	81.0%	81.0%	81.0%	81.0%	81.0%
% of population in PTBA (Frank.)	73.9%	73.9%	73.9%	73.9%	73.9%	73.9%	73.9%	73.9%	73.9%	73.9%	73.9%	73.9%	73.9%	73.9%	73.9%	73.9%	73.9%	73.9%	73.9%
Service area population	113,099	112,511	111,928	111,351	112,611	113,888	115,336	116,803	118,290	118,669	119,051	119,226	119,401	119,577	119,745	119,913	120,078	120,244	120,410
Non-operating Revenue																			
Sales tax																			
Taxable retail sales ('000)	1,300,000	1,226,000	930,000	949,667	1,020,667	966,000	1,007,667	1,074,333	1,242,000	1,304,100	1,369,305	1,437,770	1,509,659	1,585,142	1,664,399	1,747,619	1,835,000	1,926,750	2,023,087
Transit sales tax rate (%)	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Sales Tax ('000)	3,900	3,678	2,790	2,849	3,062	2,898	3,023	3,223	3,726	3,912	4,108	4,313	4,529	4,755	4,993	5,243	5,505	5,780	6,069
MVET																			
MVET available ('000)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4,188	4,305	4,104	4,332	4,657	4,936	5,233	5,546	5,879	6,232
MVET matched ('000)	2,314	2,276	2,360	2,587	2,950	2,800	3,023	3,098	4,187	3,912	4,108	4,104	4,332	4,657	4,936	5,233	5,505	5,780	6,069
MVET lost to Transportation Fund	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	275	197	0	0	0	0	0	41	99	163
Other revenues																			
Household Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Utility Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
B&O Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other local	0	0	0	0	0	0	0	0	0	340	308	202	178	69	6	0	0	0	0
Other state	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other revenue	502	453	471	431	340	300	369	417	420	51	151	89	92	30	30	30	30	30	30
Total non-operating revenue	6,716	6,407	5,621	5,867	6,352	5,998	6,415	6,738	8,333	8,216	8,675	8,709	9,131	9,511	9,966	10,505	11,040	11,590	12,169
Operating Revenue																			
Fares	148	399	465	551	634	628	595	579	673	800	896	977	1,066	1,155	1,225	1,299	1,377	1,459	1,547
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total operating revenue	148	399	465	551	634	628	595	579	673	800	896	977	1,066	1,155	1,225	1,299	1,377	1,459	1,547
Total State and Local Revenue	6,864	6,806	6,086	6,418	6,986	6,626	7,010	7,317	9,006	9,015	9,571	9,686	10,197	10,666	11,191	11,804	12,417	13,050	13,715
Productivity Measures																			
Taxable retail sales per capita ($)	11,494	10,897	8,309	8,529	9,064	8,482	8,737	9,198	10,500	0	11,502	12,059	12,644	13,256	13,900	14,574	15,282	16,024	16,802
Sales tax collections per capita ($)	34.48	32.69	24.93	25.59	27.19	25.45	26.21	27.59	31.50	32.97	34.51	36.18	37.93	39.77	41.70	43.72	45.85	48.07	50.41
Available MVET per capita ($)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	35.3	36.2	34.4	36.3	38.9	41.2	43.6	46.2	48.9	51.8
Operating revenue per capita ($)	1.31	3.55	4.15	4.95	5.63	5.51	5.16	4.96	5.69	6.74	7.53	8.19	8.93	9.66	10.23	10.83	11.46	12.13	12.84

Assumptions:
- Fare income includes fares from bus, Dial-a-ride, and vanpool operations
- Sales tax base is assumed to grow at 5.0% from 1991-2000
- Other local revenue is equal to interest income
- Other revenue includes advertising and Misc. & Salvage income. After 1994 all other revenue is advertising income
- Fare revenues are assumed to grow at 6% per year after 1996

Notes:
- Projections based on information supplied by Ben Franklin Transit, Six Year Transit Development and Financial Plan
- Inconsistencies within revenue streams are a result different levels of detail between the historical and projected series.
- County population projections are those as published by OFM - August 1989, adjusted for actual figures from the 1990 Census

State and Local Revenue Projections

Washington State Public Transportation Study
Gannett Fleming, Inc.
September 5,1991
(In thousands of current year dollars)

LINK Transit (Chelan/Douglas PTBA)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	<------ ACTUAL									PROJECTED ------>									
Population (Chelan)	46,406	47,094	47,792	48,500	49,228	49,967	50,716	51,477	52,250	52,829	53,414	54,006	54,605	55,210	55,785	56,366	56,954	57,547	58,147
Population (Douglas)	22,443	22,595	22,747	22,900	23,526	24,169	24,829	25,508	26,205	26,542	26,884	27,230	27,580	27,935	28,271	28,611	28,955	29,303	29,655
% of population in PTBA (Chelan)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
% of population in PTBA (Douglas)	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
Service area population	64,352	65,161	65,980	66,811	68,039	69,292	70,570	71,874	73,204	74,052	74,911	75,779	76,658	77,546	78,390	79,244	80,106	80,978	81,859
Non-operating Revenue																			
Sales tax																			
Taxable retail sales ('000)									n/a	508,750	534,188	560,897	588,942	618,389	649,308	681,774	715,862	751,655	789,238
Transit sales tax rate (%)									0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Sales Tax ('000)									201	2,035	2,137	2,244	2,356	2,474	2,597	2,727	2,863	3,007	3,157
MVET																			
MVET available ('000)										2,469	2,642	2,551	2,727	2,931	3,107	3,294	3,491	3,701	3,923
MVET matched ('000)										2,035	2,137	2,244	2,356	2,474	2,597	2,727	2,863	3,007	3,157
MVET lost to Transportation Fund										434	506	308	371	458	510	566	628	694	766
Other revenues																			
Household Tax									n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Utility Tax									n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
B&O Tax									n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other local									0	0	0	0	0	0	0	0	0	0	0
Other state									30	50	0	0	0	0	0	0	0	0	0
Other revenue									0	0	0	0	0	0	0	0	0	0	0
Total non-operating revenue									231	4,120	4,274	4,487	4,712	4,947	5,194	5,454	5,727	6,013	6,314
Operating Revenue																			
Fares									0	0	0	0	0	0	0	0	0	0	0
Other									0	2	3	3	3	3	3	3	3	4	4
Total operating revenue									0	2	3	3	3	3	3	3	3	4	4
Total State and Local Revenue									231	4,122	4,276	4,490	4,714	4,950	5,198	5,457	5,730	6,017	6,318
Productivity Measures																			
Taxable retail sales per capita ($)									0	6,870	7,131	7,402	7,683	7,974	8,283	8,604	8,936	9,282	9,641
Sales tax collections per capita ($)									n/a	27.48	28.52	29.61	30.73	31.90	33.13	34.41	35.75	37.13	38.57
Available MVET per capita ($)									n/a	33.3	35.3	33.7	35.6	37.8	39.6	41.6	43.6	45.7	47.9
Operating revenue per capita ($)									0.00	0.03	0.03	0.03	0.04	0.04	0.04	0.04	0.04	0.04	0.05

Assumptions:
- LINK Transit will be operate a fare free system
- Sales tax base is assumed to grow at 5.0% from 1992-2000 (assumed rate of general inflation)
- 1991 estimate of sales tax revenue is taken from the approved LINK Transit 1991 Budget
- Revenue from vanpool operations (other operating revenue) is estimated to be $2,400 in 1991 and to grow at rate of general inflation
- A state grant of $50,000 is in the 1991 budget but not assumed in any forecast years

Notes:
- Projections based on information supplied by LINK Transit
- County population projections are those as published by OFM - August 1989, adjusted for actual figures from the 1990 Census

State and Local Revenue Projections
Washington State Public Transportation Study
Gannett Fleming, Inc.
September 5,1991
(in thousands of current year dollars)

Clallam Transit (Clallam County PTBA)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
								<------- ACTUAL		PROJECTED ------->									
County Population	52,027	52,217	52,408	52,600	53,351	54,113	54,885	55,669	56,464	56,862	57,263	57,667	58,074	58,484	58,878	59,275	59,674	60,076	60,481
% of population in PTBA	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Service area population	52,027	52,217	52,408	52,600	53,351	54,113	54,885	55,669	56,464	56,862	57,263	57,667	58,074	58,484	58,878	59,275	59,674	60,076	60,481
Non-operating Revenue																			
Sales tax																			
Taxable retail sales ('000)	235,333	244,333	286,667	348,667	340,000	348,333	382,000	438,000	492,333	507,103	522,316	537,986	554,126	570,749	587,872	605,508	623,673	642,383	661,655
Transit sales tax rate (%)	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Sales Tax ('000)	706	733	860	1,046	1,020	1,045	1,146	1,314	1,477	1,521	1,567	1,614	1,662	1,712	1,764	1,817	1,871	1,927	1,985
MVET																			
MVET available ('000)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,854	1,956	1,893	2,028	2,180	2,311	2,450	2,597	2,752	2,918
MVET matched ('000)	705	663	823	953	1,100	1,078	1,092	1,186	1,474	1,521	1,567	1,614	1,662	1,712	1,764	1,817	1,871	1,927	1,985
MVET lost to Transportation Fund	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	332	389	279	366	468	547	633	726	825	933
Other revenues																			
Household Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Utility Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
B&O Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other local	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other state	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other revenue	201	150	129	77	86	39	74	87	232	100	100	100	100	100	100	100	100	100	100
Total non-operating revenue	1,612	1,546	1,812	2,076	2,206	2,162	2,312	2,587	3,183	3,143	3,234	3,328	3,425	3,524	3,627	3,733	3,842	3,954	4,070
Operating Revenue																			
Fares	93	106	125	165	154	153	165	180	246	258	271	285	299	314	330	346	363	382	401
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total operating revenue	93	106	125	165	154	153	165	180	246	258	271	285	299	314	330	346	363	382	401
Total State and Local Revenue	1,705	1,652	1,937	2,241	2,360	2,315	2,477	2,767	3,429	3,401	3,505	3,613	3,724	3,838	3,957	4,079	4,205	4,336	4,471
Productivity Measures																			
Taxable retail sales per capita ($)	4,523	4,679	5,470	6,629	6,373	6,437	6,960	7,868	8,719	8,918	9,121	9,329	9,542	9,759	9,985	10,215	10,451	10,693	10,940
Sales tax collections per capita ($)	13.57	14.04	16.41	19.89	19.12	19.31	20.88	23.60	26.16	26.75	27.36	27.99	28.63	29.28	29.95	30.65	31.35	32.08	32.82
Available MVET per capita ($)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	32.6	34.1	32.8	34.9	37.3	39.3	41.3	43.5	45.8	48.2
Operating revenue per capita ($)	1.79	2.03	2.39	3.14	2.89	2.83	3.01	3.23	4.36	4.54	4.74	4.94	5.15	5.37	5.60	5.84	6.09	6.35	6.63

Assumptions:
- Fare income is estimated to grow at 5% per year through 1991-2000
- Sales tax base is assumed to grow at 5.0% from 1991-2000
- Other revenues are still to be determined in conjunction with Clallam Transit

Notes:
- Projections based on information supplied by Clallam Transit, Six Year Projection of Cash Flow
- Inconsistencies within revenue streams are a result different levels of detail between the historical and projected series.
- County population projections are those as published by OFM - August 1989, adjusted for actual figures from the 1990 Census

State and Local Revenue Projections
Washington State Public Transportation Study
Gannett Fleming, Inc.
September 5,1991
(In thousands of current year dollars)

C-Tran (Clark County PTBA)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
								<------- ACTUAL		PROJECTED ------->									
County Population	196,621	198,855	201,115	203,400	209,901	216,611	223,535	230,680	238,053	241,551	245,100	248,701	252,355	256,063	259,549	263,083	266,665	270,295	273,975
% of population in PTBA	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Service area population	196,538	198,771	201,030	203,315	209,813	216,520	223,441	230,583	237,953	241,449	244,997	248,596	252,249	255,955	259,440	262,972	266,553	270,182	273,860
Non-operating Revenue																			
Sales tax																			
Taxable retail sales ('000)	1,003,000	1,045,667	1,366,500	1,387,500	1,357,500	1,502,000	1,643,500	1,736,333	1,989,333	2,088,800	2,193,240	2,302,902	2,418,047	2,538,949	2,665,897	2,799,192	2,939,151	3,086,109	3,240,414
Transit sales tax rate (%)	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Sales Tax ('000)	3,009	3,137	2,733	2,775	2,715	3,004	3,287	5,209	5,968	6,266	6,580	6,909	7,254	7,617	7,998	8,398	8,817	9,258	9,721
MVET																			
MVET available ('000)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8,188	8,567	8,831	9,668	10,393	11,016	11,677	12,378	13,120	13,908
MVET matched ('000)	2,928	3,166	2,806	2,591	2,786	2,886	3,288	5,034	5,928	6,266	6,580	6,909	7,254	7,617	7,998	8,398	8,817	9,258	9,721
MVET lost to Transportation Fund	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,921	1,988	1,922	2,414	2,776	3,019	3,280	3,560	3,862	4,186
Other revenues																			
Household Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Utility Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
B&O Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other local	0	0	0	0	0	0	0	0	0	1,478	1,432	1,624	1,762	1,811	2,039	2,161	2,291	2,428	2,574
Other state	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other revenues	369	422	1,022	936	754	1,046	1,341	1,994	2,304	0	0	0	0	0	0	0	0	0	0
Total non-operating revenue	6,306	6,725	6,561	6,302	6,255	6,936	7,916	12,237	14,200	14,011	14,591	15,442	16,270	17,045	18,034	18,956	19,926	20,945	22,016
Operating Revenue																			
Fares	385	519	626	663	717	862	942	1,097	1,268	1,277	1,722	1,904	2,110	2,332	2,463	2,748	3,066	3,420	3,816
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total operating revenue	385	519	626	663	717	862	942	1,097	1,268	1,277	1,722	1,904	2,110	2,332	2,463	2,748	3,066	3,420	3,816
Total State and Local Revenue	6,691	7,244	7,187	6,965	6,972	7,798	8,858	13,334	15,468	15,288	16,313	17,346	18,380	19,377	20,497	21,704	22,992	24,365	25,833
Productivity Measures																			
Taxable retail sales per capita ($)	5,103	5,261	6,797	6,824	6,470	6,937	7,355	7,530	8,360	8,651	8,952	9,264	9,586	9,920	10,276	10,644	11,027	11,422	11,832
Sales tax collections per capita ($)	15.31	15.78	13.59	13.65	12.94	13.87	14.71	22.59	25.08	25.95	26.86	27.79	28.76	29.76	30.83	31.93	33.08	34.27	35.50
Available MVET per capita ($)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	33.9	35.0	35.5	38.3	40.6	42.5	44.4	46.4	48.6	50.8
Operating revenue per capita ($)	1.96	2.61	3.11	3.26	3.42	3.98	4.22	4.76	5.33	5.29	7.03	7.66	8.36	9.11	9.49	10.45	11.50	12.66	13.93

Assumptions:
- Taxable retail sales are pjected to grow at 5% per year (1991-2000) based on the long term trend for the region (1978-1990)
- Proceeds from interest income are included as other revenues.
- Fares are assumed to grow at either the average annual rate of growth of the projections (1991-1996) or at the average annual rate of growth over the period since 1982, whichever is less.
- Interest income for the period 1997-2000 is based on the average of the previous six year.

Notes:
- In March of 1984 the sales tax rate was reduced from 0.3% to 0.2%
- In January of 1989 the sales tax rate was returned to the 0.3% rate
- Projections based on information supplied by C-TRAN, Transit Development and Financial Plan, December 1990
- County population projections are those as published by OFM - August 1989, adjusted for actual figures from the 1990 Census

State and Local Revenue Projections

Washington State Public Transportation Study
Gannett Fleming, Inc.
September 5,1991
(In thousands of current year dollars)

Community Urban Bus Service (Cowlitz PTBA)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
							<------- ACTUAL			PROJECTED ------->									
County Population	79,569	79,579	79,590	79,600	80,098	80,598	81,102	81,609	82,119	82,194	82,268	82,343	82,418	82,493	82,560	82,628	82,696	82,763	82,831
% of population in PTBA	50.1%	50.1%	50.1%	50.1%	50.1%	50.1%	50.1%	50.1%	50.1%	50.1%	50.1%	50.1%	50.1%	50.1%	50.1%	50.1%	50.1%	50.1%	50.1%
Service area population	39,872	39,877	39,882	39,888	40,137	40,388	40,640	40,894	41,150	41,187	41,225	41,262	41,300	41,337	41,371	41,405	41,439	41,473	41,507
Non-operating Revenue																			
Sales tax																			
Taxable retail sales ('000)							385,000	541,000	574,000	605,570	638,876	674,015	711,085	750,195	791,456	834,986	880,910	929,360	980,475
Transit sales tax rate (%)							0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Sales Tax ('000)							385	541	574	606	639	674	711	750	791	835	881	929	980
MVET																			
MVET available ('000)							n/a	n/a	n/a	1,404	1,513	1,458	1,556	1,672	1,772	1,879	1,992	2,111	2,238
MVET matched ('000)							352	395	578	606	639	674	711	750	791	835	881	929	980
MVET lost to Transportation Fund							n/a	n/a	n/a	798	874	784	844	922	981	1,044	1,111	1,182	1,257
Other revenues																			
Household Tax							n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Utility Tax							n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
B&O Tax							n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other local										71	83	85	96	103	106	111	117	123	129
Other state																			
Other revenue							2	2											
Total non-operating revenue							739	938	1,152	1,282	1,361	1,433	1,518	1,603	1,689	1,781	1,879	1,981	2,090
Operating Revenue																			
Fares							64	60	60	60	60	60	60	60	60	60	60	60	60
Other																			
Total operating revenue							64	60	60	60	60	60	60	60	60	60	60	60	60
Total State and Local Revenue							803	998	1,212	1,342	1,421	1,493	1,578	1,663	1,749	1,841	1,939	2,041	2,150
Productivity Measures																			
Taxable retail sales per capita ($)							9,473	13,229	13,949	14,703	15,497	16,335	17,218	18,148	19,131	20,166	21,258	22,409	23,622
Sales tax collections per capita ($)							9.47	13.23	13.95	14.70	15.50	16.33	17.22	18.15	19.13	20.17	21.26	22.41	23.62
Available MVET per capita ($)							n/a	n/a	n/a	34.1	36.7	35.3	37.7	40.5	42.8	45.4	48.1	50.9	53.9
Operating revenue per capita ($)							1.57	1.47	1.46	1.46	1.46	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45

Assumptions:

- Fare income is estimated as previous years farebox revenue
- Sales tax base is assumed to grow at 5.5% from 1991-2000
- Other revenues represent interest income and are assumed to grow at 5% for the period 1996-2000, previous years estimates are based on CUBS information

Notes:

- Projections based on information supplied by Community Urban Bus Service, Six Year Transit Development and Financial Plan
- Inconsistencies within revenue streams are a result different levels of detail between the historical and projected series.
- County population projections are those as published by OFM - August 1989, adjusted for actual figures from the 1990 Census

State and Local Revenue Projections
Washington State Public Transportation Study
Gannett Fleming, Inc.
September 5,1991
(In thousands of current year dollars)

Everett Transit (City of Everett)

	1982	1983	1984	1985	1986	1987	1988	<------ ACTUAL 1989	1990	PROJECTED ------> 1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
County Population	351,413	358,466	365,661	373,000	389,922	407,611	426,103	445,434	465,642	477,438	489,534	501,936	514,652	527,690	539,521	551,618	563,985	576,631	589,559
% of population in service area	32.9%	32.9%	32.9%	32.9%	32.9%	32.9%	32.9%	32.9%	32.9%	32.9%	32.9%	32.9%	32.9%	32.9%	32.9%	32.9%	32.9%	32.9%	32.9%
Service area population	115,685	118,007	120,376	122,792	128,362	134,186	140,273	146,637	153,289	157,173	161,155	165,237	169,423	173,715	177,610	181,593	185,664	189,827	194,083
Non-operating Revenue																			
Sales tax																			
Taxable retail sales ('000)	674,000	755,667	790,000	854,000	876,667	1,112,333	1,106,667	1,449,333	1,528,667	1,605,100	1,685,355	1,769,623	1,858,104	1,951,009	2,048,560	2,150,988	2,258,537	2,371,464	2,490,037
Transit sales tax rate (%)	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Sales Tax ('000)	2,022	2,267	2,370	2,562	2,630	3,337	3,320	4,348	4,586	4,815	5,056	5,309	5,574	5,853	6,146	6,453	6,776	7,114	7,470
MVET																			
MVET available ('000)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MVET matched ('000)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MVET lost to Transportation Fund	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other revenues																			
Household Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Utility Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
B&O Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other local	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other state	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other revenue	237	256	333	497	492	587	650	561	578	449	320	313	288	264	221	124	85	22	
Total non-operating revenue	2,259	2,523	2,703	3,059	3,122	3,924	3,970	4,909	5,164	5,264	5,376	5,622	5,862	6,117	6,366	6,577	6,860	7,136	7,470
Operating Revenue																			
Fares	263	263	291	287	293	257	276	278	304	319	335	352	370	388	407	428	449	472	495
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total operating revenue	263	263	291	287	293	257	276	278	304	319	335	352	370	388	407	428	449	472	495
Total State and Local Revenue	2,522	2,786	2,994	3,346	3,415	4,181	4,246	5,187	5,468	5,583	5,711	5,974	6,232	6,505	6,774	7,004	7,310	7,608	7,965
Productivity Measures																			
Taxable retail sales per capita ($)	5,826	6,404	6,563	6,955	6,830	8,290	7,889	9,884	9,972	10,212	10,458	10,710	10,967	11,231	11,534	11,845	12,165	12,493	12,830
Sales tax collections per capita ($)	17.48	19.21	19.69	20.86	20.49	24.87	23.67	29.65	29.92	30.64	31.37	32.13	32.90	33.69	34.60	35.54	36.49	37.48	38.49
Available MVET per capita ($)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Operating revenue per capita ($)	2.27	2.23	2.42	2.34	2.28	1.92	1.97	1.90	1.98	2.03	2.08	2.13	2.18	2.23	2.29	2.36	2.42	2.48	2.55

Assumptions:
- Sales tax and farebox revenue are assumed to grow at 5% per year (rate of general inflation)

Notes:
- Projections based on information supplied by City of Everett
- Everett Transit is not eligible to receive MVET revenues
- Inconsistencies within revenue streams are a result different levels of detail between the historical and projected series.
- County population projections are those as published by OFM - August 1989, adjusted for actual figures from the 1990 Census

State and Local Revenue Projections

Washington State Public Transportation Study
Gannett Fleming, Inc.
September 5,1991
(in thousands of current year dollars)

Grays Harbor Transportation Authority (Grays Harbor County)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	<------- ACTUAL									PROJECTED ------->									
County Population	65,338	64,855	64,376	63,900	63,955	64,010	64,065	64,120	64,175	64,203	64,231	64,258	64,286	64,314	64,336	64,359	64,381	64,403	64,426
% of population in service area	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Service area population	65,338	64,855	64,376	63,900	63,955	64,010	64,065	64,120	64,175	64,203	64,231	64,258	64,286	64,314	64,336	64,359	64,381	64,403	64,426
Non-operating Revenue																			
Sales tax																			
Taxable retail sales ('000)	832,500	635,000	451,500	424,500	409,000	433,333	478,000	495,000	504,000	518,566	533,552	548,972	564,837	581,161	597,956	615,237	633,018	651,312	670,135
Transit sales tax rate (%)	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Sales Tax ('000)	1,665	1,270	903	849	1,227	1,300	1,434	1,485	1,512	1,556	1,601	1,647	1,695	1,743	1,794	1,846	1,899	1,954	2,010
MVET																			
MVET available ('000)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,889	2,017	1,907	1,995	2,145	2,274	2,410	2,555	2,708	2,870
MVET matched ('000)	1,119	1,106	1,184	624	1,155	1,144	1,371	1,521	1,485	1,556	1,601	1,647	1,695	1,743	1,794	1,846	1,899	1,954	2,010
MVET lost to Transportation Fund	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	333	416	260	301	402	480	564	656	754	860
Other revenues																			
Household Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Utility Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
B&O Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other local	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other state	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other revenue	1,004	787	661	581	385	321	402	488	526	467	480	494	508	523	538	554	570	586	603
Total non-operating revenue	3,788	3,163	2,748	2,054	2,767	2,765	3,207	3,494	3,523	3,578	3,682	3,788	3,897	4,010	4,126	4,245	4,368	4,494	4,624
Operating Revenue																			
Fares	353	372	265	240	225	221	220	245	261	251	242	233	224	216	208	200	193	186	179
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total operating revenue	353	372	265	240	225	221	220	245	261	251	242	233	224	216	208	200	193	186	179
Total State and Local Revenue	4,141	3,535	3,013	2,294	2,992	2,986	3,427	3,739	3,784	3,829	3,924	4,021	4,122	4,226	4,334	4,446	4,561	4,680	4,803
Productivity Measures																			
Taxable retail sales per capita ($)	12,742	9,791	7,014	6,643	6,395	6,770	7,461	7,720	7,854	8,077	8,307	8,543	8,786	9,036	9,294	9,560	9,832	10,113	10,402
Sales tax collections per capita ($)	25.48	19.58	14.03	13.29	19.19	20.31	22.38	23.16	23.56	24.23	24.92	25.63	26.36	27.11	27.88	28.68	29.50	30.34	31.20
Available MVET per capita ($)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	29.4	31.4	29.7	31.0	33.4	35.3	37.4	39.7	42.0	44.6
Operating revenue per capita ($)	5.40	5.74	4.12	3.76	3.52	3.45	3.43	3.82	4.07	3.91	3.77	3.63	3.49	3.36	3.23	3.11	3.00	2.89	2.78

Assumptions:

- Fare income is estimated to grow at 5% per year through 1991-2000
- Sales tax base is assumed to grow at 2.89% from 1991-2000, based on prejections provided by Grays Harbor
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Notes:

- Projections based on information supplied by Jefferson Transit, Six Year Transit Development Plan
- Inconsistencies within revenue streams are a result different levels of detail between the historical and projected series.
- County population projections are those as published by OFM - August 1989, adjusted for actual figures from the 1990 Census

State and Local Revenue Projections
Washington State Public Transportation Study
Gannett Fleming, Inc.
September 5,1991
(In thousands of current year dollars)

Island Transit (Island County PTBA)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
					<------ ACTUAL					PROJECTED ------->									
County Population	46,041	47,071	48,124	49,200	51,225	53,334	55,529	57,815	60,195	61,642	63,123	64,640	66,194	67,785	69,235	70,716	72,229	73,774	75,353
% of population in PTBA	62.1%	62.1%	62.1%	62.1%	62.1%	62.1%	62.1%	62.1%	62.1%	62.1%	62.1%	62.1%	62.1%	62.1%	62.1%	62.1%	62.1%	62.1%	62.1%
Service area population	28,582	29,221	29,875	30,543	31,801	33,110	34,473	35,892	37,369	38,267	39,187	40,129	41,093	42,081	42,981	43,901	44,840	45,799	46,779
Non-operating Revenue																			
Sales tax																			
Taxable retail sales ('000)					9,667	167,000	198,667	226,667	262,000	297,667	321,480	347,198	374,974	404,972	437,370	472,360	510,148	550,960	595,037
Transit sales tax rate (%)					0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Sales Tax ('000)					29	501	596	680	786	893	964	1,042	1,125	1,215	1,312	1,417	1,530	1,653	1,785
MVET																			
MVET available ('000)					n/a	n/a	n/a	n/a	n/a	845	884	869	946	1,017	1,078	1,143	1,211	1,284	1,361
MVET matched ('000)					0	420	464	783	694	845	884	869	946	1,017	1,078	1,143	1,211	1,284	1,361
MVET lost to Transportation Fund					n/a	n/a	n/a	n/a	n/a	0	0	0	0	0	0	0	0	0	0
Other revenues																			
Household Tax					n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Utility Tax					n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
B&O Tax					n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other local					0	0	0	0	0	78	84	91	98	106	115	124	134	144	156
Other state					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other revenue					0	493	8	19	58	0	0	0	0	0	0	0	0	0	0
Total non-operating revenue					29	1,414	1,068	1,482	1,538	1,816	1,933	2,002	2,169	2,338	2,505	2,684	2,875	3,081	3,302
Operating Revenue																			
Fares					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other					0	0	10	16	26	29	32	34	37	40	43	46	48	51	54
Total operating revenue					0	0	10	16	26	29	32	34	37	40	43	46	48	51	54
Total State and Local Revenue					29	1,414	1,078	1,498	1,564	1,846	1,964	2,036	2,206	2,378	2,548	2,729	2,924	3,132	3,356
Productivity Measures																			
Taxable retail sales per capita ($)					304	5,044	5,763	6,315	7,011	7,779	8,204	8,652	9,125	9,624	10,176	10,760	11,377	12,030	12,720
Sales tax collections per capita ($)					0.91	15.13	17.29	18.95	21.03	23.34	24.61	25.96	27.37	28.87	30.53	32.28	34.13	36.09	38.16
Available MVET per capita ($)					n/a	n/a	n/a	n/a	n/a	22.1	22.6	21.7	23.0	24.2	25.1	26.0	27.0	28.0	29.1
Operating revenue per capita ($)					0.00	0.00	0.29	0.45	0.70	0.77	0.81	0.85	0.90	0.95	1.00	1.04	1.08	1.12	1.16

Assumptions:
- Other operating revenue is defined in this case as Vanpool revenue
- Sales tax base is assumed to grow at 5.5% in 1991 and then 7.0% from 1992-2000
- Vanpool income is taken from Island Comprehensive Plan (1991-1996) and is estimated to grow at 6% per year through 1996-2000
- Island Transit provides fare free transit service

Notes:
- Projections based on information supplied by Island Transit, Draft update of the 1990 Comprehensive Plan
- Inconsistencies within revenue streams are a result different levels of detail between the historical and projected series.
- County population projections are those as published by OFM - August 1989, adjusted for actual figures from the 1990 Census

State and Local Revenue Projections
Washington State Public Transportation Study
Gannett Fleming, Inc.
September 5,1991
(In thousands of current year dollars)

Jefferson Transit (Jefferson County PTBA)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	<-------- ACTUAL									PROJECTED -------->									
County Population	16,562	16,869	17,182	17,500	18,000	18,514	19,043	19,587	20,146	20,525	20,911	21,305	21,706	22,114	22,493	22,879	23,271	23,669	24,075
% of population in PTBA	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Service area population	16,562	16,869	17,182	17,500	18,000	18,514	19,043	19,587	20,146	20,525	20,911	21,305	21,706	22,114	22,493	22,879	23,271	23,669	24,075
Non-operating Revenue																			
Sales tax																			
Taxable retail sales ('000)	151,667	96,333	102,667	97,000	92,667	106,000	118,000	137,000	180,667	190,603	203,946	218,222	233,497	249,842	267,331	286,044	306,067	327,492	350,416
Transit sales tax rate (%)	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Sales Tax ('000)	455	289	308	291	278	318	354	411	542	572	612	655	700	750	802	858	918	982	1,051
MVET																			
MVHT available ('000)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	552	577	571	625	672	712	755	800	848	899
MVHT matched ('000)	216	219	242	264	287	339	343	394	473	552	577	571	625	672	712	755	800	848	899
MVHT lost to Transportation Fund	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0	0	0	0	0	0	0	0
Other revenues																			
Household Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Utility Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
B&O Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other local	0	0	0	0	0	0	0	0	0	5	5	6	6	6	6	7	7	8	8
Other state	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other revenue	35	52	55	57	54	47	54	74	81	13	13	14	15	15	16	17	18	19	21
Total non-operating revenue	706	560	605	612	619	704	751	879	1,096	1,142	1,207	1,245	1,346	1,443	1,537	1,637	1,744	1,858	1,979
Operating Revenue																			
Fares	24	51	60	64	67	89	73	80	81	91	95	100	105	110	116	122	128	134	141
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total operating revenue	24	51	60	64	67	89	73	80	81	91	95	100	105	110	116	122	128	134	141
Total State and Local Revenue	730	611	665	676	686	793	824	959	1,177	1,233	1,303	1,345	1,451	1,553	1,653	1,759	1,872	1,992	2,120
Productivity Measures																			
Taxable retail sales per capita ($)	9,157	5,711	5,975	5,543	5,148	5,725	6,197	6,995	8,968	9,286	9,753	10,243	10,757	11,298	11,885	12,503	13,153	13,836	14,555
Sales tax collections per capita ($)	27.47	17.13	17.93	16.63	15.44	17.18	18.59	20.98	26.90	27.86	29.26	30.73	32.27	33.89	35.65	37.51	39.46	41.51	43.67
Available MVHT per capita ($)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	26.9	27.6	26.8	28.8	30.4	31.7	33.0	34.4	35.8	37.4
Operating revenue per capita ($)	1.45	3.02	3.49	3.66	3.72	4.81	3.83	4.08	4.02	4.42	4.56	4.70	4.84	4.99	5.15	5.32	5.49	5.67	5.85

Assumptions:
- Fare income is estimated to grow at 5% per year through 1991-2000
- Sales tax base is assumed to grow at 5.5% in 1991 and then 7.0% from 1992-2000

Notes:
- Projections based on information supplied by Jefferson Transit, Six Year Transit Development Plan
- Inconsistencies within revenue streams are a result different levels of detail between the historical and projected series.
- County population projections are those as published by OFM - August 1989, adjusted for actual figures from the 1990 Census

State and Local Revenue Projections
Washington State Public Transportation Study
Gannett Fleming, Inc.
September 5,1991
(in thousands of current year dollars)

Municipality of Metropolitan Seattle (Metro)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	<------- ACTUAL									PROJECTED ------->									
County Population	1,299,869	1,315,198	1,330,708	1,346,400	1,377,147	1,408,596	1,440,764	1,473,666	1,507,319	1,529,104	1,551,204	1,573,623	1,596,366	1,619,438	1,641,151	1,663,155	1,685,454	1,708,052	1,730,953
% of population in PTBA	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Service area population	1,299,869	1,315,198	1,330,708	1,346,400	1,377,147	1,408,596	1,440,764	1,473,666	1,507,319	1,529,104	1,551,204	1,573,623	1,596,366	1,619,438	1,641,151	1,663,155	1,685,454	1,708,052	1,730,953
Non-operating Revenue																			
Sales tax																			
Taxable retail sales ('000)	11,354,667	12,373,667	13,364,500	14,278,833	15,601,667	16,769,000	17,581,000	20,778,500	22,922,000	23,061,333	25,785,667	27,590,667	29,522,000	31,588,500	33,799,667	36,165,667	38,697,333	41,406,167	44,304,500
Transit sales tax rate (%)	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
Sales Tax ('000)	68,128	74,242	80,187	85,673	93,610	100,614	105,486	124,671	137,532	138,368	154,714	165,544	177,132	189,531	202,798	216,994	232,184	248,437	265,827
MVET																			
MVET available ('000)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	62,199	70,157	72,165	78,848	84,758	89,843	95,234	100,948	107,005	113,425
MVET matched ('000)	26,521	27,633	33,317	35,068	43,917	46,181	49,988	55,358	62,445	62,199	70,157	72,165	78,848	84,758	89,843	95,234	100,948	107,005	113,425
MVET lost to Transportation Fund	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0	0	0	0	0	0	0	0
Other revenues																			
Household Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Utility Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
B&O Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other local	156	140	507	1,099	507	0	15	280	13,873	1,442	1,390	1,390	1,390	1,390	1,390	1,390	1,390	1,390	1,390
Other state	717	934	1,329	1,681	-1,428	545	1,988	1,408	1,401	0	1,830	1,250	0	0	0	0	0	0	0
Other revenues	4,013	6,312	7,786	10,095	11,981	11,276	9,506	10,985	12,512	3,075	11,672	4,360	3,827	9,553	5,375	6,614	6,827	5,985	7,065
Total non-operating revenue	99,535	109,261	123,126	133,616	148,587	158,616	166,983	192,702	227,763	205,084	239,763	244,709	261,197	285,232	299,406	320,232	341,349	362,817	387,707
Operating Revenue																			
Fares	31,587	29,967	31,561	34,350	34,743	31,485	32,901	36,768	39,449	38,608	40,658	45,608	47,427	52,906	54,942	61,221	63,577	70,771	73,580
Other	0	0	0	0	0	0	0	0	0	6,876	10,680	12,263	13,307	14,719	15,973	17,006	18,085	19,282	20,615
Total operating revenue	31,587	29,967	31,561	34,350	34,743	31,485	32,901	36,768	39,449	45,484	51,338	57,871	60,734	67,625	70,915	78,227	81,662	90,053	94,195
Total State and Local Revenue	131,122	139,228	154,687	167,966	183,330	190,101	199,884	229,470	267,212	250,568	291,101	302,580	321,931	352,857	370,321	398,459	423,011	452,870	481,902
Productivity Measures																			
Taxable retail sales per capita ($)	8,735	9,408	10,043	10,605	11,329	11,905	12,203	14,100	15,207	15,082	16,623	17,533	18,493	19,506	20,595	21,745	22,960	24,242	25,595
Sales tax collections per capita ($)	52.41	56.45	60.26	63.63	67.97	71.43	73.22	84.60	91.24	90.49	99.74	105.20	110.96	117.04	123.57	130.47	137.76	145.45	153.57
Available MVET per capita ($)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	40.7	45.2	45.9	49.4	52.3	54.7	57.3	59.9	62.6	65.5
Operating revenue per capita ($)	24.30	22.79	23.72	25.51	25.23	22.35	22.84	24.95	26.17	29.75	33.10	36.78	38.05	41.76	43.21	47.04	48.45	52.72	54.42

Assumptions:
- Taxable retail sales are expected to grow at 7% annually (5% inflation + 2% growth)
- Farebox revenue is based on maintaining a 25% recovery on operating costs and therefore escalate along with the increased service.

Notes:
- Projections based on information supplied by Metro, 1992 Budget, April 1991
- The 1991 estimates are based upon the adopted 1991 figures from the 1992 budget document, not on the projected 1991 figures.
- Inconsistencies within revenue streams are a result different levels of detail between the historical and projected series.
- County population projections are those as published by OFM - August 1989, adjusted for actual figures from the 1990 Census

State and Local Revenue Projections
Washington State Public Transportation Study
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(In thousands of current year dollars)

Kitsap Transit (Kitsap County PTBA)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	<------- ACTUAL									PROJECTED ------->									
County Population	155,087	159,214	163,451	167,800	171,973	176,251	180,634	185,127	189,731	192,730	195,776	198,871	202,014	205,207	208,199	211,234	214,314	217,438	220,609
% of population in PTBA	83.0%	83.0%	83.0%	83.0%	83.0%	83.0%	83.0%	83.0%	83.0%	83.0%	83.0%	83.0%	83.0%	83.0%	83.0%	83.0%	83.0%	83.0%	83.0%
Service area population	128,729	132,154	135,671	139,281	142,745	146,295	149,934	153,663	157,484	159,974	162,502	165,071	167,680	170,330	172,813	175,333	177,889	180,483	183,114
Non-operating Revenue																			
Sales tax																			
Taxable retail sales ('000)	390,802	594,000	697,333	687,000	759,000	900,667	956,667	1,050,333	1,364,333	1,440,667	1,541,513	1,649,419	1,764,879	1,888,420	2,020,610	2,162,052	2,313,396	2,475,334	2,648,607
Transit sales tax rate (%)	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Sales Tax ('000)	103	1,782	2,092	2,061	2,277	2,702	2,870	3,151	4,093	4,322	4,625	4,948	5,295	5,665	6,062	6,486	6,940	7,426	7,946
MVET																			
MVET available ('000)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4,203	4,326	4,421	4,800	5,160	5,469	5,798	6,145	6,514	6,905
MVET matched ('000)	116	1,810	1,655	1,660	2,002	2,840	3,043	3,205	3,832	4,203	4,326	4,421	4,800	5,160	5,469	5,798	6,145	6,514	6,905
MVET lost to Transportation Fund	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0	0	0	0	0	0	0	0
Other revenues																			
Household Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Utility Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
B&O Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other local	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other state	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other revenue	0	20	0	82	22	261	237	223	203	0	0	0	0	0	0	0	0	0	0
Total non-operating revenue	219	3,612	3,747	3,803	4,301	5,803	6,150	6,579	8,128	8,525	8,950	9,370	10,095	10,825	11,531	12,284	13,086	13,940	14,851
Operating Revenue																			
Fares	0	306	785	646	847	647	665	723	769	1,287	1,377	1,473	1,577	1,687	1,805	1,931	2,067	2,211	2,366
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total operating revenue	0	306	785	646	847	647	665	723	769	1,287	1,377	1,473	1,577	1,687	1,805	1,931	2,067	2,211	2,366
Total State and Local Revenue	219	3,918	4,532	4,449	5,148	6,450	6,815	7,302	8,897	9,812	10,328	10,843	11,671	12,512	13,336	14,215	15,152	16,151	17,217
Productivity Measures																			
Taxable retail sales per capita ($)	3,036	4,495	5,140	4,932	5,317	6,157	6,381	6,835	8,663	9,006	9,486	9,992	10,525	11,087	11,692	12,331	13,005	13,715	14,464
Sales tax collections per capita ($)	0.80	13.48	15.42	14.80	15.95	18.47	19.14	20.51	25.99	27.02	28.46	29.98	31.58	33.26	35.08	36.99	39.01	41.15	43.39
Available MVET per capita ($)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	26.3	26.6	26.8	28.6	30.3	31.6	33.1	34.5	36.1	37.7
Operating revenue per capita ($)	0.00	2.32	5.79	4.64	5.93	4.42	4.44	4.71	4.88	8.05	8.47	8.93	9.40	9.90	10.45	11.02	11.62	12.25	12.92

Assumptions:
- Assumes the PTBA will annex the remaining portion of the county, and thus have access to countywide MVET starting in 1992
- Sales tax rate is assumed to be increased from 0.3% to 0.5% at end of year 1991
- Taxable retail sales and operating income are assumed to grow at 7% (4% inflation + 3% growth) annually from 1991 to 2000

Notes:
- In October of 1982 the transit sales tax of 0.3% was instituted
- Projections based on information supplied by Kitsap Transit, 6 Year Plan, November 1990
- Income from fares in the projection period is actually all operating income
- Inconsistencies within revenue streams are a result different levels of detail between the historical and projected series.
- County population projections are those as published by OFM - August 1989, adjusted for actual figures from the 1990 Census

State and Local Revenue Projections
Washington State Public Transportation Study
Gannett Fleming, Inc.
September 5,1991
(In thousands of current year dollars)

Twin Transit (Lewis County PTBA)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	<------ ACTUAL									PROJECTED ------>									
County Population	56,215	56,310	56,405	56,500	57,060	57,626	58,198	58,775	59,358	59,583	59,808	60,035	60,262	60,490	60,710	60,931	61,152	61,374	61,598
% of population in PTBA	31.2%	31.2%	31.2%	31.2%	31.2%	31.2%	31.2%	31.2%	31.2%	31.2%	31.2%	31.2%	31.2%	31.2%	31.2%	31.2%	31.2%	31.2%	31.2%
Service area population	17,550	17,580	17,610	17,639	17,814	17,991	18,169	18,350	18,532	18,602	18,672	18,743	18,814	18,885	18,954	19,023	19,092	19,161	19,231
Non-operating Revenue																			
Sales tax																			
Taxable retail sales ('000)					222,000	293,000	321,000	342,000	385,000	396,550	420,343	445,564	458,930	472,698	486,879	501,486	516,530	532,026	547,987
Transit sales tax rate (%)					0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Sales Tax ('000)					222	293	321	342	385	397	420	446	459	473	487	501	517	532	548
MVET																			
MVET available ('000)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	593	625	596	628	675	715	758	804	852	903
MVET matched ('000)	83	92	72	81	168	232	348	346	341	397	420	446	459	473	487	501	517	532	548
MVET lost to Transportation Fund	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	196	205	150	169	202	229	257	287	320	355
Other revenues																			
Household Tax	92	75	83	82	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utility Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
B&O Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other local	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other state	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other revenue	28	14	15	24	23	32	45	67	91	100	118	136	153	171	184	199	215	232	251
Total non-operating revenue	203	106	87	105	413	557	714	755	817	893	959	1,027	1,071	1,116	1,158	1,202	1,248	1,296	1,346
Operating Revenue																			
Fares	23	24	25	29	29	29	31	33	34	38	40	43	46	49	51	54	57	59	62
Other	0	0	0	0	0	0	0	0	0	3	4	4	4	4	4	5	5	5	5
Total operating revenue	23	24	25	29	29	29	31	33	34	41	44	47	50	53	56	59	61	65	68
Total State and Local Revenue	226	130	112	134	442	586	745	788	851	934	1,002	1,074	1,121	1,169	1,214	1,260	1,309	1,361	1,414
Productivity Measures																			
Taxable retail sales per capita ($)	0	0	0	0	12,462	16,286	17,667	18,638	20,775	21,318	22,512	23,773	24,393	25,030	25,688	26,363	27,055	27,766	28,495
Sales tax collections per capita ($)	0.00	0.00	0.00	0.00	12.46	16.29	17.67	18.64	20.78	21.32	22.51	23.77	24.39	25.03	25.69	26.36	27.06	27.77	28.50
Available MVET per capita ($)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	31.9	33.5	31.8	33.4	35.7	37.7	39.9	42.1	44.5	47.0
Operating revenue per capita ($)	1.31	1.37	1.42	1.64	1.63	1.61	1.71	1.80	1.83	2.20	2.35	2.50	2.66	2.81	2.94	3.08	3.22	3.37	3.52

Assumptions:
- Operating income (fares and other income) is estimated according to information provided by Twin Transit up to 1995, and is assumed to grow at 5% per year through 1996-2000
- Sales tax base is assumed to grow at 3.0% from 1991-2000
- Other revenues are as provided by Twin (1991-1995) and assumed to grow at 8% from 1996-2000

Notes:
- Projections based on information supplied by Twin Transit, Development Plan 1990-1995
- Inconsistencies within revenue streams are a result different levels of detail between the historical and projected series.
- County population projections are those as published by OFM - August 1989, adjusted for actual figures from the 1990 Census

State and Local Revenue Projections
Washington State Public Transportation Study
Gannett Fleming, Inc.
September 5,1991
(In thousands of current year dollars)

Pacific Transit System (Pacific County)

	1982	1983	1984	1985	1986	1987	1988	<------ ACTUAL 1989	1990	PROJECTED ------> 1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
County Population	17,342	17,394	17,447	17,500	17,768	18,040	18,317	18,597	18,882	18,920	18,958	18,996	19,034	19,072	19,109	19,145	19,182	19,218	19,255
% of population in service area	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Service area population	17,342	17,394	17,447	17,500	17,768	18,040	18,317	18,597	18,882	18,920	18,958	18,996	19,034	19,072	19,109	19,145	19,182	19,218	19,255
Non-operating Revenue																			
Sales tax																			
Taxable retail sales ('000)	76,333	81,667	89,667	80,667	85,000	89,000	93,333	103,000	113,333	119,000	124,950	131,198	137,757	144,645	151,878	159,471	167,445	175,817	184,608
Transit sales tax rate (%)	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Sales Tax ('000)	229	245	269	242	255	267	280	309	340	357	375	394	413	434	456	478	502	527	554
MVET																			
MVHT available ('000)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	523	535	511	540	581	616	652	692	733	777
MVET matched ('000)	227	199	251	288	216	261	292	285	330	357	375	394	413	434	456	478	502	527	554
MVET lost to Transportation Fund	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	166	160	118	127	147	160	174	189	206	223
Other revenues																			
Household Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Utility Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
B&O Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other local	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other state	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other revenue	43	12	35	25	16	24	33	41	36	36	37	39	41	43	46	48	50	53	55
Total non-operating revenue	499	456	555	555	487	552	605	635	706	750	787	827	868	911	957	1,005	1,055	1,108	1,163
Operating Revenue																			
Fares	3	11	18	23	34	38	42	46	51	55	60	65	70	76	83	90	98	106	115
Other																			
Total operating revenue	3	11	18	23	34	38	42	46	51	55	60	65	70	76	83	90	98	106	115
Total State and Local Revenue	502	467	573	578	521	590	647	681	757	805	847	891	938	988	1,040	1,095	1,153	1,214	1,278
Productivity Measures																			
Taxable retail sales per capita ($)	4,402	4,695	5,139	4,610	4,784	4,933	5,096	5,538	6,002	6,290	6,591	6,907	7,237	7,584	7,948	8,330	8,729	9,148	9,588
Sales tax collections per capita ($)	13.21	14.09	15.42	13.83	14.35	14.80	15.29	16.62	18.01	18.87	19.77	20.72	21.71	22.75	23.84	24.99	26.19	27.45	28.76
Available MVHT per capita ($)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	27.7	28.2	26.9	28.4	30.4	32.2	34.1	36.1	38.1	40.4
Operating revenue per capita ($)	0.17	0.63	1.03	1.31	1.91	2.11	2.29	2.47	2.70	2.99	3.14	3.41	3.69	4.00	4.34	4.70	5.10	5.52	5.99

Assumptions:
- Fare income is estimated to grow at 8.6% per year through 1991-2000
- Sales tax base is assumed to grow at 5.0% from 1991-2000
- Other revenue is assumed to be 5% of MVET and Sales Tax in the forecast period

Notes:
- Projections based on information supplied by Pacific Transit System, Response to Public Transportation Survey
- Inconsistencies within revenue streams are a result different levels of detail between the historical and projected series.
- County population projections are those as published by OFM - August 1989, adjusted for actual figures from the 1990 Census

State and Local Revenue Projections
Washington State Public Transportation Study
Gannett Fleming, Inc.
September 5,1991
(In thousands of current year dollars)

Pierce Transit (Pierce County PTBA)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
								<-------- ACTUAL		PROJECTED -------->									
County Population	500,981	508,830	516,803	524,900	536,625	548,612	560,866	573,395	586,203	594,815	603,553	612,420	621,416	630,545	639,130	647,831	656,651	665,591	674,652
% of population in PTBA	82.3%	82.3%	82.3%	82.3%	82.3%	82.3%	82.3%	82.3%	82.9%	82.9%	82.9%	82.9%	82.9%	82.9%	82.9%	82.9%	82.9%	82.9%	82.9%
Service area population	412,357	418,818	425,380	432,045	441,696	451,562	461,649	471,961	486,250	493,393	500,641	507,996	515,459	523,031	530,152	537,369	544,685	552,101	559,617
Non-operating Revenue																			
Sales tax																			
Taxable retail sales ('000)	2,737,000	2,880,667	3,148,667	3,248,333	3,345,000	3,771,667	4,088,333	4,504,667	4,750,000	5,082,500	5,438,275	5,818,954	6,226,281	6,662,121	7,128,469	7,627,462	8,161,384	8,732,681	9,343,969
Transit sales tax rate (%)	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Sales Tax ('000)	8,211	8,642	9,446	9,745	10,035	11,315	12,265	13,514	14,250	15,248	16,315	17,457	18,679	19,986	21,385	22,882	24,484	26,198	28,032
MVET																			
MVET available ('000)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	13,508	14,625	14,905	16,136	17,345	18,386	19,489	20,658	21,898	23,212
MVET matched ('000)	7,215	6,274	7,041	7,886	9,051	10,747	10,274	11,386	13,371	13,508	14,625	14,905	16,136	17,345	18,386	19,489	20,658	21,898	23,212
MVET lost to Transportation Fund	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0	0	0	0	0	0	0	0
Other revenues																			
Household Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Utility Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
B&O Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other local	0	0	0	0	0	0	0	0	0	1,650	1,008	419	93	24	13	94	281	384	403
Other state	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other revenue	792	530	911	919	817	1,015	1,772	2,412	2,765	30	32	33	35	36	38	40	42	44	47
Total non-operating revenue	16,218	15,446	17,398	18,550	19,903	23,077	24,311	27,312	30,386	30,436	31,980	32,814	34,942	37,392	39,822	42,505	45,466	48,524	51,693
Operating Revenue																			
Fares	3,550	3,258	2,689	2,684	2,875	2,821	2,446	3,492	3,781	4,530	4,977	5,292	5,614	5,944	6,305	6,687	7,078	7,505	7,958
Other	0	0	0	0	0	0	0	0	0	170	179	187	197	207	217	228	239	251	264
Total operating revenue	3,550	3,258	2,689	2,684	2,875	2,821	2,446	3,492	3,781	4,700	5,156	5,479	5,811	6,150	6,522	6,915	7,317	7,757	8,222
Total State and Local Revenue	19,768	18,704	20,087	21,234	22,778	25,898	26,757	30,804	34,167	35,136	37,135	38,294	40,753	43,543	46,344	49,420	52,783	56,281	59,916
Productivity Measures																			
Taxable retail sales per capita ($)	6,637	6,878	7,402	7,519	7,573	8,352	8,856	9,545	9,769	10,301	10,863	11,455	12,079	12,738	13,446	14,194	14,984	15,817	16,697
Sales tax collections per capita ($)	19.91	20.63	22.21	22.56	22.72	25.06	26.57	28.63	29.31	30.90	32.59	34.36	36.24	38.21	40.34	42.58	44.95	47.45	50.09
Available MVET per capita ($)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	27.4	29.2	29.3	31.3	33.2	34.7	36.3	37.9	39.7	41.5
Operating revenue per capita ($)	8.61	7.78	6.32	6.21	6.51	6.25	5.30	7.40	7.78	9.53	10.30	10.79	11.27	11.76	12.30	12.87	13.43	14.05	14.69

Assumptions:
- Inflation is assumed at 5% per year
- Real growth in taxable retail sales is assumed to be 2% per year
- Population projections are taken from OFM

Notes:
- Projections based on information supplied by Pierce Transit, Draft 10 Year Strategic Plan, May 1991
- Inconsistencies within revenue streams are a result different levels of detail between the historical and projected series.
- County population projections are those as published by OFM - August 1989, adjusted for actual figures from the 1990 Census

State and Local Revenue Projections
Washington State Public Transportation Study
Gannett Fleming, Inc.
September 5,1991
(in thousands of current year dollars)

Prosser Rural Transit (City of Prosser)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	<-------- ACTUAL									PROJECTED -------->									
County Population	107,726	106,877	106,035	105,200	106,632	108,084	109,556	111,048	112,560	112,702	112,844	112,986	113,128	113,271	113,404	113,536	113,669	113,802	113,936
% of population in transit district	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Service area population	4,007	3,976	3,945	3,913	3,967	4,021	4,075	4,131	4,187	4,193	4,198	4,203	4,208	4,214	4,219	4,224	4,228	4,233	4,238
Non-operating Revenue																			
Sales tax																			
Taxable retail sales ('000)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Transit sales tax rate (%)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sales Tax ('000)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MVET																			
MVET available ('000)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	140	135	129	136	146	155	164	174	184	196
MVET matched ('000)	15	15	10	15	15	15	15	15	15	24	34	34	34	34	34	34	34	34	34
MVET lost to Transportation Fund	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	116	101	95	102	112	121	130	140	151	162
Other revenues																			
Household Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	9	19	19	19	19	19	19	19	19	19
Utility Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
B&O Tax	15	23	10	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
Other local	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other state	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other revenue	17	14	9	6	11	10	1	8	7	10	10	11	11	11	11	12	12	12	12
Total non-operating revenue	47	52	29	36	41	40	31	38	37	59	78	78	79	79	79	79	80	80	80
Operating Revenue																			
Fares	3	4	5	8	9	6	15	16	25	26	26	27	27	28	28	29	29	30	30
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total operating revenue	3	4	5	8	9	6	15	16	25	26	26	27	27	28	28	29	29	30	30
Total State and Local Revenue	50	56	34	44	50	46	46	54	62	84	104	105	106	106	107	108	109	110	111
Productivity Measures																			
Taxable retail sales per capita ($)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sales tax collections per capita ($)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Available MVHT per capita ($)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	33.4	32.1	30.6	32.3	34.7	36.7	38.9	41.2	43.6	46.1
Operating revenue per capita ($)	0.75	1.01	1.27	2.04	2.27	1.49	3.68	3.87	5.97	6.08	6.20	6.31	6.43	6.55	6.67	6.80	6.93	7.06	7.19

Assumptions:
- Fare income is estimated to grow at 2% per year through 1991-2000
- The City of Prosser instituted a Household Tax (effective June 1991) which is expected to yield $18,900 per year from 1992 to 2000. Six months of collections or half of this amount is assumed for 1991.
- It is assumed that the City will be able to pool the B&O and Household Taxes for MVET matching purposes
- Other revenues are assumed to grow at 2% per annum, from a base year (1991) of $10,000

Notes:
- Projections based on historical information and input from Prosser Rural Transit
- Inconsistencies within revenue streams are a result different levels of detail between the historical and projected series.
- County population projections are those as published by OFM - August 1989, adjusted for actual figures from the 1990 Census

State and Local Revenue Projections
Washington State Public Transportation Study
Gannett Fleming, Inc.
September 5,1991
(In thousands of current year dollars)

Pullman Transit (City of Pullman)

	<------ ACTUAL								PROJECTED ------>									
	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
County Population	39,901	39,800	39,700	39,600	39,434	39,268	39,103	38,939	38,775	38,984	39,194	39,405	39,617	39,830	40,036	40,243	40,451	40,660	40,869
% of population in service area	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%
Service area population	24,088	24,028	23,967	23,907	23,806	23,706	23,606	23,507	23,408	23,535	23,661	23,789	23,917	24,046	24,170	24,295	24,420	24,546	24,673
Non-operating Revenue																			
Sales tax																			
Taxable retail sales ('000)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Transit sales tax rate (%)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sales Tax ('000)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MVET																			
MVHT available ('000)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	576	597	559	580	624	661	701	743	787	835
MVHT matched ('000)	217	269	206	238	248	250	322	312	346	350	362	371	380	390	399	410	421	432	443
MVHT lost to Transportation Fund	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	226	235	188	200	234	262	291	322	356	391
Other revenues																			
Household Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Utility Tax	222	246	226	238	238	239	325	346	349	350	362	371	380	390	399	410	421	432	443
B&O Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other local	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other state	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other revenue	3	14	34	43	25	14	18	36	33	20	20	20	20	20	20	20	20	20	20
Total non-operating revenue	442	529	466	519	511	503	665	694	728	720	744	762	780	799	818	839	861	883	906
Operating Revenue																			
Fares	92	86	90	107	119	118	142	182	193	203	213	223	235	246	259	272	285	299	314
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total operating revenue	92	86	90	107	119	118	142	182	193	203	213	223	235	246	259	272	285	299	314
Total State and Local Revenue	534	615	556	626	630	621	807	876	921	923	957	985	1,015	1,045	1,077	1,111	1,146	1,183	1,221
Productivity Measures																			
Taxable retail sales per capita ($)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sales tax collections per capita ($)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Available MVHT per capita ($)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	24.5	25.2	23.5	24.3	25.9	27.4	28.8	30.4	32.1	33.8
Operating revenue per capita ($)	3.82	3.58	3.76	4.48	5.00	4.98	6.02	7.74	8.24	8.61	8.99	9.39	9.81	10.24	10.70	11.18	11.68	12.20	12.74

Assumptions:
- Fare income is estimated to grow at 5% per year through 1991-2000
- The Utility Tax is expected to grow at 5% per year

Notes:
- Projections based on information supplied by City of Pullman
- Inconsistencies within revenue streams are a result different levels of detail between the historical and projected series.
- County population projections are those as published by OFM - August 1989, adjusted for actual figures from the 1990 Census

State and Local Revenue Projections
Washington State Public Transportation Study
Gannett Fleming, Inc.
September 5,1991
(In thousands of current year dollars)

Community Transit (Snohomish County PTBA)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
								<------ ACTUAL		PROJECTED ------->									
County Population	351,413	358,466	365,661	373,000	389,922	407,611	426,103	445,434	465,642	477,438	489,534	501,936	514,652	527,690	539,521	551,618	563,985	576,631	589,559
% of population in PTBA	67.1%	67.1%	67.1%	67.1%	67.1%	67.1%	67.1%	67.1%	67.1%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%
Service area population	235,728	240,459	245,285	250,208	261,560	273,426	285,830	298,797	312,446	324,205	332,418	340,839	349,474	358,328	366,362	374,576	382,974	391,561	400,340
Non-operating Revenue																			
Sales tax																			
Taxable retail sales ('000)	1,262,667	1,410,667	1,468,333	1,598,000	1,820,333	1,996,333	2,208,333	2,696,000	3,201,648	2,833,333	3,060,500	3,303,167	3,562,667	3,839,667	4,135,667	4,451,500	4,788,500	5,148,333	5,531,167
Transit sales tax rate (%)	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
Sales Tax ('000)	3,788	4,232	4,405	4,794	5,461	5,989	6,625	8,088	15,068	17,000	18,363	19,819	21,376	23,038	24,814	26,709	28,731	30,890	33,187
MVET																			
MVET available ('000)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11,012	12,235	12,741	14,094	15,150	16,059	17,022	18,044	19,126	20,274
MVET matched ('000)	3,560	4,177	4,405	4,794	5,461	5,989	6,625	8,088	9,743	11,012	12,235	12,741	14,094	15,150	16,059	17,022	18,044	19,126	20,274
MVET lost to Transportation Fund	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0	0	0	0	0	0	0	0
Other revenues																			
Household Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Utility Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
B&O Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other local	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other state	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other revenue	1,068	1,641	1,126	934	940	919	1,192	1,656	2,043	1,889	1,811	2,017	2,458	2,637	3,073	2,938	3,341	3,487	3,277
Total non-operating revenue	8,416	10,050	9,936	10,522	11,862	12,897	14,442	17,832	26,854	29,901	32,409	34,577	37,928	40,825	43,946	46,669	50,116	53,503	56,738
Operating Revenue																			
Fares	516	533	607	1,846	2,268	2,404	2,864	3,266	3,524	4,512	5,891	6,858	7,230	8,363	8,772	10,100	10,551	12,101	12,597
Other operating revenue	0	0	0	0	0	0	0	0	0	195	239	271	296	323	370	402	436	492	532
Total operating revenue	516	533	607	1,846	2,268	2,404	2,864	3,266	3,524	4,707	6,130	7,129	7,526	8,686	9,142	10,502	10,987	12,593	13,129
Total State and Local Revenue	8,932	10,583	10,543	12,368	14,130	15,301	17,306	21,098	30,378	34,608	38,539	41,706	45,454	49,511	53,088	57,171	61,103	66,096	69,867
Productivity Measures																			
Taxable retail sales per capita ($)	5,356	5,867	5,986	6,387	6,960	7,301	7,726	9,023	10,247	8,739	9,207	9,691	10,194	10,716	11,288	11,884	12,503	13,148	13,816
Sales tax collections per capita ($)	16.07	17.60	17.96	19.16	20.88	21.90	23.18	27.07	48.23	52.44	55.24	58.15	61.17	64.29	67.73	71.30	75.02	78.89	82.90
Available MVET per capita ($)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	34.0	36.8	37.4	40.3	42.3	43.8	45.4	47.1	48.8	50.6
Operating revenue per capita ($)	2.19	2.22	2.47	7.38	8.67	8.79	10.02	10.93	11.28	14.52	18.44	20.92	21.54	24.24	24.95	28.04	28.69	32.16	32.79

Assumptions:
- Taxable retail sales are expected to grow with inflation (5% per year) and population based on figures received from Community Transit
- Fares are based upon historical average fare per revenue hours adjusted for bi-annual fare increase

Notes:
- The decrease in total taxable retail sales in 1991, while appearing to look contrary to the trend, was corroborated with actual collections through June 1991
- In May of 1990 the sales tax rate was increased from 0.3% to 0.6%
- Projections based on information supplied by Community Transit, 1991 Budget, 2001 Plan System Update
- Inconsistencies within revenue streams are a result different levels of detail between the historical and projected series.
- County population projections are those as published by OFM - August 1989, adjusted for actual figures from the 1990 Census

State and Local Revenue Projections
Washington State Public Transportation Study
Gannett Fleming, Inc.
September 5,1991
(In thousands of current year dollars)

Spokane Transit (Spokane County PTBA)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	<------- ACTUAL									PROJECTED ------->									
County Population	346,767	349,260	351,771	354,300	355,702	357,109	358,522	359,940	361,364	361,993	362,622	363,253	363,885	364,518	365,117	365,717	366,317	366,919	367,521
% of population in PTBA	90.3%	90.3%	90.3%	90.3%	90.3%	90.3%	90.3%	90.3%	90.3%	90.3%	90.3%	90.3%	90.3%	90.3%	90.3%	90.3%	90.3%	90.3%	90.3%
Service area population	313,176	315,428	317,695	319,979	321,245	322,516	323,792	325,073	326,359	326,926	327,495	328,065	328,636	329,208	329,748	330,290	330,832	331,375	331,919
Non-operating Revenue																			
Sales tax																			
Taxable retail sales ('000)	2,044,500	2,139,667	2,497,667	2,373,667	2,526,000	2,586,333	2,728,000	3,062,667	3,389,935	3,616,346	3,760,999	3,911,439	4,067,897	4,230,613	4,399,837	4,575,831	4,758,864	4,949,219	5,147,188
Transit sales tax rate (%)	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Sales Tax ('000)	4,089	6,419	7,493	7,721	7,578	7,759	8,184	9,188	10,170	10,849	11,283	11,734	12,204	12,692	13,200	13,727	14,277	14,848	15,442
MVET																			
MVET available ('000)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	10,324	10,459	10,501	11,204	12,044	12,767	13,533	14,345	15,205	16,118
MVET matched ('000)	3,135	5,435	5,759	6,574	6,992	7,767	8,182	8,643	9,494	10,324	10,459	10,501	11,204	12,044	12,767	13,533	14,277	14,848	15,442
MVET lost to Transportation Fund	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0	0	0	0	0	68	358	676
Other revenues																			
Household Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Utility Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
B&O Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other local	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other state	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other revenue	523	811	1,160	1,426	683	1,684	2,339	3,135	2,902	2,395	2,139	1,629	986	816	1,101	1,191	1,263	1,478	1,669
Total non-operating revenue	7,747	12,665	14,412	15,721	15,253	17,210	18,705	20,966	22,566	23,568	23,882	23,865	24,394	25,552	27,067	28,451	29,816	31,173	32,553
Operating Revenue																			
Fares	2,502	2,715	3,208	3,150	3,071	2,899	2,921	3,026	3,215	2,914	3,813	4,028	4,218	4,418	4,628	4,848	5,080	5,323	5,578
Other	0	0	0	0	0	0	0	0	0	398	419	896	943	992	1,045	1,100	1,105	1,131	1,149
Total operating revenue	2,502	2,715	3,208	3,150	3,071	2,899	2,921	3,026	3,215	3,312	4,232	4,924	5,161	5,410	5,673	5,948	6,185	6,454	6,727
Total State and Local Revenue	10,249	15,380	17,620	18,871	18,324	20,109	21,626	23,992	25,781	26,880	28,114	28,789	29,556	30,962	32,740	34,400	36,001	37,627	39,279
Productivity Measures																			
Taxable retail sales per capita ($)	6,528	6,783	7,862	8,043	7,863	8,019	8,425	9,421	10,387	11,062	11,484	11,923	12,378	12,851	13,343	13,854	14,385	14,935	15,507
Sales tax collections per capita ($)	13.06	20.35	23.59	24.13	23.59	24.06	25.28	28.26	31.16	33.18	34.45	35.77	37.13	38.55	40.03	41.56	43.15	44.81	46.52
Available MVET per capita ($)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	31.6	31.9	32.0	34.1	36.6	38.7	41.0	43.4	45.9	48.6
Operating revenue per capita ($)	7.99	8.61	10.10	9.84	9.56	8.99	9.02	9.31	9.85	10.13	12.92	15.01	15.71	16.43	17.20	18.01	18.69	19.48	20.27

Assumptions:
- Taxable retail sales are assumed to grow 6.68% in 1991 (5.8% actual 1982-90) and at 4% from 1992 to 2000
- Spokane Transit expects to increase the sales tax rate to 0.6% from 0.3% starting in 1994
- Fare revenues include a fare increase starting in 1992

Notes:
- Other revenue in the projection period is assumed to be investment income as forecast by the Spokane Transit Authority
- Projections based on information supplied by Spokane Transit Authority, May 1991
- Inconsistencies within revenue streams are a result different levels of detail between the historical and projected series.
- County population projections are those as published by OFM - August 1989, adjusted for actual figures from the 1990 Census

State and Local Revenue Projections
Washington State Public Transportation Study
Gannett Fleming, Inc.
September 5,1991
(in thousands of current year dollars)

Intercity Transit (Thurston County PTBA)

	1982	1983	1984	1985	1986	1987	1988	<------- ACTUAL 1989	1990	PROJECTED -------> 1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
County Population	130,148	133,193	136,310	139,500	143,599	147,819	152,163	156,635	161,238	164,833	168,507	172,264	176,104	180,030	183,629	187,300	191,045	194,864	198,760
% of population in PTBA	66.1%	66.1%	66.1%	66.1%	66.1%	66.1%	66.1%	66.1%	66.1%	66.1%	66.1%	66.1%	66.1%	66.1%	66.1%	66.1%	66.1%	66.1%	66.1%
Service area population	86,038	88,051	90,112	92,221	94,931	97,720	100,592	103,548	106,591	108,968	111,397	113,880	116,419	119,014	121,394	123,821	126,296	128,821	131,396
Non-operating Revenue																			
Sales tax																			
Taxable retail sales ('000)	627,667	715,333	753,000	836,000	885,667	948,667	1,006,667	1,155,667	1,291,667	1,407,917	1,534,629	1,672,746	1,823,293	1,987,389	2,166,254	2,361,217	2,573,727	2,805,362	3,057,845
Transit sales tax rate (%)	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Sales Tax ('000)	1,883	2,146	2,259	2,508	2,657	2,846	3,020	3,467	3,875	4,224	4,604	5,018	5,470	5,962	6,499	7,084	7,721	8,416	9,174
MVET																			
MVET available ('000)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3,356	3,716	3,793	4,113	4,421	4,686	4,967	5,265	5,581	5,916
MVET matched ('000)	1,548	1,548	1,683	1,806	2,127	2,399	2,558	2,766	3,292	3,356	3,716	3,793	4,113	4,421	4,686	4,967	5,265	5,581	5,916
MVET lost to Transportation Fund	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0	0	0	0	0	0	0	0
Other revenues																			
Household Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Utility Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
B&O Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other local	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other state	13	21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other revenue	230	365	374	292	304	363	497	925	777	694	735	725	791	791	859	967	1,127	1,352	1,600
Total non-operating revenue	3,674	4,080	4,316	4,606	5,088	5,608	6,075	7,158	7,944	8,274	9,055	9,537	10,373	11,174	12,044	13,018	14,114	15,349	16,690
Operating Revenue																			
Fares	380	352	327	341	348	351	381	401	465	488	513	538	565	593	623	654	687	721	757
Other	0	0	0	0	0	0	0	0	0	659	691	726	762	800	841	883	927	973	1,022
Total operating revenue	380	352	327	341	348	351	381	401	465	1,147	1,204	1,264	1,328	1,394	1,464	1,537	1,614	1,694	1,779
Total State and Local Revenue	4,054	4,432	4,643	4,947	5,436	5,959	6,456	7,559	8,409	9,421	10,259	10,801	11,701	12,568	13,507	14,555	15,727	17,044	18,469
Productivity Measures																			
Taxable retail sales per capita ($)	7,295	8,124	8,356	9,065	9,330	9,708	10,007	11,161	12,118	12,921	13,776	14,689	15,661	16,699	17,845	19,070	20,379	21,777	23,272
Sales tax collections per capita ($)	21.89	24.37	25.07	27.20	27.99	29.12	30.02	33.48	36.35	38.76	41.33	44.07	46.98	50.10	53.53	57.21	61.14	65.33	69.82
Available MVHT per capita ($)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	30.8	33.4	33.3	35.3	37.1	38.6	40.1	41.7	43.3	45.0
Operating revenue per capita ($)	4.42	4.00	3.63	3.70	3.67	3.59	3.79	3.87	4.36	10.52	10.81	11.10	11.40	11.71	12.06	12.41	12.78	13.15	13.54

Assumptions:
- Taxable retail sales are expected to grow at 9% per year for the period 1991-2000
- Farebox and other operating revenues are expected to grow at 5% per year for the period 1991-2000
- Interest income is estimated at 7.5% on reserved and unreserved cash.
- Other operating revenue includes: vanpool, special shuttles, and E&H
- This forecast includes adding the legislative and state offices shuttles in 1991.

Notes:
- Projections based on information supplied by Intercity Transit
- Inconsistencies within revenue streams are a result different levels of detail between the historical and projected series.
- County population projections are those as published by OFM - August 1989, adjusted for actual figures from the 1990 Census

State and Local Revenue Projections
Washington State Public Transportation Study
Gannett Fleming, Inc.
September 5,1991
(In thousands of current year dollars)

Valley Transit (Walla Walla County PTBA)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
								<------- ACTUAL		PROJECTED ------->									
County Population	47,819	48,012	48,205	48,400	48,408	48,416	48,423	48,431	48,439	48,430	48,422	48,413	48,404	48,395	48,383	48,370	48,357	48,344	48,331
% of population in PTBA	85.6%	85.6%	85.6%	85.6%	85.6%	85.6%	85.6%	85.6%	85.6%	85.6%	85.6%	85.6%	85.6%	85.6%	85.6%	85.6%	85.6%	85.6%	85.6%
Service area population	40,933	41,098	41,264	41,430	41,437	41,444	41,450	41,457	41,464	41,456	41,449	41,441	41,434	41,426	41,415	41,404	41,393	41,382	41,371
Non-operating Revenue																			
Sales tax																			
Taxable retail sales ('000)	229,667	235,667	254,667	256,333	233,000	238,000	238,000	262,000	302,333	314,427	327,004	340,084	353,687	367,835	382,548	397,850	413,764	430,315	447,527
Transit sales tax rate (%)	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Sales Tax ('000)	689	707	764	769	699	714	714	786	907	943	981	1,020	1,061	1,104	1,148	1,194	1,241	1,291	1,343
MVET																			
MVET available ('000)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,022	1,037	972	1,008	1,083	1,148	1,217	1,290	1,368	1,450
MVET matched ('000)	611	628	628	728	755	619	764	739	901	943	981	972	1,008	1,083	1,148	1,194	1,241	1,291	1,343
MVET lost to Transportation Fund	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	78	56	0	0	0	1	24	49	77	107
Other revenues																			
Household Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Utility Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
B&O Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other local	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other state	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other revenue	52	71	127	171	135	105	111	121	109	100	100	100	100	100	100	100	100	100	100
Total non-operating revenue	1,352	1,406	1,519	1,668	1,589	1,438	1,589	1,646	1,917	1,987	2,062	2,092	2,169	2,287	2,395	2,487	2,583	2,682	2,785
Operating Revenue																			
Fares	60	67	60	58	55	53	51	73	124	130	137	144	151	158	166	174	183	192	202
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total operating revenue	60	67	60	58	55	53	51	73	124	130	137	144	151	158	166	174	183	192	202
Total State and Local Revenue	1,412	1,473	1,579	1,726	1,644	1,491	1,640	1,719	2,041	2,117	2,199	2,235	2,319	2,445	2,561	2,662	2,766	2,874	2,987
Productivity Measures																			
Taxable retail sales per capita ($)	5,611	5,734	6,172	6,187	5,623	5,743	5,742	6,320	7,292	7,585	7,889	8,206	8,536	8,879	9,237	9,609	9,996	10,398	10,817
Sales tax collections per capita ($)	16.83	17.20	18.51	18.56	16.87	17.23	17.23	18.96	21.87	22.75	23.67	24.62	25.61	26.64	27.71	28.83	29.99	31.20	32.45
Available MVET per capita ($)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	24.6	25.0	23.4	24.3	26.1	27.7	29.4	31.2	33.0	35.0
Operating revenue per capita ($)	1.47	1.63	1.45	1.40	1.33	1.28	1.23	1.76	2.99	3.14	3.30	3.46	3.64	3.82	4.01	4.21	4.43	4.65	4.88

Assumptions:
- Fare income is estimated to grow at 5% per year through 1991-2000
- Sales tax base is assumed to grow at 3.5% from 1991-2000, based on historical trend (1982-1990)

Notes:
- No revenue projections were provided by Valley Transit, therefore these projections are derived by the consultants on this study.
- County population projections are those as published by OFM - August 1989, adjusted for actual figures from the 1990 Census

State and Local Revenue Projections
Washington State Public Transportation Study
Gannett Fleming, Inc.
September 5,1991
(in thousands of current year dollars)

Whatcom Transportation Authority (Whatcom County PTBA)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
								<------ ACTUAL		PROJECTED ------>									
County Population	110,328	112,187	114,078	116,000	118,266	120,576	122,931	125,332	127,780	129,155	130,546	131,951	133,371	134,807	136,174	137,555	138,950	140,359	141,782
% of population in PTBA	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	72.1%	72.1%	72.1%	72.1%	72.1%	72.1%	72.1%	72.1%	72.1%	72.1%	72.1%
Service area population	74,929	76,192	77,476	78,781	80,320	81,889	83,488	85,119	92,104	93,095	94,097	95,110	96,134	97,169	98,154	99,149	100,155	101,170	102,196
Non-operating Revenue																			
Sales tax																			
Taxable retail sales ('000)		n/a	422,667	503,667	554,333	589,667	713,667	1,113,667	1,278,667	1,380,000	1,449,000	1,521,450	1,597,523	1,677,399	1,761,269	1,849,332	1,941,799	2,038,889	2,140,833
Transit sales tax rate (%)		n/a	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Sales Tax ('000)		n/a	1,268	1,511	1,663	1,769	2,141	3,341	3,836	4,140	4,347	4,564	4,793	5,032	5,284	5,548	5,825	6,117	6,422
MVET																			
MVET available ('000)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3,020	3,136	3,070	3,326	3,576	3,790	4,018	4,259	4,514	4,785
MVET matched ('000)		0	715	1,099	1,291	1,411	1,510	2,182	2,782	3,020	3,136	3,070	3,326	3,576	3,790	4,018	4,259	4,514	4,785
MVET lost to Transportation Fund		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0	0	0	0	0	0	0	0
Other revenues																			
Household Tax		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Utility Tax		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
B&O Tax		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other local		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other state		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other revenue		3	79	115	64	173	276	466	128	0	0	0	0	0	0	0	0	0	0
Total non-operating revenue			2,062	2,725	3,018	3,353	3,927	5,989	6,746	7,160	7,483	7,635	8,119	8,608	9,074	9,566	10,084	10,631	11,207
Operating Revenue																			
Fares		246	239	272	270	268	263	301	335	385	404	424	446	468	491	516	542	569	597
Other		0	0	0	0	0	0	0	0	6	6	6	7	7	7	7	7	8	8
Total operating revenue			239	272	270	268	263	301	335	391	410	431	452	475	498	523	549	576	605
Total State and Local Revenue			2,301	2,997	3,288	3,621	4,190	6,290	7,081	7,551	7,893	8,065	8,571	9,083	9,572	10,089	10,633	11,207	11,813
Productivity Measures																			
Taxable retail sales per capita ($)			5,455	6,393	6,902	7,201	8,548	13,084	13,883	14,824	15,399	15,997	16,618	17,263	17,944	18,652	19,388	20,153	20,948
Sales tax collections per capita ($)			16.37	19.18	20.70	21.60	25.64	39.25	41.65	44.47	46.20	47.99	49.85	51.79	53.83	55.96	58.16	60.46	62.84
Available MVET per capita ($)			n/a	n/a	n/a	n/a	n/a	n/a	n/a	32.4	33.3	32.3	34.6	36.8	38.6	40.5	42.5	44.6	46.8
Operating revenue per capita ($)			3.08	3.45	3.36	3.27	3.15	3.54	3.64	4.20	4.36	4.53	4.70	4.89	5.08	5.28	5.48	5.70	5.92

Assumptions:
- Taxable retail sales and fare income are expected to grow at 5% per year through the projection period
- Miscellaneous operating revenue is expected to grow at 3% per year thought the projection period

Notes:
- Projections based on information supplied by Whatcom Transportation Authority, 6 Year Financial Plan 1991-1996
- Update of Comprehensive Transit Development Plan is not reflected in this Six Year Financial Plan.
- Inconsistencies within revenue streams are a result different levels of detail between the historical and projected series.
- County population projections are those as published by OFM - August 1989, adjusted for actual figures from the 1990 Census

State and Local Revenue Projections
Washington State Public Transportation Study
Gannett Fleming, Inc.
September 5,1991
(in thousands of current year dollars)

Yakima Transit (City of Yakima)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
								<------ ACTUAL		PROJECTED ------->									
County Population	176,437	178,436	180,456	182,500	183,747	185,003	186,268	187,541	188,823	190,564	192,321	194,095	195,884	197,691	199,418	201,161	202,919	204,693	206,482
% of population in service area	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%
Service area population	49,402	49,962	50,528	51,100	51,449	51,801	52,155	52,512	52,870	53,358	53,850	54,347	54,848	55,353	55,837	56,325	56,817	57,314	57,815
Non-operating Revenue																			
Sales tax																			
Taxable retail sales ('000)	479,000	543,000	574,333	587,333	575,667	617,667	651,333	718,000	764,667	802,900	843,045	885,197	929,457	975,930	1,024,726	1,075,963	1,129,761	1,186,249	1,245,561
Transit sales tax rate (%)	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Sales Tax ('000)	1,437	1,629	1,723	1,762	1,727	1,853	1,954	2,154	2,294	2,409	2,529	2,656	2,788	2,928	3,074	3,228	3,389	3,559	3,737
MVET																			
MVET available ('000)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MVET matched ('000)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MVET lost to Transportation Fund	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other revenues																			
Household Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Utility Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
B&O Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other local	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other state	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other revenue	76	117	190	194	162	215	210	254	405	425	447	469	492	517	543	570	598	628	660
Total non-operating revenue	1,513	1,746	1,913	1,956	1,889	2,068	2,164	2,408	2,699	2,834	2,976	3,124	3,281	3,445	3,617	3,798	3,988	4,187	4,396
Operating Revenue																			
Fares	184	178	181	217	215	243	263	250	275	289	303	318	334	351	369	387	406	427	448
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total operating revenue	184	178	181	217	215	243	263	250	275	289	303	318	334	351	369	387	406	427	448
Total State and Local Revenue	1,697	1,924	2,094	2,173	2,104	2,311	2,427	2,658	2,974	3,123	3,279	3,443	3,615	3,796	3,985	4,185	4,394	4,614	4,844
Productivity Measures																			
Taxable retail sales per capita ($)	9,696	10,868	11,367	11,494	11,189	11,924	12,488	13,673	14,463	15,047	15,655	16,288	16,946	17,631	18,352	19,103	19,884	20,697	21,544
Sales tax collections per capita ($)	29.09	32.60	34.10	34.48	33.57	35.77	37.47	41.02	43.39	45.14	46.97	48.86	50.84	52.89	55.06	57.31	59.65	62.09	64.63
Available MVET per capita ($)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Operating revenue per capita ($)	3.72	3.56	3.58	4.25	4.18	4.69	5.04	4.76	5.20	5.41	5.63	5.86	6.09	6.34	6.60	6.87	7.15	7.44	7.75

Assumptions:
- All categories of revenue are assumed to grow at 5% per year (rate of general inflation), which is consistent with long-term sales tax growth

Notes:
- The Yakima transit system does not prepare long-term revenue projections
- Yakima Transit is not eligible to receive MVET revenues
- Inconsistencies within revenue streams are a result different levels of detail between the historical and projected series.
- County population projections are those as published by OFM - August 1989, adjusted for actual figures from the 1990 Census

APPENDIX B

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ISSUE	DOT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
Authorizations	Trust Fund/General Fund	Trust Fund/ General Fund split for all programs $4.4B-$5.1B $21B total	Trust Fund/ General Fund $6.5 Annually $32.4 Total
Section 3	Trust Fund based $1.4B in 91.	$1.3B in 92; $8.1B over 5 years.	Trust Fund only $1.2B-$1.6B; additional $2.5B-$1.7B (half Sec. 3, half 9B).
Allocations	40% New Starts 40% Rail Mod. 10% Bus 10% Discretionary 1/2 of amounts over 1B by section 9 formula.	40% New Starts 40% Rail Mod. 20% Bus	40% New Start ($10M discretionary set-aside; rest requires congressional authorization). 40% Rail Mod. 10% Bus ($10M Transit security set-aside); 10% Minimum State Allocation (1/3 of 1%) (but subtract previous yrs. M.T.A. funds).

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
Rail Modernization	Discretionary	Rail Mod. by 3 tier formula: 10 old cities get $455M; next $70M split 50/50 old and fixed guideway 10 years old under 9(b); amounts over $525M to same under 9(b).	Rail Mod by 3 Tier formula: 11 old cities get $455M; next $70M split 50/50 old and fixed guideway under 9(b); amounts over $525M under 9(b).
New Starts	New Starts Criteria	Additional New Starts Criteria: compare highways, consider broader factors. No criteria if in severe or extreme nonattain. area, project funded under highway title, or cost less than $25M or 1/3rd of project.	Significant new approach: bill identifies some 38 projects. Only these may be funded. In '93 UMTA reports on new starts factors to Committee which then allocates funds among projects.
Federal Share	75% (but "overmatch" common).	75% 90% for ADA, CAA bus costs.	80%, unless grantee requests lower.

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
Highway Projects	Not eligible.	Not eligible.	Not eligible, except under minimum allocation.
New Financing Mechanisms	None	Early systems work agreements. "Contingent commitments" of 50% of uncommitted Trust Fund cash balance.	None.
Section 8 Planning Process	MPOs approval plans, projects drawn from TIP.	Current MPOs grandfathered, but redesignation required in Transportation Management Areas. MPOs prepare Transportation Strategy: identifies integrated transportation facilities, assesses 20 yr. demands, long-range strategy land use, travel demand, financial plan, etc.)	Requires MPO to develop plans and programs for development of transportation facilities. Must cover UZA and anticipated future urbanization. 200,000+ must coordinate with State and affected transit operators. Secretary to appoint Advisory Committee to report on planning results.

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
		TIP must conform to approved strategy.	
		Transportation Management Areas: 250K+, nonattain. areas, others designated. Phased in over 4 years. Only MPO-approved projects may be funded, except those necessary to comply with ADA.	

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
Section 9 Formula Program - General	General Fund based (except for 1/2 over $1B from T.F.)	$1.9B to $2.58B	$1.8B-$2.2B General Fund, $590M/yr. Trust Fund (5% for Sec. 18). Plus 9B (half of $2.5 - $1.7B).
	$1.6B gf, $0.2B tf	Annual certification with streamlined procedures.	
	Statutory formula	Incentive tier deleted.	Incentive tier remains. Less than 200,000, 10%; 200,000 + 85%.
Federal Share	80% Capital 50% Operating	80% Capital 50% Operating 90% ADA, CAA bus costs	Current law.
Rail Modernization	Rail tier distributes funds to all rail cities.	Rail tier unchanged but rail Mod. formula added under sec. 3. above. (See above.)	Rail Tier unchanged but rail Mod. formula added under section 3. (See above.)

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
Operating Assistance	Statutory caps	Same as UMT Act (note also that operating assistance eligible only under General Fund, not Trust Fund).	Inflation adjustment available to all cities (not just small cities as under current law). "Materials and supplies" becomes capital maintenance item.
Highway Projects	Not eligible.	Eligible in areas over 250,000 or attainment areas if ADA projects satisfied and balanced local approach.	25% eligible for transfer in small UZAs, rural areas; additional 10% if transit needs met.
Ferry Boats		UMTA-funded ferry-boats may occasionally be operated outside of UZA for periodic maintenance.	
1990 Census		1990 Census data to extent practicable for formula programs in 1992.	

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
Section 9, 18 Data		Update sections 9, 18 every 4 years, use interim Census data.	
University Transportation Centers	10 Centers administered by OST.	3 New Centers (same as Administration).	3 New Centers: Morgan State-mgt, research; N.J. Inst. of Tech.-transp., prod.; Arkansas-rural study center $7M UMTA $7M FHWA - - - University Institute: San Jose - Surface Transportation; Northwestern - infrastructure - - - National Committee on Surface Transportation Research.

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
Transfer of Facilities, Equipment	Under OMB rules, only permitted if another Federal grantor agency would assume responsibility.	Same as Administration.	Same as Administration.
Turnkey Procurement		Conditional award before Federal requirements met permitted for B.O.T. (Build Operate Transfer) Procurements allowed under which grantee can exercise option within 5 years.	Same as Senate.

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
Davis-Bacon Act Act	Pay prevailing wages on construction contracts of $2,000 or more.	Current law.	Current law.
16(b)(2) (E&H)	Non-profits provide special services for e&h if public bodies unable to. Cannot lease equipment to public bodies. $35M.	Allocated to States then to non-profits and coordinating public bodies. Equipment can be leased to public bodies. Meals on wheels eligible if does not affect transit services. $58-$72M.	Same as current law but $30M available for operating expenses. $30M/yr. (G.F.) $43M/yr. (T.F.) Same as Senate.

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
Section 18 Rural Program	States administer program, operating assistance unlimited. $65.3M	Same as UMT Act, but operating assistance available only from general revenues, not trust fund, which results in indirect cap, depending upon level of General Funding. $127-$164M.	Same as UMT Act, but $20M intercity bus set-aside. 5% of formula and 9B amounts.
Facilities/ Equipment Transfer		Same as Administration.	Current law.
Federal Share	80% capital 50% operating	90% ADA, CAA bus costs 80% capital 50% operating	Current law.
		Meals on wheels eligible if doesn't affect transit services.	Same as Senate.

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
		Amtrak operating losses eligible in Me., S.D., OK. (50%.)	
Governor's Allocation	States administer section 18, 16(b)(2), small UZAs.	Current law.	Current law.
Highway Projects	Not eligible.	Not eligible.	25% eligible for transfer in small UZAs, rural areas; additional 10% if no unmet transit needs.
Section 20 Human Resources	Projects for human resource activities	Same as Administration.	Current law.

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
Section 22 Safety	Secretary may investigate any unsafe condition, require corrective action.	Report to Congress on transit safety. Authority to impose drug and alcohol testing of transportation safety workers, including transit, would pre-empt State, local law. Procedures similar to current DOT-wide regulation. Requires rehabilitation regulation but does not specify who pays.	Extends safety authority to Sec. 9 Program (technical).

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
Section 23 – Project Management Oversight	1/2 of 1% of section 3, 9, 18, Stark-Harris to conduct PMO, safety, financial, audits of grantees.	Same as Administration.	Current law.
Planning & Research	Sections 6,8,10, 11,20 $45M (Section 8)	Generally same as Administration, but nothing on retaining fees or waiving critical for 25% of funds.	Essentially same as Administration but no provision on retaining fees. $150M per year fixed amount; no percentage takedown.
	$8M (sections 6, 10,11,20)	$35M at nat'l level for 6,8,10,11,20. State/local program TCRP ($11M) Planning and Research ($11M) MPOs ($52M)	

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
Buy America (Highway title)	Steel, manufactured products on UMTA-funded projects must be from U.S. four exceptions: Public interest Unavailability	Current law.	Highway title adds "iron" to steel, manufactured products.

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
	25% price differential Rolling stock domestic content of 50%(+), final assembly in U.S.		
Other Issues		GAO report on charter bus regulations. GAO biennial study of transit needs.	DOT Biennial Needs Survey. Creates a National Transit Institute.
Motor Fuel Taxes (Revenue title)	14 cents through 1995 (1.5 goes to Transit Account).	No revenue title in Senate bill. Senate will await House action before addressing revenue.	5 cents gas tax increase.

Estimated Increase in House Transit Reauthorization Resulting from One Cent Motor Fuel Tax Increase

Area and Program	Estimated Increase Resulting from One Cent Motor Fuel Tax Increase					
	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	Total
(Column A)	(Column B)	(Column C)	(Column D)	(Column E)	(Column F)	(Column G)
WASHINGTON:						
BELLINGHAM, SECTION 9	105,254	101,890	98,369	94,680	97,798	497,990
BREMERTON, SECTION 9	129,255	125,124	120,800	116,271	120,098	611,548
LONGVIEW, WA PORTION, SECTION 9	103,062	99,768	96,320	92,708	95,761	487,619
OLYMPIA, SECTION 9	130,167	126,006	121,652	117,090	120,945	615,860
PORTLAND, SECTION 9 *	483,196	467,751	451,588	434,655	448,965	2,286,154
RICHLAND-KENNEWICK, SECTION 9	212,339	205,552	198,449	191,008	197,296	1,004,645
SEATTLE-EVERETT, SECTION 9	7,628,690	7,384,847	7,129,662	6,862,325	7,088,251	36,093,774
SPOKANE, SECTION 9	889,345	860,918	831,168	800,002	826,341	4,207,774
TACOMA, SECTION 9	1,314,835	1,272,808	1,228,826	1,182,749	1,221,688	6,220,906
YAKIMA, SECTION 9	187,444	181,453	175,183	168,614	174,165	886,858
WASHINGTON, RURAL, SECTION 18	458,387	443,736	428,402	412,339	425,914	2,168,777
SEATTLE-EVERETT, SEC. 3 MODERNIZATION	4,619,441	4,724,428	4,834,299	4,949,401	5,460,127	24,587,695
WASHINGTON, PLANNING AND RESEARCH	428,581	438,321	448,515	459,194	506,578	2,281,189
WASHINGTON, MINIMUM ADDITIONAL RETURN	0	0	0	0	0	0
WASHINGTON, TOTAL	16,689,996	16,432,600	16,163,231	15,881,036	16,783,926	81,950,789

* Amounts for multi-state urbanized areas over 200,000 population distributed based on population.

APPENDIX C

Projected MVET Revenue by District
Reported on an Accrual Basis
WA State Public Transportation Study
September 22, 1991

	Calendar 1991	Calendar 1992	Calendar 1993	Calendar 1994	Calendar 1995	Calendar 1996	Calendar 1997	Calendar 1998	Calendar 1999	Calendar 2000
Benton-Franklin PTBA	3,995,314	3,994,284	4,206,220	4,477,306	4,738,112	4,991,013	5,257,519	5,538,367	5,834,336	6,146,247
Chelan-Douglas PTBA	2,454,213	2,513,416	2,592,554	2,777,765	2,958,454	3,135,961	3,324,119	3,523,566	3,734,980	3,959,079
Clallam County PTBA	1,591,042	1,538,939	1,674,427	1,730,294	1,770,694	1,825,568	1,882,194	1,940,630	2,000,937	2,063,179
Cowlitz PTBA	638,876	651,478	717,552	763,176	794,544	834,986	880,910	929,360	980,475	1,034,401
Everett (city)	0	0	0	0	0	0	0	0	0	0
Grays Harbor County	1,607,824	1,551,431	1,686,546	1,761,333	1,800,986	1,854,823	1,910,323	1,967,540	2,026,532	2,087,357
Island County	837,806	877,598	903,696	977,744	1,044,232	1,106,886	1,173,299	1,243,697	1,318,319	1,397,418
Jefferson County PTBA	544,768	574,191	595,148	646,102	690,038	731,441	775,327	821,847	871,158	923,427
King County Metro	66,333,276	71,054,089	75,151,188	81,488,508	87,029,860	92,251,651	97,786,750	103,653,955	109,873,193	116,465,584
Kitsap County PTBA	4,194,455	4,368,559	4,590,539	4,960,797	5,298,139	5,616,028	5,952,989	6,310,169	6,688,779	7,090,106
Lewis County PTBA	414,639	407,027	459,995	479,956	490,792	506,058	521,815	538,080	554,869	572,200
Pacific County	373,069	364,052	406,610	431,363	449,504	472,135	495,906	520,876	547,106	574,658
Pierce County PTBA	13,895,992	14,750,427	15,455,148	16,676,106	17,810,108	18,878,715	20,011,437	21,212,124	22,484,851	23,833,942
Prosser (city)	33,900	33,900	33,900	33,900	33,900	33,900	33,900	33,900	33,900	33,900
Pullman (city)	363,187	345,201	380,314	399,429	406,220	416,723	428,400	440,423	452,803	465,553
Snohomish County PTBA	11,493,889	12,461,377	13,345,494	14,565,473	15,555,949	16,489,306	17,478,664	18,527,384	19,639,027	20,817,369
Spokane County PTBA	10,242,904	10,477,945	10,815,268	11,579,453	12,366,875	13,108,887	13,895,421	14,661,142	15,255,279	15,873,643
Thurston County PTBA	3,527,786	3,750,482	3,935,941	4,250,442	4,539,479	4,811,848	5,100,559	5,406,592	5,730,988	6,074,847
Walla Walla County PTBA	966,151	951,797	987,684	1,041,413	1,112,231	1,178,425	1,226,177	1,275,877	1,327,604	1,381,441
Whatcom County PTBA	2,977,928	3,106,358	3,184,654	3,437,707	3,671,477	3,891,766	4,125,272	4,372,788	4,635,155	4,913,265
Yakima (city)	0	0	0	0	0	0	0	0	0	0

Produced by: Gannett Fleming, Inc.
Produced for: The Legislative Transportation Committee

PUBLIC TRANSPORTATION STUDY

Task 2B.3

FEDERAL REVENUE SOURCES
ADDENDUM #1

Prepared for:

STATE of WASHINGTON

The Legislative Transportation Committee

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September 5, 1991

FEDERAL REVENUE SOURCES
PUBLIC TRANSPORTATION STUDY

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Abstract - Federal Revenue Sources

The history of public transportation financing in Washington State responds to and follows changes in the Federal Program. Though the Federal Program started in the 1960's and blossomed in the 1970's it was not until the 1970's that State Legislation and funding programs began to develop. Federal operating and capital assistance provide significant levels of revenue to Washington State's transit systems. Though many systems emphasize that federal money is primarily used to fund capital expenditures, significant federal funds also provide operating assistance across the state. Responding to the Federal initiatives in the 1980's, Washington State's transit systems became aware of the unreliability and even possible elimination of federal funding. Their response was to use federal funding for capital expenditures which could be delayed or expended as they came. Operating expenses on the other hand had to be consistently available year-to-year to meet payrolls and provide service.

Washington State's transit districts thus developed an operating procedure which used local sales tax revenues matched with MVET revenues as the consistent source for operating revenue.

The smaller urban and rural areas of the state, have used Section 18 Federal money for operating and capital assistance. Section 18 has not constituted a great portion of their operating budgets due to the limited federal funds available. In most cases, the demand has been three to four times greater than the federal assistance provided and available. In other words, the State could utilize three to four times the existing level of Section 18 funding.

The reauthorization of federal highway and transit programs is presently being undertaken. This reauthorization and its outcome are vital to Washington State's public transportation programs. The program direction and dollar levels provided are significant for the direction of transit in Washington State.

The existing reauthorization bills contain significant funding level increases and it appears that regardless of what's passed, current funding levels will be maintained and even increased over the life of the authorization. Significant new funding could be made available through gas tax increases or the distribution of the unspent balance of transit funds within the highway trust fund.

I. Federal Revenue Sources

A. Introduction

This report addresses Task 2.B.3 of the Washington State Public Transportation Study. It will outline the history and tabulate the magnitude of Federal financial assistance to the State's transit districts.

As of this writing, the Federal reauthorization for national transit legislation is presently being considered in Congress. The existing program was reauthorized in 1987 and is due to expire with the end of the Federal Fiscal Year (FFY) 1991 (September 30, 1991). Though reauthorization is expected, any change in program structure or funding levels will not be known until the Congress has acted, and the President has signed the legislation. An authorization is Federal legislation that creates or redefines the structure of a program, (including any formulas and guidelines for awarding funds) and may set an upper limit on program spending. This is the case for the national transit legislation, and although it is possible that the program would not be reauthorized, and in effect end, more probably it will continue. This process thus becomes the focal point for discussion surrounding the program's future.

Part of the scope of work for this part of the Washington State Transit Study requires that forecasts of Federal revenue be produced, and that potential state policy actions be identified that responds to Federal structural or funding changes. Without final approval of the federal legislation these tasks become definitively impossible to fulfill. A general indication of program and funding direction can be discussed however, based on existing proposals known at the time of this writing. In addition, a historical review of Federal funding for transit districts in the State may provide some clue to future funding, being that most Federal programming/funding changes have been historically incremental.

B. Background of Federal Program

The history of the Federal Transit Program starts after, but for all purposes, runs parallel to, the Federal Highway program. Since the mid 1970's both the Federal Highway and Transit reauthorizations have been combined into a single "Surface Transportation Reauthorization" proposal. From its start, the Federal transit program found its impetus in urban growth and the negative aspects of a proliferating highway system.

By the late 1950's urban freeways and interstate segments had started to make suburban growth easy. They had spawned over-crowed highways, rush hour traffic, and sprawl. Some students of urban America had begun to argue that no supply of roads could address the problem, but that controlling demand through planning and using the existing system in the best and most efficient manner, was the only solution. Generally, these concerns came from those responsible for housing and planning policies. Road builders held the myopic view that more supply would eventually serve all demand, irrespective of consequence. In the early 1960's the concern for a nationally decaying urban core, led Federal housing and planning officials to focus on transportation as a tool rather than a product.

In 1960 the U.S. Secretary of Commerce (then responsible for the Federal Highway program) and the Housing and Home Finance Administration joined together to sponsor legislation that would allow highway planning funds to be used to coordinate local planning of transportation, land use and development. It was in this context that an unrelated event occurred which provided the catalyst for further Federal action. The New York Central Railroad announced its intention to abandon its West Shore commuter rail and ferry service in the New York City area. Northeast states and the affected communities began to lobby Congress for Federal mass transportation assistance to publicly operate these and other services. In response, the Congress passed the Federal Housing Act of 1961.

Included in the Housing Act of 1961, were several significant programs that affected mass transportation. Any monies that were made available in the Act for planning programs could be used to coordinate transit planning in the surrounding area. In addition, two significant sources of funding directly related to mass transit were provided. The first was a loan program for the purpose of purchasing capital items. These loans were available to purchase both facilities and equipment and were available for up to a 40 year time period at 3 percent interest rate. A maximum of $650 million dollars was available. The Federal Government was not anxious to collect these loans, and in effect later legislation forgave all loans made, converting them to outright grants.

The second program was a demonstration program established to encourage experimentation and research, for example to increase the passenger appeal of mass transportation service. Demonstrations were funded at a level "not to exceed" $25 million dollars and covered two-thirds of the cost of the total project. These were grants and not loans. A second part of this program was a planning grant initiative that funded from two-thirds to three-fourths of the cost of planning projects for a total of $75 million dollars. Of significance was that these programs were placed in the Housing and Home Finance Administration rather than in the Department of Commerce, which at that time had been the traditional transportation agency of the Federal Government. This was done because local transportation was felt to be intimately connected to urban problems, urban planning, and urban housing programs. It was not until 1966, that these programs and the highway programs contained within the Department of Commerce were joined with all other Federal transportation programs in the then newly established Federal Department of Transportation.

Starting with these initial beginnings in 1961, Federal authorizing legislation for mass transportation has occurred approximately every two to four years and has evolved and changed with both the needs of mass transit and changing federal objectives. Significant benchmarks in this evolution include the following:

- 1964: The Urban Mass Transportation Act of 1964 (UMT Act of 1964) established the Urban Mass Transportation Administration (UMTA) within the Department of Housing and Urban Development to administer a program of capital grants or loans to transit systems. (Naturally, grants quickly became more popular than loans).

The "findings and purposes" of the 1964 Act included:

SECTION 2. (a) The Congress finds--

(1) that the predominant part of the Nation's population is located in its rapidly expanding metropolitan and other urban areas, which generally cross the boundary lines of local jurisdictions and often extend into two or more States;

(2) that the welfare and vitality of urban areas, the satisfactory movement of people and goods within such areas, and the effectiveness of housing, urban renewal, highway, and other federally aided programs are being jeopardized by the deterioration or inadequate provision of urban transportation facilities and services, the intensification of traffic congestion, and the lack of coordinated transportation and other development planning on a comprehensive and continuing basis; and

(3) that Federal financial assistance for the development of efficient and coordinated mass transportation systems is essential to the solution of these urban problems.

SECTION 2. (b) The purposes of this Act are--

(1) to assist in the development of improved mass transportation facilities, equipment, techniques, and methods, with the cooperation of mass transportation companies both public and private;

(2) to encourage the planning and establishment of area wide urban mass transportation systems needed for economical and desirable urban development, with the cooperation of mass transportation companies both public and private; and

(3) to provide assistance to State and local governments and their instrumentalities in financing such systems, to be operated by public or private mass transportation companies as determined by local needs. (49 U.S.C. app § 1601) (these purposes were expanded in 1970 and again in 1974)

- 1966: The Urban Mass Transportation Act of 1966 expanded funding for capital purchases and allowed funding for research, planning, and training.

- 1966: The Urban Mass Transportation Administration was moved to the newly created Department of Transportation (DOT).

- 1970: The Urban Mass Transportation Assistance Act of 1970 provided increased levels of federal funding by authorizing a $3.1 billion program of capital grants.

It was in this 1970 legislation that Congress stated that:

"The Congress finds that the rapid urbanization and the continued dispersal of population and activities within urban areas has made the ability of all citizens to move quickly and at a reasonable cost an urgent national problem; that it is imperative, if efficient, safe, and convenient transportation compatible with soundly planned urban areas is to be achieved, to continue and expand the Urban Mass Transportation Act of 1964; and the success will require a Federal commitment for the expenditure of at least $10,000,000,000 over a twelve-year period, to permit confident and continuing local planning and greater flexibility in program administration. It is the purpose of this Act to create a

partnership which permits the local community, through Federal assistance, to exercise the initiative necessary to satisfy its urban mass transportation requirements." (Public Law 91-453, October 15, 1970)

- 1973: The Federal-Aid Highway Act of 1973 increased the federally funded portion of transit capital projects from two-thirds to 80 percent and authorized expenditure of Federal-aid Urban Systems highway funds and Interstate Highway Transfers for qualifying transit projects. This was the first time that Federal Highway Legislation was passed in conjunction with Federal Transit Legislation and the first instance where highway funds could be spent for transit projects.

- 1974: the National Mass Transportation Assistance Act of 1974 increased authorizations for discretionary capital funding and created a formula grant program to allocate funding directly to urbanized areas that could be used for either operations or capital projects. Passage of this Act included intense debate over the provision of operating assistance. These funds were proportioned to urban areas across the country based on a formula that used urban population and density as factors.

- 1978: The Federal Public Transportation Act of 1978, Title III of the Surface Transportation Assistance Act of 1978 (STA Act of 1978) expanded the formula grant program and divided it into categorical programs that included operating grants for fixed guideway systems, capital grants for bus purchases, and operating grants for places outside of urbanized areas.

- 1982: The Federal Public Transportation Act of 1982, Title III of the Surface Transportation Assistance Act of 1982 (STA Act of 1982) provided that 1 cent of a 5 cent increase in the Highway Trust Fund users' fee on motor fuels would be placed into a Mass Transit Account for capital projects, increased the portion of all funding allocated through the formula grant program, and altered the formula grant program allocation formula to include transit service data as well as population data.

- 1987: The Federal Mass Transportation Act (FMTA) of 1987, Title III of the Surface Transportation and Uniform Relocation Assistance Act of 1987 (P.L. 100-17), authorized the federal transit program through Fiscal Year 1991, increased the level of authorization for the formula and discretionary programs, and provided that a portion of the Mass Transit Account may be allocated for capital purposes on a formula basis.

Both the 1982 and the 1987 Acts, and the yearly budget appropriations for all year's from 1981 to 1990 were contested by an administration that continually proposed the elimination of Federal transit operating assistance and the reduction of Federal capital assistance. Though total funding did decrease over the decade, in general the program levels held fairly steady but still promulgated uncertainty for local transit operators over the future availability of Federal financial assistance.

C. Federal Program Structure

Transit systems receive the majority of their funding through five continuing programs which allocate funding to urbanized areas or states. These programs, identified by section number in the UMT Act of 1964, as amended, are:

1. Section 3

Section 3 is the original grant program begun in 1964 to provide capital assistance to eligible transit projects selected either by the Urban Mass Transportation Administration or earmarked in authorization or appropriation legislation by Congress. This program has become alternately known as the "discretionary funding" source in the Federal Transit Program. It is in existence today and is authorized in the present Legislation through the end of Federal fiscal year 1991. State or local public bodies and agencies make applications to the Federal Urban Mass Transportation Administration to receive these capital funds. They are not assured of their receipt and as indicated above, the decision of whether they receive funding or not is based on the discretion of either UMTA or Congress, and is limited by the total amount of available funds. Within this program Congress has seen fit in the past to separate specific categories of expenditures, and even "earmark" funds for specific projects from those categories during the Legislative process. In effect, this gives a state or local public body or agency representing the "earmarked" project priority in receiving those funds even though they must go through the application process. After earmarked funds are set aside within a program, other smaller categories within the UMTA program are funded. These categories include administration, planning, assistance to small private providers, university research programs, and so on. From the balance that is left in the Section 3 program, 40 percent of those remaining funds are reserved for "new start", high capacity transit systems and extensions, another 40 percent is set aside for existing rail modernization grants, 10 percent is set aside for major bus projects nationwide, and the remaining 10 percent is set aside as an unspecified discretionary fund in the program.

Once again, these funds can only be used for capital projects (facilities and equipment) and are matched at an existing ratio of 75 percent Federal and 25 percent state and local funds. In recent years, the Administration has urged larger local matches thus stretching Federal dollars. Most importantly, the total program is funded out of the Mass Transportation account of the Federal Highway Trust Fund. In other words, this program has been funded out of the penny gas tax first set aside in 1982. It should be noted that this is the account that has built up an increasing balance that has not been expended.

2. Section 9

The existing Section 9 Program is the relative of the original operating assistance funded under Section 5 in the 1974 Legislation (In effect Section 5 no longer exists). This program allocates operating and capital assistance on a formula basis to urbanized areas through FFY 1991. States, local governments and agencies may apply to the Federal Government for their portion of funding set aside in the Legislation. The funds flow directly to the designated recipients in urbanized areas over 200,000 in population and through the state governors for areas under 200,000 population. Those funds may be used for operations or capital projects, at local discretion, and up to a limit equal to a percentage of the sum received in 1982. Put another way, a percentage of the funds available may be used for operating assistance the remaining portion of each areas allocation may be used only for capital projects. Percentage limitations are; 80 percent for urbanized areas over 1 million population, 90 percent of the allocation for urbanized areas between the 200,000 and 1 million population limit, and 95 percent for all urbanized areas less than 200,000 population. Smaller urban areas between 50,000 and 200,000 in population have their operating assistance allocations adjusted annually for inflation.

These monies are allocated by formula as they originally were in 1974. Though these formulas have changed and evolved, they are based on transit operating data and thus the total amount varies each year because of variations in that operating data. In addition, there are subsections of this formula assistance that are designated by funding type. They include:

- Fixed guideway operations in urbanized areas over 200,000 population are allocated at 28.15 percent of the total authorization. Of that percentage each area that is qualified, receives 60 percent of their funds based on fixed guideway revenue vehicle miles operated and 40 percent fixed guideway

route miles. Larger urbanized areas over 750,000 in population that have commuter rail operations receive a minimum of 3/4 of a percent of this subsection.

- Fixed guideway operations in urbanized areas over 200,000 population also receive incentive funds which equal 1.29 percent of the total amount authorized. Their percentage of that total is based on a formula which includes fixed guideway passenger miles traveled multiplied by the number of fixed guideway passenger miles traveled per dollar of operating cost. Again, urbanized areas over three-quarters of million in population that have commuter railroad operations receive a minimum of 3/4 of a percent of this subsection.

- Bus operations in urbanized areas over 1 million in population receive a total of 39.31 percent of the total authorization. The percent that they receive of that subsection of funds is based 50 percent on bus revenue vehicle miles operated, 25 percent on their urban area population, and 25 percent on their urban area population density weighted by population.

- Bus operations in urbanized areas from 200,000 to 1 million in population receive a total of 14.25 percent of the total authorization. Each area's portion of that subsection is based 50 percent on bus revenue vehicle miles operated, 25 percent on urban area population, and 25 percent on urbanized area population density weighted by population.

- Bus operations in urbanized areas over 200,000 in population may receive an incentive grant based again on a formula. The total amount available is 5.43 percent of the authorization of Section 9. Their percentage of that subsection is based on a formula which includes the number of bus passenger vehicles miles traveled multiplied by the number of bus passenger miles traveled per dollar of operating cost.

- Mass transportation operations in urbanized areas that have a population of 200,000 or less are allocated 8.64 percent of the total authorization. Each area's part of that subsection is based upon 50 percent urbanized area population and 50 percent urbanized area population density weighted by population.

- Mass transportation operations outside of urbanized areas are allocated 2.93 percent of the total amount authorized for Section 9 in addition to the total amount authorized for small non

urbanized areas in another part of the program. This latter category includes allocations made through the Section 18 procedures described later. In addition, Congress may add additional appropriations to this subsection.

As can be seen, complicated formulas and distributions of total amounts have developed over the course of the programs specifically to address needs and changes in the program over time. Most areas and their transit systems understand these formulas and how they affect their funding levels. They actively lobby for beneficial changes.

Within this Section 9 program, operating assistance is funded up to 50 percent of operating expense, less earned revenue, which includes passenger fares, and advertising revenue up to the limit of available Federal funds. State and local operating assistance must equal or exceed the Federal operating assistance share. Capital assistance under this program is funded at 80 percent Federal and 20 percent state and local funds. These funds come from general revenues and only a portion of the mass transportation account set aside in the Highway Trust Fund.

In the Federal Mass Transportation Act of 1987 a special 9(b) subprogram was established. Basically, this new program takes any excess over 1 billion dollars collected by the Mass Transportation Account (1 cent gas tax) and distributes 1/2 of those excess funds to all recipients through the Section 9 Program but for capital purposes only. In addition, Section 18 recipients, (the non urbanized areas) received an additional 2.93 percent of this fund as well as their Section 9 allocation which they can use for either capital or operating purposes. Funds in this 9(b) program are available for four years including the year that they are apportioned after which they are lost and reapportioned via the Federal formula program.

3. Section 8: Planning and Technical Studies

These grants can go directly to transit authorities for special service or planning studies. Usually the State receives the grants which are given to MPO's to carry out on area's comprehensive planning program.

4. Section 16(b)2

This section was included first in the Urban Mass Transportation Act of 1970 to provide mass transportation to elderly and disabled persons. It continues in existence today and is authorized through present FFY

1991. Private nonprofit corporations and associations that provide service to the elderly and handicapped are eligible to receive funds for this program through the state governors and their State Departments of Transportation. However, due to restrictions in many State Constitutions (including Washington) regarding limitations of lending faith and credit, State and local public funds cannot be used to match grants for private providers. Private non-public providers must secure their match from private sources. Funds received through 16(b)2 are available for purchase of capital equipment and state administrative costs. 16(b)2 funds are allocated in the Legislation to the states by formula that is based on that states portion of the elderly and disabled population with a fixed minimal amount allocated to each state. Private nonprofit corporations and associations may use this money, matched 80 percent Federal, 20 percent state and local. These funds are made available through the Mass Transportation Account of the Highway Trust Fund.

5. Section 18

Section 18 was established in the 1978 Surface Transportation Act and provides funds for mass transportation in rural areas, those areas outside of urbanized areas. Again, this program is presently authorized through Federal fiscal year 1991 and the money is made available again through the State Government and the Governor to mass transportation providers outside of urbanized areas. Funds may be used for both operating or capital projects. These funds are authorized in the UMTA Act and distributed by formula based upon the nonurbanized area population of each state. These funds may be used to fund up to 50 percent of the net project operating costs, but only up to an amount equal to the sum of state and local operating assistance. Capital projects may be funded 80 percent Federal with a 20 percent state and local share. These funds are not provided through the Highway Trust Fund Transportation Account but rather through general revenues that are authorized in the Act. The minor subsection of this section also provides grants for research, technical assistance, training and other related support services in nonurbanized areas.

6. Interstate Transfers

This provision originally put in the Federal Highway Act of 1973 still exists and allows the substitution funding of transit projects in urban areas where nonessential interstate highway projects have been identified. Again, this is authorized through Federal fiscal year 1991 and is available for capital projects only. It may be received by any

state or local government agency. Upon application to the Federal government by a State Governor and local government agency, 50 percent of this funding is available at the discretion of the Secretary of Transportation and 50 percent in accordance with cost estimates approved administratively or earmarked by Congress. Again, specific projects may have been earmarked during the Legislative process. For these capital projects 85 percent may be funded using Federal funds and 15 percent must come from state and local sources. This program is funded out of general revenues.

7. Other Sections

There are several minor Federal programs that provide funding to transit agencies for specified purposes. Some of the more important include:

Section 6: Research, development, and demonstration projects

These grants are funded in small increments to provide for special planning or research projects. Washington State systems have received grants from this program for a variety of projects.

Section 10: Training Program

Grants under this program can go to any state, local public body or operator for training in public transportation issues. Usually, the grants are for small amounts and cover only tuition for specific training sessions.

D. Magnitude of Federal Transit Funding in Washington State

In actual dollars, what does the Federal transit program mean to Washington State and its transit systems? Present (1991) Federal Section 9 apportionments are shown on Table 1 for the State's urbanized areas. Also included are the apportionments that go to the State for smaller urban areas, Section 18 and Section 16(b)2.

As can be seen, the State of Washington was apportioned a total of $39,392,520 for FFY 1991. Breaking out the totals of funding by Federal programs; Washington received 2.3 percent of the Section 9 money, and 2 percent each for the Section 18 and Section 16(b)2 programs. Of the existing 22 transit systems, 20 have received Federal grants in the past. Only LINK (Chelan/Douglas) and Island Transit have not received Federal grants.

LINK is a new system and are only now considering applying for Federal funding. Island is also a relatively new (1987) system and also very small. No need has as yet been identified for Federal funds, though that could change in the immediate future.

Between 1980 and 1990 the remaining 20 systems were granted a total of $837,424,258 in Federal funds. This total represents all Federal funding from all transit programs for this period. Table 2 shows the total for each system and a breakdown of that total for capital, operating, and "other" uses. The capital figures are from Section 3 discretionary or Section 9 formula funds. Operating funds are from either the original Section 5 or its predecessor and existing Section 9 program or the Section 18 program. The "other" category is a combination of Section 6, 8, 10, or other small sources of assistance.

There have been four other notable Washington State recipients of Federal transit funding in the last decade. The Washington State Department of Transportation Marine Division has received $15,816,458 in capital grants between 1980 and 1990. SNO-TRAN received a total of $2,508,252 for a combination of capital, operating, and planning assistance in the same decade. Pierce County received $1,279,200 in capital assistance which was evidently used for ferry projects. Lastly, between 1980 and 1990 the City of Seattle has received a total of $8,334,129 in Federal grants. Many of Seattle's grants have been for capital assistance projects for monorail rehabilitation or reconstruction, but there have also been operating assistance and numerous planning, research, and managerial training grants (Section 6 and Section 10). The actual breakdown for the City of Seattle is as follows:

THE CITY OF SEATTLE - 1980 - 1990	
Capital	$7,354,200
Operating	$ 342,763
Section 6 (demonstrations and evaluations)	$ 543,568
Section 10 (training grants)	$ 93,598
Total	$8,334,129

TABLE 1
FEDERALLY APPOINTED TRANSIT FUNDING FOR 1991
UMTA SECTION 9 - FORMULA APPORTIONMENTS

	GENERAL FUND	TRANSIT FUND	TOTAL
UZA's - Over 1,000,000 in Population			
Seattle - Everett, WA	$ 23,149,354	$ 3,019,751	$ 26,169,085
Portland, OR - WA	$ 11,548,775	$ 1,505,884	$ 13,054,659
		(Vancouver, WA Portion	$ 1,266,302)
For UZA's 200,00 to 1,000,000 in Population			
Spokane, WA	$ 2,698,926	$ 351,838	$ 3,050,764
Tacoma, WA	$ 3,990,196	$ 520,150	$ 4,510,346
Apportioned to the State Governor for UZA's 50,000 to 200,000 in Population			
Total	$ 2,273,074	$ 296,133	$ 2,569,207
Bellingham	$ 275,786	$ 35,929	$ 311,715
Bremerton	$ 338,674	$ 44,122	$ 382,796
Longview, WA - OR	$ 270,042	$ 35,181	$ 305,223
Olympia	$ 341,062	$ 44,433	$ 385,495
Richland - Kennewick	$ 556,370	$ 72,483	$ 628,853
Yakima	$ 491,140	$ 63,985	$ 555,125
UMTA Section 18 Formula Apportionment and Rural Transit Assistance Program (RTAP) Allocation to State for non-urbanized Areas			
Section 18	RTAP (Rural Transit Assistance Program		
$1,161,669	$78,348		
UMTA Section 16(b) 2 Allocation to the State			
Washington	$586,799		
		Total for 1991	$ 39,392,520

TABLE 2
HISTORICAL FEDERAL FUNDING FOR PUBLIC TRANSPORTATION
IN THE STATE OF WASHINGTON
1980 - 1990

SYSTEM	CAPITAL	OPERATING	OTHER	TOTAL
1. Benton-Franklin PTBA (Ben Franklin Transit)	$9,219,607	-	$1,788 (Sec 10)	$9,221,395
2. Chelan-Douglas PTBA (LINK)	-	-	-	-
3. Clallam County PTBA (Clallam Transit)	$1,049,179	-	-	$1,049,179
4. Clark County PTBA (C-TRAN)	$16,417,121	$3,102,876	$3,200 (Sec 18-planning)	$19,523,197*
5. Cowlitz PTBA (CUBS)	$1,496,570	$863,648	-	$2,360,218
6. Everett (City) (Everett Transit)	$5,218,970	$7,563,197	$12,601 (Sec 10,9,& planning)	$12,794,768
7. Grays Harbor County (Grays Harbor Transp. Auth.)	$134,750	-	-	$134,750
8. Island County PTBA (Island Transit)	-	-	-	-
9. Jefferson County PTBA (Jefferson Transit Authority)	$1,142,305	$154,588	-	$1,296,893
10. King County Metro (Metro)	$520,102,864	$87,358,465	$3,476,477 (Sec 4,6,8,9&10)	$610,937,806

* Section 18 in Capital & Operating

SYSTEM	CAPITAL	OPERATING	OTHER	TOTAL
11. Kitsap County PTBA (Kitsap Transit)	$8,650,260	$1,490,601	$2,821	$10,143,682*
12. Lewis County PTBA (Twin Transit)	$456,951	$221,587	-	$678,538
13. Pacific County (Pacific Transit)	$2,257,311 (Sec 3 & 18)	$531,782	$1,775 (Sec 10)	$2,790,868
14. Pierce County PTBA (Pierce Transit)	$45,004,464	$23,538,615	$289,301 (Sec 8&10/Sec 18 Planning)	$68,832,380
15. Prosser (City) (Prosser Rural Transit)	$75,102	$123,960	-	$199,062
16. Pullman (City) (Pullman Transit)	$777,862 (Sec 18)	$254,400 (Sec 18)	-	$1,032,262
17. Snohomish County PTBA (Community Transit)	$24,400,043	$2,375,570	$866,952 (Sec 8&10/Sec 18 Planning)	$27,642,565
18. Spokane County PTBA (Spokane Transit Authority)	$31,600,115	$14,940,265	$575,118 (Sec 6 & 10)	$47,115,498*
19. Thurston County PTBA (Intercity Transit)	$10,629,776	$481,213	$6,513 (Sec 10)	$11,117,502*
20. Walla Walla County PTBA (Valley Transit)	-	$291,875	-	$291,875
21. Whatcom County PTBA (Whatcom Trans. Authority)	$2,202,329	$1,068,561	$264,982 (Sec 10 & Planning)	$3,535,872*
22. Yakima (City) (Yakima Transit)	$2,005,097	$4,720,851	-	$6,725,948
TOTAL	$682,840,676	$149,082,054	$5,501,528	$837,424,258

* Section 18 in Capital & Operating

One thing that can be deducted from these figures is that more Federal funding is used for capital purposes (even excluding the almost $200 M for the Metro bus tunnel) than is used for operating assistance, but that both funding sources are significant for Washington's systems.

The relative magnitude of these funds can be revealed in a number of ways. The next three pages contain graphs depicting these relationships. In Figure 1, you will note that local sales tax provides the largest share of total district revenues, (43 percent in 1990). MVET revenues have varied from between 20 and 25 percent over the ten year period, remaining fairly constant. Total farebox revenues have varied from the high "teens" to about 11 percent of total revenues in 1990, a slight decrease over the decade. The revenue source of focus here, Federal funds, have been the most variable source, leveling at approximately 15 percent in 1990. The great variable of Federal income is primarily due to the Section 3 discretionary grant program. Large "spikes" of funding as is evidenced in 1987 are due to one-time projects. In 1987, a significant distortion was caused by a grant of approximately $200 M for the Metro bus tunnel. It should also be noted that as shown in Figure 2, the other revenue sources continue to rise over the decade. Big fluctuations in Federal funding cause what appears to be variations in other funding sources. Lastly, Figure 3 shows that Federal operating assistance has been consistent over the decade albeit a slightly declining revenue source. Again, the Metro bus tunnel project in the late 1980's skews the Federal capital funding picture though the significance of Federal capital funding is still highly significant.

Though it appears that some individual systems emphasize the use of Federal funds for capital purposes and rely on State and local funding for operations, this cannot be identified as a universal philosophy. Many systems across Washington would be hard pressed to do without Federal operating assistance even if over the last decade its surety was patchy at best. From a close look at system plans and budgets it appears that many smaller systems are "put off" by the competition for scarce Section 18 funds and a majority of all but the biggest systems don't want to waste their time applying for Section 3 funds. The application process for Section 3 funding is complicated and exhausting, but the increased effort could provide payoffs for the State's transit riders in newer capital facilities and equipment.

E. Impediments to Receiving and Using Federal Funding

One of the questions to be answered in the Washington State Public Transportation Study is whether any impediments exist for the systems in Washington State in their ability to either receive or to use Federal funds, and whether any inhibiting factors jeopardize their qualification for such funding. This question was posed to both transit districts and the regional office of the

Figure 1

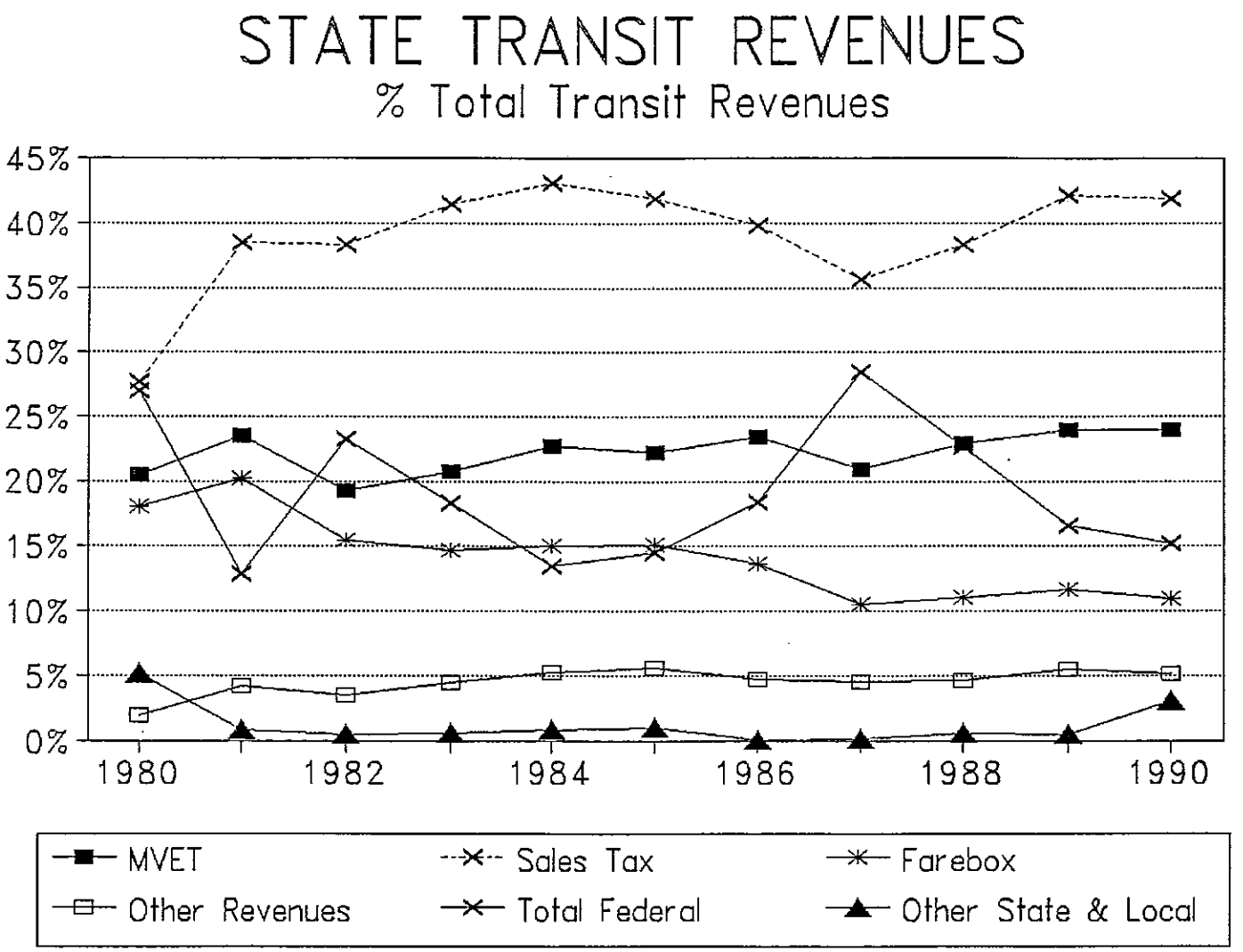

STATE TRANSIT REVENUES
% Total Transit Revenues
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
1980
1982
1984
1986
1988
1990
MVET
Sales Tax
Farebox
Other Revenues
Total Federal
Other State & Local

Figure 2

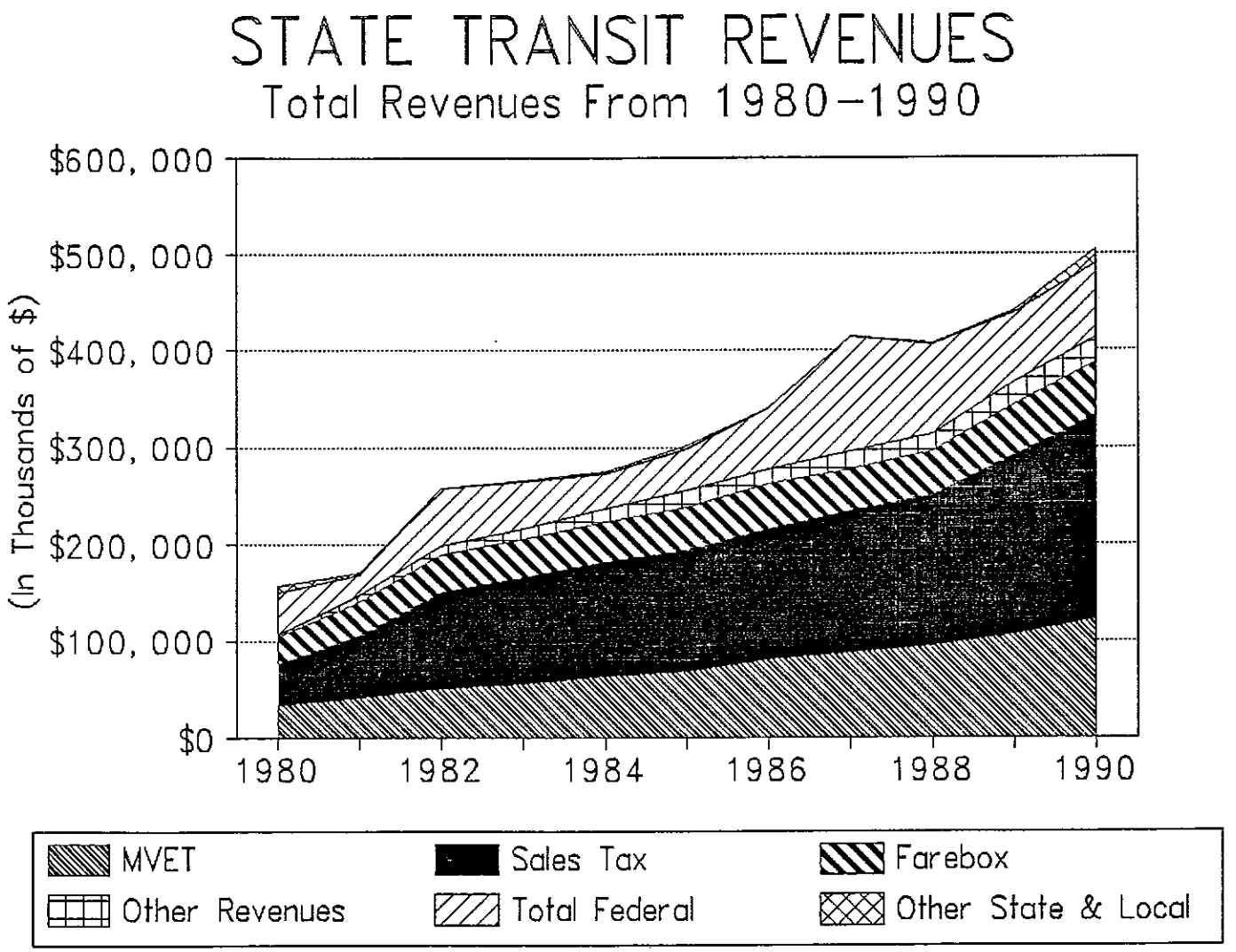
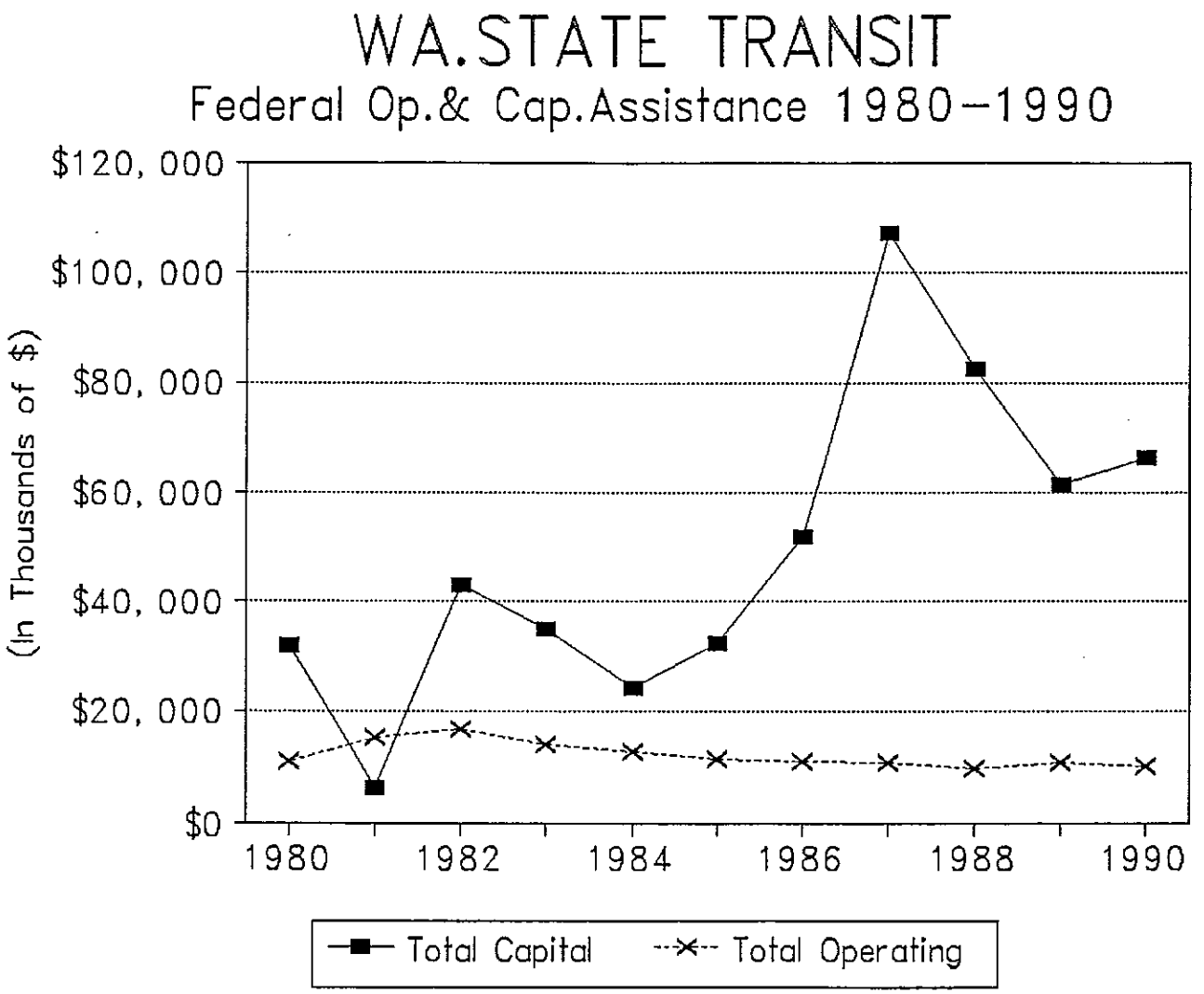

STATE TRANSIT REVENUES
Total Revenues From 1980–1990
(In Thousands of $)
$600,000
$500,000
$400,000
$300,000
$200,000
$100,000
$0
1980
1982
1984
1986
1988
1990
MVET
Sales Tax
Farebox
Other Revenues
Total Federal
Other State & Local

Figure 3


WA.STATE TRANSIT
Federal Op.& Cap.Assistance 1980-1990
(In Thousands of $)
$120, 000
$100, 000
$80, 000
$60, 000
$40, 000
$20, 000
$0
1980
1982
1984
1986
1988
1990
Total Capital
Total Operating

Federal Urban Mass Transportation Administration. The answer is both yes and no. There are not any direct contradictions, but in a few specific areas Washington law and Federal policy could conflict and inhibit this reception or use of Federal funding. One of the most specific areas that was identified has to do with the Federal requirement for random drug testing of transit system employees. Cases have been upheld that the Washington State constitution prohibits such a drug testing program in this State. If action is not taken on one side or the other on the issue, $40 M plus in formula allocated funds and additional discretionary capital funds to the State could be in jeopardy in the future. Legislative proposals in the U.S. House of Representatives bill do contain language requiring random drug testing and indicating that this provision would supersede State law. This is an issue however, that should not be overlooked by the Washington State congressional delegation or public transportation interests in the State of Washington.

The UMTA regional office also identified two general areas of concern, that although not specifically inhibiting Washington State reception of Federal funding could have a negative effect on such funding. The first has to do with the attempt by the Washington State Department of Transportation to act as a grant recipient for smaller transit systems and non profit providers in the State, in applying for and receiving Section 3 discretionary funding. The barrier to this attempt was a Washington Attorney General's opinion which prohibits the department from acting as the certificatory for 13C labor agreements for all systems in the State. It is understandable that the State might not want to guarantee labor protection provisions over which it has no responsibility. On the other hand, because of the state's inability, a $2.5 M grant request which could have been looked upon quite favorably by the Federal Government, was not even considered. Some mechanism for the state to act as a grant recipient for smaller properties, as is done in other states, should be devised. Secondly, UMTA voiced a concern that long range strategic capital planning has suffered since self certification of the planning process by local transit authorities came into being in the early 1980's. It was the UMTA regional administrator's belief that this capital planning process needs more attention and formalization in the State of Washington.

In general, the only inhibiting factors mentioned by a few transit authorities in the State had to do with Federal requirements prohibiting direct school bus or charter operations using Federal money. As is the case across the Country, transit authorities in this State have found ways to provide those two community services within their boundaries. Though this does not appear to be an inhibiting factor, if more stringent Federal interpretations were to be pursued, it could affect future funding in the State.

Possibly the greatest inhibiting factor in getting and using Federal funds is the unsure, unstable and low level of funds presently available. In effect, systems in this State are reluctant to apply for limited Federal funds when the Federal government has already indicated that it is their intent to scrutinize such applications vigorously. Almost on an annual basis, applications for Section 18 money at the State level are three times the amount available. Smaller and medium sized properties in the State are reluctant to go through the protracted, expensive, and complicated Section 3 grant process after having been told at both the State and Federal level that the likelihood of success is marginal at best. In effect the low levels of Federal funding became an inhibiting factor.

F. Present Reauthorization Proposals

As of this writing, the reauthorization process for Federal Surface Transportation Legislation is underway and highly active. Three major proposals have been introduced, and in some cases acted upon. Most importantly, they define the probable parameters of authorization changes which the final legislative package could contain. The three major packages include; the Administration's proposal (S.610 & H.R. 1351), the Senate bill (S.1204) which passed the Senate on June 19, 1991 by a vote of 91-7 and the House bill (H.R. 2950). Most importantly the Senate and the House bills contain significant funding level increases for transit capital and operating funding. Perhaps the most important part of either piece of legislation, is that the House bill is dependent upon a five cent gas tax increase, a penny of which would go to the mass transit portion of the highway trust fund. As of this writing, that gas tax increase is in doubt and the Senate bill has no comparable revenue title. A compromise seems to be forming around a continuation of the existing 2.5¢ gas tax amount.

A prime concern of both Washington State's transit systems and the State Legislature was the question of potential state policy actions that would be needed to replace Federal, capital, and operating funds in the event that Federal participation was reduced. It is not optimistic at this time to assume that Federal funding will remain at current levels or increase over the life of this authorization. That being the case, questions regarding the quantification of negative impacts and options for replacement of Federal sources need not be addressed.

The purpose of this section will be to provide a brief overview of the pertinent funding changes in Federal Legislation and some of the important structural changes which have been proposed. Greater depth into specific minor changes in legislation would not be fruitful until that legislation is finalized, passed and signed by the President. It might do well here to note

that any legislative proposal that is forwarded to the President could be vetoed, however; given the Senate margin of passage and the interest in the House of Representatives, it appears that such a veto threat could be overturned by the Congress.

There appears to be two major reasons why Congressional action at this time would increase, rather substantially, the Federal program. First, the previous Administration sought to eliminate operating assistance and reduce the capital program, and that decade of program contraction seems to have come to an end. Not only is the present Administration more sympathetic to the idea of an increased Federal participation in mass transit, but the Congress and Country as a whole seems to be communicating that those increases are necessary. Increases now make up for reductions that have occurred over the last decade. Secondly, nationally mandated responsibilities, which have been thrust upon the transit industry, need additional funding. The two most outstanding examples are the requirements mandated by the Americans with Disabilities Act and Clean Air legislation, both passed at the Federal level. The feeling in Congress is that since these programs have been mandated Federally, they should be paid for Federally. In fact, a higher matching ratio for projects that implement these programs is included in some of the legislation to be discussed.

Elements of the Administration's proposal have been included in both the Senate and the House Bill. At this point in the Legislative process; however, a pure Administration proposal is not under consideration. That being the case, the two major departures from the existing transit program structure can be found in the Senate Bill and the House Bill. Comparing funding levels in the Administration proposal and two legislative bills is however of interest. The Administration proposal was for a total transit program of approximately $16 billion for 5 years. The Senate past bill containing both trust fund and general fund money proposes a funding level for the same 5 year period of $21 billion. The House Bill, presently being considered for the same period includes a 5 year authorization totaling $32.4 million. This is over double the administrations proposed program level!

Some of the more important programmatic and funding changes in the pieces of legislation being considered include the following:

- SECTION 3

  Present Section 3 program funded from the penny gas tax is presently at a $1.4 billion level in 1991. Both the Senate and the House Bills, over the next 5 years, would raise that program to more than $1.6 billion average per year. Both bills start at approximately the 1991

level and increase over the life of the legislation. The same categories of expenditures exist in both bills as are in the existing program, 40 percent toward new starts, 40 percent toward rail modernization, and 20 percent toward bus. Most importantly, both the Senate and the House bills eliminate the 10 percent unspecified discretionary fund that has been available for the administration within the 20 percent bus portion. Also importantly, the House bill takes that 10 percent and uses it to establish a minimum state allocation for capital assistance. Within this program, freedom of discretion is taken away from the administration. In the rail modernization category, specified "existing rail cities" get funding for their fixed guideway systems without a decision of the administration. For new starts, the Senate bill includes broader factors for funding consideration. Possibly, the most significant departure in dealing with new rail starts can be found in the House bill, which identifies a list of projects to be funded. The House bill indicates that the administration should report on the analysis of new starts included in this list to the House Public Works Committee, who would then allocate funds among those projects. One other significant and important factor is that the Administration proposed to reduce the Federal share of capital projects. In the Senate bill, the existing 75 percent and in the House bill a 80 percent Federal share is maintained. For ADA or Clean Air programs and projects, 90 percent of bus costs can be covered with Federal funds.

- SECTION 9

Present Section 9 funding is approximately $1.8 billion for fiscal year 1991. Both the Senate and House proposals start at that level but annually go to slightly more than $2.5 billion in the Senate Bill and almost $2.8 billion per year in the House Bill. Most importantly, in the House Bill, some of that money (over one-half billion dollars) comes from trust fund revenues. Also an important note, the current funding shares of 80 percent Federal money for capital and 50 percent Federal money for operating are retained. The Senate Bill contains a 90 percent Federal share for ADA or Clean Air bus costs. Both bills retain the rail modernization tier of funding in addition to having added the Section 3 set aside for rail modernization described above. One of the most important areas of agreement in both bills is that this money can be used for highway projects in UZA's of less than 200,000 under certain conditions, most notably if ADA projects are satisfied and if transit needs are met. If effect, it appears that compromise legislation will include some cross funding of both highway and transit projects from one program to the other. Returning for a moment to the operating assistance program, the House Bill also includes inflation

adjustments for all cities, (not just for small cities as under the current law) and materials and supplies presently in operating expenses becomes by redefinition a capital item.

Briefly put, these changes in the (Section 9) operating and capital program given out by formula, could increase those funds available to Washington systems by as much as 25 percent.

- Section 16(b)2 - The existing program of aid to non-profit services is funded at level of approximately $35 million a year. The administration had suggested a level of $45 million a year, the Senate bill includes a range from $58 to $72 million a year, but most importantly the House bill contains a level of $73 million a year, $30 million of which is available for operating expenses.

- Section 18 - Presently funded at a little over $65 million a year, the Senate bill would take that funding level from $127 million in the first year of the reauthorization to $164 million in the fifth year, however it limits operating assistance to funds available only from general revenues not Trust Fund revenues. This results in an indirect cap depending on the level of general revenue funding that's provided. Regardless, it appears that there could be almost three times the present level of funding within this program. An interesting facet of the House proposal in this area is that it sets aside $20 million to subsidize intercity bus travel as in the Section 9 proposal. It also allows a transfer of funds to highway needs. Both bills maintain the 80 percent federal capital share and 50 percent federal operating share, the Senate bill, however, adds a 90 percent federal share for both ADA and Clean Air bus costs. Both bills retain state administration of the both the Section 18 and Section 16(b)2.

As one can see from this brief overview, both pending bills increase funding levels, transfer responsibility in many areas to state and local governments, and reiterate the federal presence in the national mass transit program.

For further in depth explanation, there is an attached Federally prepared side-by-side comparison of the existing Urban Mass Transit Act and the Senate and House bills. In addition Table 3 shows the estimated increase in Section 9 for each of the states urbanized areas presuming the 1 cent gas tax increase for transit. The table also illustrates what would be available in the Section 18 program and the Section 3 modernization program, authorized under both pending bills.

TABLE 3

Estimated Increase in House Transit Reauthorization Resulting from One Cent Motor Fuel Tax Increase

Area and Program	Estimated Increase Resulting from One Cent Motor Fuel Tax Increase					
	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	Total
(Column A)	(Column B)	(Column C)	(Column D)	(Column E)	(Column F)	(Column G)
WASHINGTON:						
BELLINGHAM, SECTION 9	105,254	101,890	98,369	94,680	97,798	497,990
BREMERTON, SECTION 9	129,255	125,124	120,800	116,271	120,098	611,548
LONGVIEW, WA PORTION, SECTION 9	103,062	99,768	96,320	92,708	95,761	487,619
OLYMPIA, SECTION 9	130,167	126,006	121,652	117,090	120,945	615,860
PORTLAND, SECTION 9 *	483,196	467,751	451,588	434,655	448,965	2,286,154
RICHLAND-KENNEWICK, SECTION 9	212,339	205,552	198,449	191,008	197,296	1,004,645
SEATTLE-EVERETT, SECTION 9	7,628,690	7,384,847	7,129,662	6,862,325	7,088,251	36,093,774
SPOKANE, SECTION 9	889,345	860,918	831,168	800,002	826,341	4,207,774
TACOMA, SECTION 9	1,314,835	1,272,808	1,228,826	1,182,749	1,221,688	6,220,906
YAKIMA, SECTION 9	187,444	181,453	175,183	168,614	174,165	886,858
WASHINGTON, RURAL, SECTION 18	458,387	443,736	428,402	412,339	425,914	2,168,777
SEATTLE-EVERETT, SEC. 3 MODERNIZATION	4,619,441	4,724,428	4,834,299	4,949,401	5,460,127	24,587,695
WASHINGTON, PLANNING AND RESEARCH	428,581	438,321	448,515	459,194	506,578	2,281,189
WASHINGTON, MINIMUM ADDITIONAL RETURN	0	0	0	0	0	0
WASHINGTON, TOTAL	16,689,996	16,432,600	16,163,231	15,881,036	16,783,926	81,950,789

* Amounts for multi-state urbanized areas over 200,000 population distributed based on population.

II. Conclusions

Upon review of the history of federal funding and its relation to the provision of public transportation service in Washington State, several conclusions emerge:

- Federal funding has not been the majority of funding provided in the state. Yet it does remain an important and vital contribution if public transportation programs are to continue.

- Significant capital projects, not the least of which has been the Metro bus tunnel, have been funded using federal capital assistance. A significant portion of operating revenues continue to come from the Federal Government. The federal capital dollars may provide significant portions of major high capacity transit projects in the future. It is vital that the state and its transit districts and public transportation interests pay attention to the development of the federal legislation and continue to offer input into its conclusion.

- Legislative proposals presently being considered do include continuation or enactment of gas tax allocations for mass transit. Some proposals allow for the redistribution and use of the unspent transit balances in the highway trust fund.

- Special attention should be focused on the reauthorization process in bringing it to a beneficial conclusion in relation to Washington State and its provision of public transportation service.

- The non urban and rural funding portions of the Federal Program (Section 18) have been constrained by funding availability at least over the past decade. There is evidence that service in these comparable areas of the state (small urban and rural areas) has not grown to meet the demand which presently exists. The limitation of federal funds are only part of the equation. A more formalized Section 18 application and evaluation process should be established at the state level and possibly additional sources of funding for systems of this size should be found.

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ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
Authorizations	Trust Fund/General Fund	Trust Fund/ General Fund split for all programs $4.4B-$5.1B $21B total	Trust Fund/ General Fund $6.5 Annually $32.4 Total
Section 3	Trust Fund based $1.4B in 91.	$1.3B in 92; $8.1B over 5 years.	Trust Fund only $1.2B-$1.6B; additional $2.5B-$1.7B (half Sec. 3, half 9B).
Allocations	40% New Starts 40% Rail Mod. 10% Bus 10% Discretionary 1/2 of amounts over 1B by section 9 formula.	40% New Starts 40% Rail Mod. 20% Bus	40% New Start ($10M discretionary set-aside; rest requires congressional authorization). 40% Rail Mod. 10% Bus ($10M Transit security set-aside); 10% Minimum State Allocation (1/3 of 1%) (but subtract previous yrs. M.T.A. funds).

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
Rail Modernization	Discretionary	Rail Mod. by 3 tier formula: 10 old cities get $455M; next $70M split 50/50 old and fixed guideway 10 years old under 9(b); amounts over $525M to same under 9(b).	Rail Mod by 3 Tier formula: 11 old cities get $455M; next $70M split 50/50 old and fixed guideway under 9(b); amounts over $525M under 9(b).
New Starts	New Starts Criteria	Additional New Starts Criteria: compare highways, consider broader factors. No criteria if in severe or extreme nonattain. area, project funded under highway title, or cost less than $25M or 1/3rd of project.	Significant new approach: bill identifies some 38 projects. Only these may be funded. In '93 UMTA reports on new starts factors to Committee which then allocates funds among projects.
Federal Share	75% (but "overmatch" common).	75% 90% for ADA, CAA bus costs.	80%, unless grantee requests lower.

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
Highway Projects	Not eligible.	Not eligible.	Not eligible, except under minimum allocation.
New Financing Mechanisms	None	Early systems work agreements. "Contingent commitments" of 50% of uncommitted Trust Fund cash balance.	None.
Section 8 Planning Process	MPOs approval plans, projects drawn from TIP.	Current MPOs grandfathered, but redesignation required in Transportation Management Areas. MPOs prepare Transportation Strategy: identifies integrated transportation facilities, assesses 20 yr. demands, long-range strategy land use, travel demand, financial plan, etc.)	Requires MPO to develop plans and programs for development of transportation facilities. Must cover UZA and anticipated future urbanization. 200,000+ must coordinate with State and affected transit operators. Secretary to appoint Advisory Committee to report on planning results.

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
		TIP must conform to approved strategy.	
		Transportation Management Areas: 250K+, nonattain. areas, others designated. Phased in over 4 years. Only MPO-approved projects may be funded, except those necessary to comply with ADA.	

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
Section 9 Formula Program - General	General Fund based (except for 1/2 over $1B from T.F.) $1.6B gf,$0.2B tf	$1.9B to $2.58B Annual certification with streamlined procedures.	$1.8B-$2.2B General Fund, $590M/yr. Trust Fund (5% for Sec. 18). Plus 9B (half of $2.5 - $1.7B).
	Statutory formula	Incentive tier deleted.	Incentive tier remains. Less than 200,000, 10%; 200,000 + 85%.
Federal Share	80% Capital 50% Operating	80% Capital 50% Operating 90% ADA, CAA bus costs	Current law.
Rail Modernization	Rail tier distributes funds to all rail cities.	Rail tier unchanged but rail Mod. formula added under sec. 3. above. (See above.)	Rail Tier unchanged but rail Mod. formula added under section 3. (See above.)

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
Operating Assistance	Statutory caps	Same as UMT Act (note also that operating assistance eligible only under General Fund, not Trust Fund).	Inflation adjustment available to all cities (not just small cities as under current law). "Materials and supplies" becomes capital maintenance item.
Highway Projects	Not eligible.	Eligible in areas over 250,000 or attainment areas if ADA projects satisfied and balanced local approach.	25% eligible for transfer in small UZAs, rural areas; additional 10% if transit needs met.
Ferry Boats		UMTA-funded ferry-boats may occasionally be operated outside of UZA for periodic maintenance.	
1990 Census		1990 Census data to extent practicable for formula programs in 1992.	

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
Section 9, 18 Data		Update sections 9, 18 every 4 years, use interim Census data.	
University Transportation Centers	10 Centers administered by OST.	3 New Centers (same as Administration).	3 New Centers: Morgan State-mgt, research; N.J. Inst. of Tech.-transp., prod.; Arkansas-rural study center $7M UMTA $7M FHWA - - - University Institute: San Jose - Surface Transportation; Northwestern - infrastructure - - - National Committee on Surface Transportation Research.

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
Transfer of Facilities, Equipment	Under OMB rules, only permitted if another Federal grantor agency would assume responsibility.	Same as Administration.	Same as Administration.
Turnkey Procurement		Conditional award before Federal requirements met permitted for B.O.T. (Build Operate Transfer) Procurements allowed under which grantee can exercise option within 5 years.	Same as Senate.

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
Davis-Bacon Act Act	Pay prevailing wages on construction contracts of $2,000 or more.	Current law.	Current law.
16(b)(2) (E&H)	Non-profits provide special services for e&h if public bodies unable to. Cannot lease equipment to public bodies. $35M.	Allocated to States then to non-profits and coordinating public bodies. Equipment can be leased to public bodies. Meals on wheels eligible if does not affect transit services. $58-$72M.	Same as current law but $30M available for operating expenses. $30M/yr. (G.F.) $43M/yr. (T.F.) Same as Senate.

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
Section 18 Rural Program	States administer program, operating assistance unlimited. $65.3M	Same as UMT Act, but operating assistance available only from general revenues, not trust fund, which results in indirect cap, depending upon level of General Funding. $127-$164M.	Same as UMT Act, but $20M intercity bus set-aside. 5% of formula and 9B amounts.
Facilities/ Equipment Transfer		Same as Administration.	Current law.
Federal Share	80% capital 50% operating	90% ADA, CAA bus costs 80% capital 50% operating	Current law.
		Meals on wheels eligible if doesn't affect transit services.	Same as Senate.

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
		Amtrak operating losses eligible in Me., S.D., OK. (50%.)	
Governor's Allocation	States administer section 18, 16(b)(2), small UZAs.	Current law.	Current law.
Highway Projects	Not eligible.	Not eligible.	25% eligible for transfer in small UZAs, rural areas; additional 10% if no unmet transit needs.
Section 20 Human Resources	Projects for human resource activities	Same as Administration.	Current law.

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
Section 22 Safety	Secretary may investigate any unsafe condition, require corrective action.	Report to Congress on transit safety. Authority to impose drug and alcohol testing of transportation safety workers, including transit, would pre-empt State, local law. Procedures similar to current DOT-wide regulation. Requires rehabilitation regulation but does not specify who pays.	Extends safety authority to Sec. 9 Program (technical).

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
Section 23 - Project Management Oversight	1/2 of 1% of section 3, 9, 18, Stark-Harris to conduct PMO, safety, financial, audits of grantees.	Same as Administration.	Current law.
Planning & Research	Sections 6,8,10, 11,20 $45M (Section 8)	Generally same as Administration, but nothing on retaining fees or waiving critical for 25% of funds.	Essentially same as Administration but no provision on retaining fees. $150M per year fixed amount; no percentage takedown.
	$8M (sections 6, 10,11,20)	$35M at nat'l level for 6,8,10,11,20. State/local program TCRP ($11M) Planning and Research ($11M) MPOs ($52M)	

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
Buy America (Highway title)	Steel, manufactured products on UMTA-funded projects must be from U.S. four exceptions: Public interest Unavailability	Current law.	Highway title adds "iron" to steel, manufactured products.

ISSUE	UMT ACT	SENATE BILL (S. 1204)	HOUSE BILL (H.R. 2950)
	25% price differential Rolling stock domestic content of 50%(+), final assembly in U.S.		
Other Issues		GAO report on charter bus regulations. GAO biennial study of transit needs.	DOT Biennial Needs Survey. Creates a National Transit Institute.
Motor Fuel Taxes (Revenue title)	14 cents through 1995 (1.5 goes to Transit Account).	No revenue title in Senate bill. Senate will await House action before addressing revenue.	5 cents gas tax increase.

PUBLIC TRANSPORTATION STUDY

Task 2B.3
ADDENDUM #2

NEW REVENUE SOURCES FOR PUBLIC TRANSPORTATION PURPOSES

Prepared for:

STATE of WASHINGTON

The Legislative Transportation Committee

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September 5, 1991

SYSTEM COSTS AND SERVICE
NEW REVENUE SOURCES

FOR PUBLIC TRANSPORTATION PURPOSES

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ABSTRACT - New Revenue Sources for Public Transportation Purposes

The 1990 Legislature passed two landmark transportation bills, ESSB 6358, the Transportation Funding Bill, and ESHB 1825, the High Capacity Transit Bill, which created a number of new revenue sources for transit agencies and for public transportation purposes. It also authorized a $.05 increase in the state motor vehicle fuel tax for highway purposes. One of the significant accomplishments of the new legislation was that it created several new funds which are not restricted to "highway purposes" under the 18th Amendment to the State Constitution. Another important accomplishment was the authorization of new local option funding mechanisms available to counties, cities, and public transit agencies.

The same Legislature also passed ESHB 2929, the Growth Management Act, which authorizes local governments to impose fees to help pay for the effects of growth. Development impact fees are one source authorized: a new real estate excise tax is another source. Both could potentially be used by local governments to participate in public transportation-related capital projects.

In general, the new revenue sources will not assist transit agencies with their operating programs, but will potentially be available to assist with capital projects such as HOV lanes, park-and-ride lots, bypass ramps, bus turnouts, signalization, and demand management and trip reduction programs. The following discussion outlines the funds available for public transportation purposes.

I. State Funds

At the state level, an overhaul of the way Motor Vehicle Excise Taxes (MVET) are calculated and distributed resulted in a loss of some direct revenues to transit agencies, but it also created several new funds which can be used for public transportation purposes, including high capacity transit, contributions to TIB projects, high occupancy lanes and related facilitates, park-and-ride lots, and TDM programs. These funds have been discussed in previous Transit Study memoranda, but are briefly summarized again below.

A. Transportation Fund

The largest of the new funds, the transportation fund is available for any transportation purpose (including highways), but is not limited by the 18th Amendment. Monies in the Transportation Fund are appropriated by the legislature as part of the biennial transportation budget process. The funding sources are a .2% MVET surcharge, transit residual MVET funds, and an additional .1% MVET transfer from the general fund. For the next 2 biennia, monies in the Transportation Fund have largely been promised by legislative agreements to meet projected shortfalls in the Department of Transportation's Category C program to expand capacity on state highways. However, changes in the project list may result from new city, county or state priorities developed through newly mandated growth management and planning priorities. Funds projected to be available in the Transportation Fund are shown in Table 1.

B. Two New Public Transportation Accounts

Within the Transportation Fund are two newly-created specialized accounts dedicated to public transportation: Central Puget Sound Public Transportation Account (CPSPTA) and Public Transportation Systems Account (PTSA). Both accounts are funded by the difference between the old level of MVET funding transit agencies were able to collect from their districts and the new, lower amount which transit districts may collect after January 1, 1993. The new public transportation accounts may be used for high capacity transit, HOV lanes and related facilities, and public transportation contributions to TIB projects. Projected funding levels in the 2 accounts are also shown in Table 1.

1. **Central Puget Sound Public Transportation Account (CPSPTA)**

   The CPSPTA contains funds which are collected in King, Pierce and Snohomish Counties. King County Metro, Pierce Transit and Community Transit may apply for the full amount of funds in the account.

2. Public Transportation System Account (PTSA)

   The PTSA contains funds which are collected in the districts of all other transit agencies. Each agency may apply for funds in the amount generated by its district.

C. High Capacity Transportation Account

Formerly known as the Rail Development Account, the new High Capacity Transportation Account receives the same level of funding as prior to the new legislation. High capacity transportation systems are defined as modes that operate primarily on exclusive rights-of-way (including exclusive busways). What is new about this account is that these funds are now available to transit agencies in King, Pierce, Snohomish, Thurston, Clark and Spokane Counties for planning, constructing and operating high capacity transportation systems, including commuter rail and feeder transportation systems. HCT Account funding provides up to an 80% state match for transit agency efforts. Projected funds available are shown in Table 1.

II. County Funds

Local governments now have a menu of new local option taxes available for funding transportation improvements. Counties, which are responsible for urban and rural county roads, have 3 new revenue options which may be used for public transportation purposes, 2 of which require voter approval and 1 of which may be authorized by the County Council or Board of Commissioners. (A fourth option, a local option fuel tax, may be used for highway purposes only.)

Counties choosing to impose local option taxes are required to coordinate programming with DOT, transit agencies and cities. Some of the options, e.g. the commercial parking tax and the employer tax are available to more than one jurisdiction. In such a case, counties, cities and transit agencies must not only coordinate programming, but must also agree on which jurisdiction shall impose the tax. This kind of joint planning effort is complex and requires a high degree of regional coordination.

A. Vehicle Registration Fee

Counties may impose up to a $15 annual vehicle registration fee on all vehicles registered in the county except trucks over 6,000 pounds. The revenue may be used for general transportation purposes, including highways, public transportation, high capacity transportation, planning and design, and other activities. To date, in July 1991, only King and Snohomish Counties have implemented this option. In King County the fee is projected to generate $16 million in fiscal year 1992; in Snohomish County $4.7 million is projected. Potential revenue for other counties are shown in Table 2.

B. MVET Surcharge

A county-level motor vehicle excise tax surcharge of 15% may be authorized with voter approval in King, Pierce and Snohomish Counties. Its revenues may be used for HOV lanes and related facilities, park-and-ride lots, and for other HOV programs. Up to 10% of the funds may be used by transit agencies for vanpooling, enforcement of HOV lane restrictions, and for programs which promote HOV use. The funds may also be used for preparing, adopting and enforcing employer trip reduction programs. Potential revenues are shown in Table 3.

C. Employer Tax

A county-level employer tax of up to $2 per employee per month may be imposed with voter approval in King, Pierce and Snohomish Counties. Like the 15% MVET surcharge, its revenues may be used for the full range of HOV facilities and programs. Employers who already participate in ride-share or other trip reduction programs must receive a credit against the tax. If both the employer tax and the MVET surcharge are imposed, the total revenue may not exceed the amount that would be generated by the MVET surcharge alone. Potential revenues are shown in Table 3.

To date, the local option MVET surcharge and the employer tax have not been implemented by any of the three counties authorized to impose them.

III. Local Funds

Cities also have new local option transportation sources that they may impose. One of those, the employer tax, is available only to operate a street utility and is thus not useful for public transportation purposes. Another option, the commercial parking tax, is potentially useful, although implementation of the tax is expected to be complex.

A. Commercial Parking Tax

Cities may impose a tax on commercial parking business in one of several ways: the tax may take the form of a tax on the parking operator it may believed directly on the customer. Proceeds may be used for roads and streets, public transportation, high capacity transportation, planning, design and other activities. This tax can be useful as a revenue source but it may also serve as a mechanism in a larger demand management strategy to encourage the use of public transportation. Issues involving the implementation of this tax are currently being worked on in a number of jurisdictions. The parking tax has not yet been implemented in any city or county.

The Washington State Transportation Center has just completed a draft of its comprehensive analysis of commercial parking tax. It includes preliminary estimates of revenue that could potentially be generated in 5 cities (Bremerton, Bellevue, Seattle, Lynnwood, and Tacoma) by 5 alternative methods of taxation and at four different tax rates. The most conservative alternatives are projected to yield annual revenues ranging from $10,000 in Bremerton to $625,000 in Bellevue to $1.2 million in Seattle.

IV. Transit Agency Funds

Six transit agencies have new revenue options which are limited to planning, constructing and operating high capacity transportation systems. Agencies authorized to impose HCT taxes are those in King, Pierce, Snohomish, Thurston, Clark and Spokane Counties. All of these new revenue measures require voter approval. Potential revenues from each source are shown in Table 4.

A. Local Option MVET .8%

Transit agencies may impose .8% local option MVET within their districts. Unlike the MVET surcharge which counties may impose, transit agencies are authorized to levy this tax directly on the base value of motor vehicle, except large trucks.

B. Sales Tax 1%

Transit agencies may also impose up to a 1% tax on retail sales within their district. One tenth of a percent of this new taxing authority may be used by the counties for criminal justice facilities, and if so used, are lost to transit agencies. In King County, the .1% for jails has been approved by voters, so this sales tax at .9% would have generated $219 million in 1991.

C. Employer Tax

Transit agencies may levy a $2 per employee per month tax on businesses. Employers already participating in trip reduction programs must receive a credit against the tax. Transit agencies must coordinate with cities and counties on the use of this revenue source which those other jurisdictions may also use.

Currently, only King County Metro is contemplating the use of these local option taxes for high capacity transportation purposes. It intends to seek voter approval for one or more of these taxes in November 1992.

V. Conclusions

Some new funds will be available for public transportation purposes, and thus available to transit agencies, in the coming years. Most of these funds are for capital, rather than operating purposes. Some funds are available, however, for demand management and trip reduction programs.

The largest pool of funds is the new created Transportation Fund which is expected to yield $140 million by the year 1999. It is available for all transportation purposes including highways, HOV facilities, and high capacity transit. The funds are subject to legislative appropriation, and given the large shortfall currently existing in WSDOT's Category C highway program, much of the money in the Transportation Fund has already been promised to this program for the foreseeable future. In the intermediate term, these funds are being eyed by local government officials as the funding base for development of a regional HOV system in the Puget Sound area. Theoretically, however, a portion of these funds will be available for transit-related projects.

Another potentially substantial source of funds is available for development of high capacity transportation systems. Other, much smaller revenue sources are available for HOV-related purposes and demand management programs. None of these funding sources, however, are directly under the control of transit agencies. All sources require either voter approval or enactment by another local government, or both. Thus while opportunities exist for transit agencies to make up future funding shortfalls from among these newly enacted options, they require significant levels of planning, coordination and cooperation with other jurisdictions, and the new revenue sources are not stable or reliable for agency planning purposes.

Table 1
New State-Level Revenue Sources Available for General Transportation Purposes

	FY92	FY93	FY94	FY95	FY96	FY97	FY98	FY99
Transportation Fund								
From MVET Surtax	$46.7	$51.3	$56.3	$61.5	$65.8	$70.4	$75.3	$80.6
From general fund	$0.0	$0.0	$28.1	$30.7	$32.9	$35.2	$37.7	$40.3
Transit Residual	$7.2	$7.0	$9.6	$11.5	$14.4	$16.0	$17.7	$19.6
Total Transportation Fund	$53.9	$58.3	$94.0	$103.7	$113.1	$121.6	$130.7	$140.5
Central Puget Sound Public Transportation Account (CPSPTA)	$0.0	$0.0	$7.7	$8.2	$8.4	$8.7	$9.1	$9.6
Public Transportation Systems Account (PTSA)	$0.0	$0.0	$1.5	$1.5	$1.5	$1.5	$1.5	$1.6
High Capacity Transit Account	$4.4	$5.4	$5.5	$6.0	$6.6	$7.0	$7.5	$8.0

Source: Washington State Department of Transportation, Economic Analysis Unit, June 1991 Forecast of MVET Distributions

TABLE 2
POTENTIAL REVENUE FROM VEHICLE REGISTRATION FEE FY92
(For General Transportation Purposes)
(Millions)

Adams	$0.1
Asotin	$0.2
Benton	$1.1
Chelan	$0.5
Clallam	$0.5
Clark	$2.3
Columbia	$0.0
Cowlitz	$0.8
Douglas	$0.2
Ferry	$0.0
Franklin	$0.4
Garfield	$0.0
Grant	$0.5
Grays Harbor	$0.6
Island	$0.5
Jefferson	$0.2
King	$16.0
Kitsap	$1.7
Kittitas	$0.2
Klickitat	$0.1
Lewis	$0.6
Lincoln	$0.1
Mason	$0.3
Okanogan	$0.3
Pacific	$0.2
Pend Oreille	$0.1
Pierce	$5.7
San Juan	$0.1
Skagit	$0.9
Skamania	$0.1
Snohomish	$4.7
Spokane	$3.4
Stevens	$0.2
Thurston	$1.7
Wahkiakum	$0.0
Walla Walla	$0.4
Whatcom	$1.2
Whitman	$0.3
Yakima	$1.7
Total	$47.9

Source: Legislative Transportation Committee, Major Transportation Funding and Growth Management Legislation, July 1990, page A-3

TABLE 3
POTENTIAL REVENUE FROM MVET SURCHARGE
AND EMPLOYER TAX FOR 1991
(For HOV Purposes)
(Millions)

	MVET Surcharge	EMPLOYER TAX*
King	$21.9	$21.3
Pierce	$5.6	$4.4
Snohomish	$5.5	$3.4

Source: Legislative Transportation Committee, Major Transportation Funding and Growth Management Legislation, July 1990, page 35

* Estimates do not include credits to employers with ride-sharing programs.

TABLE 4
POTENTIAL REVENUE FROM NEW TRANSIT SOURCES FOR 1991
(For HCT Purposes)
(Millions)

	MVET 0.80%	EMPLOYER TAX*	SALES TAX 1%
King	$59.2	$21.3	$243.0
Pierce	$15.1	$4.4	$54.9
Snohomish	$15.0	$3.4	$50.7
Spokane	$10.5	$3.6	$34.5
Thurston	$7.0	$1.7	$20.7
Clark	$4.8	$1.4	$15.2

Source: Legislative Transportation Committee, Major Transportation Funding and Growth Management Legislation, July 1990, page 37

* Estimates do not include credits to employers with ride-sharing programs.

PUBLIC TRANSPORTATION STUDY

Task 2C

FINANCING MECHANISMS IN COMPARABLE STATES

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STATE of WASHINGTON

The Legislative Transportation Committee

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FINANCING MECHANISMS IN COMPARABLE STATES

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Abstract - Financing Mechanisms in Comparable States

The primary purpose of this comparison is to review other state financing mechanisms focusing on methods, sources and revenues. In addition, this review looked at innovative and creative ideas that may be potentially beneficial and relevant to the State of Washington.

This study focused on financing mechanisms used in other states deemed comparable to the State of Washington. These states include Indiana, Michigan, Minnesota, Missouri and Wisconsin. The financing mechanisms and origins of funding used in these states are as follows:

INDIANA funds transit through a Public Mass Transportation Fund using one primary source, the sales and use tax; and two minor sources including lottery revenues and rail and property taxes. The state and local shares (excluding farebox) of funding are 17 percent and 23 percent, respectively. Please see Section III of this report for further discussion and supporting data.

MICHIGAN funds transit through the State's Comprehensive Transportation Fund. Two primary revenues sources feed this fund including fuel and sales taxes, along with two minor sources including fees and other revenues (e.g., interest). The State and local funding shares are 55 percent and 13 percent, respectively.

MINNESOTA funds transit through two sources only. The first is the income tax funding transit through general fund appropriations. The second is the motor vehicle excise tax which is a sales tax earmarked for transit. The State and local funding shares are 24 percent and 42 percent, respectively.

MISSOURI is unique among the states reviewed because the State does not provide any funding for transit. The local funding share is expectedly larger than most other states at the 60 percent level.

WISCONSIN funds transit through the State's Segregated Mass Transportation Fund using two primary sources including motor fuel and registration fees, and through two less significant sources including drivers license and other fees. The State and local funding shares are 38 percent and 14 percent, respectively.

WASHINGTON funds transit indirectly through the MVET. The State and local funding shares are 22 percent and 40 percent, respectively.

When comparing the State of Washington to other "comparable" states, few similarities and numerous differences were noted. The similarities include; first, the sales tax, in some administrative form, is used in four of the five comparable states. Second, the states are all similar in providing support to, and general funding of, urban and nonurban systems. Third, ultimately the majority of state assistance, whether specifically allocated or not, goes overwhelmingly to operating as opposed to capital costs. Conversely, the vast majority of federal assistance is used for capital outlays.

The differences between Washington and the other states are far more numerous and significant. The primary differences include:

- Washington is different in that its aid is basically "indirect" as opposed to "direct" (discussed later in this report);

- Three states allocate transit assistance through large statewide funds of mostly appropriated money;

- Washington is also different because it does not specify whether funds are to be allocated to capital or operating expenses;

- The State of Washington does not provide for the use of property taxes in the support of special transit districts;

- The Washington State Constitution prohibits the lending of State or Local credit for the benefit of the private sector;

- A unique set of taxes is authorized in Washington to provide the local share of transit funding. These taxes include the business and occupation and household taxes (in lieu of using the alternative of the local sales and use tax);

- Washington does not use an income tax to provide general fund monies; and

- The unusual use of the MVET taxes to the degree that local systems receive a 22 percent (1989) share of total receipts.

Although, the primary objective of this review is to look at other state financing mechanisms. This orientation does not address the global issues of capital funding adequacy nor performance measurement (these issues are addressed elsewhere in the study report). What can be deduced from this review is that Washington is unique and handles transit financing differently from its peers, yet the state's systems appear to be accessing reasonable levels of federal, state and local funding necessary to get the job of transit done.

In total, Washington compares favorably to other states on both a national basis, and in comparison to the five selected states discussed herein. Three statistics that illustrate where Washington stands with regards to transit funding are one, total State funding, two, state transit funding on a per capita basis and three, ridership per capita. Nationally Washington ranks 11th, 9th, and 8th respectively[1]. Compared to the group of five states Washington ranks 2nd in total State funding (behind Michigan) and 1st on a per capita and ridership per capita basis.

As stated above, how the State approaches transit funding is very different when compared to other states. In Washington, local governments have been authorized to tax themselves to provide for funding. In effect the State of Washington provides assistance through "indirect" as opposed to "direct" funding. In the majority of other governments studied, states participate in the taxing, collection and distribution processes. The mechanisms used in Washington are unique. Specifically, the use of MVET at the local level is unusual. Washington's other primary and more common source is the sales tax, but is also implemented at the local level.

When considering ideas for transfer opportunities from other comparable states, only conventional techniques appeared relevant. Other than the use of sales tax, these techniques are not being utilized in Washington transit districts, and may be a logical starting point for consideration. Conventional state funding techniques requiring further attention include general fund appropriations, fuel taxes and dedicated transportation funds. It is important to note that Washington is in a minority of states with no income tax. Other states, including those studied, provide significant general fund monies to transit from this tax. In many other states property taxes also provide a major source of funding at the local level.

Innovative financing techniques are not widely used nationally, but are increasingly being considered and implemented. Popular innovative techniques include impact fees, special benefit districts (SBD), lottery funding and third party contracting. The State of Washington uses some innovative techniques in the form of impact fees used by Metro in relation to the DSTP.

It is possible that further study of alternative conventional and innovative funding sources should be considered. The supporting reasoning for study of selected sources includes the potential for public acceptance, broad based funding availability, significant user benefits and the potential for further utilization of existing mechanisms. If studied, these techniques could be analyzed in relation to capital versus operating, and urban versus nonurban funding requirements.

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[1] Financing for the future: Changing Roles for Mass Transit, Council of State Governments, 1987.

Finally, much of the capital funding for transit, both in Washington and in other states, comes from the federal government. In contrast, operating funding uniformly comes from State, local and farebox sources. Nonurban funding does not differ much from state to state. Nonurban system funding accounts for relatively small amounts of assistance in comparison to urban system funding, although the percentage of federal funding for capital expenditures is higher among nonurban systems when compared to urban operations.

I. Selection of Comparable States

The selection of states was based upon similarities in demographic, public transit and governance profiles compared with the State of Washington. The selection criteria used to select states included:

- Similar Population and Urban Characteristics;
- Equivalent Number of Similarly Sized Systems; and
- Similar Funding Profiles and Financing Mechanisms.

The identifying factors are in many cases mutually exclusive. For example, the states with a comparable number of large and small systems are usually much larger states in contrast to the State of Washington. Those states having the same population and geographic characteristics tend to have a fewer number of total overall systems and in many cases those systems are a smaller size. The fifty states' transit systems are all very different. As such, we looked for as close a match as possible, and ultimately selected states that met one or more of the selection criteria. Our process prompted selection of at least one state emphasizing each criteria as specified below.

A. Population and Urban Characteristics

One of the first comparable states selected was Minnesota. Minnesota has roughly the same population as the State of Washington, has large urban areas (Minneapolis and St. Paul) and has smaller systems also. In total, 27 primary public transit systems operate in the State of Minnesota. Another comparable State is Wisconsin. It is comparable in size to the State of Washington, and has a large urban area in Milwaukee which again is an all-bus system. In total the State has 26 primary transit systems. We also investigated Missouri as a comparable state. Although the State has only five transit districts reporting to the Urban Mass Transit Administration (UMTA), it has large systems in St. Louis and Kansas City and approximately the same population. Another similar State identified was Indiana. At approximately five and one half million people it compares favorably with the State of Washington. It also has a large city in Indianapolis. Indiana has 22 primary systems. Michigan, the last comparable State, is a somewhat larger but has urban characteristics similar to the State of Washington. Michigan has 15 primary systems. In support of the population

criteria, the 1990 U.S. Census Population Data is as follows: Indiana 5.6 million, Michigan 9.3 million, Minnesota 4.4 million, Missouri 5.1 million, Wisconsin 4.9 million and Washington 4.9 million.

B. Similarly Sized Systems

A second criteria used was to look for states with similarly sized systems. We investigated two additional states which met this criteria. In these instances, however, the states were much larger in population than Washington, including the states of Texas and Florida. (In the case of Florida, in addition to Miami, it has 18 other systems. Texas has two large all-bus systems in Dallas and Houston and has numerous smaller systems). After review, these two states were eliminated from further consideration. The number of primary and largest systems in the states are as follows:

STATE	NUMBER OF PRIMARY SYSTEMS	LARGEST SYSTEM
1. INDIANA	22	INDIANAPOLIS 248 BUSES
2. MICHIGAN	15	D-DOT 574 BUSES*
3. MINNESOTA	27	MINNEAPOLIS 948 BUSES INC. ARTICS
4. MISSOURI	5	ST. LOUIS 700 BUSES
5. WISCONSIN	26	MILWAUKEE 530 BUSES

* Combined with the regional SMART system over 931 buses are available.

Primary systems are defined by each State and include large, medium and small transit districts. Generally comparable states define the breakpoint between primary and secondary systems between population levels of 2,500 to 50,000. Other county and paratransit systems were not considered as one of the decision criteria in the basis for selection.

C. Similar Funding Profiles and Financing Mechanisms

The final factor in selecting this group of states was that they are reviewing, considering or may already use innovative transit financing mechanisms, and have a similar tax base and other demographic similarities which will provide a good comparison to the State of Washington. Examples

of such innovative financing include Special Benefits Fees (e.g., impact fees) and Private/Public financing (e.g., private ownership, donations and service contracting).

D. Selection

In total, five states were selected as comparable for further study of financing mechanisms. These states include:

- Indiana;
- Michigan;
- Minnesota;
- Missouri; and
- Wisconsin.

These states were introduced, discussed, and approved at the Transportation Study Policy Advisory Committee meeting held on March 22, 1991. This report also includes discussion of other State programs not on the above list, where other entities are using unique and/or innovative funding programs. We focused our review on the above "comparable" states, but also expanded our review where appropriate, as discussed herein.

E. Comparability to Washington

Although the group of selected states meets similar demographic and governance profiles, and adequately allows for a comparison of financing mechanisms, it presents some difficulties in comparing funding levels. As such, this review does not directly analyze State performance on a one-for-one comparison to Washington. The inability to directly compare the states is a result of numerous factors including differing agency missions, demographics, service evolution, economic and environmental constraints and needs of the public. The State of Washington is significantly different in its geographic dispersion, public demands, and historical development of its tax base.

The comparative state funding data discussed herein identifies and defines the different mechanisms but does not elaborate on the reasoning behind state differences. In brief, four key examples of relevant economic differences preventing direct funding comparisons between states (all affecting revenues sources and shares) include:

- The processes used in Washington to fund and maintain capital reserves, and account for depreciation to support future transit needs. This process increases current expenditures for the benefit of future capital purchases operations, a practice not widely utilized in other states.

- A different set of taxes used by local governments who took the lead in establishing systems, creating high levels of public expectation and support regarding service delivery.

- An estimated $500 million capital investment in the Downtown Seattle Tunnel Project (DSTP) which increased federal and local capital funding over the 1985- 1989 period.

- Recently established transit systems, and expanded service, requiring significant investment in equipment. Examples of new systems and expanded service include C-Tran, Community Transit and Pierce Transit Districts.

F. Comparable States Descriptions

There are three roles that state governments may fill with regard to transit funding. First, is "direct" assistance. The American Association of State Highway and Transportation Officials (AASHTO) defines direct assistance as revenues generated by a state-level tax, and returned to substate entities in the form of grants from the State. This form generally requires an annual or biennial appropriation by the respective state legislature.

Second, is "indirect" assistance. This assistance includes revenues generated by a state-level tax and retained at the local level for transit purposes. The states' role essentially includes collection and distribution services. This form of assistance usually is not reflected in the State budget.

Third, is state "authorization" to local entities to tax on their own behalf. A good example of this type of funding is a local property tax. Each of these roles is defined further below in relation to each comparable state emphasizing both methods and revenues. This discussion highlights operating and capital costs, urban and nonurban system mechanisms, sources of transit revenues, governance issues and elderly and handicapped funding.

1. Indiana

a. State Financing Mechanisms

The State of Indiana funds transit through a Public Mass Transportation Fund which is appropriated by the legislature. State expenditures reached $13 M in 1989 and are anticipated to reach $17 M in 1991. The State provides funds through a performance based allocation formula obtained from three sources as follows. First,

the vast majority of funds are from a dedicated portion of the States Sales and Use Tax; .76 percent of the Sales Tax is earmarked for the State's Public Mass Transportation Fund. Second, a portion of states lottery revenues are used for transit, but are not dedicated. Funds from the lottery "may be available" via appropriation, as funded at $800,000 in the current biennium for capital expenditures. Third, and far less significant, is a group of dedicated property and leasing taxes allocated to the commuter rail and electric rail services funds.

The State does not fund any specialized programs regarding elderly and handicapped, inner city bus, or rideshare programs. The State of Indiana is active in the collection and distribution of funding revenues.

b. Urban and Nonurban System Funding

The significant portion of State funding is directed to urban, as opposed to nonurban systems. State funds expended were $12.09 (93 percent) and $.91 million (7 percent), respectively for total 1989 state urban and nonurban assistance. This assistance was overwhelmingly in the form of direct aid. This aid again requires biennial appropriation by the State Legislature.

c. Capital and Operating Assistance

State funds are considered block grants and may be used for either capital or operating needs, however, the systems are using these dollars primarily in operations. Historically, no more than 5 percent of state's assistance has been used for capital needs. During our interviews with State transit personnel it was apparent that the impact on services of providing only capital financing would be significant. Some of the systems would likely be shut down and alternative sources of financing would have to be found for surviving systems including increased fares for riders.

d. State Versus Local Funding

Indiana transit systems rely on property taxes for their source of local revenue. Property tax rates vary greatly and under current State property tax controls, levies are generally capped at 5 percent annual growth rate. Transit competes with other municipal services for these dollars including fire and police protection, recreation and solid waste disposal. There is also an option to levy income taxes on a county level up to .1 percent. Statutory ceilings limit the amount of funds that can be raised via this mechanism.

Special Transit Corporations may be created in Indiana. Seven exist currently. These corporations are funded through property taxes and sometimes general obligation bonds.

Local governments are eligible to levy both income and property taxes for transit operations. Approximately 18 of these local governments use their taxing authority, but only two are using funds for transit.

e. Governance

Indiana governs operations under a biennial budget process. The budget process includes providing money to the statewide Public Mass Transportation Fund, which is appropriated during the regular session of the legislature. The State's role in transit is largely supportive as opposed to direct management oriented. The Legislature has recently discussed a negotiated farebox return, but currently has a strict hands-off policy regarding local funding.

The State allocates funds while focusing on a group of performance criteria, but does so relative to other districts in a designated peer group. A peer group review occurs for systems in large, medium, rural and demand response categories. The State does not, however, dictate criteria for any particular transit system. Formal State reporting requirements include biennial State audits, quarterly expense statements, annual operating statistics and annual federal funds application reviews.

f. Funding Data

(1) Revenue Sources (1989 Revenues)

REVENUE SOURCE	AMOUNT (MILLIONS)	PERCENT OF TOTAL
FEDERAL	28.8	39%
STATE MASS TRANSPORTATION FUND[2]	13.0	17%
LOCAL REVENUE	17.1	23%
FAREBOX AND OTHER	14.5	20%
TOTAL	$73.4	100%

SOURCE: 1989 Annual Report-Indiana Public Transportation, July 1990

(2) Urban and Nonurban Funding (1989)

AREA	AMOUNT (MILLIONS)	PERCENT OF TOTAL
URBAN	12.09	93%
NONURBAN	.91	7%
TOTAL	$13.0	100%

(3) State Capital and Operating Assistance (1989)

TYPE OF ASSISTANCE[3]	AMOUNT (MILLIONS)	PERCENT OF TOTAL
CAPITAL	.2	2%
OPERATING	12.8	98%
TOTAL	$13.0	100%

[2] The State's sales and use tax accounts for the clear majority of funds at over $12.6 million, or 97% and is supplemented by minor revenue sources including Lottery revenues and rail and property taxes.

[3] State assistance may be used for either capital or operating purposes.

2. Michigan

a. State Financing Mechanisms

The State of Michigan has a large Comprehensive Transportation Fund which serves numerous programs including transit. Both the States sales tax and the larger Michigan transportation fund (allocating money to both highways and transit) feed the Comprehensive Transportation Fund (CTF). Funds are allocated from the CTF through a rigid distribution formula established by the legislature (the major components are discussed below). Allocated funds are used for debt service, administration, inner city freight and passenger service, public transportation development and transit. Actual debt service and administrative costs are a funding priority, and then the three remaining categories are covered including 70 percent to transit; 10 percent to inner city bus, rail passengers, and freight; and 20 percent towards a public transportation development account. Please see the attached diagram on the following page which depicts the Michigan funding program.

The sources of State assistance are varied, although two sources combine to provide the vast majority of funds. These sources include dedicated portions of the State's sales and fuel taxes. A portion of the Sales Tax is dedicated by the constitution to cover transportation needs. This portion of the tax is obtained from sales of automobiles and related items (tires, parts, etc). By law, this tax accounts for 27.9 percent of 25 percent of the States Sales Tax on auto related items. The Fuel Tax is also provided by the constitution. This tax is currently 15¢/gallon, of which 10 percent is used for public transportation including rail and bus. Some other assistance is provided through fees and investment interest. These fees are also dedicated, and are essentially vehicle registration fees. Miscellaneous other dedicated sources of assistance include lapsed fund accounts and associated interest.

Michigan also funds a variety of special programs including elderly and handicapped, inner city bus and rideshare. 1987 funding was $1,750,000, $5,778,300 and $345,000, respectively for these three programs as referenced by the American Association of State Highway and Transportation Officials (AASHTO) in the 1990 Survey of State Involvement in Public

Transportation. Elderly and handicapped funding is defined as Section 16(b)2 assistance. The State provides all three types of assistance in the form of grants to differing systems.

b. Urban and Nonurban System Funding

Michigan State funds both urban and nonurban transit at significant levels. Of the total $127 M funds allocated in 1991, $103 (81 percent) and $24 (19 percent) have been directed to urban and nonurban systems, respectively. These funds were all in the form of direct aid to public transit appropriated by the legislature.

Of the funds available to transit (i.e., 70 percent factor of designated portion of the formula) the State matches both local urban capital and operating expenses. The State also matches 20 percent of capital expenses and a maximum of 40 percent of eligible operating expenses. In contrast, nonurban systems are funded at higher levels, matching 100 percent of capital, and 50 percent of eligible operating expenses.

c. Capital and Operating Assistance

State revenue assistance is used for both capital and operating assistance, as designated, and often matched, by the local transit system. Much of the available funding is used for operating assistance, but the specific amounts fluctuate from year to year depending on system needs. The impact on services of providing only capital financing would be significant.

d. State Versus Local Funding

In total, state funding accounts for the largest share (55 percent) of the public assistance transit in fiscal year 1991. Federal dollars are next with 19 percent, followed by local and farebox sources.

Many revenue sources are used at the local level for transit including general fund, fees, sales, fuel and property taxes, and non fare enterprise revenues. Local governments have been given direct taxing authority. Assistance is available through two primary sources including income and property taxes. A two percent income tax statutorily defined, may be levied in

urban areas although no transit system currently receives money through this mechanism. Special Transit Districts may also be created and use property tax for revenue support.

e. Governance

The State of Michigan's transit role is primarily one of support. Five types of support are available including technical, computer, mechanical, and accounting assistance, and lastly, guidance and support for board accountability to heighten responsibility in transit management. Farebox returns are not required although a few laws do exist governing system accessibility (e.g., 1/2 price fares for elderly and handicapped in off-peak hours). Operating statistics are also tracked at the State level but are not readily utilized.

Several formal reporting requirements are required including:

- Quarterly operating assistance reports for local bus and Section 18 agencies.
- Monthly operating assistance reports for New Service projects during the first three years.
- Annual operating assistance audits for local bus and New Services projects (fourth year and beyond).
- Contracts audits at the completion of Section 18, New Services, Specialized Services and Capital projects.

Local transit agencies and authorities are governed by local governments or local boards depending upon which state law they are created under. Operating and funding policies are therefore established at the local level. The bottom line is that the state provides funding and technical support with few policy requirements.

f. Funding Data

(1) Revenue Sources (1991 Revenues)

REVENUE SOURCE	AMOUNT (MILLIONS)	PERCENT OF TOTAL
FEDERAL	45.1	19.2 %
SALES TAX	37.3	15.9 %
FUEL TAX AND FEES	87.4	37.2 %
INTEREST	3.9	1.7 %
LOCAL REVENUE[4] (Property tax)	30.7	13.0 %
FAREBOX AND OTHER[4]	30.7	13.0 %
TOTAL	$235.1	100.0 %

SOURCE: Telephone interviews with State Transit officials and written response to Comparable State questionnaire

(3) State Urban and Nonurban Funding (1991)

AREA	AMOUNT (MILLIONS)	PERCENT OF TOTAL
URBAN	103.0	81%
NONURBAN	24.1	19%
TOTAL	$127.1[5]	100%

[4] Estimated by Michigan DOT Transit personnel, July 1991

[5] $1.6mm of State funds (total assistance less total urban and nonurban assistance) was not allocated to urban/nonurban districts

(3) State Capital and Operating Assistance (1991)

TYPE OF ASSISTANCE[6]	AMOUNT (MILLIONS)	PERCENT OF TOTAL
CAPITAL	13.3	10.3%
OPERATING	115.3	89.7%
TOTAL	$128.6	100%

3. Minnesota

a. State Financing Mechanisms

Funding for transit is provided through the Minnesota Public Transit Assistance Program. The Minnesota Department of Transportation (DOT) Office of Transit administers the program in an eighty-county geographic area located outside the seven-county Twin Cities Metropolitan Area. The Regional Transit Board (RTB) is responsible for short-term planning and funding distribution for transit services in the Metropolitan Area. As joint administrators of the program, Minnesota DOT and the RTB coordinate activities regarding public transit.

The State provides significant operating funds to transit systems. Transit funds are provided annually from two primary sources. First, is the motor vehicle excise tax. This tax is relatively new, initiated in 1983. Second, is the income tax which flows into the general fund. For systems outside the core transit area the State provides for a capital match at a 3 state to 1 local proportion. The State provides funding for the elderly and handicapped, but does not provide funding for inner city bus or rideshare programs.

b. Urban and Nonurban System Funding

The State of Minnesota provides funding to both urban and nonurban transit systems. In fiscal 1990, these funds totalled $33.8 (90.9 percent) and $3.4 (9.1 percent) million, respectively

[6] State assistance may be used for either capital or operating purposes

for a total of $37.2 million. The funds provided were in the form of direct, versus indirect aid.

c. *Capital and Operating Assistance*

Historically, significant capital assistance has not been provided to transit. Capital funds may be provided when excess money is available at the state level, however, this does not happen often. In fiscal 1990, $1.2 million or 3.2 percent of the $37.2 million total State aid was in the form of capital assistance. When allocated, capital funds are usually provided by the motor vehicle excise tax, but as stated, funds are provided on a discretionary basis by the State Department of Transportation. The level of state provided operating assistance is key to continuous long term transit operations in many districts. The impact on services if only capital financing was available would be devastating. Because the many small systems around the State rely so heavily on state operating assistance, many would likely close down.

d. *State Versus Local Funding*

The state's share of total transportation funding was about 24 percent in fiscal 1990. Local funding was approximately double that amount at 42 percent of total funding. Farebox and federal revenue sources provided 28 percent and 7 percent of revenues, respectively.

Since January 1, 1984, all transit systems in Minnesota and several in the Metropolitan Area have received State assistance through a fixed-share funding formula. This formula sets a maximum local share of the total operating cost. The percent of the total operating cost that is identified as local participation can be comprised of any combination of revenue sources, including farebox receipts, auxiliary revenues, and local tax levies. The remainder of operating cost is paid by the State, less available federal operating assistance.

The State's sales and income tax (distributed from the general fund) referenced above are distributed through a fixed-local-share funding formula. The percentage of state funding is determined by population levels. Local authorities are required to fund a fixed percentage of operating costs before State funds are available and allocated.

SYSTEMS	POPULATION	FIXED LOCAL SHARE*
NONURBAN	<25,000	35
SMALL URBAN	25,000 - 50,000	40
URBAN	50,000 - 100,000	40
LARGE URBAN	100,000	55

* Includes Farebox

Other than property tax, local governments do not have taxing authority. Special Transit Districts; of which there are six, use the property taxes to fund operations. Taxes are authorized by state statute.

e. Governance

To accomplish statutory purposes, the Minnesota's DOT Office of Transit developed the following Mission Statement:

The mission of the Office of Transit is to provide the expertise from within the Minnesota Department of Transportation to maintain the State role in the delivery of transit service in partnership with the federal government and local communities through the development of policy and programs which:

- Provide technical and financial assistance to local transit programs;
- Evaluate and improve performance of local transit systems;
- Identify service level needs;
- Establish annual contracts and management plans for the delivery of local transit services;
- Effectively utilize the state and federal investment; and
- Increase use and operation of existing transportation facilities.

The Minnesota DOT is responsible for the administration of state and federal transit assistance funds for Greater Minnesota. In addition, the DOT has statewide responsibility for the administration of the Federal Section 16(b)2 and 18 programs. Responsibilities in these areas include managing contracts for services, billing, payments, and auditing local transit systems. The Legislature also has assigned overview and financial responsibilities for light rail transit activities in the Metropolitan Area.

As stated above, the State negotiates a contract with each local district. How the local district manages its money is left up to the local government and is not formula driven.

Operating statistics are tracked at the State level including cost/mile, cost/passenger; revenue/mile; and subsidy/passenger. The State also reviews annual budgets by line item to provide ongoing support in operations management. However, the State encourages local districts to be responsible for their own operations and does not directly compare systems one to another. State reporting requirements include preawards audits, annual audit, monthly operations reports and quarterly UMTA progress reports.

f. Funding Data

(1) Revenue Sources (1990 Revenues)

REVENUE SOURCE	AMOUNT (MILLIONS)	PERCENT OF TOTAL
FEDERAL	10.4	6.6%
MVET	9.3	5.9%
INCOME TAX (General Fund)	27.9	17.8%
LOCAL REVENUE	65.5	41.8%
FAREBOX AND OTHER	43.7	27.9%
TOTAL	$156.8	100%

SOURCE: Telephone interviews with State Transit officials and written response to Comparable State questionnaire

(2) State Urban and Nonurban Funding (1990)

AREA	AMOUNT (MILLIONS)	PERCENT OF TOTAL
URBAN	33.8	90.9%
NONURBAN	3.4	9.1%
TOTAL	$32.7	100%

(3) State Capital and Operating Assistance (1990)

TYPE OF ASSISTANCE	AMOUNT (MILLIONS)	PERCENT OF TOTAL
CAPITAL	1.2	3.2%
OPERATING	36.0	96.8%
TOTAL	$37.2	100%

4. Missouri

a. State Financing Mechanisms

Although having similar geographic and demographic attributes, the State of Missouri is very different compared to other states. Missouri does not provide funding at the state level, on either a capital or operating basis. The only funding provided has been operating aid appropriated from the general fund to nonprofit companies serving the elderly and disabled.

b. Urban and Nonurban System Funding

The State of Missouri does not provide either urban or nonurban system funding.

c. Capital and Operating Assistance

Missouri does not provide any type of state funding to cover either capital or operating costs.

d. State Versus Local Funding

Significant transit revenue is sourced at the local government level, primarily through fares and sales taxes. Local taxing authority falls within two primary categories including .5 percent of sales taxes related to transportation, and on earnings taxes (varying by City). All cities are eligible to levy taxes. Twelve government entities were using taxing authorities for transit in 1987. Special transit districts may also be established and funded through property taxes and specific user fees, although no special districts exist currently.

Because state funds are generally not provided to transit, local revenue funding is substantial. For example, in fiscal year 1989 local taxes accounted for 60 percent of operating revenues. When combined with the farebox the total was a significant 85 percent of total revenues. This data directly relates to urban funding percentages. In contrast, nonurban systems receive the majority of their funding from federal dollars. In fiscal 1989, federal funds accounted for 64 percent, while local assistance and farebox revenues accounted for 26 percent and 10 percent, respectively. As stated above, the extent of any state financial assistance is limited to specialized operating assistance for the elderly and handicapped. These funds totalled $1,471,555 in 1990.

e. Governance

The State of Missouri does not actively support local transit operations.

f. *Funding Data*

(1) *Revenue Source (1989 Revenues)*

REVENUE SOURCE	AMOUNT (MILLIONS)	PERCENT OF TOTAL
FEDERAL	21.4	15%
STATE[7]	0	0%
LOCAL	80.9	60%
FAREBOX	34.7	25%
TOTAL	$137.0	100%

SOURCE: AASHTO Survey of State Involvement in Public Transportation 1990. The above table indicates the origin of all operating funds for urban and nonurban systems for fiscal year 1989. This break-down is considered representative of total federal, state and local funding shares.

(2) *State Urban and Nonurban System Funding*

See comment under 5 above.

(3) *State Capital and Operating Assistance*

See comment under 5 above.

5. Wisconsin

a. *State Financing Mechanisms*

The State of Wisconsin funds transit through the Segregated Mass Transportation Fund that provides funding for a variety of transportation programs and specifically through the state's Urban Mass Transit Operating Assistance Program. Assistance is paid to all counties, cities, villages and towns according to a statutory flat percentage of operating costs.

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[7] The State of Missouri does not fund transit

The State appropriates 38.5 percent of the operating expense of urban mass transit systems in cities over 2,500 in population. There is also direct aid given to the elderly and handicapped for specialized assistance. For budget purposes, this aid is classified as "aids to individuals and organizations."

The State generates revenues for transportation through a variety of means including: Motor Fuel Taxes, Vehicle Registration, and Drivers License Fees. Beginning in 1985, the primary revenue source of the state motor fuel tax was indexed. The reasoning at the time was to offset the effects of declining fuel consumption and the cost of inflation. There are other less significant sources of revenue (7 percent) including motor carrier and vehicle fees, aeronautical taxes, fees and fuel, railroad revenue, and investment earnings. These revenues are generally registration fees or add-ons to the fuel tax. It is important to note that these revenues support the broad based Mass Transportation Fund which is not exclusive to transit.

b. Urban and Nonurban System Funding

Like other comparable states, Wisconsin directs the majority of its funding assistance to urbanized areas. In fiscal 1990, $46.2 of $48.7 million, or 94 percent, was in the form of direct aid to urban public transit. No indirect aid is given to transit districts.

c. Capital and Operating Assistance

The state's statutory formula directs funding for operating costs, not for capital assistance. For most systems a flat 38.5 percent of the local operating expense is funded by the state. The State of Wisconsin's approach to financing transit, therefore, is to provide operating funds as opposed to capital financing. The impact on services of providing only capital financing would significantly reduce the various systems' capabilities of providing services. Significant cutbacks would likely result.

d. State Versus Local Funding

As discussed above, the State's share of transit operating costs is 38.5 percent. Local funding accounts for approximately 14 percent of costs. The combined total of farebox and state funding account for the majority of operating funds (over 75 percent in 1989).

The transportation fund directly provides for state transit funding. The fund has several revenue sources including motor fuel taxes and motor vehicle registration fees, accounting for over 90 percent of the state's transit allocation. Drivers license fees provide for another less significant portion, as do a group of other miscellaneous fees.

Local revenue is varied by source and amount. Four available options for local funding include the county sales tax (.5 percent), hotel/motel tax, add-on to the motor vehicle registration fee and a local wheel tax. The state administers these local taxes through centralized collection and distribution process. No statutory ceilings are imposed on local taxing authorities. However, no local governments are presently using these taxing authorities for transit.

Special transit districts may also be created in the state but none exist currently. Funding sources available include property taxes and the farebox. The State of Wisconsin is active in the collection and distribution of these local taxes.

e. Governance

Wisconsin's approach to transit is to uniformly treat systems in the same manner. This philosophy has resulted in the provision of an equal percentage of available operating assistance to most districts. The only existing control mechanism is indirect, and includes performance audits mandated by statute and conducted by outside independent consultants. This mechanism is used as a basis for awarding discretionary grants, beyond the operating assistance already provided.

f. *Funding Data*

(1) *Revenue Source (1989 Revenues)*

REVENUE SOURCE	AMOUNT (MILLIONS)	PERCENT OF TOTAL
FEDERAL	14.0	11%
STATE	46.2	38%
LOCAL	17.2	14%
FAREBOX	44.1	37%
TOTAL	$121.5	100%

SOURCE: AASHTO Survey of State Involvement in Public Transportation 1990. The above table indicates the origin of all operating funds for urban and nonurban systems for fiscal year 1989. This breakdown is considered representative of total federal, state and local funding shares.

(2) *State Urban and Nonurban Funding (1989)*

AREA	AMOUNT (MILLIONS)	PERCENT OF TOTAL
URBAN	43.9	95%
NONURBAN	2.3	5%
TOTAL	$46.2	100%

(3) *State Capital and Operating Assistance*

The State of Wisconsin generally provides for operating assistance only.

5. Washington

Listed below is comparative funding data for the State of Washington in a similar format used in other state data presentation.

a. Revenue Source (1989 Revenues)

REVENUE SOURCE	AMOUNT (MILLIONS)	PERCENT OF TOTAL
FEDERAL	88.2	20%
MVET	100.9	22%
SALES TAX	181.9	40%
FAREBOX AND OTHER	81.7	18%
TOTAL	452.7	100%

SOURCE: State of Washington Departments of Revenue and Transportation and the Office of State Treasurer.

G. Similarities and Differences with Washington

The discussion below focuses on the primary similarities and differences in financing mechanisms between Washington and selected comparable states. Each state is discussed separately and then overall conclusions regarding the comparisons are noted.

1. Indiana

Indiana is similar to Washington in two key respects. First, both States raise the clear majority of transit revenues through sales taxes. In Indiana, these revenues are considered the only primary source of funding. Second, State funds disbursed to transit systems may be used for capital and/or operating assistance at the discretion of the local governments.

The differences between Washington and Indiana include; in Indiana, the sales tax is a "dedicated" revenue source, lottery revenues are used for some transit funding, other local tax use is limited and restricted, and property tax revenues provide the primary source of local transit revenues.

2. Michigan

When considering both direct and indirect state assistance, Michigan provides significant funding as does the State of Washington. Both states provided in excess of $100 million to transit in fiscal 1990. Other significant similarities also exist including providing for both capital and operating funds (distinguished in Michigan) and sales tax being a major source of revenue. Michigan also has a significant fixed guideway system (DPM) which is a similarly sized project compared to the Downtown Seattle Bus Tunnel.

The differences among the states are also numerous. Michigan transit systems receive major percentage of funds through the gas tax. Funds are also allocated through a rigid and complex funding formula. The limitations on local funding are more pronounced in Michigan which include an income tax provision for districts out of urban areas, and property taxes for Special Transit Districts. Michigan's state funding share is very different with Michigan providing 55 percent of the funding versus 22 percent in Washington. Michigan is also unusually aggressive in its funding for specialized programs (e.g., elderly and handicapped).

3. Minnesota

Minnesota has few similarities with the State of Washington. The most prevalent is that the sales tax (in Minnesota in the form of MVET) is used to support transit. These funds flow through the State's general fund. Other less significant similarities include the authorization to form special transit districts, and similar urban and nonurban funding percentages. Local and federal funding shares are also similar between the states.

The differences between the states are more notable. First, the majority of Minnesota's transit funding (75 percent) is derived from the State income tax, versus the sales tax in Washington. Second, Minnesota's funding is almost entirely operating assistance. Third, except for property tax, no other local taxing capabilities have been authorized by the state. Fourth, the State allocates revenues through a unique fixed share funding formula. Fifth, the amount of funds directly provided to the elderly and handicapped is among the highest in the nation, (third in 1990 in contrast to a lower contribution in Washington, which was ranked 13th in elderly and disabled assistance).

4. Missouri

Missouri is similar to Washington in the support of transit through local revenue sources. Local assistance generates the majority of ongoing operating funds at 60 plus percent. Local sources include .5 percent general sales tax, local earnings taxes and another sales tax specifically tied to transportation. Washington is similar in the sense that significant funds are generated through local tax sources.

In contrast, the State of Missouri is strikingly different from Washington, and most other states. Missouri essentially provides no State funding to transit. This is true for all major types of funding including capital, operating, urban and nonurban revenues. The only state funds provided include operating aid from the general fund directed to non-profit companies serving the elderly and handicapped.

5. Wisconsin

The State of Wisconsin is similar to Washington in two primary ways. First, motor vehicle registration fees are used as a major revenue source. Second, governments may also generate tax revenue through local taxes, including the use of the sales tax (other local taxes are the hotel/motel room and wheel taxes). The State of Wisconsin is also similarly involved in the collection and distribution of revenue and allows the creation of special transit districts, although none currently exist.

The differences between Wisconsin and Washington are more significant. First, the Wisconsin fuel tax is the major source of revenue in Wisconsin, at 65 plus percent of State funding, compared to Washington's local sales tax at approximately 40 percent. Second, Wisconsin generally funds operating expenses only, and at a fixed percentage of 38.5 percent. Third, the State provides funding through a segregated and dedicated Transportation Fund (although it is still appropriated). Fourth, and finally, Wisconsin systems' farebox provides a higher percentage of funding; at an approximated 37 percent in 1989 versus Washington's 18 percent.

6. Overall Conclusions

When comparing the State of Washington to the combined group of comparable states, several conclusions may be developed. These overall conclusions are grouped into similarities and differences as categorized below:

a. Similarities

Similarities are basically few. First, the sales tax, in some administrative form, is used in four of the five comparable states. As in Washington, the sales tax is used somewhat flexibly; for example, Missouri uses it at the local level and Minnesota uses the tax in the form of the MVET. Second, the states are all similar in providing support to, and general funding of, urban and nonurban systems. Third, ultimately the majority of state assistance, whether specifically allocated or not, goes overwhelmingly to operating as opposed to capital costs.

b. Differences

The differences between Washington and the other states are far more numerous and significant. The primary differences are discussed below.

Washington is different in that its aid is basically "indirect" as opposed to "direct" (as defined earlier in this report). The only other comparable state providing indirect funding is Indiana, but this amount is limited in contrast to Washington. Washington's "direct" assistance is minimal and in the form of state grants to the elderly and handicapped. The only comparable state with lower direct assistance is Missouri; however, this is not a meaningful comparison because Missouri does not generally fund transit at the state level.

Several states use Statewide Transportation Funds to allocate money to transit, and in most states the money is appropriated whereas in Washington money is dedicated and a more predictable revenue source.

Washington is also unique because it does not specify whether funds are to be allocated to capital or operating expenses. Indiana again is the only comparable state which allows for totally flexible funding, although Michigan allows for some local direction depending upon whether funds are spent on capital or operating expenses based upon its matching formula. Other states that specify a direction for funds, do so for operating expenses.

Only the State of Washington does not provide for use of property taxes in the support of special transit districts. It can be argued, however, that Washington's local option household tax serves the same purpose.

The Washington State Constitution prohibits the lending of State or Local credit for the benefit of the private sector. This prohibition generally prevents all public/private enterprises from providing transit services, except those that may be funded entirely by the federal government. Other states are not as restrictive. However, most states have no formal policy nor have they promoted public/private enterprises.

A different set of taxes are permitted in Washington to provide the local share of transit funding. These taxes include the business and occupation and household taxes (in lieu of using the State's sales and use tax).

Washington does not have an income tax. In numerous other states the income tax provides general fund monies for transit.

Finally, the use of the MVET to the degree that local systems receive a 22 percent (1989) of total receipts is unusual (Washington does not fund or provide MVET by means of appropriation). MVET and registration fees in other states provided a less significant form of funding.

H. Alternative and Innovative Financing Mechanisms

1. Comparable State Financing Techniques

During our review of other state systems, it became readily apparent that there were few techniques in force or otherwise, being used for creative or innovative financing. When considering ideas for transfer opportunities into the State of Washington, only conventional techniques appeared relevant. For example, several of the comparable states use the popular fuel tax to support transit. And on the local level, property taxes uniformly support local transit. These techniques are not used to support transit in the State of Washington, and may be a logical starting point for consideration before alternative techniques are studied further.

Although comparable states are not widely utilizing "innovative" techniques, these state's DOT personnel are beginning to research the future of transportation, transit and related financing. The following discussion summarizes issues shared during our interview process.

a. Indiana

The State of Indiana has not implemented any particular innovative financing techniques. However, some districts have been somewhat innovative on their own. For example, the Southshore Rail Line has spun off its commuter operations to the Northern Indiana Commuter District and then leased back rail rights. This is a unique way of funding ongoing commuter rail operations. The State also plans to research the future of state transportation in a 1991 study.

b. Michigan

The State of Michigan is not using any particularly innovative financing techniques. Although, some attention has focused on special benefit assessment districts, nothing significant has been implemented. At present, study is focusing on cost cutting and revenue enhancement techniques (e.g., using private carriers to operate terminal facilities).

c. Minnesota

The State of Minnesota is not currently using any innovative financing. However, the state is interested in ideas to be more cost effective in its service delivery. The state is in the process of trying to interest private carriers in bidding on service delivery contracts.

d. Missouri

The State of Missouri does not provide, or use, any conventional or innovative financing.

e. Wisconsin

The State of Wisconsin has not historically implemented innovative financing mechanisms. However, the state continues to conduct studies for providing cost-effective service. Recently, the state has conducted a feasibility study for light rail to determine whether there is sufficient ridership to support development. Although the state is not yet focusing on alternative funding sources, it continues to develop long range state transportation strategy. The state is currently completing a "Metro 2020" study which includes development of a comprehensive, integrated regional transportation strategy including transit operations.

2. Alternative and Innovative Financing Techniques

a. Financing Techniques

There are dozens of ways transit funds projects and ongoing operations. Because of the competition for the use of funds, many governments have used alternative revenue sources. The Transportation Research Board classified the various financing mechanisms into six categories. These categories provide a logical means to group, define, and discuss alternative revenue sources as follows:

(1) *Transit Specific Revenues* are funds derived from transit operations including fares, service contracts for special groups, charter services, non-fare enterprise revenues and land banking.

(2) *Transportation Related Fees* are fees levied against those who have an impact on the transit system including vehicle assessments, fuel taxes, parking fees, and tolls on roads or facilities.

(3) *Non Transportation General Taxes* are popular taxes that may be used for multiple purposes including transit. Examples are property, income, sales, utilities, "sin" taxes and severance taxes.

(4) *Special Benefit Fees* focus on a property's added value due to a systems location, and include tax increment financing, special assessments, impact fees and service charges.

(5) *Private/Public Financing* include varying ownership roles, combining public and private interests. With public financing negotiated investments and donations are used. With private involvement, outright ownership, and leasing of rights or facilities may be involved.

(6) *Debt Financing and Revenue Enhancement* Transit may be publicly financed using bonds, certificates, notes, leasing and vendor financing. Revenue Enhancement and cost reduction focus on ways to manage revenues, expenses and cash, including budget indexing and cash balance management.

b. *Sources of Revenues*

The following is a representative list of potential revenue sources for transit. These sources are listed within the revenue categories defined above. For further definition of the sources (see Exhibit A).

(1) *Transit Specific Revenues*
- Fares
- Service Contracts
- Charter Services
- Enterprise Revenues
- Land Banking

(2) *Transportation Related Fees*
- Vehicle Fees
- Fuel Taxes
- Parking Revenues
- Tolls

(3) *Non Transportation General Taxes*
- Property Taxes
- Income Taxes
- Sales Taxes

- Utility Taxes
- Severance Taxes
- "Sin" Taxes
- Payroll Taxes
- Lottery

(4) *Special Benefit Fees*
- Tax Increment Financing
- Special Assessments
- Impact Fees
- Service Charges

(5) *Private/Public Financing*
- Develop Financing
- Negotiated Investments
- Donations
- Private Ownership
- Leasing or Selling Rights
- Leasing or Selling Facilities
- Contracting Services

(6) *Debt Financing and Revenue Enhancement*
- Bonds
- Trust Certificates
- Grant Anticipation Notes
- Zero Coupon Bonds
- Interest Arbitrage
- Vendor Financing
- Private Leasing
- Safe Harbor Leasing
- Budget Indexing
- Accounting System Management
- Cash Balance Management

3. Alternative Funding Examples

The following citations provide snapshots of existing situations where transit has used alternative revenue sources to finance transportation projects and operations. The format for each example includes mechanism identification, description, system and the resulting impact of mechanism implementation.

a. *Alternative:* *Beer Tax*

System: Birmingham, Alabama - Jefferson County Transit Authority (receives 1/3 of the tax received by that county)

Description: In April 1982, a beer tax was established and levied at 1.625 cents for each four fluid ounces. It is collected by the assessing county or municipal authority.

Impact: 17.8 percent of the budget is supported by this tax and used for capital expenditures.

b. *Alternative:* *Payroll Tax*

System: Tri-County Metropolitan Transportation Authority (TRI-Met), Portland, Oregon

Description: In 1970, the state's largest transit system imposed a tax on employer payrolls. In 1982, this tax was extended to earnings of the self-employed. The state collects and administers the tax and forwards revenues to the district. Taxes are paid quarterly.

Impact: In 1986 $44 million, or 65 percent, of the systems operating budget was generated.

c. *Alternative:* *Lottery Revenues*

System: Two State Transit Programs. (Pennsylvania & Arizona)

Description: In 1972, Pennsylvania authorized a statewide lottery to benefit senior citizens. 50 percent of the proceeds are appropriated annually to 2 transit systems and 2 non transit programs (8-12 percent of net proceeds actually goes to transit).

Impact: In 1985-86, transit programs for senior citizens received $106 million.

d. *Alternative:* *Transit Assessment District*

System: Rapid Transit District, Denver, Colorado

Description: In 1982, a downtown transit mall covering a 14 block area opened in the center of Denver, and is bordered by retail, office and residential development. A special assessment is charged to property owners immediately adjacent to the mall corridor. Rates are adjusted annually as needed to cover the districts budget.

Impact: $1.67 million was collected in 1984 for maintenance of the transit mall.

e. *Alternative:* *Special Benefit Assessment District (SBAD)*

System: Southern California Rapid Transit District (SCRTD)
Los Angeles, California

Description: In 1983, a SBAD was set up around planned rail transit stations, to allow assessments for construction, maintenance and operation of transit. Assessments may be levied on property owners in direct proportion to the benefit their property derives from proximity to rail.

Impact: Assessment revenues are being used to pay for and finance $130.3 million in initial construction costs.

The Los Angeles Metro Rail program set national precedents. These include:

- Securing statutory authority for acquiring land for joint development purposes and establishing benefit assessment districts; and

- Securing consensus private sector support for the system's financial program in advance of EIS approval.

f. *Alternative:* *Special Benefit Assessment District (SBAD)*

System: Miami Metromover Project, Dade County

Description: In 1983, a special assessment district was established in downtown Miami. Its initial objective was to generate $20 million toward the capital costs of building the elevated guideway system. Over 700 property owners are being assessed based upon net leasable square footage. The assessment is levied in conjunction with the county's annual property appraisal and tax collection process.

Impact: The Metromover began full operation in 1986. The district is limited to 15 years in which it will retire the $20 million in debt and the $7 million in debt service. At the time that the Phase I Miami Metromover Benefit assessment measure was formally approved, it was the first transit-related benefit assessment district supporting a regional rapid transit system in the United States. This precedent-setting project cleared the way for the later Phase II benefit assessment program of $23 million.

g. *Alternative:* *Transit Impact Fee*

System: San Francisco Municipal Railway System (MUNI)

Description: In 1981, the San Francisco City and County Board of Supervisors enacted the Transit Impact Development Fee Ordinance which authorizes the city to collect a one-time fee of $5 per square foot from owners or developers of new

downtown office space. The proceeds may be used for capital and operating costs of additional peak period public transit services (new buses, lines, and personnel). The fee is a sum per gross square foot using a formula of person trips per square foot multiplied by the current peak-period cost of that trip.

Impact: Fees are being collected from developers to fund MUNI.

II. Conclusions

Financing mechanisms used in comparable states include general fund appropriations, fuel taxes and dedicated transportation funds. In many states property taxes also provide a major source of funding at the local level. Washington's approach to transit funding is very different from that of other states. In Washington, local governments tax themselves. One of the major mechanisms used is unique, specifically in the use of MVET. The other primary and more common source of funding is the sales tax, but is also implemented at the local level.

In summary, several detailed observations support the above overall conclusions as follows:

- Although the group of comparable states meet similar demographic and governance profiles, some difficulties exist in comparisons. Specifically, the inability to directly compare the states is a result of numerous factors including differing agency missions, demographics, service evolution, economic and environmental constraints and needs of the public.

- There are few similarities noted between Washington and other comparable states. Similarities include the use of the sales tax as a funding mechanism, similar funding levels of urban and nonurban systems and the use of state assistance for operating as opposed to capital needs.

- The differences between Washington and other states are far more numerous and significant. Primary differences include:

  - State aid being "indirect" as opposed to "direct"

  - The State not specifying whether funds should be allocated to capital or operating expenses

  - The State not providing for the use of property taxes in support of special transit districts

  - Allowance of unique taxes (B&O, household) to provide the local share of funding

  - The lack of an income tax thus inhibiting providing of general fund monies

  - The State is also significantly different in it's geographic dispersion, public demands and historical development of its tax base.

FINANCING MECHANISMS IN COMPARABLE STATES

EXHIBITS

State of Washington
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Sources of Revenue

TRANSIT SPECIFIC REVENUES

Fares — This includes general patronage fares, discount fares, passes, peak-hours surcharges, and other fees levied directly upon the individual passenger taking the trip.

Specific Service Contracts — Contracts to provide targeted transit support to special consistencies such as school children, health and welfare clients, and others.

Charter Services — Trip-specific transit services to groups. Generally not allowed with equipment purchased in part using Federal money.

Non-fare Enterprise Revenues — Includes advertising in transit properties, leasing of air rights, and the like. Increased advertising revenues have been targeted for special treatment by recent Federal legislation, and may now be bondable if properly dedicated.

Land Banking — Involves the process of purchasing land and holdings in anticipation of future use. Substantial cost savings are possible if the land is purchased or optioned before major peripheral development; if land is purchased as it comes on the market, rather than being taken by eminent domain; or if land values are generally escalating.

Some "cost of money" recovery may then come from leasing. Large capital outlays are required, and some states may prohibit use or place a time restriction on the banking. This may be important for corridor or station development.

TRANSPORTATION RELATED FEES

Vehicle Fees — A variety of fees and taxes imposed by most states on vehicle owners as part of the vehicle registration process. Can include a graduated tax on vehicle weight or wheels, or on miles traveled. Usually considered a charge for access to system and not based on use of system. These fees provide a stable source of revenue and can be used to subsidize transit.

Sources of Revenue

Fuel Taxes	Levied by all states on fuel sales. Some local governments are authorized to impose motor fuel taxes and share in state fuel tax revenues. Are easily administered and produce substantial revenues. The so-called "Federal transit penny" is a fuel tax.
Parking Taxes	Imposed by local governments on vehicle drivers or operators. Can yield significant revenue in large urban areas. Two-fold purpose may be to generate transit subsidy, as well as to make transit economically competitive.
Tolls	Fees charged to users of a facility. Generally based on size, weight, number of axles, and distance traveled. Can produce high amounts of revenue. Can be used to subsidize transit in addition to supporting the actual facility. Example: Delaware.

<u>NON-TRANSPORTATION GENERAL TAXES</u>

Property Taxes	Levied on both real and personal property. May be imposed by states, local governments, or transportation authorities, although some states have rate limitations depending on state statutory structures. Revenues may be sensitive to changes in property values. Often politically sensitive.
Income Taxes	Include employer payroll taxes and employee income taxes. Can produce substantial revenue due to large base. Some states have authorized local option income taxes for a variety of purposes.
Sales Taxes	Imposed by most states and many local governments on general merchandise, specific services such as advertising or legal fees, and luxury items. Some portions may be diverted or dedicated to transportation. Easily administered and responsive to inflation.
Utility Taxes	Tax added to water, sewer fees, natural gas, or electricity, based on consumption. May be used to cross-subsidize transit. Tends to be stable as revenue source. Easily administered. Sometimes treated as franchise fee on utility.

Severance Taxes	Levied on removal of minerals and natural products from land or water. Can be imposed on resource-extracting industries. Often sensitive economically to changes in the value of the U.s. dollar relative to other international commodity suppliers, as well as sensitive to general industrial economic activity.
"Sin" Taxes	Taxes on beer, cigarettes, and the like. Alabama earmarks some of its beer tax for transit. New Jersey dedicates some casino gambling tax revenues for transit purposes.
Lottery	Authorized by 29 states plus the District of Columbia, although not all have one operative as yet. Pennsylvania, as an example, earmarks some of this money for public transit.

SPECIAL BENEFIT FEES

Various forms of special benefit fees are the core mechanism behind the public/private co-venture partnerships discussed extensively in this report. Unless created by voluntary contract, or by cities under broad home rule authority, almost all of these mechanisms probably require some form of authorizing state legislation.

Tax Increment Financing	Earmarked revenues from taxes on personal and real property based on increases above a fixed base attributable to transportation improvement. Can be used to secure bonds.
Special Assessments	Charges to the owners of a property that benefits from an improved transportation facility. Can be based on frontage, area, value, or a combination of factors. Can be used to support bond issues, although special legislation is usually required.
Impact Fees	Imposed on private developers to mitigate impacts of the development of local service. Can be in the form of tax on square footage. Sponsorship of a transportation program, or improvements to adjoining facilities. Can be used as a condition for obtaining site plan approval or building permit.

Service Charges Charge on properties for direct access to a transportation facility. May be assessed as a lump sum contribution to a capital item or an annual fee to cover operating costs.

PRIVATE/PUBLIC FINANCING

Developer Financing Payment of capital transportation improvement costs by private developers in return for dedicated land or air rights, or construction of specific facilities or subsidized facilities. In transit, one example might be a private complex built in conjunction with a privately financed, publicly owned transit station, possibly with joint building utilities.

May be voluntary or required by law. Many result in reduction of public expenditures but care should be taken to give equitable opportunity to all responsible developers.

Negotiated Investments Contributions by private property owners or developers to the cost of public transportation improvements in return for changes in existing zoning and building regulations, improved accessibility and customer acceptance (i.e. security agreements), or other perceived benefits. Similar to developer financing. May be the voluntary project of a downtown business organization or similar group.

Private Donations Land or capital contributions by business and private donations for improvements that have strong private interest. Donors benefit from tax deductions and access.

Private Ownership Includes sharing ownership cost between transportation agencies and private entrepreneurs, employee subsidies for transportation, or development of a private consortium with authority to finance, construct, and charge fees to provide transportation. Need not be monolithic within a community.

May include a variety of transit options addressing market niches not well suited to conventional public transit. Public policy can promote private taxis. commuter vans, charter commuter buses, and so on to be

	complementary transit providers, relieving government of potential financial obligation.
Leasing or Selling Rights	Involves the sale or lease of undeveloped land, subsurface rights, or air rights surrounding a public facility. Can generate site-specific revenue and can provide a steady, long-term cash flow.
Leasing or Selling Existing Facilities	Can be a potential revenue source or may be an opportunity for cost avoidance, although it may require capital outlays and sophisticated real estate and development skills. Amount of revenue is affected by availability and condition of facilities, as well as by characteristics of local real estate market. May require approval if facilities are funded by Federal or State sources.
Contracting Services	Involves contracting our work, management, or both to reduce costs or meet peak requirements. Allows greater flexibility in adjusting program size. Many allow for the retention of specialized management teams which might otherwise be unavailable, as in Dallas.

<u>DEBT FINANCING AND REVENUES ENHANCEMENT</u>

Bonds	Appropriate for high front-end capital expenses where a tax or fee can be pledged for debt service. Good source of obtaining large amounts of revenue quickly, although local government's authority is usually regulated by the state. Federal tax statutes, local government bond rating, type of bond (general obligation or revenue), statutory soundness, kind of revenue source, and interest rate often have a bearing on the feasibility and attractiveness of this option.
Participation Trust Certificates	Used to provide evidence of ownership to an investor who leases property back to the agency. Secured by asset and cash reserve fund. Interest to investor is tax-exempt and there is low risk.
Grant Anticipation Notes	Can be issued upon contract execution to provide working capital before receipt of government subsidies, grants, or reimbursements. interest is tax-exempt, and payment is guaranteed by municipal revenues.

	Issuance procedures to qualify for tax exemption are under consideration for change, and may involve questions of municipal cash balances. Interested parties should review the current status.
Zero Coupon Bonds	Issued by public agencies at price below face value and at a deferred unspecified interest rate. Discounting maturity value provides competitive, tax-exempt yield.
Interest Arbitrage	No long possible as a result of the 1986 Tax Code change.
Vendor Financing	Loan provided by manufacturer for value of equipment. Often used to gain competitive bidding advantage. Does not generally require specific revenue pledge, although local agencies need authority to issue.
Private Leasing	Ownership of equipment or building by a private firm that then secures a bond and leases equipment or building to agency. Lease agreement is structured so that bond proceeds pay for most of the purchase price. No significant tax advantage is offered since the 1986 Tax Code changes.
Safe Harbor Leasing	Originally authorized under the 1981 Tax Act and used extensively by New York and Los Angeles. Tightly restricted by 1986 Tax Act but still legal. May not be competitive with well-negotiated lease agreements.
Budget Indexing	Automatic adjustment and guarantee of transportation revenues to meet rising costs. Permits better long-range planning and programming and results in part of the budget being immune to inflation.
Accounting System Management	Shifting from an accrual to a cash-based financial management system. Can result in a one-time source of additional revenue and generate significant interest on cash balances.
Cash Balance Management	Investing short-term balances in Treasury bills and other financial instruments.

State of Washington
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Sources of Revenue

Exhibit A
7 of 7

Reference: Transportation Research Board. 1985. Proceedings of the Conference on Evaluating Alternative Local Transportation Financing Techniques, TRB special Report 208, Washington DC: National Research Council. Updated and revised by CENTRANS, the Council of State Governments, 1987.

State of Washington
Public Transportation Study

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2. Robert A. Krause, Dinker I. Patel, and Brian D. Gathy. The council of State Governments. December 1987. Financing for the Future: Changing Roles in Mass Transit. Washington D.C.

3. Federal Highway Administration and Urban Mass Transportation Administration U.S. Department of Transportation, July 1986. Alternative Financing for Urban Transportation, The State of the Practice. Washington D.C.

4. Information documented in interviews of transit officials in comparable states including:

   - Mr. John Parsons, Division Chief Public Transit, State of Indiana.
   - Mr. Phillip Kazmierski, Acting Deputy Director of Bureau of Urban and Public Transportation, State of Michigan.
   - Mr. Robert Works, Director of Transit Programs Section, Department of Transportation, State of Minnesota.
   - Ms. Linda Lovejoy, Chief of Public Transit, State of Wisconsin.

   [The information gathered from the April 1991 interviews provided substantive data for the financing mechanisms and the alternative and innovative financing sections of this report.]

FINAL REPORT



State of Washington
LTC Public Transportation Study



Stage 1

Comprehensive, Statewide Policy Review of Public Transit Systems

January 1992

List of Products

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PUBLIC TRANSPORTATION STUDY

Task 2D

CAPITAL FINANCING PRACTICES

Prepared for:

STATE of WASHINGTON

The Legislative Transportation Committee

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CAPITAL FINANCING PRACTICES

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Abstract - Capital Financing Practices

The purpose of this review is to analyze current capital financing practices and determine whether these practices are adequate. We have defined "adequacy of capital financing practices" to mean meeting defined missions and key goals, focusing on system operating needs and desired service levels, and the following of prudent business practices.

Capital financing is obtained in all districts from a combination of federal, state, and local revenues, although the majority of financing is available through the MVET and sales tax revenues. These revenues, in conjunction with the farebox return, are used jointly for capital and operations.

While financing is obtained from a variety of sources, capital programs and projects are largely funded through depreciation reserves and federal assistance. The financing process generally follows conservative and prudent business planning practices. This is because districts generally know what funds will be available and budget for these funds accordingly. Debt financing is not regularly used unless done on an exception basis, i.e., for a major capital acquisition like the Seattle Downtown Tunnel Project (SDTP).

Long-term capital needs are identified by all districts through an annual planning process. These needs and related planned financing are adequately documented in the state-required Transit Development and Financial Plan (TDFP).

Although supporting written documentation describing the capital financing process is not always available capital financing practices appear to address district missions and goals, meet system needs and follow prudent business practices. Further, appropriate practices appear to be readily established under existing Washington State policies. State laws and regulations are generally adequate regarding accounting and financial planning practices although some improvements may be possible in the area of formalizing and strengthening the overall process.

Capital planning occurs in all districts by necessity. Most planning is done on both a short and long-term basis and is reflected in associated planning documents. Capital planning is an integral part of a district's overall planning processes. Most districts have separate operating and capital plans. Capital plans are almost always incorporated into the annual budget and in statewide planning documents. Most frequently, these plans are included in the Transit Development Program (TDP) and related plans (TDFP) used to fulfill state and federal mandates. Specifically, capital planning is usually discussed under the multi-year Development Program listed under the caption of "5, 6, or 10 year Capital Improvements" and also under the related "Financial Plan."

Capital Plan components usually include:

- Capital Projects scheduled by year;
  (i.e., fleet replacement and maintenance facilities)
- Assumptions regarding costs and revenues;
- Expenditures by type of service; and
- Revenues by source.

Some districts proceed through an extensive capital planning process and go well beyond statutory guidelines. Often these organizations develop long-term plans (many times exceeding ten years) and conduct a detailed review of alternatives and mobility issues. Several larger districts conduct this type of comprehensive planning, some on an on-going basis. Examples of districts conducting such a process include Community Transit, Intercity, Pierce, C-Tran, Spokane and Metro. This level of planning is a reflection of particular districts having the resources necessary to conduct an extensive process.

Many districts have met planning requirements by hiring consultants to assist in the process. The plans meet state requirements and have clearly addressed basic needs thus providing adequate and packaged results.

Transit capital planning is currently undergoing extensive change on two major fronts. First, is the incorporation of new government requirements associated with ADA, clean air guidelines and High Capacity Transportation (HCT), etc.. This process, now underway, is requiring new procedures, additional time and often new staff expertise. The second change is the increased coordination between numerous organizations into the planning process as a result of Transit Demand Management (TDM), Growth Management Act (GMA), and land-use planning initiatives. Other groups include bordering districts, MPO's and RTPO's. The extent to which these additional responsibilities will affect transit capital planning is not fully understood. Transit will likely be involved in numerous aspects of implementation, with potentially significant impacts on capital plans, both in terms of capital that is necessary to support these programs, and in the way in which the planning process will account for these increased demands.

I. Description of Capital Financing Practices

Discussed below are the steps followed in the development of a financing plan and in the associated acquisition of capital. The steps identified below follow the process chronologically (as identified in the study scope) beginning with objective setting, continuing through such steps as project scoping and evaluation and ending with the financing acquisition. Also discussed are reserve practices and other pertinent fiscal policies.

A. Objective Setting

Objective setting is typically part of a more comprehensive planning process, including review and interpretation of a specific district's mission statement. Goals and objectives are derived from the district's mission statement, with additional input from board members staff and the public. Goals are generally defined as an end or aim to be worked towards over a period of time. Objectives tend to be more specific, and are often tangible and measurable.

An example of this structure is provided by the following mission statement and selected goals and objectives from Intercity transit as defined in the 1987-1991 Transit Development Plan.

Mission Statement:

"The business of Intercity Transit is to provide a system of rider transportation which responsibly integrates all organization functions and resources in the single pursuit of rider use, comfort and satisfaction."

Goal 1: To provide a comprehensive system of rider transportation.

Objective A: Operate fixed-route service in those areas where population characteristics would support cost-effective services.

Objective B: Operate paratransit service in the less densely populated areas of the PTBA, integrated with fixed-route services.

Objective C: Operate services capable of meeting the special needs of handicapped and elderly residents of the PTBA.

Goal 2: To be responsive to local needs.

Objective A: Provide regular and frequent opportunity for public and employee comment and participation, using a well rounded program of outreach.

Objective B: Work closely with other local jurisdictions to integrate public transportation services with other public programs.

Objective C: Identify the specific market segments likely to respond to transit.

Objective D: Determine what, if any, unmet needs exist and if service expansion is therefore necessary.

Objective E: Maintain and improve information side and activities.

Goal 3: To operate effective public transportation services which best use local funding resources.

Objective A: Increase fixed-route system operating efficiency.

Objective B: Increase fixed-route service productivity.

Objective C: Develop and improve monitoring procedures for paratransit services.

Objective D: Maintain a strong financial base.

Goal 4: Increase ridership and improve community awareness of transit.

Objective A: Improve service quality.

Objective B: Maintain the positive public image of Intercity Transit.

Objective C: Promote services on a comprehensive and continuing basis.

Objective D: Pursue implementation of incentives for using transit, disincentives for using private automobiles.

Goal 5: To effectively plan for the future.

Objective A: Maintain and improve the information about rider and area population characteristics.

Objective B: Assess opportunities for using alternative operating and service concepts.

Objective C: Continue to participate in the transportation planning process with the Thurston Regional Planning Council.

Objective D: Assess the opportunities for coordination with other transit service providers.

The typical objective setting process is part of a set of structured procedures which are followed in most types of significant decision making by a specific district. We have capsulized these procedures in three basic steps as follows:

- First, district staff analyze alternatives and assemble information on a specific recommendation (in this case a set of objectives). Potential alternatives are identified from various sources including the public, district management, staff or at the request of the transit board.

- Second, formal recommendations are submitted to the board for review and discussion.

- Third, and finally, objectives are confirmed with public input through a review process which usually includes a board meeting. Objectives may also be discussed in public hearings prior to being finalized.

B. Needs Assessment

Another step in the capital planning process is the needs assessment. Needs may be any of number and/or type and are typically identified, including such things as:

- specific route changes;
- service additions;
- passenger shelters;
- security requirements;
- additional staffing;
- communications equipment; and
- staff training.

Needs assessment is an integral part of all transit planning processes. Needs tend to be identified early in the planning process before being assessed by the district's staff. Input to this process is typically obtained through ridership surveys, public workshops, citizen advisory committees, board meetings and hearings.

The typical needs assessment process lacks a defined set of procedures and is not well documented. The process is different from district to district and may change within a particular district from year to year. Despite the lack of a standardized process, most needs are identified and adequately assessed, often on an ongoing basis.

A key to the assessment process is that many needs surface as direct "user requirements" focusing on operations and/or service. Capital financing is undertaken by design after needs are assessed and is directly based upon the service or operational plan.

Capital financing needs are generally defined as a response to service or program expansion requirements. For example, the routine need for additional buses or vans may be in response to increased commuter demands, requests for night or Sunday service, or recently expanded service boundaries.

Staff needs assessment tends to blend the practical aspects of what is achievable with the broad spectrum of needs introduced by the general public. Requests that can be accommodated within existing district operations and policy framework may be acted upon immediately by staff. Other significant, costly, or policy-oriented needs are brought to the board's attention, where they can be more thoroughly addressed.

Capital needs assessment includes consideration of costs and a comparison to mission. Other factors may also be considered, including environmental, political, social, land use, and economic factors.

Important to the process is an assessment of federal, state, and local regulations, laws and guidelines. Examples of these requirements include:

- ADA - where capital needs assessment is looking at lift equipping vehicles; and
- Clean Air - where particulate traps and alternative fuels are being evaluated.

These needs further impact other aspects of transit capital. For instance, the switch to the use of alternative fuel vehicles requires a reconfiguration and retooling of maintenance facilities. These additional factors must also be accounted for the planning process.

C. Revenue Projections for Capital Facilities

For the purposes of this report, revenue projections include all sources of revenue that may be applied for capital purposes, including MVET, sales tax, farebox interest, and federal grants and formula monies. Capital facilities include fleet, facilities, transfer centers, park-and-ride shelters, infrastructure, and other capital items. Typically federal assistance provides a major portion of funding for capital projects. Federal assistance includes money from UMTA program Sections 3, 9, 16(b) and 18.

Revenue projections are developed by all districts to varying degrees. Differences are based upon projected timeliness and level of detail in budgets. In most districts, revenue projections and budgeted expenditures are developed separately and then reconciled to determine which projects will be funded. Expenditures are almost always made within revenue constraints.

Revenue projections drive planning for services and capital facilities acquisitions. Revenue projections and expenditures are also based upon the assumptions of continued availability and predictability of MVET and sales tax revenues, along with an associated demand for services.

Revenue projections are developed and are then tied to actual replacement schedules and other capital projects. Cash flow statements provide a key to detailed financial planning and commonly identify the status of a capital project. These statements also directly tie capital projects to revenue sources, such as federal monies.

Forecasting is essential to transit because of the capital-intensive nature of the business. Forecasting therefore plays a key role in determining the timing and amount of financing. The capital projections developed in these forecasts are developed commonly in the six-year TDFP plan. In addition, ten-year plans are often completed for such purposes as fleet replacement. As expected, the longer the planning time horizon, the more global in nature revenue projections become.

Both costs and revenues need to be forecasted. Again the relationship between capital planning (i.e., fleet replacement) and projected revenues is heavily integrated. This is largely because transit districts spend and reserve as much money as is available to meet needs.

Washington transit systems' forecasts appear relatively predictable. Forecasted revenues are generally based upon historical trends and future anticipated economic conditions. This predictability is largely due to stable revenues including MVET and sales taxes being known and easily forecasted.

The difficulty in transit forecasting, and thus in planning for capital projects and programs, is tied to the availability of federal money. A relevant question arises, "What federal money is available for transit?" The resulting answer is to identify federal monies and financing shortfalls ahead of time, and adequately prepare for alternative sources of funding. If problems arise, capital projects are often the first to be reduced or delayed, or even postponed altogether.

The State's current forecasting challenge is much the same as it is for industry. State systems must plan for future capital requirements caused by ADA and clean air legislation. Local transit has already recognized these issues and is currently analyzing the impact and developing an appropriate financial response. This process will be ongoing for sometime as new and refined requirements are identified and alternative solutions evaluated.

Current forecasted revenues and costs are generally considered adequate. Baseline strategies, as well as expanded and reduced service options, are also being updated to address the current uncertainties in the rapidly changing transit environment.

D. Project Scoping

Project scoping entails identification and definition of projects, and estimation of related tasks and costs. Project specifications are identified which in turn assist in determining the scope of a project and its associated cost. The time required to complete a project often covers multiple years. Project schedules help determine scope and costs in these and other instances.

It should be noted that many capital projects are routine in nature. For example, bus replacement is completed on a planned and on-going basis. Scoping of these projects tends to be a function that is internally managed. However, the more significant a project becomes the more involved both the public and board are in the process.

E. Evaluation Criteria

Evaluation criteria are used as standards to review capital plans, programs and projects and to determine whether these capital initiatives should be undertaken. Although used in most situations, criteria are not standardized nor well documented.

Criteria frequently vary district to district. Different types of projects may be evaluated using different types of criteria, even within a specific district. Different sets of criteria may also be used for different types of plans, programs or projects. For example, in routine bus procurement, extensive evaluation is not always necessary.

Projects are normally evaluated based upon some combination of criteria including the:

- degree of adherence to a district's mission;
- level of public demand (many projects appear to be implemented based upon a high level of public input);
- degree of benefit accruing to the community (including environment, economic, social and political benefits);
- cost effectiveness of a specific program; and
- compliance with legislative mandates and other local regulations and guidelines.

Projects are normally based upon a service plan and evaluated in relation to available capital. The evaluation often includes reviews of alternative modes of achieving the same objective as well as the consequences of not proceeding. All projects ultimately are evaluated on the level of public service being provided.

F. Prioritization and Programming

Prioritization of capital projects appears to be straightforward in most districts. Generally, districts use the following priorities:

- First, money is spent for current capital replacement (i.e., fleet acquisition);

- Second, for improved and expanded services; and

- Third, for other new equipment and facilities.

The mix of prioritization varies system to system but generally follows the same pattern. Some systems add to the mix and have additional levels of priority. Community Transit for example priorities projects in the following order:

- Capital projects under current contract;

- Capital projects for which UMTA grants currently exist;

- Capital projects replacement of assets;

- Capital projects required to enhance safety and environmental protection;

- Capital projects resulting in cost savings; and

- Acquisitions of expanded service.

Prioritization processes commonly follow the same consensus building procedures that are followed in the mission and needs assessment processes previously discussed. In short, staff analysis, public review and board acceptance is involved. Finally, all prioritization appears to be tied to funding availability, which often changes in the short or long term, thus requiring a periodic reprioritization of projects.

G. Financing Solicitation Practices

Financing solicitation entails acquisition of money for capital and operations purposes. Operations are generally financed through ongoing revenues provided by taxes and fares. Capital is generally financed by these sources in addition to federal assistance.

Most districts uniformly restrict the use of debt. This is a reflection of both the conservative posture of transit boards and a result of available and predictable revenue from other sources. Debt, therefore, has not traditionally been a source of capital funding for operations. Debt is, however, increasingly being considered by large districts for major capital projects.

At this time, only Metro has significant debt outstanding ($169 million). This debt was used to finance the DSTP. A few other systems are planning to use debt including Pierce and Community Transit Districts, for the purpose of supporting future capital acquisitions. Smaller districts currently have very little debt and do not appear ready to tap debt as a significant source of financing in the near future.

Financial solicitation works the same way for transit districts as for any other government entity. Initially, projects are analyzed through needs assessment, evaluation and prioritization processes. Once a project or program is defined at a detailed level (to gain an understanding of its true scope including costs and timing) financial options are evaluated. This process includes coordination of a debt package with expert advisors including a combination of underwriters, investment bankers, CPA's, and attorneys. Once a package is assembled, the team conducts solicitation of the funds.

When defined in the broadest sense, financial solicitation also occurs when districts pursue federal grants and formula monies. The grant application process is involved and well documented. How the process actually works (i.e., who writes and processes the request, including the information presented in the application) may be different for each district.

The application process essentially entails analysis, application development and allocation or rejection of funds. Districts routinely adjust capital priorities depending on the outcome of this process, therefore, UMTA decisions may actually change what projects will be undertaken or continued.

The application process and resulting funding levels are often different for different sized systems. For example, the state allocates money for both section 9 and 18 programs and the monies are directed to systems on different bases. Because requests always exceed the amount of money that is available, the different sized districts involved in these programs also do not know what funds, if any, will be distributed.

While debt financing is rare, the request for, and use of, federal assistance is routine. The requests are based upon need for the following basic three grants and formula monies:

Section 3 funds are available on a discretionary basis to urban and rural transit systems for capital improvements.

Section 9 is a formula grant program for urbanized areas with populations greater than 50,000. UMTA apportions the funds according to a complex formula including population, population density and operating characteristics.

Section 18 provides capital and operating assistance to non-urbanized public transit systems. Capital grants are funded up to 80 percent of the total project cost and operating grants are funded up to 50 percent of the net project cost (total operating cost less operating revenue). Section 18 funding is heavily weighted toward capital assistance and maybe used for private non profit operations. Because more requests for money are made than is available, the state has determined capital grants will be funded at the 35 percent level.

H. Amortization Practices

Amortization is the allocation of the cost of an asset over its useful life. Amortization is important to account for the fiscal impact of consuming assets over time. This activity is then reflected in an organization's financial records and reports.

Transit district's key capital assets include facilities and buses. Typically, depreciation is taken on assets where expenditures total over a certain amount, say $1,000. In most districts the straight-line method of depreciation is used, although the term varies by the type of asset being capitalized. For example, typically:

- buildings are depreciated over 20-40 years;
- buses over 12 years;
- other light duty vehicles over 5-10 years;
- improvements over 10 years;
- furniture over 5 years; and
- equipment over 5-20 years.

Salvage value is usually not factored into the accounting for these assets.

Depreciation is funded and accounted for as a reserve in many districts. Depreciation is funded in a range from zero to 100 percent and if funded, the average appears to be ranged between 30-70 percent of depreciation. Funding levels are a result of many factors including how conservative management is, assumptions regarding the availability of federal assistance, tax revenues, economic growth and the health of local and state economies.

Funding depreciation is a prudent business practice followed by many conservative organizations especially ones involved in a capital intensive business. Funding, therefore, may be considered appropriate in transit organizations and is only a concern if reserves are funded at levels far above

or below forecasted needs which is not a situation that appears to exist in Washington State. It should be noted that most other states do not fund depreciation at any level.

I. Assumptions Regarding Continuing Federal Role

Most districts assume that large amounts of continued federal funding will be available. Districts rely on federal assistance generally for capital purposes. Without continued funding, both operating and capital programs would be significantly affected.

Districts are actively conducting contingency planning in anticipation of some reduced level of federal funding. As such, capital programs would likely be cut back first, prior to any major cuts in operating programs. If significant federal cuts are initiated, in most cases Washington transit systems current reserves would be tapped and substantially reduced within 1-3 years to meet basic ongoing needs (for some districts this may happen anyway due to the impact of ADA, Clean Air, etc.).

A sample of district responses regarding continued federal funding highlighted in the study survey include:

- Federal assistance is anticipated to be similar to current levels (with several districts assuming a higher local match);
- Less UMTA Section 3 assistance will be available;
- One districts view that "Federal assistance will meet 75 percent of current capital needs";
- Major portions of required funding will continue to be available through Section 3; and
- Many of the smaller districts rely heavily on Section 18 assistance.

Although each district has a slightly different view of what funding will be available, all agreed that substantial funds will be provided. Districts plan to continue to seek federal assistance whenever feasible and their current capital and expansion plans reflect this strategy.

J. Joint Use Arrangements

Joint use arrangements are associations where multiple organizations share resources to meet separate but related aims. Joint use arrangements exist throughout the state's transit system but are isolated to points where specific additional benefits accrue to the public. These types of arrangements are not always formally planned for unless an obvious connection exists between parties or unless no other immediate alternative is available. There appears to be a trend toward considering more joint arrangements as a result of the GMA and other integrated planning efforts. Several districts operate with joint use arrangements currently, including Everett, Clallam and Metro. Examples of such arrangements include:

Park and Ride lots - built with a district often teaming with another organization. Examples of this arrangement exist where religious organizations are provided capital for building a lot on the organizations land, and the lot is accessible to commuters during the work week.

Facilities - used in the cities of Yakima, Everett, Longview and Bellingham where the city plays a major part in running the transit operation. Facilities and sometimes equipment, administrative personnel and systems are shared to gain economies of scale within the city's domain.

Routes - are often jointly operated between systems, where multiple districts combine scheduling and service efforts. A prime example of this arrangement is the arrangement between Pierce and Intercity transits where some routes are planned and operated in a totally integrated fashion such that each of the districts schedules show the combined systems routes times.

Van procurement - being one of the most obvious arrangements where economies of scale are achievable. Systems periodically get together to buy coaches in larger lots by jointly using a master contract.

Joint use partnerships between the public and private sectors in this state are difficult to find. This option is technically feasible, but inhibited by the state's constitution under the premise that private enterprise should not benefit from public tax dollars. Given the prohibition of lending public credit for private purposes, projects must be carefully planned and structured. Some indirect joint relationships, however, continue to exist, especially in the area of paratransit, where subcontractors routinely provide dial-a-ride services.

K. State Restrictions

In this study, the focus of potential state restrictions is twofold: first, whether restrictions exist prohibiting or inhibiting good accounting; and second, whether restrictions exist which significantly impact financial planning practices. No significant restrictions were found regarding the effect of state laws and regulations in accounting. Districts indicated some degree of frustration regarding the state's Budgeting and Accounting Reporting System (BARS) in that it is not specifically tailored for transit organizations. However, BARS fully supports American Institute of Certified Public Accountants (AICPA) standards for governmental reporting and other generally accepted accounting principles and appears to provide a reasonable system for recording, classifying and summarizing transactions. The State Auditors Office is fully aware of the BARS limitations and is initiating a project to tailor the accounting and reporting system for transit. This study has been delayed at the request of the Policy Advisory Committee (PAC) until the results of Phase One are available.

Some restrictions were found in state laws and regulations impacting financial planning practices. We do not consider these restrictions to be a major state-wide problem and most focus on the availability of funds. The key restrictions expressed by the districts are noted as follows:

- Numerous districts exhibited some degree of frustration with the availability and process surrounding Section 18 monies. The frustration comes from the process being reliant on the application, competition and priority of distribution. There is no guarantee of funding in this process. Smaller districts were especially frustrated with the acquisition process. This situation is not so much of a frustration with state law, as it is with federal process and associated state implementation. This is also a prime example of why appropriated funding (as opposed to dedicated funding) is so difficult to plan for, thus resulting in inefficiencies in the resource allocation process.

- A second prohibition is the lack of availability of tax increment financing. This type of financing provides for the selling of bonds against a projected future value of piece of real property.

- A third prohibition, (previously noted as a means to stretch a dollar as much as it is to promote sound financial planning practices) is the often debated public-private development partnership. Some kinds of partnerships may well meet the broadly stated mission of transit. An example of this potential, is a day care facility built and operated on a park and ride lot.

- The fourth restriction is the MVET matching requirement. Districts have a desire to access all available MVET revenues, perhaps by matching these revenues at lower or more flexible levels.

- The fifth restriction is the requirement for perceived cumbersome state reporting. This was a concern voiced repeatedly by smaller districts where resources were scarce to complete the required paperwork. The view is that some information is not useful or used by the state.

L. Reserve Practices

Transit districts typically maintain reserves for future planned and unplanned needs. Both capital and operating reserves are common. Capital reserves are maintained by most districts and are largely used for fleet replacement and sometimes facilities. Operating reserves are also maintained by most districts, but are used for working capital purposes and contingency funds.

Other types of reserves are used but are less common. One example of this type of reserve is an insurance reserve used for self-insured districts. Nine of the State's transit districts pool insurance money together to spread the risk of providing for claims and damages. In addition, other districts maintain their own reserves, including Metro, Spokane, Pierce and Community Transit systems. Because of the current level of self insurance activity, both the State Insurance Commissioner and the State Auditors Office have increased their oversight role in insurance regulatory matters.

Capital reserves range from zero to 70 percent of depreciation. The average capital reserve appears to be in a broad range of between 30 percent to 70 percent of depreciation. Many districts fund reserves at a board approved percentage of annual depreciation. This percentage is often tied to an assumption of what percentage of future capital acquisitions the federal government is likely to fund, with the districts financing the non-funded portion.

Larger districts are more likely to have capital reserves and associated policies. Smaller districts do not always have the financial strength necessary to maintain significant funded reserves. Example Districts with no capital reserves include Longview, Cowlitz, Twin and Prosser.

Most of the capital reserves are restricted, that is, committed for a planned purpose - usually fleet replacement. A couple of districts are accumulating funds that have not been specifically earmarked for an exact purpose. In these cases, the money involved was minimal and could easily be spent on a range of needs.

The capital reserve policy is one of the many policies that is routinely addressed and reviewed annually. Board review was extensive in all cases. Capital reserves are also maintained and funded based upon a particular district's fiscal outlook and assumptions regarding operational and economic factors.

M. Other Fiscal Policies

Fiscal policies focus on management direction related to the financial affairs of an organization. These policies are considered essential to guide management in accountability and fiscal responsibility. Fiscal policy is used to set the parameters on which daily management and operations decisions are based. Of course, fiscal policies exist at all districts, but many are informal. The reserve policies discussed above are key exceptions.

Fiscal policies must be differentiated from accounting policies. Accounting policies provide more direction for accounting procedures and the production of financial information. These policies are generally detailed, well documented and are routinely reviewed by appropriate internal and external parties (i.e., Office of State Auditor).

Many districts indicated that fiscal policies are under current review and enhancement. It must be noted that fiscal policies cover high level financial decisions and action (including depreciation levels, reserve funding, cash management, procurement processes, budgeting and forecasting, fare structure, system performance, revenue sources, etc.) but do not require extensive detailed documentation.

Formal written policy documentation ranged from limited to minimally adequate. Some formalization of these policies should be considered.

II. Conclusions

The capital financing practices of Washington's public transportation agencies appear adequate. Further, the same agencies have adequate abilities to establish appropriate practices under existing state policies. Specifically, state laws and regulations are generally adequate regarding financial planning practices and no apparent restrictions exist prohibiting or inhibiting institution of good accounting or planning practices for capital facilities.

The study team arrived at these conclusions based upon review of the statewide transit system performance, current service levels provided, business practices followed, capital financing plans and follow-up implementation. The above conclusions are also supported by transit district operations generally following conservative and prudent business planning practices. These practices include directing processes under defined missions and goals, identifying and analyzing system needs and developing and documenting the results in Transit Development and Financial Plans.

In summary, several detailed observations support the above overall conclusions as follows:

- The majority of financing is available through MVET and sales tax revenues. These revenues, in conjunction with other federal and local sources are used jointly for capital and operations.

- Capital programs are largely funded through depreciation reserves (provided by MVET and Sales tax revenues) and other federal assistance.

- The capital planning process is relatively straight forward and based upon needs analysis and combined revenue and expenditure planning.

- The capital financing process follows conservative and prudent business planning practices. This is because districts generally know what funds will be available and budget accordingly.

- Needs and related financing for capital projects are adequately documented in the State required Transit Development and Financial Plan (TDFP). Capital needs are therefore dealt with by all districts through the annual planning process.

PUBLIC TRANSPORTATION STUDY

Task 2E

APPROPRIATENESS AND ADEQUACY OF CURRENT FUNDING

Prepared for:

STATE of WASHINGTON

The Legislative Transportation Committee

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APPROPRIATENESS AND ADEQUACY OF CURRENT FUNDING

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Appendix A - Appraising Appropriate Levels of Service and Developing Descriptive System Profiles

Abstract - Appropriateness and Adequacy of Current Funding

Transit systems in Washington State are generally rather recent additions to local communities. These systems have been structured to respond to the travel requirements of the residents and have expanded to serve new markets as the communities have grown. Services offered by the transit systems reflect the varied needs of area residents, including paratransit, commuter and fixed route bus services. New requirements of State and Federal law (TDM and ADA) are being incorporated into the local network plans.

The performance of the 21 transit systems in the State is best measured against the goals each community sets for the local system. However, the absence of specific targets or quantifiable measures in local mission statements precludes such an analysis. In order to complete the evaluation, therefore, a peer city comparison techniques was used. Transit systems in Washington were grouped by population, fleet size and annual ridership. Five general groups were established, and a set of peer systems (with similar characteristics) for each group were chosen to use as yardsticks for Washington systems. Three basic categories of performance measurement were defined. These are Cost Efficiency, Cost Effectiveness, and Service Effectiveness. Specific indicators in each category were established as representative policy level performance measures. A total of fourteen specific indicators were compiled for each system and the peers.

Peer system data by group was aggregated and averaged for comparative purposes.

Generally, the comparative analysis shows that local communities in Washington are providing higher levels of service than the peer groups, and are responding to the economic growth of the local areas with new services. The recent introduction of transit services in some communities and the expanded services show most comparisons with peer city data that is based on mature and stable transit networks. However, the recent trends in most Washington systems indicate that performances improving relative to peer cities.

The impact of new mandates has not been fully assessed by all agencies. It appears from the initial data that the first phase of implementation can be accommodated within the agencies' financial resources. Responding to the new requirements of ADA, for example, beyond the first few years is expected to have an impact on the financial capability of local agencies to continue programmed expansion plans in response to development and growth pressures.

I. Appropriateness and Adequacy of Current Funding

A. Introduction

The history of public transportation legislation in the State of Washington clearly points to the intent that transit be a local responsibility. Substantial authority for raising local revenues and for receiving MVET matching funds has been provided to reinforce these local transit responsibilities. Communities throughout Washington have responded by creating public agencies or restructuring existing operations to take advantage of the legislative directions. Twenty-two systems now exist in the state, eleven having been created since 1980. On the whole, therefore, the transit systems in Washington are young and maturing, local networks designed to respond to the specific needs of the community.

B. Local Transit Missions

Local public transportation systems operate within a legislative framework that was initially adopted in 1965. The State's broad directive for transit systems to be supportive of "development and prosperity" of the community, generally set a foundation for local transit missions. However, within the four types of transit structures authorized by the legislature, there is no requirement for an agency to develop a mission or ensure it complies with the State's goal.

Notwithstanding the absence of this requirement, each agency has defined a local mission for their own operation. Public transit throughout Washington is responsive to the specific local mobility requirements, the geography and the level of local financial support. These are reflected in the type of service offered (e.g. Snohomish County and Pierce County PTBAs offer commuter bus services to Downtown Seattle, and Pullman offers student bus services to Moscow, Idaho), the size of vehicles used to deliver fixed route services, the method of providing paratransit service (i.e. by contract or directly operating the service), and the varied level of local sales tax and B&O taxes to support public transportation services.

The missions for local transit services in Washington are documented in an earlier part of this study (i.e., Task 1.B).

In 1965 the State provided a broad public transportation directive. Local public transportation missions fit within the policy and respond to the State's action. The breadth of the 1965 policy provides the latitude for locally generated program objectives and the requirement for local planning (6 year plans) has contributed to a strong local industry throughout the State. The elements of public transportation at the state level in Washington, including the enabling legislation, funding authorities and technical support have contributed to the development of local mobility systems.

Funding authority, for example, has provided a sound financial basis for long range planning, and a level of certainty that facilities service and capital decisions. It is evident that the secure, dedicated funding for public transportation at a local level has enhanced the agencies' ability to plan for system development. Notwithstanding the dedicated funding, transit agencies have generally adopted conservative capital financing strategies. The nature of the sales tax revenue source, as it relates to changes in the economy, has resulted in a practical approach by agencies to both capital and operating budgets. Reserve accounts for capital acquisitions and operating revenue contingencies have been established by most agencies. In this way the agencies are positioned to continue transit service in the event of lower than expected sales tax revenue.

Local transit plans for both fixed route and paratransit services have been developed in conjunction with community groups and reflect local priorities for service types, standards, and levels of fare recovery. For example:

- Island County and Chelan-Douglas County PTBA's have developed prepaid fare services based on planning studies and community support. Local sales tax levels that include the fare revenue have been approved by local residents in both counties;

- Kitsap County PTBA has targeted expansion of service primarily to the commuter market, attempting to relieve congestion at ferry terminals and employment centers. Furthermore, in response to the particular market they are attempting to attract, Kitsap offers fully padded cloth seats and drivers with change to improve comfort and convenience;

- Lewis County PTBA patrons (Twin Transit) have identified improved frequency (reducing the one hour headway) and route extensions as priorities for planned expansion; and

- Pullman Transit is examining the potential for a joint fare program with Washington State University to improve access to the campus area in conjunction with the University's new parking program.

Each of these specific objectives are related to the missions of the agency, and have been developed as part of a public process and approved by locally elected representatives.

State and Federal governments have added new responsibilities to local transit programs in recent years. New mandates in the clean air and civil rights (Americans with Disabilities Act) fields have been imposed by the Federal government in the past two years. Similarly, Growth Management and Transportation Demand Management initiatives by the State have added both specific and implied responsibilities to local agencies. As a result, the local agencies are developing response programs that deal with these new areas of responsibility:

- Metro has estimated that ADA will mean annual expenditures of $6.3 million in 1992 to $23.3 million in 1997 to accommodate 2 million door-to-door passengers per year;

- Pierce Transit has committed to convert to natural gas powered vehicles as a clean air program. Conversion requires new vehicles, fueling stations, and facility modifications beyond current plans; and

- Spokane Transit is studying the costs and operating implications of meeting the new clean air requirements; and

- Growth Management and TDM will require addition agency administrative personnel and potentially new public transportation services to deal with the integration requirements.

Transit agencies in Washington State legally must live within their means. Expenditure levels, on an annual basis, are governed by the expected revenues and are, on a whole, planned conservatively. Many transit agencies, like Community Transit in Snohomish County, maintain reserve accounts to provide capital funding for planned projects and to off-set potential revenue shortfalls in fares or sales tax. Revenues are allocated to these accounts and to

existing service levels first, before considering expansion programs that are in response to local missions. The new mandates are being added to the existing service level budget for planning purposes throughout the state in order to estimate the impact of ADA, for example, on overall expenditures. Local missions are being revised to ensure that they are consistent with the agency's programs and new mandates.

As these priorities and new mandates are being sorted out, transit agencies have advised that expansion plans to meet growing demands, particularly in suburban areas, will be curtailed. Service changes that were part of a priority program may be delayed in order to make provision for program priorities such as ADA. From the interviews, however, it appears that the transit agencies throughout the state believe that they can accommodate the new requirements by delaying/postponing existing plans for new service, for example. This accommodation will set up a conflict between earlier objectives and missions and the revised missions with state/federal mandates included. Those jurisdictions such as Pierce, Whatcom and Clallam that have the ability to seek more sales tax revenue to address the initial requirements and increasing fiscal impacts of the new mandates have some flexibility. However, any increase in sales tax levels must be approved by the local community. Local economic conditions may be opposed since such increases could be an additional burden. In Clark County, this option is particularly complex due to the proximity to Oregon where no sales tax is charged.

The issue remains unquantified. All analysis concerning the impacts of ADA, Clean Air and GMA for example is not complete. In the short term, the immediate requirements are being accommodated. Beyond the first 2 to 3 years, however, it appears from the analysis of the agencies' financial projections and local service plans, that the impact of these programs and planned service adjustments will be greater than existing revenue projections. Fulfillment of the missions of the transit agencies will be constrained by the existing levels of revenue. Agencies may be faced with curtailment of planned expansion and reductions in existing service levels.

C. Criteria for Evaluation

In order to evaluate the performance of each transit system to determine the appropriateness of funding levels, a measurement process was established. The PAC and LSC approved a set of measures and grouping of transit properties for peer city comparison. The major elements of this background paper are summarized below, and the entire report is contained in Appendix A of this Interim Report.

The general state-wide mission statement for transit and the individual missions of the local agencies contain three important elements of performance. They are cost efficiency and effectiveness, and overall service effectiveness. The latter is a surrogate for the benefits derived from local transit services. The three elements, above, may be measured as direct outputs of the transit network and are defined in the following ways:

- Cost efficiency describes how well such factors as labor and facilities are used to produce outputs such as vehicle hours of service;

- Cost effectiveness measures the use of such inputs as capital and labor in achieving certain goals such as passengers carried; and

- Service effectiveness integrates the outputs of the two previous measures to represent the benefits that are delivered on a community wide basis.

1. Methodology

Fourteen specific indicators were adopted for use in the state wide evaluation. These have been chosen to target policy level performance issues not to represent a management review. They are important only in that they indicate trends in performance. This is largely due to the fact that specific performance targets that relate to the local mission for transit do not exist. The measures adopted for use in this study are contained in Figure 1. An independent review and evaluation of the Washington transit agencies was conducted by the consulting team using these indicators to compare performance with expectations (as defined in mission statements).

The similarities between transit missions in Washington properties is not unusual. Across the country transit agencies of comparable size and structure have similar missions. In light of this, and in the absence of specific performance targets at either the state or local level, a group of peer cities was identified to act as the performance yardstick. Listings of the grouping of Washington properties and the peer cities chosen for the comparison appears in Appendix A. For each measure, a peer group average trend line was developed in order to relate Washington's transit performance to that of comparable systems throughout the country. Although Section 15 data (used for peer city comparisons) is not available past 1988, the trends of indicators, particularly since 1985 were verified by literature research and contacts with selected agencies. The observations concerning the performance of local transit systems in relation to their missions and funding levels are drawn from this data base.

D. Mission Fulfillment

The absence of specific targets for performance of local transit networks has lead to the use of peer city groupings and indicators to evaluate Washington State agencies. A number of similarly sized cities with fleet and ridership characteristics that parallel Washington properties form the basis of the prime measurement of fulfillment. Data for these cities listed in the Appendix, Figure 5 has been derived from UMTA Section 15 reports.

FIGURE 1

PERFORMANCE INDICATORS

CHARACTERISTIC	PERFORMANCE MEASURE	DATA REQUIRED
1. COST EFFICIENCY	OPERATING COST/REVENUE MILES	OPERATING COST
	OPERATING COST/REVENUE HOUR	TOTAL VEHICLE HOURS
	TOTAL VEHICLE HOURS/TOTAL EMPLOYEES	TOTAL EMPLOYEES
	PEAK VEHICLES/NON PEAK VEHICLES	PEAK VEHICLES NON PEAK VEHICLES
2. COST EFFECTIVENESS	OPERATING REVENUE/OPERATING COST	OPERATING REVENUE
	OPERATING COST/PASSENGER	SUBSIDY
	SUBSIDY/PASSENGER	CAPITAL BALANCE
	CAPITAL BALANCE/OPERATING COST	
3. SERVICE EFFECTIVENESS	PASSENGER/REVENUE HOUR	PASSENGERS (UNLINKED)
	PASSENGER/REVENUE MILE	REVENUE HOURS
	PASSENGERS/CAPITA	REVENUE MILES
	ROUTE MILES/CAPITA	ROUTE MILES
	REVENUE MILES/CAPITA	POPULATION
	REVENUE HOURS/CAPITA	

1. Initial Observations

During the preparation of the data base a number of unique characteristics of the Washington transit agencies were revealed. Most significant is the inclusion of capital depreciation and/ or reserve accounts in annual budgets. In this state virtually every system makes provisions for a depreciation charge, equipment sinking fund or capital projects account each year. Contributions are made to these accounts annually in accordance with local financial policies. This practice is not common throughout the industry. There are two primary reasons why other agencies do not have such funds. First, in some State transit programs the local capital costs of vehicle replacement are assumed by the State (e.g. Michigan). The second reason is historical. Funding limitations in the 1970's forced many agencies to incur long term debt to purchase new equipment. This practice continues for major capital acquisitions.

The result of such an accounting difference is an imperfect picture of performance indicators such as Operating Revenue to Operating Cost. Washington State ratios for this indicator, when compared to comparable states and peer cities, will appear low. The variance can be as much as 2% annually. For purposes of consistency in the analysis, the data for Washington transit agencies has been modified to exclude these account balances from annual operating cost summaries. In this way a more accurate comparison can be developed and the trends in cost recovery indicators examined. Trend line information is an important indicator of the local acceptability of public transportation services. Policy decisions of elected officials with respect to fare structures determine the cost recovery ratios and the acceptable level of subsidy for local services.

2. Data Consistency

The consistency of reported information was verified by the consultants in conjunction with transit agencies and the Department of Transportation. To ensure completeness of the database, each transit agency confirmed/completed a ten year summary of the relevant measures of performance. Verification tests of the final database were conducted by the consulting team and minor differences were corrected.

There remain only differences in definitions and data collection (estimating) procedures between the relevant sources (i.e. Section 15 and WSDOT Summary of Public Transportation Systems in Washington State). These outstanding variances can be corrected in future reports

by standardizing the State's report requirements with those of UMTA's Section 15. The data estimating techniques used for passenger volumes produce the greatest variances between reports. A single methodology will simplify reporting for transit agencies and eliminate the differences in published reports.

To ensure compatible data, the survey utilized the Section 15 definitions and reports. This facilitated the comparison with peer city statistics.

3. Analysis

The analysis of the general performance of local transit systems in Washington State is documented below primarily using peer city data. However, a key component of the study of transit performance involved the interviews of transit managers throughout the state. From these interviews a second element of the evaluation of "appropriateness and adequacy" was developed. This evaluative measure involves the annual budget process in each local agency. Defined below are these two evaluative measures.

a. Annual Budgets

Although not specifically included in mission statements, every transit agency has a set of priorities and local policies that are used to direct the annual budget cycle. In most cases the following spending/budgeting priorities have been established and are followed:

- Capital Accounts (amounts determined by Board policy);
- Operating Cash Flow reserve;
- Base-line service costs (i.e. existing service levels);
- Additional operating expenses related to current services;
- Expansion of service based on the highest demands; and
- Expansion of service based on expected demands.

Revenues are compared to projected cost factors and a cut off point established. In most budgets (1990, 1991) provision was made for some continued expansion of service. The budget process provides an array of options for local agencies to pursue. If the level of revenues (i.e. income from all sources, Federal Section 9, MVET, Sales Tax, Farebox, contracts and other operating revenue) is not sufficient to address the complete list of service requirements the local transit board has options for fulfilling the agency's mission.

A significant option facing most transit boards is the additional sales tax levy that is available to permit service expansion. At this time only Metro and Community Transit are at the limits of their authority. Community recently received approval of the voters to increase the sales tax levy to 0.6 percent in response to the local desire to improve service levels.

The second option to increase revenues is in the operating revenue category. This includes farebox, advertising, contract services and similar revenue obtained through operating agreements. Farebox revenue comprises the largest single share of this revenue component. Increasing fares has proven to have a negative impact on ridership in a variety of studies. Most recently (May 1991), a study of fare impacts on ridership revealed that a ten percent increase in bus fares resulted in an average four percent decrease in ridership. In addition, fare increases impact those on fixed incomes and young people who use public transportation exclusively.

Other operating revenues are often established through contracts, such as advertising space on buses or in bus shelters, and leases for property. The capability to realize significant increases in the other revenues in these cases is limited in the short term.

A third option is to impact the cost side of the ledger, either by reducing service expansion plans, modifying existing service levels or changing capital account policies. One or any combination of these elements may be considered as a budget measure that does not require new revenues.

The new environment that transit agencies in Washington face, as a result of GMA, TDM, ADA and Clean Air Acts, will force each agency to consider these remedies. The requirements of these state and federal statutes will place new demands on transit operating budgets. As a result, it has been reported in interviews with transit managers that expansion plans will be delayed, capital programs cut and revenue increases sought to deal with these new requirements. Community Transit, for example, has planned to postpone planned suburban bus service expansion in order to accommodate the paratransit requirements of ADA. An examination of the preliminary estimates of similar programs throughout the State indicates that the experience in Snohomish County is expected elsewhere. As transit agencies address the requirements of ADA, Clean Air,

Growth Management, and TDM they are projecting revenue shortages. In most cases current plans foresee a two to three year period before the new service requirements will cause base level bus services to be impacted. At this point current projections in many agencies indicate that there will be insufficient revenue to fund the new required services and the present levels of bus service.

b. Performance Review

Using the three categories of indicators approved by the Policy Advisory and Legislative Steering Committees it is possible to develop a picture of the historical trends of transit performance in the State. These local indicators have been compared to trend lines of factors for similar systems (i.e. peer cities) in order to identify issues of policy significance in Washington. Based on the reviews and analysis by the consulting team, the following general observations apply to the survey results:

- Washington's transit systems are newer than their peers. More than half of Washington's 22 systems began service during the last decade and have been subject to greater demands for service and capital facilities than the peer city groupings. Population and economic growth in Washington have been larger and stronger than in most parts of the country, and the indicators show transit's response in terms of increasing hours and miles of service;

- Transit managements have established broader program directions than peer city groups, generally including significant paratransit responsibilities. In most peer cities, transit responsibilities are limited to fixed route bus services. These broader responsibilities have resulted in higher total operating costs for Washington's transit agencies; and

- Suburban growth particularly in King, Snohomish, Pierce and Clark Counties has resulted in extended length fixed route bus services targeted at commuter markets to Downtown Seattle, Bellevue, University of Washington and Downtown Portland, The extent of these commuter services is unparalleled in the peer city groupings.

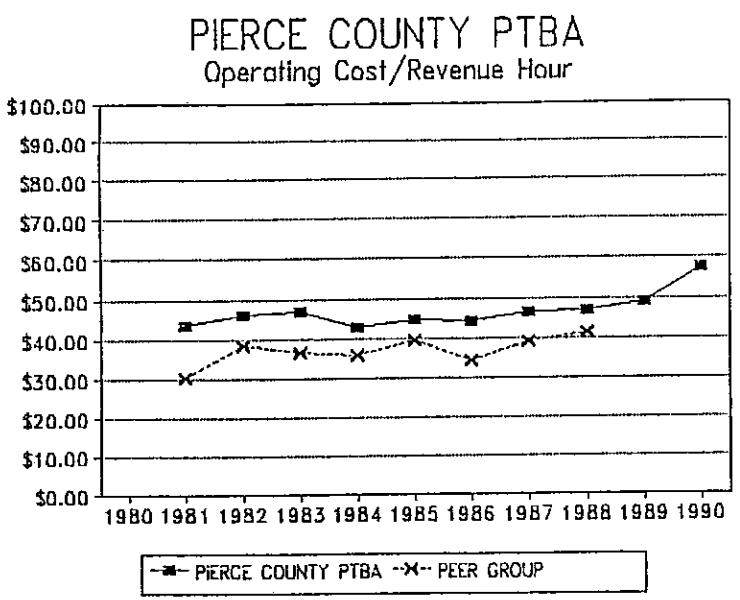
(i) ***Cost Efficiency***

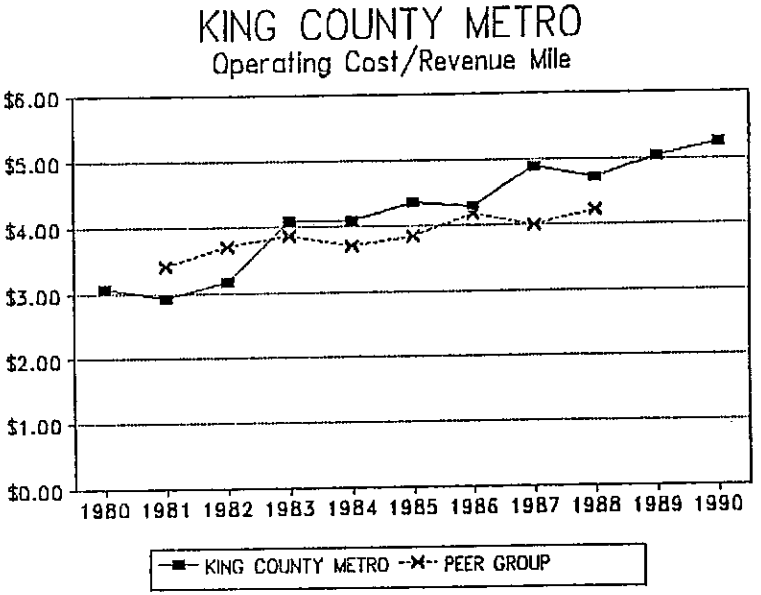
This category of indicators is intended to reflect the use of the resources available to transit agencies in the production of services. Factors having the greatest impact on these indicators include the labor environment in the state and the wage levels of employees. In the case of Washington transit agencies, organized labor is a major element of virtually every operating entity and wage levels, historically, particularly in the Puget Sound region, have been impacted by the State's employers (e.g. Boeing) and the now high technology industries.

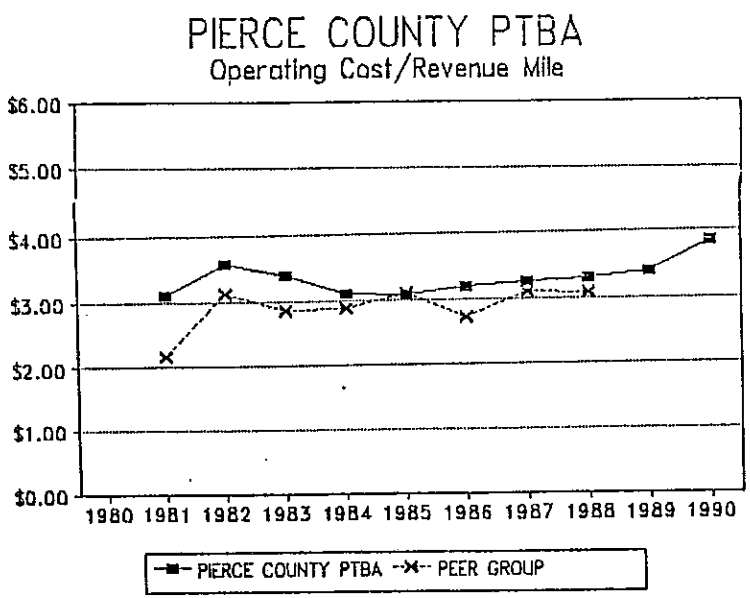
Generally, the indicators of cost efficiency reflect characteristics in terms of historical performance and levels of performance similar to the peer cities in each category. In the case of Metro and the three next largest systems (Spokane, Community and Pierce) the operating cost per revenue mile and revenue hour are comparable to the peer cities. In light of the impact that labor costs have on total operating cost (70%+) the graphs reflect a significant degree of cost containment by Washington properties given the differing levels of growth in this state and the peer cities. Figure 2 displays indicators from these properties that reflect this situation.

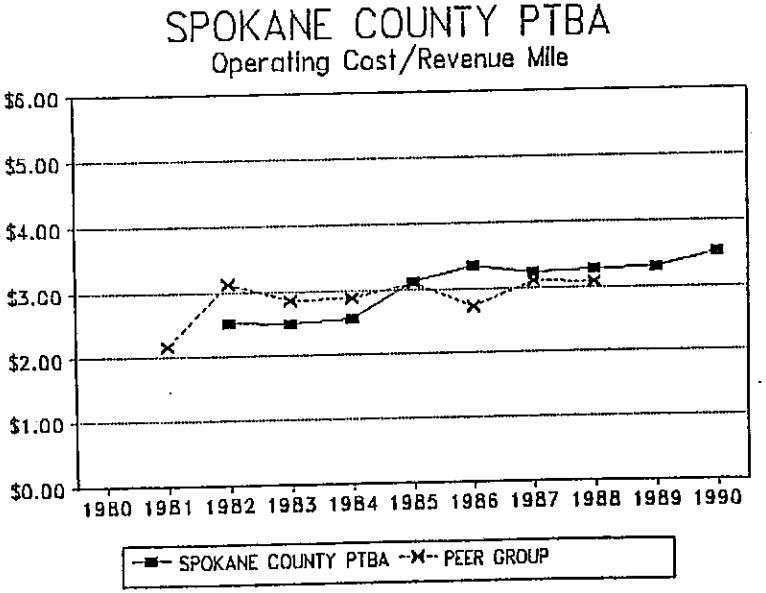
Figure 2 highlights the efficiency indicators using operating cost and variables for service (miles and hours). The Operating Cost/Revenue Hour indicator shown for Pierce Transit displays a historic pattern that matches the peer cities. The indicator is particularly sensitive to labor costs and the impacts of congestion. The upturn in the final two years of reporting is mirrored in the Operating Cost/Revenue Mile graph for Pierce Transit, and reflects the impact of increasing congestion on performance. Metro's indicator of Operating Cost/Revenue Mile has been affected by the same traffic conditions. Spokane, on the other hand, displays a consistent measure that reflects cost management during the period of expansion.

FIGURE 2
COST EFFICIENCY INDICES









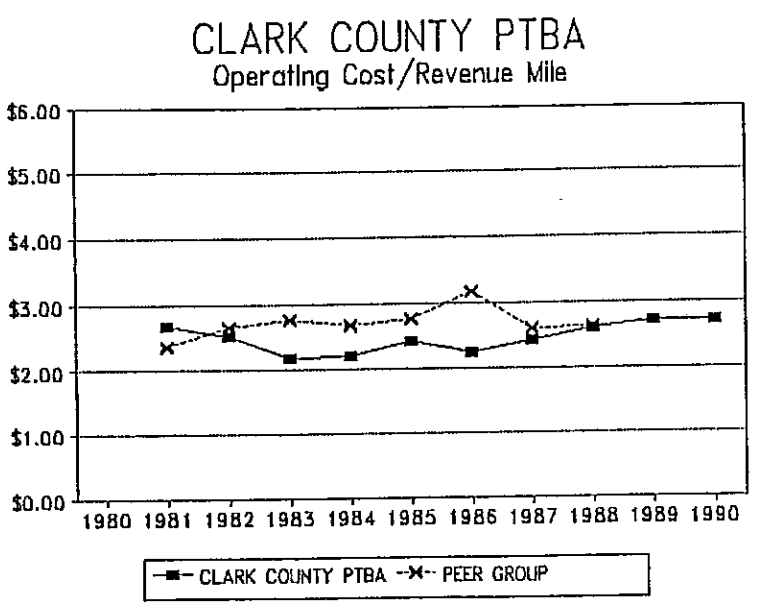
The next three groups of Washington systems have very similar performance profiles in the operating cost per revenue mile indicator when compared to the peer cities. The picture is somewhat different when the comparison focuses on the operating cost per revenue hour. The economic strength of the region is reflected in the latter statistic by the cost per hour of service that is largely driven by wage levels, and is masked in the first by the higher service levels provided in Washington properties. Figure 3 indicates those relationships.

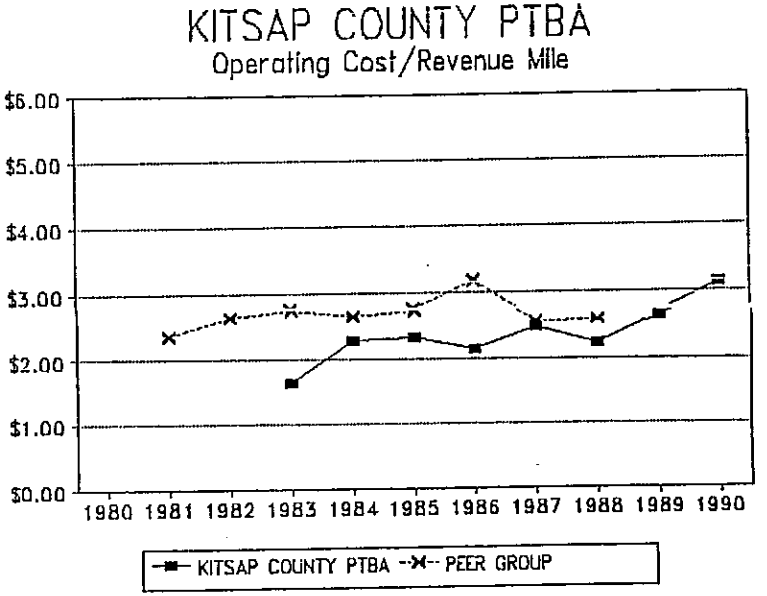
In Figure 3, indicators of four properties ar displayed to reflect the performance. These historical graphs show that the ratio of Operating Cost/Revenue Mile is growing. The background data indicates that during this time frame the service expansion of these systems far out distanced their peers. Therefore, the indicators show that Clark and Kitsap provided more service than their peer cities. The strength of the economy is reflected in the hourly costs of service (Operating Cost/Revenue Hour). Peer cities in weaker economies have not experienced the same budget impacts as Washington agencies.

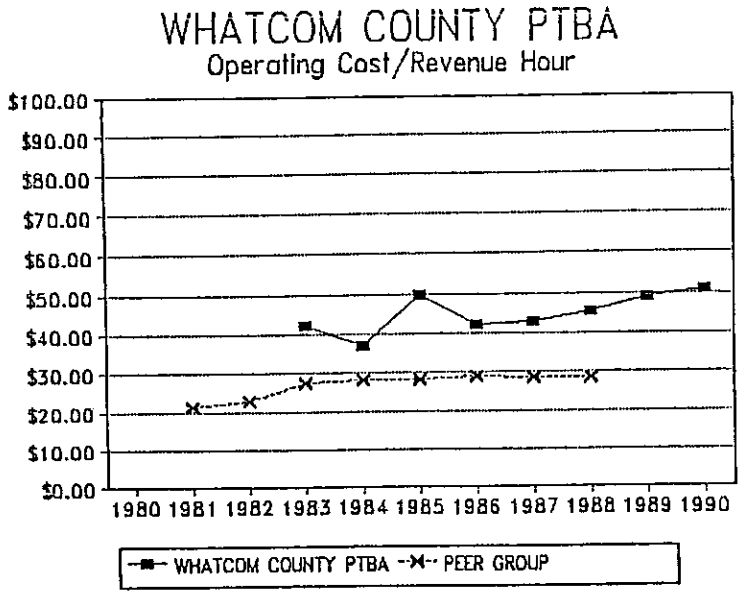
(ii) ***Cost Effectiveness***

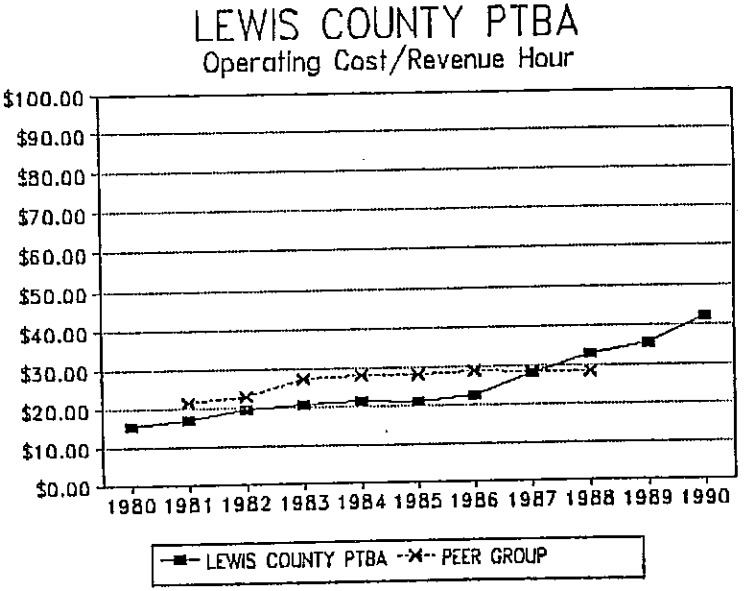
As measures of the relationships between the resources used to provide the service and the consumption or use of the service, these indicators (such as operating cost/passenger and subsidy/passenger) relate to the primary function of the services provided. Throughout the evaluation, the age of the majority of local systems has been identified as a factor influencing performance. Evidence throughout the nation points to the conclusion that the more mature the system the greater the degree of utilization by a community that is familiar with the services. In Washington, the newer systems display lower levels of performance related to operating cost per passenger for example than do peer cities that have more mature systems. Generally, the trend in revenue/operating cost rations in the state is to maintain or increase the local ratio, while peer cities show a decline in this statistic. In virtually all groupings, the total subsidy per passenger in Washington is equivalent

FIGURE 3
COST EFFICIENCY INDICES









to the subsidy levels in the peer cities. This indicates that Washington's financial support for transit is not out-of-line with programs throughout the country. Figures 4 and 5 indicate these relationships.

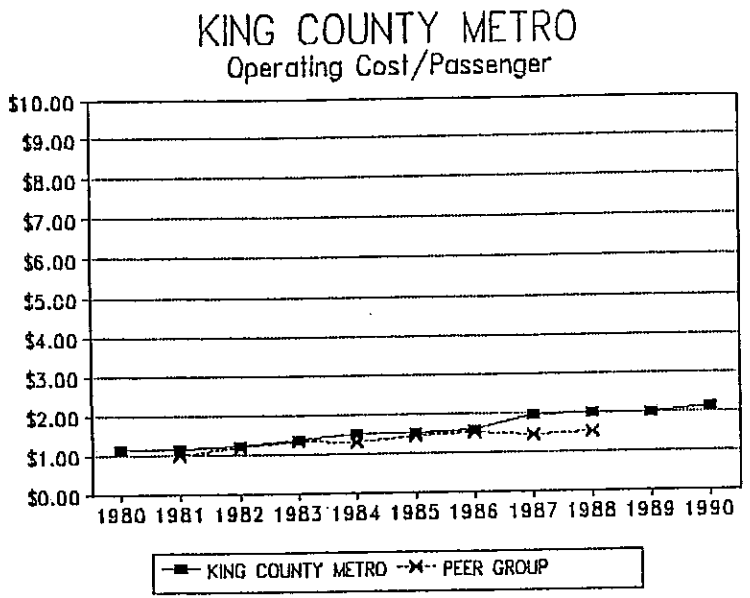
Operating Cost/Passenger shown in Figure 4 examines the service effectiveness of transit agencies. There are some unusual situations (e.g. CUBS Transit) that may be explained by initial capital expenditures or start-up costs. Generally, however the historical trends are reasonably close to the peer cities indicators. In the case of both Metro and C-Tran in Figure 4, 1986 signalled a departure from previous years. In both cases, new services and added costs of congestion in commuter periods, with longer trips are variables that impacted these indicators. The industry as a whole was impacted during the 1980's by the declining price of oil (and thus gasoline). The price advantage of public transit, particularly in the metropolitan areas, was eroded as more people could afford the cost of commuting by automobile.

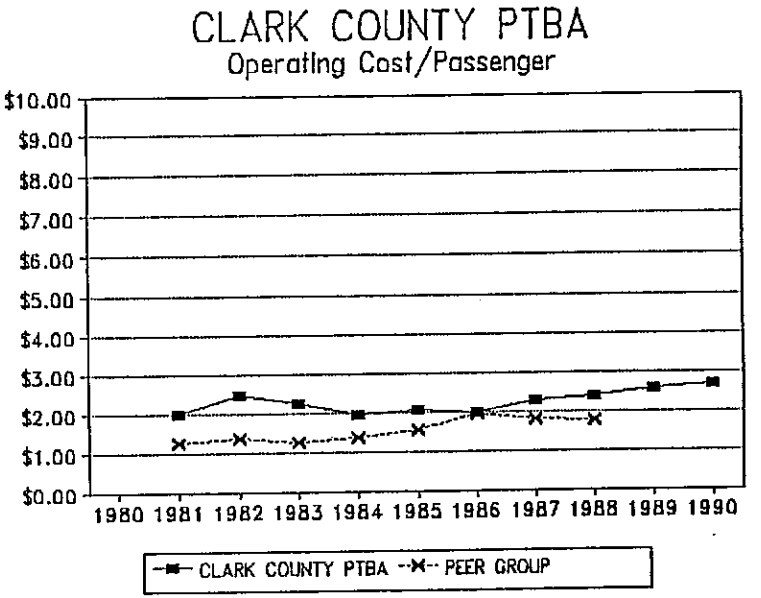
The indicators in Figure 5 show that although more service has been provided, the subsidy (i.e. the amount of public financial support) per passenger is approximately equivalent to the peer cities. The indicators show that the patronage levels of Washington transit systems are higher than their peers given the greater state and local levels of public support in Washington vis-a-vis those documented in the Comparable States Interim Report. The Operating Revenue/Operating Cost measure indicates that Washington agencies are increasing the effectiveness of the systems particularly in comparison with peer cities. The ratios of Operating Revenue to Operating Cost are improving in Washington (e.g. Clark and Pacific) while declining in peer cities.

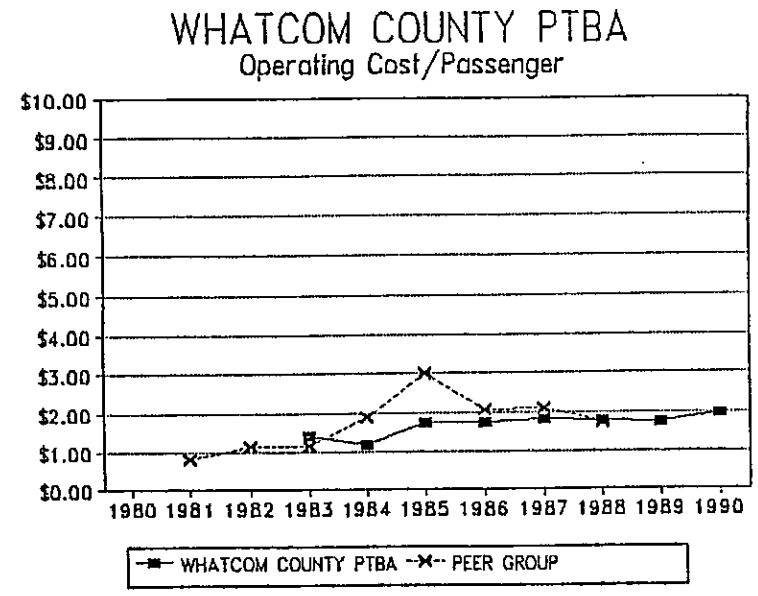
(iii) Service Effectiveness

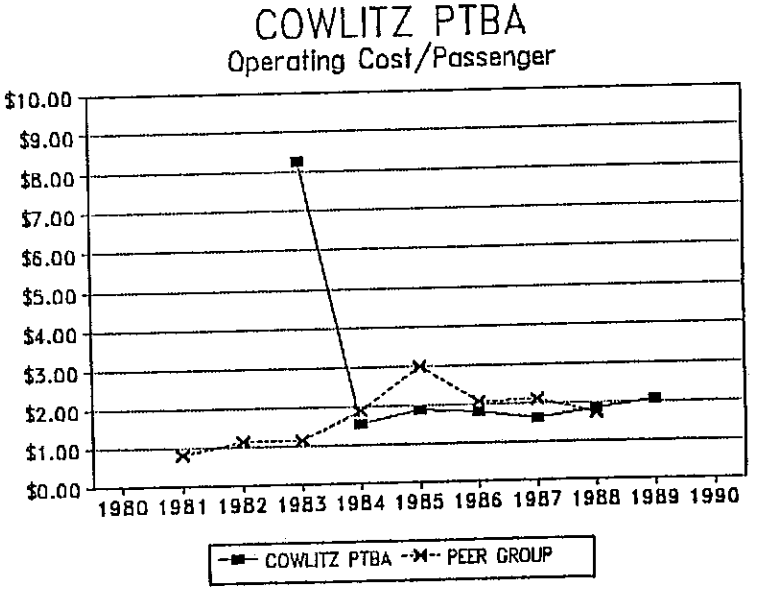
Service effectiveness measures are surrogates for some of the benefits transit delivers within a community. Service levels (i.e. the amount of service offered) are shown by indicators of Revenue Hours/Capita in Figure 6. Metro, an older, stable system, has maintained a consistent level of service during the growth of King County particularly

FIGURE 4
COST EFFECTIVENESS INDICES

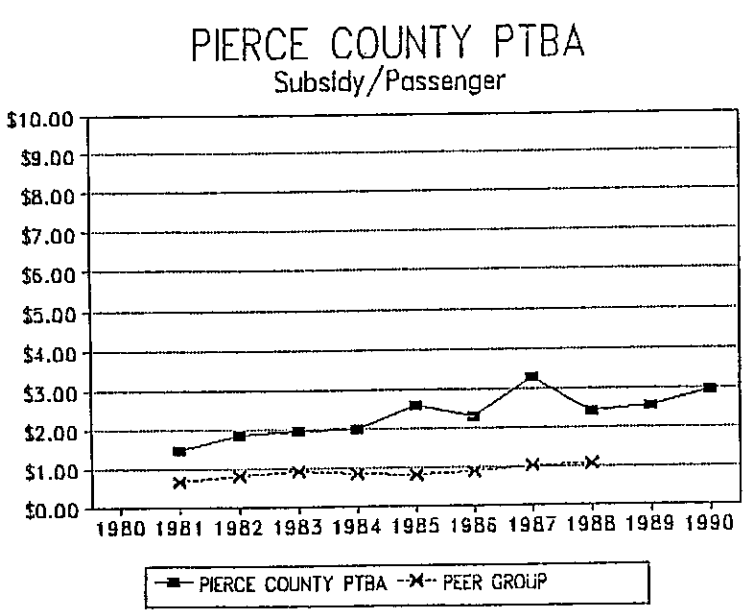


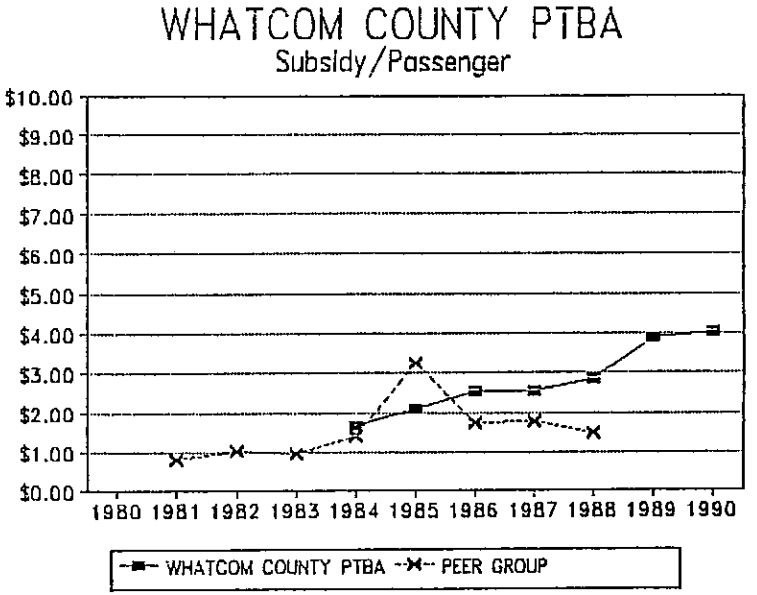


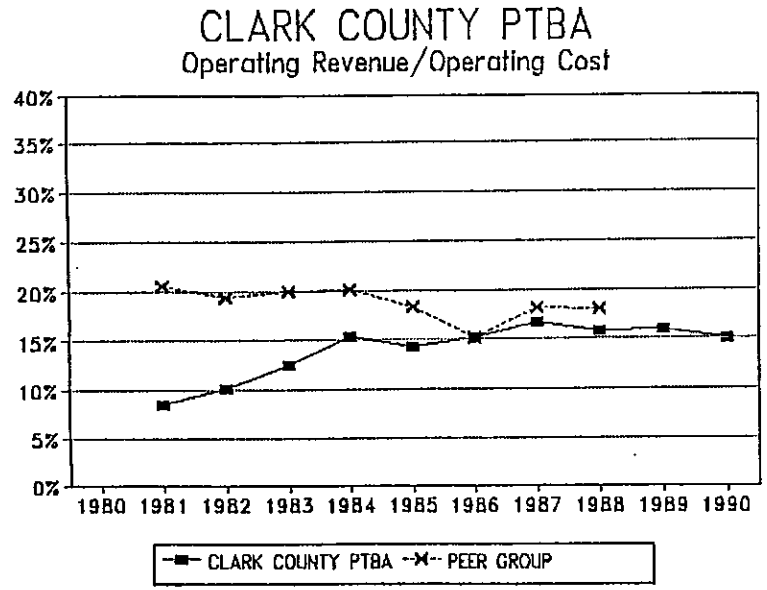




FIGU 5
COST EFFECTIVENESS INDICES







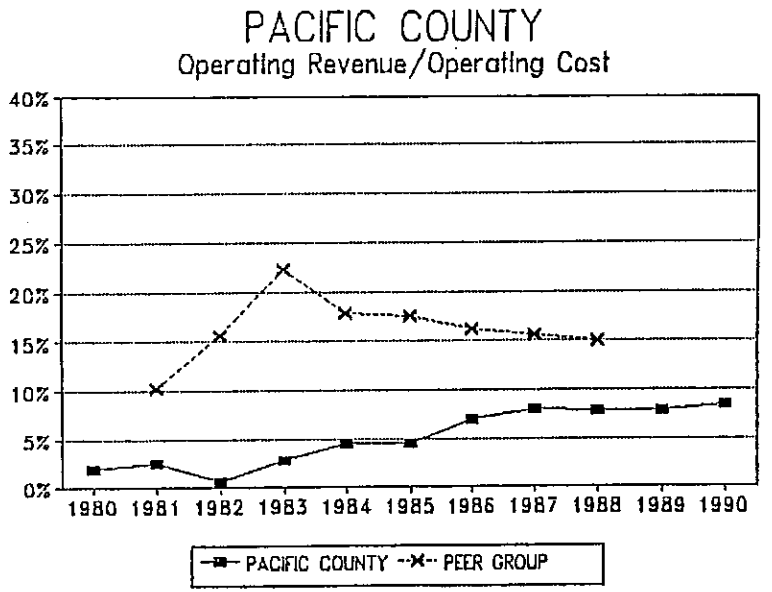
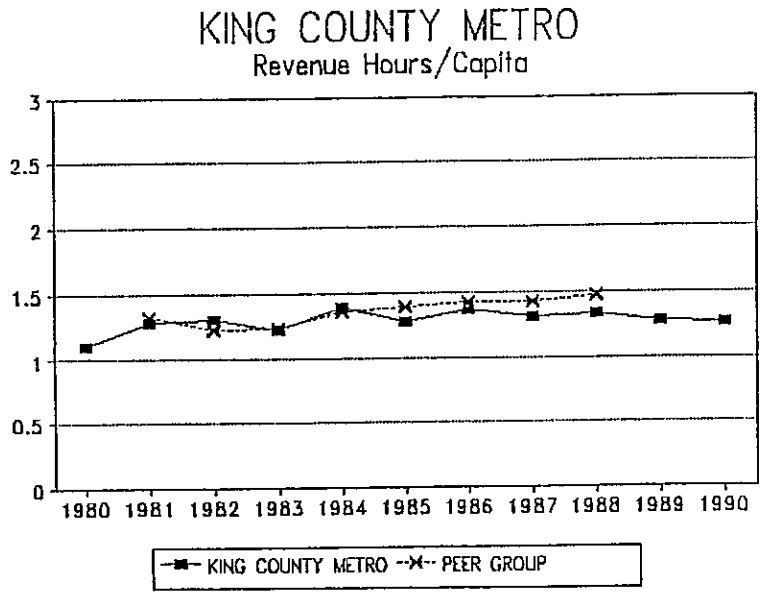
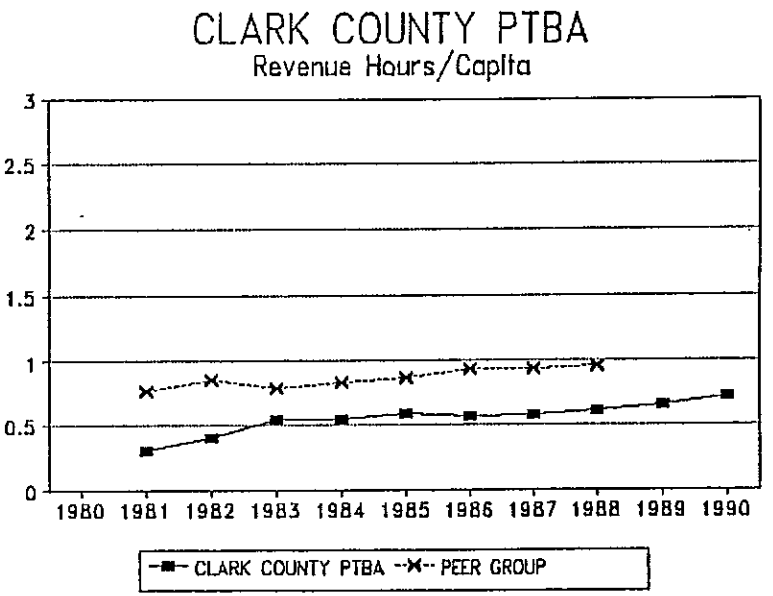
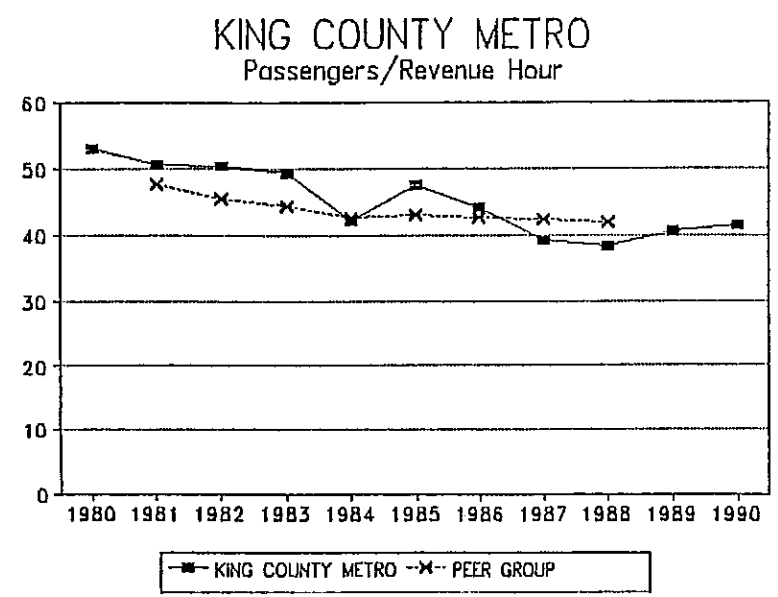
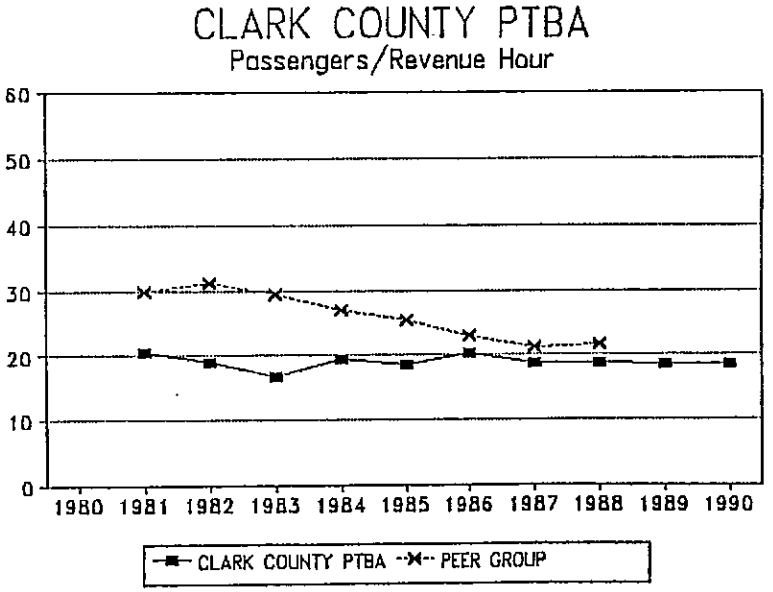


FIGURE 6
SERVICE EFFECTIVENESS INDICES







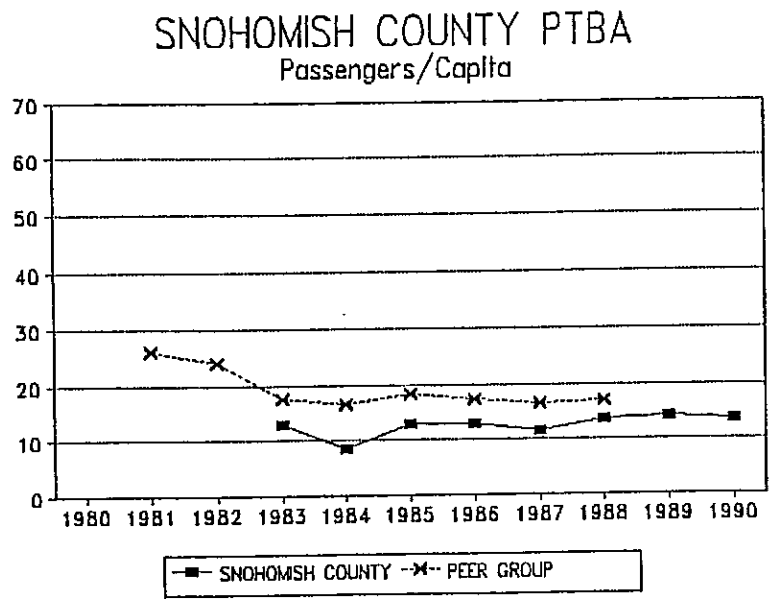


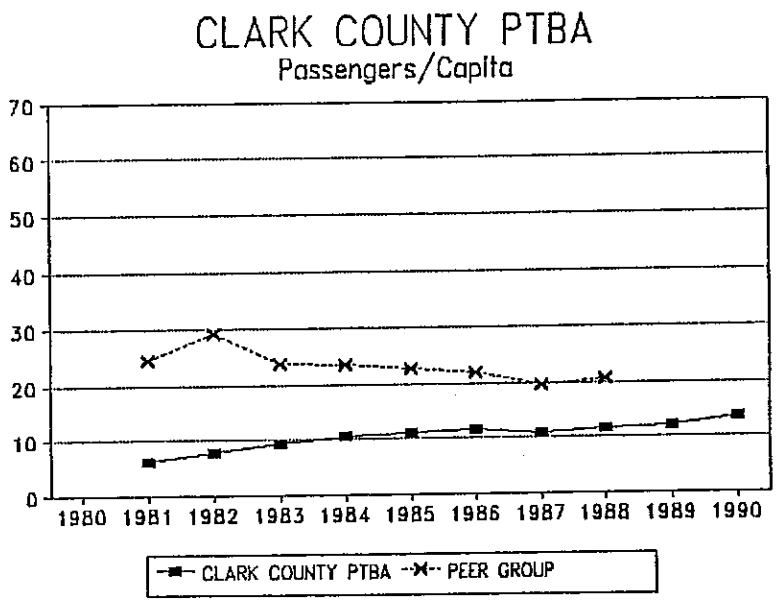
in the last few years. Clark has added more service per capita during this time period, but as a relatively new system with a large service area and growing population this may be expected. The decline in Passengers/Revenue Hour in Metro in the mid-80's may be a result of increasing congestion, decentralized employment centers, and the tunnel construction disruption in Downtown Seattle. C-Tran in Clark County, on the other hand, has not experienced the performance decline that affected peer cities during the 80's. The growth in the community and service options (particularly for commuters) maintained passenger levels.

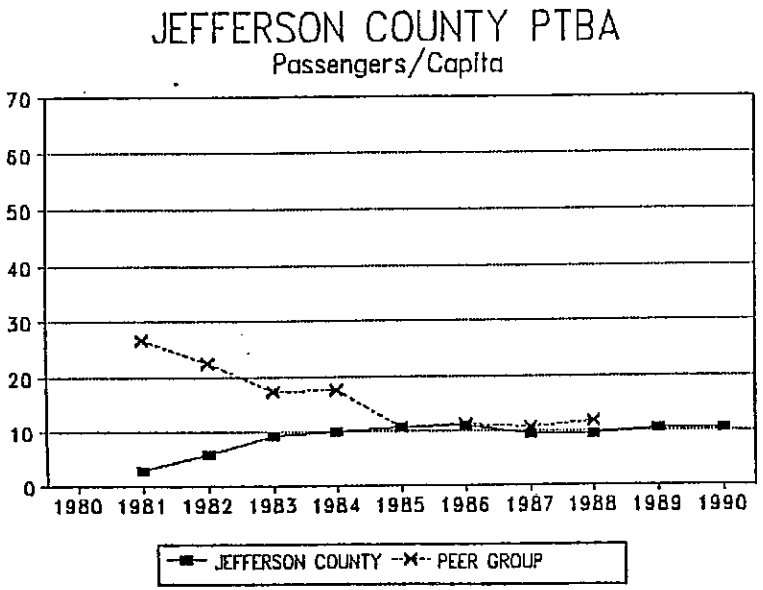
The increasing levels of transit use to provide access to employment centers and community services, while contributing to air pollution reductions and congestion relief, may be seen in Figure 7. Passengers per capita is the measure that reflects the levels of usage. Population increases in the state during the decade mask the percentage growth in ridership. For Washington transit agencies of all sizes, the overall trend for measure of use is increasing while the peer city indicators are declining. Transit usage is growing in Washington as more residents become familiar with local bus services and the services are targeted at specific community needs.

Finally, Figure 8 reflects the growth in service and passenger response in two specific systems. At Ben Franklin Transit, where there has been a 200% increase in service (as evidenced by the revenue miles per capita indicator) during the past decade, ridership has responded. Unlike peer cities in this grouping, Ben Franklin has maintained a constant ridership level (Passengers/Revenue Mile) during this service build up. Similarly in the case of Pacific Transit, one of the smaller systems in the State of Washington, service increases outpace peer cities and ridership has increased to maintain a relatively constant service effectiveness performance.

FIGURE 7
SERVICE EFFECTIVENESS INDICES







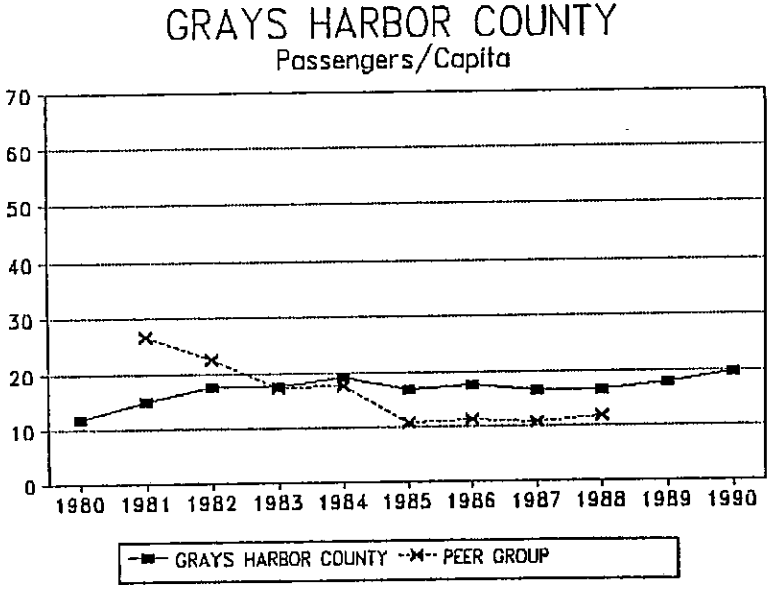
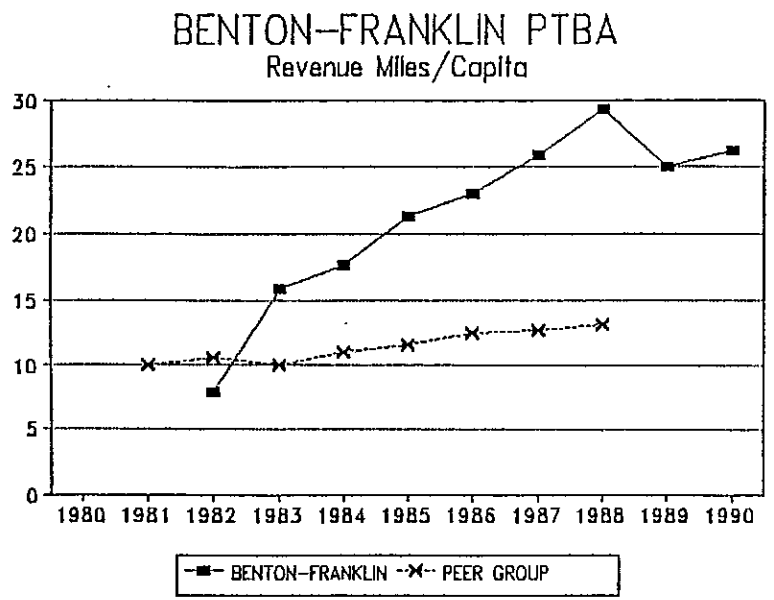
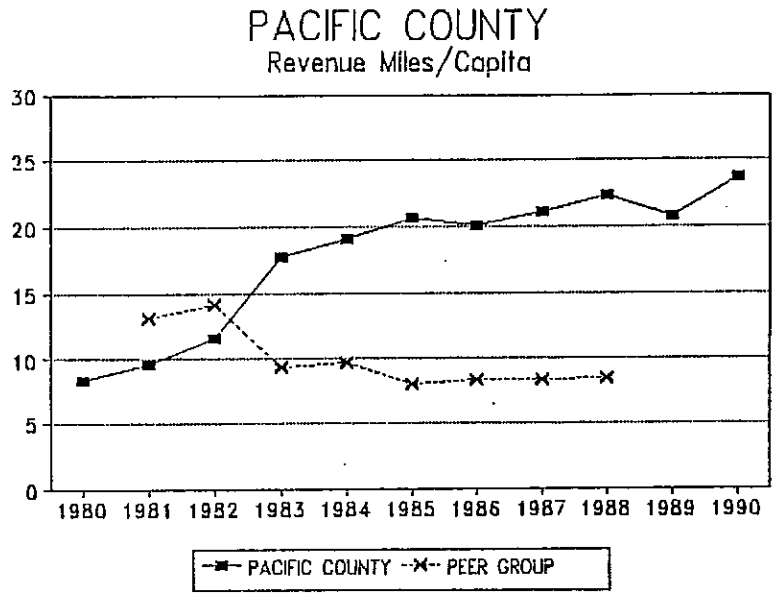
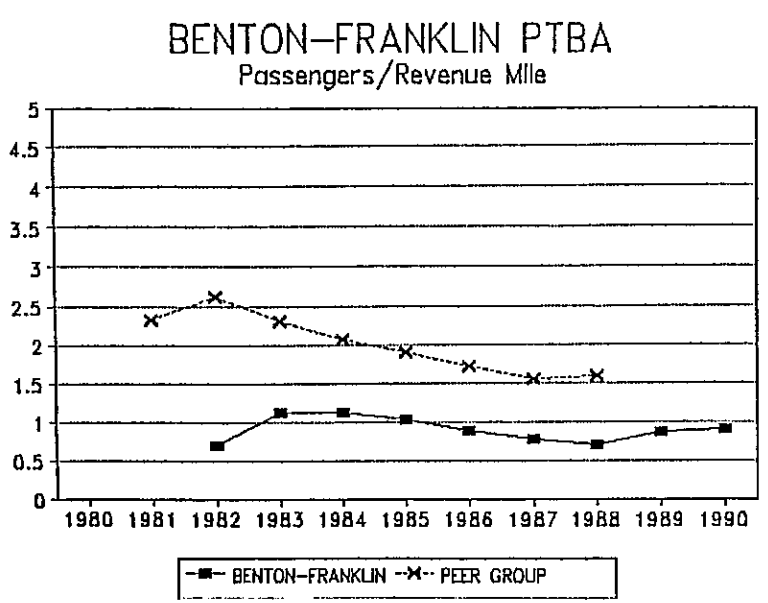
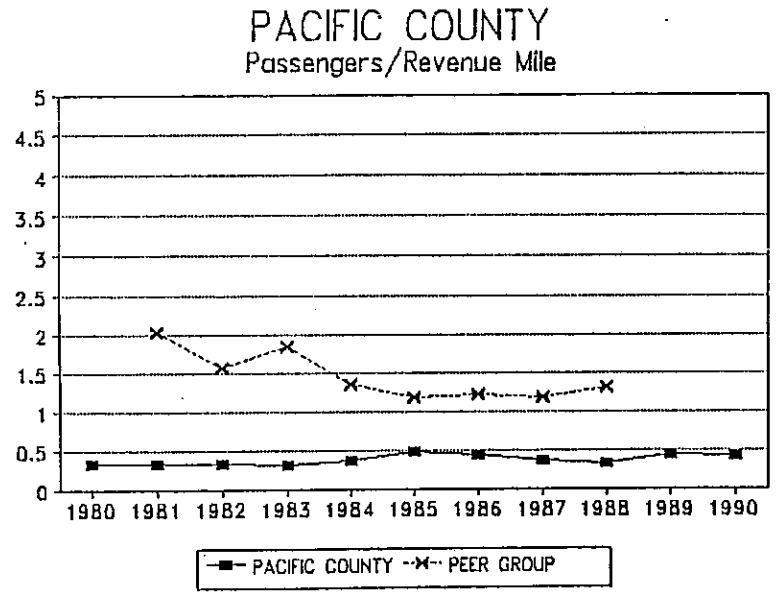


FIGURE 8
SERVICE EFFECTIVENESS INDICES









II. Conclusions

Based on the analysis of historical system performance and projected futures, it may be concluded that Washington's local transit agencies are responding to the economic growth in the State. More service is being provided and ridership levels are being maintained. Factors external to the transit management, such as traffic congestion development patterns and new programs (e.g. TDM, ADA, GMA) are having (or will have) an impact on transit performance. The implications of these programs have not been totally calculated but initial indicators point to a series of operating budget issues in the next two-three years.

During the past ten years a number of Washington agencies began service and these systems will take time to mature. Peer cities from throughout the nation have not (on the whole) experienced the same levels of population growth or economic stability as Washington cities. As a result, while Washington systems expand, others in the peer group are contracting. Developing a stable ridership base during this period of expansion would normally be difficult yet indicators show (Figure 8) that ridership has grown in proportion to the new services.

Transit agencies are responding to the local conditions, directed by mandates and locally adopted missions. Performance is generally in line with or better than peer cities in all categories, or is improving at a reasonable rate. The outstanding question of the capabilities of agencies to respond to new demands such as ADA is unanswered. Transit systems have not yet been able to fully assess the projected impacts particularly of programs such as ADA. It appears from early responses that sufficient funding is available for a 2 - 3 year period before current levels of service may be impacted.

In summary, the transit agencies in Washington are providing more service and carrying more passengers per capita than their peers. Traffic congestion and a stable economic base have contributed to higher cost structures, but the subsidy per passenger in Washington is approximately equivalent to the peer cities. New program requirements (specifically ADA and Clean Air) will create funding problems in the next 2 - 3 years but in the interim, transit agencies are planning to accommodate these programs and maintain existing service levels.

PUBLIC TRANSPORTATION STUDY

APPENDIX A

APPRAISING APPROPRIATE LEVELS OF SERVICE AND DEVELOPING DESCRIPTIVE SYSTEM PROFILES

Prepared for the
State of Washington
Legislative Transportation Committee

EXECUTIVE SUMMARY

Throughout the work program for the Washington State Public Transportation Study is the requirement to both establish evaluative criteria to assess funding adequacy compared to service provision and to comparatively analyze the State's systems. We have attempted to draw these requirements together. This Interim Report deals with the components of this task. In Part I, there are a series of measures identified for the purpose of providing an overview of performance. The second section, Part II establishes an evaluation process by grouping the transit properties and developing a list of peer cities.

A second component of this assessment involves the identification and quantification of the benefits derived by the local community, the state and the nation from public transit. In this initial set of measures - developed from transit operating statistics a number of surrogate performance indicators are used to represent community benefits. Later components of this study will deal more specifically with the community benefits that are transit related. Tasks 3 and 4 will provide an identification of benefits, anecdotal examples provided by the survey data and quantification of benefits, wherever possible, that accrue within the state.

This framework for the analysis of funding issues, community benefit and future revenue needs is developed at a policy level to provide a picture of the issues state-wide. Often performance indicators are used for management purposes with the system to evaluate the effectiveness of specific routes for example. This analysis is not aimed at that level, but at the more aggregate data for the network of local transit systems.

This evaluation must be measured against the legislative mission for local transit systems established in 1965. At that time the Legislature set as public policy the following:

> "All persons in a community benefit from a solvent and adequate public transportation system, either directly or indirectly, and the responsibility of financing the operation, maintenance and capital needs of such systems is a community obligation and responsibility which should be shared by all. We further find and declare that the maintenance and operation of an adequate public transportation system is an absolute necessity and is essential to the economic, industrial and cultural growth, development and prosperity of a municipality and of the state and nation, and to protect the health and welfare of the residents of such municipalities and the public in general."
>
> (Chapter 11, 1st Ex. Session, Laws of '65, RCW 35·95·010).

The performance measures (and data requirements) form the basis of the system surveys and interviews of local transit agencies throughout Washington that will be carried out as part of the overall study. Based on the reported performance, an overview of the "health" of transit in the state, both now and into the future, will be developed.

APPRAISING APPROPRIATE LEVELS OF SERVICE AND DEVELOPING DESCRIPTIVE SYSTEM PROFILES

INTRODUCTION

Several of the tasks in the Washington State Public Transportation Study require an analysis of "appropriateness, adequacy, and mission fulfillment" and indices "that evaluate appropriate comparisons". One way of addressing at least part of these requirements is with transit performance measures and the comparative statistics from across the country.

PART I TRANSIT PERFORMANCE MEASURES

Determining the appropriateness of transit funding levels throughout the State will involve the measurement of the performance of each transit system over time. The practice of measuring system performance is not new, and is carried out by individual transit managers, regulatory agencies and funding authorities on a regular basis. Each of these reviews is usually aimed at different goals and may use a variety of measures. A study of background materials related to performance measures reveals five important considerations. They are:

- a clear understanding of the purpose of the performance measures is required;
- the characteristics of efficiency and effectiveness must be defined;
- the list of performance measures should capture all of the important characteristics;
- the data requirements should be administratively simple and the data categories well defined; and
- a set of comparable data examples should be established for evaluative purposes.

For the purposes of policy level evaluation of funding issues, legislative programs and institutional arrangements, including community benefits, the appropriate measure must provide a picture of the trends. These trend lines for efficiency and effectiveness indicators and community benefits can then be evaluated by comparing Washington State trends to those of transit properties elsewhere in the country. Naturally, the process of comparison must respect the size differences of the properties and, therefore, a grouping of agencies within the State has been developed in Part II.

The major purpose of preparing this comparative analysis is to determine the underlying reasons for variations in trends. These variations both within the grouping of Washington properties, and between these groups and their peers may be traceable to local practices, state program support levels, and the impact of Federal programs. There obviously will be variances that are due to the size of the service area, population density, socio-economic factors and system age to name only a few. These too will be accounted for in the analysis.

Since this study focuses on the State's role in future transit programs, it is most important that other states' transit policies be investigated. Innovation and creative programs that support local transit initiatives, and deliver benefits to a broad community will be the focus of this research effort.

A. PURPOSE:

Performance indicators may be used for a number of purposes. Transit managers often use a host of measures to determine labor negotiating strategies and to revise service plans. Policy boards may use certain measures to judge the performance of a manager. In every case the purpose is clearly defined and the measures tailored to fit this purpose.

In the case of this study, it is the intent of LTC to evaluate the performance of the systems in Washington vis-a-vis the State's role. Attempting to judge what an efficient or an effective transit system looks like is a difficult task and one that depends on "the eye of the beholder." Each system has been developed in response to a set of conditions in a specific community and, therefore, the performance of each system must be judged on the basis of these initial issues. A significant function of the survey will be to probe for these linkages - the local benefits derived from the transit system.

A generic general set of criteria has been developed and can be applied broadly and used for comparative purposes. These criteria encompass the varied mission statements, goals, and objectives of each transit district. Based on general background information, the following characteristics of local transit missions have been developed:

- transit services should provide effective transportation;
- operations should be efficiently carried out; and
- services should support the economic, social, and environmental well-being of the community.

The purpose of the measures developed for this study therefore, is to provide quantitative evaluative criteria that cover the factors of efficiency and effectiveness, and the benefits of transit to the community. Examining these same quantitative measures for similar communities provides a test of reasonableness for the Washington properties.

Further examination and quantification of the broader community benefits that are secondary impacts of the local transit program, such as air quality and congestion improvements, will be provided in reports dealing with Tasks 3 and 4. The material used in this phase of the work involves data directly generated by transit agencies and is not specifically oriented to the secondary benefits. The later reports will provide the link between the system performance measures and a variety of benefits that the communities derive from their local transit program.

B. TRANSIT DELIVERY SYSTEMS

The development of useful performance measures can only take place when there is an understanding of the transit delivery system. The actual operation of fixed route or paratransit systems are single components of the broader context within which these services are delivered. A practical model has been presented in the literature outlining the various components of the general transit delivery system. Figure 1, that follows, reproduces this model.

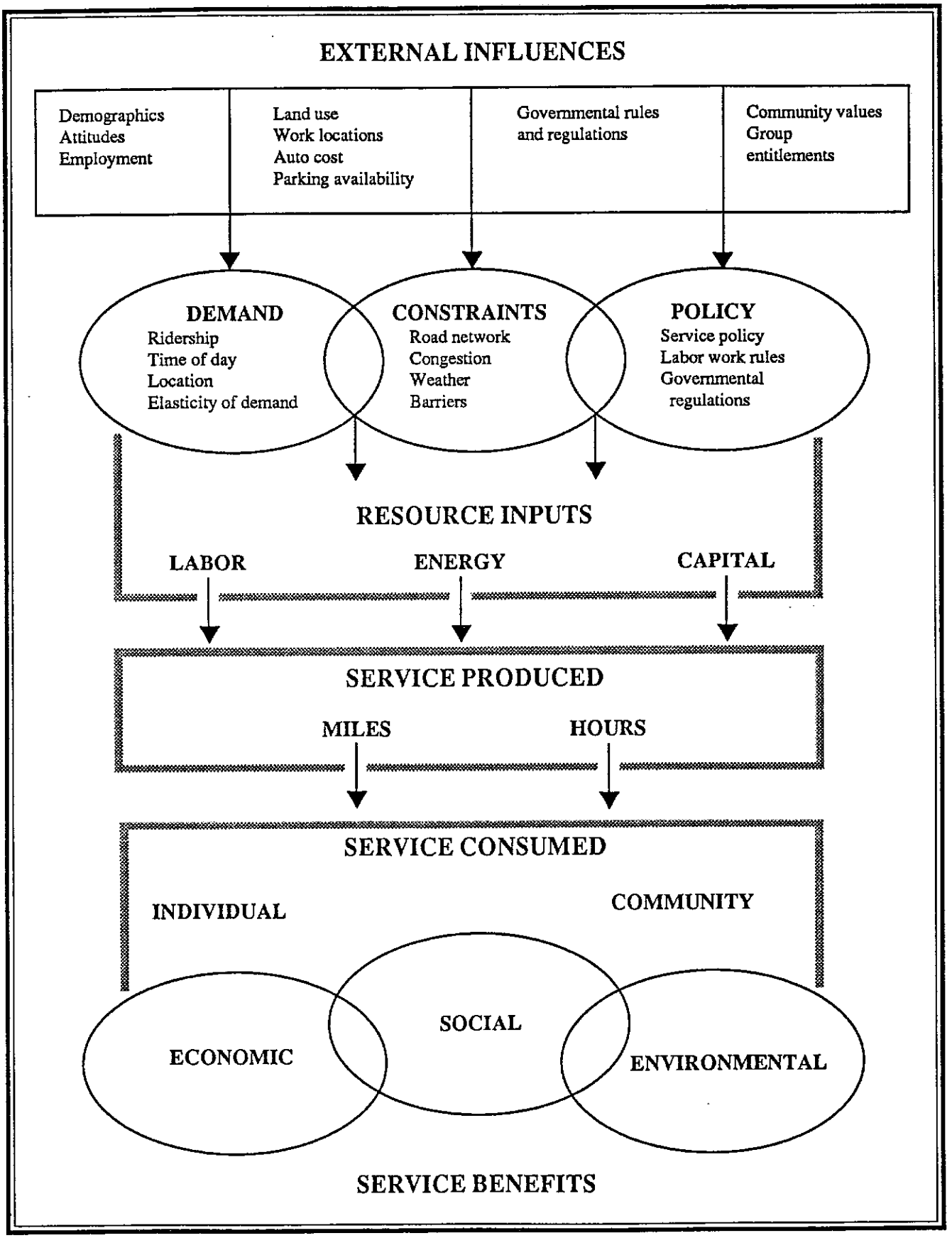
The relationships between the external influences, such as population, land use plans and government regulations, and the benefits derived by individuals and the community are identified in this model. The services produced function includes both fixed route and demand-responsive systems, designed to respond to particular market requirements. The resources that are necessary to create the services that the public consumes are influenced by factors that include the existing infrastructure and public policy direction. Managerial choices (and thus specific performance) are constrained by policy decisions that are directly (fare levels), and indirectly (site planning guidelines), related to transit programs.

The successful manipulation of the resources available will be dependent upon the environment in each community. Markets will differ, relative to employment patterns and demographics, as will the ability to serve various parts of the community due to the road network and land use form. Direct comparisons between community systems, without knowledge of the context of local goals and desired benefits is not practical. Finding common measures and establishing yardsticks by which to judge general performance is a reasonable way to monitor performance.

C. MEASURING PERFORMANCE

Based on the general mission of local transit properties presented earlier, there are three important measures of performance. They are cost efficiency, effectiveness, and overall service effectiveness.

Figure 1: Transit Service Delivery System



Source: Fielding, Gordon J., Managing Public Transit Strategically
Jossey-Bass Publications, 1987, p.3

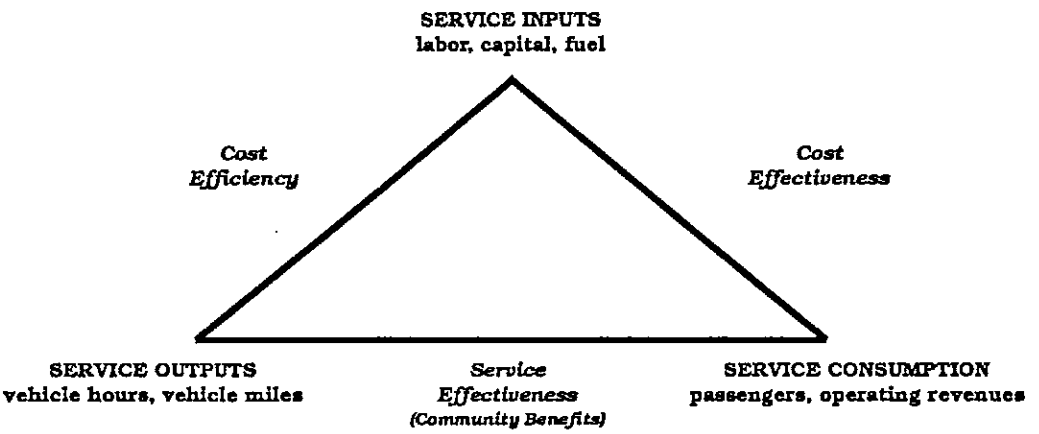
Cost efficiency describes how well factors such as labor and facilities are used to produce outputs such as vehicle hours of service.

Cost effectiveness measures the use of such inputs as capital and labor in achieving certain goals such as passengers carried.

Service effectiveness integrates the measures of cost efficiency and cost effectiveness. These measures are often more difficult to quantify and often have less reliable input data. Service characteristics such as convenience, comfort, reliability etc. are factors that attract passengers but are not easily or uniformly quantified. The indicators utilized in this section represent measures of benefit and will be augmented with later research.

Figure 2, that follows, graphically displays the relationships between service inputs, outputs and consumption. These relationships, when measured, provide insight into the degree to which the transit and system is reaching its stated mission and delivering community benefits.

FIGURE 2
TRANSIT PERFORMANCE MEASURES



The goal of any transit authority is to find a balance between the efficiency and the effectiveness factors. The history of performance measurement includes concern for the rising costs of producing service (e.g. fuel and labor), the impacts of new capital investments, the introduction of expensive peak hour services, declining revenues, and the inability to generate greater market share. The measures utilized may be very detailed, if being used as a management tool with preestablished targets, or may be more generalized for policy purposes. The latter level of measurement is seen to be most appropriate for a state-wide study such as this.

D. PERFORMANCE INDICATORS

Drawing on a background of research by transit properties, funding agencies, APTA, and academic institutions, a set of measures have been developed for this study. They are divided into three categories - Service Effectiveness, Cost Efficiency and Cost Effectiveness. The measures presented in Figure 3 are indicators of the relationships between inputs and outputs, and the utilization of the services. Programs in California and New York, for example, have been in place for some years, and have been revised over time to reduce complexity and the number of items measured. A simple set of measures has proven more effective on a state-wide basis than a complex report.

There are fourteen specific measures recommended for state-wide purposes. Considerably more could be used if locally oriented to a distinct issue or program. The data resources necessary to create the measures are common categories recorded by agencies. It will be most important, however, to ensure that the components used to produce a data base of "operating revenue" for example is uniform throughout the state. Therefore, a set of definitions has been included as an Appendix. These definitions draw together both Federal Section 15 requirements and the State of Washington standard terms for similar data.

The use of these measures as indicators of performance relates to the components of the legislative mission for transit and the three elements of this general mission. for example, the Cost Efficiency measures of Operating Cost/Revenue Mile and Total Vehicle Hours/Total Employees are indicators of the ability of the local system to utilize the various components such as labor to produce service for potential users. These measures are tied to the financial health of the system. Similarly, the Cost Effectiveness measures are indicators of passenger usage of the system. Maximizing the number of riders is a corporate objective that must be related to the financial/service availability. Hence, measures such as Operating Cost/ Passenger are used.

Finally, the measurement of service quality and the benefits the community derives from transit are represented by Service Effectiveness measures. The degree to which transit services can be deemed to support social, environmental and economic goals of the community are not easily measured and are not directly reported in transit agency statistics. For the purposes of this component of the study a number of surrogate measures have been developed to provide indicators of local trends. For example, the utilization of the system - Passengers/Revenue Mile and Revenue Hour, Passengers/Capita - not only represent productivity measures but also indicate the impact of transit on general mobility in the community including access to jobs and the number of trips that were not made by autos - resulting in lower air pollution and less congestion. The productivity measures such as Route Miles, Revenue Miles, and

FIGURE 3

PERFORMANCE INDICATORS

CHARACTERISTIC	PERFORMANCE MEASURE	DATA REQUIRED
1. SERVICE EFFECTIVENESS	PASSENGERS/REVENUE HOUR*	PASSENGERS (UNLINKED)
	PASSENGERS/REVENUE MILE*	REVENUE HOURS
	PASSENGERS/CAPITA	REVENUE MILES
	ROUTE MILES/CAPITA	ROUTE MILES
	REVENUE MILES/CAPITA	POPULATION
	REVENUE HOURS/CAPITA	
2. COST EFFICIENCY	OPERATING COST/REVENUE MILE*	OPERATING COST
	OPERATING COST/REVENUE HOUR*	TOTAL VEHICLE HOURS
	TOTAL VEHICLE HOURS/TOTAL EMPLOYEES	TOTAL EMPLOYEES
	PEAK VEHICLES/NON PEAK VEHICLES	PEAK VEHICLES NON PEAK VEHICLES
3. COST EFFECTIVENESS	OPERATING REVENUE/OPERATING COST*	OPERATING REVENUE
	OPERATING COST/PASSENGER*	SUBSIDY
	SUBSIDY/PASSENGER	CAPITAL BALANCE
	CAPITAL BALANCE/OPERATING COST	

*USED IN PARA TRANSIT EVALUATION

Revenue Hours/Capita indicate the level of transit service availability on a local basis to permit access to employment places, social services, and recreation facilities. These latter indicators also provide a convenient measure of comparative service levels between systems.

PART II EVALUATION PROCESS

The evaluation of the performance of transit properties is not to rank properties or to portray one as better or worse than any other. With the variances in size of the systems in the state such a ranking would be inappropriate. Rather the evaluation process will be aimed at future actions that State Legislators may consider to improve the operating environment for transit. The trends over the past decade will be examined, looking for patterns of peaks and valleys that affect overall performance. The factors both internal and external that are the foundation for these variables must be identified in order that appropriate State action be taken. The portrayal of performance measures will focus the detailed interview with each transit property on the factors that impact success.

The evaluation process has a number of steps, beginning with the collection of existing data and its verification. Using information available from UMTA and WSDOT a set of indicators will be plotted for each system in the State, going back as far as 1980. The information about each system will be circulated to the transit managers in the State for verification. Is the data base correct? If figures are missing can they be filled in now?

Charts of historical records can then be produced for analytical purposes.

To identify areas of further research and discussion, a two part evaluation will be conducted. First, the Washington State transit properties will be grouped into five divisions. Figure 4 outlines the proposed groupings and the basic characteristics of each property. For each grouping, a set of peer cities has been developed. Using the peer city averages and the measures of other systems in the State, anomalies in the performance of individual systems can be identified. This will provide direction for further research.

FIGURE 4

GROUPINGS OF TRANSIT PROPERTIES

	SYSTEM 2	'89 POP ('000)	'89 VEH		'89 RIDERSHIP ('000)
GROUP A	METRO SEATTLE	1414	BUS 1096	VAN 235	92,347
GROUP B	PIERCE	531	BUS 150	VAN 20	10,506
	COMMUNITY	350	BUS 159	VAN	4,023
	SPOKANE	352	BUS 130	VAN 36	6,670
GROUP C	C-TRAN	192	BUS 75	VAN 7	2,747
	KITSAP	121	BUS 84	VAN 36	2,398
	BEN FRANKLIN	117	BUS 50	VAN 17	2,312
GROUP D	INTERCITY	87	BUS 40	VAN 10	2,216
	EVERETT	70	BUS 32	VAN 5	1,291
	GRAY'S HARBOR	63	BUS 28	VAN 18	1,142
	CLALLAM	52	BUS 27	VAN 6	599
	WHATCOM	60	BUS 27	VAN 11	1,660
	YAKIMA	50	BUS 18	VAN 3	1,228
	VALLEY	41	BUS 15	VAN 1	721
GROUP E	PULLMAN	23	BUS 8	VAN 2	652
	PACIFIC	17	BUS 11	VAN 5	161
	COMMUNITY URBAN	40	BUS 6	VAN	287
	ISLAND	32	BUS 8	VAN 3	331
	JEFFERSON	18	BUS 7	VAN 3	176
	TWIN TRANSIT	18	BUS 6	VAN	188
	PROSSER	4	BUS 4	VAN	17

*Data Source 1989 Summary - Public Transportation Systems in Washington State - December 1990, WSDOT
1989 APTA Membership Directory

Figure 5 lists the peer city properties with characteristics most closely resembling the Washington groupings. A similar set of performance data will be developed for these cities and an average measure calculated for each indicator. These will be used as a yardstick to gauge the unique aspects of this State's transit properties.

FIGURE 5
GROUPINGS OF PEER CITY TRANSIT PROPERTIES

	SYSTEM 2	'89 POP ('000)	'88 VEH		'88 RIDERSHIP ('000)
GROUP A	HOUSTON, TX	2,700	BUS 1027	VAN 176	64,425
	PITTSBURG, PA	1,810	BUS 925	VAN 339	79,243
	MINN, MN	2,200	BUS 1091	VAN	71,272
	ATLANTA, GA	1,613	BUS 871	VAN 20	82,345
GROUP B	READING, PA	312	BUS 57	VAN 51	4,371
	AKRON, OH	364	BUS 130	VAN 73	5,542
	SPRINGFIELD, MA	300	BUS 150	VAN 77	5,749
	FRESNO, CA	331	BUS 92	VAN 12	8,372
	BIRMINGHAM, AL	400	BUS 120	VAN 18	6,293
GROUP C	TALTRAN, FL	127	BUS 63	VAN 11	3,595
	ROCK ISLAND, IL	129	BUS 58	VAN	2,338
	ANN ARBOR, MI	208	BUS 65	VAN 33	3,649
	DULUTH, MN	139	BUS 100	VAN 5	3,221
	SALEM, OR	145	BUS 48	VAN	2,380
GROUP D	POCATELLO, ID	55	BUS 13	VAN 5	146
	BLOOMINGTON, IN	54	BUS 16	VAN 3	523
	ST. CLOUD, MN	58	BUS 19	VAN 7	1,217
	JOHNSON CITY, TN	50	BUS 11	VAN 9	485
	CHARLOTTESVILLE, VA	60	BUS 16	VAN	753
GROUP E	ITHACA, NY	28	BUS 9	VAN	790
	NEW CASTLE, IN	20	BUS 7	VAN	98

Sources: APTA 1989 Transit Operating and Financial Statistics
APTA 1989 Membership Directory

PUBLIC TRANSPORTATION STUDY

Task 3A

FEDERAL, STATE AND LOCAL POLICY ISSUES

Prepared for:

STATE of WASHINGTON

The Legislative Transportation Committee

Prepared by:
Gannett Fleming

in association with:

Moss Adams (Management Design Associates)
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Booz·Allen & Hamilton
Berk and Associates

September 5, 1991

FEDERAL, STATE AND LOCAL POLICY ISSUES
PUBLIC TRANSPORTATION STUDY

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Abstract - Federal, State and Local Policy Issues

This paper discusses the relationship of public transportation to federal, state, and local goals, objectives, and services. As such, this paper fulfills the Task 3A component of the LTC's Public Transportation Study. Included in this discussion are summaries of:

- ADA;
- TDM;
- "Buy America" Law;
- Federal and State Clean Air Acts;
- State's Transportation Policy Plan;
- Growth Management;
- High Capacity Transit;
- State Transportation Commission;
- Environmental Protection Agency Guidelines;
- State Energy Policy;
- Social Service Programs; and
- Environment 2010.

Each item is summarized in this report and the major implications for public transportation are identified. Those items discussed below in this abstract have the greatest implications for public transportation.

Federal Policy Issues

The Americans with Disabilities Act of 1990 impacts public transportation agencies in a number of ways. There are regulations relating to the acquisition of accessible vehicles and requirements for complementary paratransit by public agencies operating fixed route services for persons who cannot board, ride or disembark from accessible vehicles. The legislation does not provide funds with which to comply with the Act's requirements. Therefore, costs associated with implementation will have to come from other sources and will have to be borne by the transit agencies.

The federal Clean Air Act Amendments of 1990 made changes which require states to play an increasingly important part in the implementation and funding of federal air quality policy. The Act, in part, requires a reduction in urban ozone emissions, limits on particulate emissions, engine rebuilding requirements, and limits on the sulfur content of diesel fuel.

State Policy Issues

Transportation Demand Management legislation was passed in 1991. This legislation stated that automotive traffic is the major source of emissions of air contaminants and that increasing automotive traffic is also aggravating traffic congestion. In urban counties, employers of more than 100 must reduce single-occupancy trips by 15 percent by 1995, 25 percent by 1997, and 35 percent by 1999.

The Washington State Clean Air Act, adopted in 1991, mandates a sweeping series of steps to implement the federal Act and improve the quality of the air we breathe by setting standards for the reduction of ozone, particulate emissions, and the sulfur content of diesel fuel.

Washington's State Transportation Policy Plan contains recommendations regarding the development of statewide transportation policies. These policies reflect the mission of providing safe, efficient, dependable, and environmentally-responsive transportation facilities and services.

Washington's new Growth Management Act sets a new planning framework in which transportation planning and land use planning are closely linked. State law requires that counties (and cities within the counties), subject to the Act, adopt comprehensive plans by July 1, 1993. There are specific requirements for the provision of transportation improvements concurrently with development activity.

The High Capacity Transit legislation (adopted in 1990 and amended in 1991) defined high capacity as "a system within an urbanized region operating principally on exclusive rights-of-way...which provides a substantially higher level of passenger capacity, speed, and service frequency than traditional public transportation systems operating principally in general purpose roadways". Eight urban counties are authorized to impose a broad range of local option taxes for financing system development. High Capacity Transportation Account funds (derived from a shift in Motor Vehicle Excise Taxes) are also available for HCT planning costs.

I. Federal, State and Local Policy Issues

A. Introduction

Public transportation services that are provided in the 21 jurisdictions (soon to be 22) within the State of Washington exist in a complex policy and regulatory environment. Actions at all levels of government have impact on the efficiency and effectiveness of transit services as well as on the governance structure that provides direction to them. Many of the regulatory functions of the Urban Mass Transportation Administration have become determinants of transit management strategies throughout the nation. These regulations have shaped the operating and administrative procedures of public transit agencies for the past decade.

New policy initiatives that have been introduced at both the federal and state levels are about to have more far reaching impacts on transit operations. Congress and the Washington State Legislature have enacted laws that create new demands for transit service and specify compliance methods. A survey of the State's transit agencies and industry representatives generally has identified those measures that are likely to have the greatest impact. A total of 15 public policy initiatives or regulations have been summarized in the following paper. These range from the Federal Clean Air Act and Americans with Disabilities Act (ADA) to the State's Growth Management Act.

A significant element of the transit legislative environment that is not included in this summary is the Surface Transportation Act. This piece of legislation, currently undergoing revisions and reauthorization, is the subject of a separate interim report.

The summaries of state and federal policies provide an overview of the relationship between the law and transit operations management in Washington State. Following the 15 summaries, an evaluation of the collective impacts of these actions is presented. In this final section there is no attempt to quantify the fiscal impacts of such measures as ADA (since the regulations are not yet available) or the Clean Air mandate (due to incomplete local responses). However, the areas of impact and the considerations for policy makers at the State level are presented qualitatively for review. This will be particularly important in light of the stated intent of the Surface Transportation Act drafts to place greater reliance on the state level for program oversight.

B. The Americans with Disabilities Act (ADA)

The Americans with Disabilities Act of 1990 was signed by President Bush in July of 1990. While certain provisions of the Act are already in effect, others will be phased in over several years. Implementation Plans by local transportation agencies are required to be developed and in place by early 1992.

The ADA statute is strongly considered to be a landmark civil rights bill rather than a transportation bill. It is designed to open all aspects of American life to individuals with disabilities. These include employment opportunities, state and local governmental services, public accommodations, telecommunications, as well as transportation services. As a civil rights law, civil fines and injunctive relief are available to those who successfully litigate a claim of discrimination against a transportation agency "in connection with the provision of its transportation services for the general public."

At the federal level, the Department of Transportation published its final rule to implement the transportation portions of the ADA on September 6, 1991. In addition to the Department of Transportation, the Equal Employment Opportunity Commission, the Department of Justice, the Architectural and Transportation Barriers Compliance Board, and the Federal Communications Commission all issue regulations to carry out the ADA. Because the new rules have not been tested in practice and the required plans are in the development phase, many of the potential additional costs incurred by the implementation of the ADA will remain uncertain for some time. It is a certainty, however, that transit agencies in Washington State, as well as all their counterpart jurisdictions throughout the nation, will face substantial additional costs which are not recoverable from any existing or proposed federal legislation.

The following points regarding the provisions of the ADA will provide some general guidance or "flavor" with regard to the directions mandated by the ADA.

1. Accessible Vehicles

The U.S. Department of Transportation has published regulations relating to the accessible vehicle acquisition requirements of the ADA. Highlights include:

- When public entities acquire new, used, or remanufactured buses and rail vehicles for fixed route service, the vehicles must, with few exceptions, be accessible to individuals with disabilities, including individuals who use wheelchairs.

- Public entities operating demand responsive service must acquire a sufficient number of accessible vehicles to be able to provide equivalent service to individuals with disabilities.

- Private entities (such as non-profit or for-profit social service agencies) also have to acquire accessible vehicles. In many cases, the precise requirements depend upon whether the private entity is primarily engaged in the business of transporting people, the size of the vehicle, the type of service provided (demand responsive or fixed route), and whether existing service to individuals with disabilities is equivalent to service for other persons.

2. Complementary Paratransit

The ADA requires public entities operating fixed route transportation service to provide paratransit as a complement to their fixed route service. This paratransit service, intended for people with disabilities which makes them unable to use accessible fixed route transportation, must be comparable to the fixed route system. The following categories of individuals would be "Paratransit Eligible:"

- Persons who cannot board, ride or disembark from accessible vehicles.

- Persons who are in a situation in which the interaction of barriers in the environment and the person's disability prevent the person from getting to or from a stop.

- A transitional category of persons who can use accessible transportation but who do not yet have accessible transportation available to them on the route they must use.

- In addition, one companion and a personal care attendant can accompany each Paratransit Eligible person to assist that person; each public transit agency would have a process for determining eligibility; and, Paratransit Eligible persons would be eligible for service in other cities to which they travel, as well as at home.

With regard to service criteria, service must be provided during the same days and hours as fixed route service; next day service would be provided in response to a call for service; and, there could be no restrictions based on trip purpose, the number of trips, or capacity constraints. Fares may not be more than double the full fare for a similar fixed route trip. Paratransit must serve origins and destinations within corridors three-fourths of a mile wide on each side of a bus route. Finally, there could not be any administrative capacity limits, such as waiting lists or limits on trips per month.

3. Planning Process

The Act and regulations provide that each public entity is required to provide complementary paratransit would submit a paratransit plan to the Urban Mass Transportation Administration by January 26, 1992. Transit providers must begin to implement their plans by the same date. The transit providers would consult with the public and hold a hearing during the plan preparation period. UMTA would review the plans and order changes to be made, if necessary. A transit agency is permitted to request an "undue financial burden" waiver, and UMTA will consider them on a case by case approach, based on ten factors. These factors include impacts on fares and services, available resources and budget impact, per capita trips to fixed route and ADA eligible complementary paratransit passengers, efficiencies that could be or have been put in place, and unique local circumstances.

4. Costs

Because few cost assessments have been made to date, and much of the regulatory framework which would impact costs is not yet in place, it is difficult to predict specific costs of implementation at this time; however, it is possible to put forth a few generalizations:

- A Regulatory Impact Analysis has been completed by the USDOT to estimate the costs of providing the service required by the ADA. The projected costs for all ADA transportation requirements under the proposed regulations range between $850 million and $1.3 billion per year. The single largest component of this cost is complementary paratransit, estimated to range between $590 million and $940 million annually.

- Because of the greatly expanded scope of the ADA over existing federal requirements, costs among the public transportation agencies in the State of Washington are likely to grow

significantly as a result of the new federal requirements. Seattle's METRO, for example, has made preliminary estimates that the requirements of Paratransit will grow to between $23 and $24 million per year by 1997 (compared with approximately $2 million for 1991).

5. Acknowledgements

U.S.D.O.T. "Fact Sheet" on the ADA Final Rule

Miscellaneous Articles from "Passenger Transport"

Article from "U.S. News and World Report", September 18, 1989

"ADA: What it says", by John L. Wodatch, "Worklife", Fall, 1990

C. Transportation Demand Management (SSHB 1671)

The 1991 Regular Session of the Washington Legislature passed new legislation which addressed long- and short-term issues relating to the reduction in air contaminants and congestion, and in part moved toward meeting the requirements of the Federal Clean Air Act and its 1990 Amendments. More specifically, the Legislature found, to paraphrase:

- The Legislature finds that automotive traffic in Washington's metropolitan areas is the major source of emissions of air contaminants. This air pollution causes significant harm to public health, causes damage to trees, plants, structures, and materials and degrades the quality of the environment.

- Increasing automotive traffic is also aggravating traffic congestion in Washington's metropolitan areas. This traffic congestion imposes significant costs on Washington's businesses, governmental agencies, and individuals in terms of lost working hours and delays in the delivery of goods and services. Traffic congestion worsens automobile-related air pollution, increases the consumption of fuel, and degrades the habitability of many of Washington's cities and suburban areas. The capital and environmental costs of fully accommodating the existing and projected automobile traffic on roads and highways are prohibitive. Decreasing the demand for vehicle trips is significantly less costly and at least as effective in reducing traffic congestion and its impacts as constructing new transportation facilities such as roads and bridges, to accommodate increased traffic volumes.

- The Legislature also finds that increasing automotive transportation is a factor in increasing consumption of gasoline and, thereby, increasing reliance on imported sources of petroleum. Moderating the growth in automotive travel is essential to stabilizing and reducing dependence on imported petroleum and improving the nation's energy security.

- The Legislature further finds that reducing the number of commute trips to work made via single-occupant cars and light trucks is an effective way of reducing automobile-related air pollution, traffic congestion, and energy use. Major employers have significant opportunities to encourage and facilitate reducing single-occupant vehicle commuting by employees.

- The intent of this (law) is to require local governments in those counties experiencing the greatest automobile-related air pollution and traffic congestion to develop and implement plans to reduce single-occupant vehicle commute trips. Such plans shall require major employers and employers at major worksites to implement programs to reduce single-occupant vehicle commuting by employees at major worksites. Local governments in counties experiencing significant but less severe automobile-related air pollution and traffic congestion may implement such plans. State agencies shall implement programs to reduce single-occupant vehicle commuting at all major worksites throughout the state.

1. Implementation Plans

In brief, Transportation Demand Management (TDM) is the concept describing transportation strategies for reducing the number of vehicles on the roads and highways, particularly single-occupant vehicles. Examples of the strategies are car pool and van pools, improved fixed-route service, employer subsidized transit passes, and parking fees at market rates.

The program will apply to counties whose populations are greater than 150,000 and to any other counties which chose to participate. Currently, King, Pierce, Snohomish, Clark, Spokane, Kitsap, Thurston, and Yakima counties are included. In applicable counties, all public and private employers with 100 or more employees who commute during rush hour must develop a program for reducing the number of single-occupancy vehicle miles by their employees. Employers must reduce single-occupancy vehicle miles by 15 percent by 1995, 25 percent by 1997, and 35 percent by 1999.

A statewide Commute Trip Reduction Task Force composed of representatives of local, state and private employers or owners of major work sites, and private citizens must establish guidelines for the counties and cities to ensure their consistent implementation of Transportation Demand Management goals.

Commute trip reduction plans adopted by local jurisdictions must be consistent with state or regional transportation plans and local comprehensive plans, and must be coordinated with adjacent jurisdictions. Interagency or interlocal agreements are encouraged.

2. Funding

Certain funding can be made available from the State Clean Air Act and from a clean air excise tax on vehicles of $2.25 per year.

The law has the potential of substantially increasing costs for local transit systems depending on local circumstances. For example, if the transit agency becomes the "lead agency" for TDM development, or if it needs additional equipment or additional hours of operation because of additional ridership demand, costs could increase more than additional farebox revenue. Also, if "transfer payments" are not made from employers, local governments, or state and local transportation revenues to transit agencies to reimburse them for additional costs of providing increased conventional transit services, additional costs will be incurred.

3. Acknowledgments

METRO Transportation Committee Briefing Outline - June 18, 1991

Final House Bill Report on 2SHB 1671

"Passenger Transport" articles

"Transportation Planning Provisions Under the New Clean Air Act", presentation by Ann Martin, King County Department of Public Works

D. "Buy America" Law

The "Buy America" provisions of the Urban Mass Transportation Administration authorizing legislation were adopted many years ago to provide a preference for public transportation purchases that had a preponderance of domestic content.

The most recent changes were adopted in 1987 in an UMTA effort to provide further definition and consistent interpretation of the domestic content rules.

The basic law and regulations provide that if a domestic transit agency purchases a manufactured product with federal assistance, the product must be 100 percent manufactured in the United States. However, there is a significant exception for "rolling stock", which would include buses, passenger rail cars, or any other vehicles which are self-propelled, as well as related equipment, such as trackside sensors, radios, etc.

If there is a mix of domestic and foreign bids on "rolling stock", domestic bids are entitled to a 25 percent favorable differential in the bid evaluation process.

If all bids are of foreign origin, UMTA funding will not be available unless at least 50 percent of the cost of the components are of U.S. origin and final assembly takes place in the U.S. For a component to be considered of U.S. manufacture, at least 50 percent of the cost of its subcomponents must be of U.S. origin. The typical configuration in current purchases involves assembly of bodies or shells off-shore, and final assembly and the addition of domestic components in the U.S.

While it is generally useful to describe the basic rules of this UMTA requirement, it applies to all transit agencies throughout the United States, so it is set forth as universally illustrative of the federal requirements that must be complied with to receive federal resources.

1. **Acknowledgements**

Articles in "Passenger Transport"

Telephone Discussion with Ed Gill, Asst. General Counsel of APTA

CFR's interpreting Domestic Content Legislation

E. The Federal Clean Air Act and the Washington State Clean Air Act

The Federal Clean Air Act Amendments of 1990 were signed into law in November of 1990, and made a number of important changes to the 1970 Clean Air Act, including modifications which mandate states to play an increasingly-important role in implementation and funding of federal air quality policy.

The Washington State Clean Air Act was adopted by the Legislature during its 1991 regular session. It mandates a sweeping series of steps to implement the Federal Act and improve the quality of the air we breathe.

1. Key Provisions of The Federal Act

- To reduce urban smog, of which ozone is a prime component. The Act classifies ozone nonattainment areas and requires that states prepare SIP's (State Implementation Plans) to reduce ozone-causing emissions.

- Particulate emission limits for urban buses will be reduced by more than one-half in 1993 and one-half again in 1994. If EPA tests find that the standards are not being met, urban buses operating in areas with a 1980 population of more than 750,000 must use low-polluting fuels.

- Presently, operating urban buses serving areas with more than 750,000 in population which have their engines replaced or rebuilt after January 1, 1995, must meet a particulate emission standard yet to be developed by the EPA. The regulation setting this standard must also reflect the "best retrofit technology and maintenance practices reasonably achievable."

- The sulfur content of diesel fuel cannot exceed one-half of one percent after October 1, 1993.

- The clean air legislation also requires conformity on a nonattainment area's transportation plan, sanctions on nonattainment areas that do not submit State Implementation Plans, and reports on transportation and air quality. The Act calls for EPA and the U.S. Department of Transportation to update guidelines estimating the emissions reduction potential of improved public transit, trip-reduction ordinances, employer-based transportation management plans and incentives, and programs to reduce the need for single-occupant vehicle travel.

2. Key Provisions of the Washington State Act

In its adoption of the Act, (ESHB 1028 - 1991 Regular Session), the Legislature made several key findings which govern the thrust of the specific findings:

- The Legislature finds that ambient air pollution is the most serious environmental threat in Washington State. Air pollution causes significant harm to human health; damages the environment, including trees, crops, and animals; causes deterioration of equipment and materials; contributes to water pollution; and degrades the quality of life.

- Over three million residents of Washington State live where air pollution levels are considered unhealthful. Of all toxic chemicals released into the environment more than half enter our breathing air. Citizens of Washington State spend hundreds of millions of dollars annually to offset health, environmental, and material damage caused by air pollution. The Legislature considers such air pollution levels, costs, and damages to be unacceptable.

- It is the intent of this Act that the implementation of programs and regulations to control air pollution shall be the primary responsibility of the Department of Ecology and local air pollution control authorities (Section 101).

- While Washington State has had a framework of air pollution statutes and regulations for a number of years, much of the new 1991 law was for the purpose of implementing the provisions of the Federal Clean Air Act.

3. Impact of New Clean Air Statutes

- Urban diesel-powered buses are included in both the inspection programs and in the pollution reduction provisions of the federal legislation.

- Considerable research has been conducted on alternative fuels, including methanol, propane, compressed natural gas and liquified natural gas, as well as cleaner burning diesel fuel.

- Research has also been directed at improving engine technology by both manufacturers and individual transit systems.

- The new federal legislation regulating particulates and sulphur content will increase diesel fuel costs, although it is difficult to make estimates of precise costs at this juncture. Costs several years away will be impacted by changes in fuel quality regulations if the mitigation regulations do not result in the

needed reduction in pollutants. The costs of increased standards for buses requiring engine replacement after 1994 are also difficult to estimate at his time. It is the case, however, that all of these costs will be significant for many systems in the State of Washington.

- The intent of the 1990 federal legislation is to make air quality planning a continuous and integral part of transportation planning. The law links the development of transportation programs directly to the success of regional air quality plans, in that if transportation programs are not successful in achieving the emissions reductions required from mobile sources, new highway projects or other projects or other facilities using federal funds would not be able to proceed. This new relationship, coupled with changes in laws and strategies which require a strong integration between transportation plans and land use plans, have made it necessary for transit agencies to add staff to address these additional requirements for planning and integration.

4. Acknowledgments

Articles in "Passenger Transport"

ESHB 1028

PSCOG staff memos

Final Bill Report

F. Transportation Policy Plan for Washington State

Since its beginning in early 1988, the State Transportation Policy Plan process has assisted in the preparation of statewide policy recommendations to direct future decision making throughout Washington's transportation systems. R.C.W. 47.01.071 directs the Transportation Commission to develop statewide transportation policies, and a State Transportation Policy Plan Steering Committee, which represents a broad range of disciplines and interests in and out of state government, has been making recommendations for action to the Transportation Commission since the inception of this process. The Committee, which is appointed by the Secretary of Transportation, is staffed by the Washington State Department of Transportation.

1. Mission and Goals of the Policy Plan

The 1990 Transportation Policy Plan for Washington State set forth the following Mission: "Provide safe, efficient, dependable, and environmentally-responsive transportation facilities and services..."

The Policy Plan Goals include: "Promoting a positive quality of life by ensuring mobility alternatives that provide safe, reliable and convenient access...for all citizens in urban and rural environments, and reinforce a sense of community statewide; contribute to the economic vitality of the state providing cost-effective accessibility for goods and people to work and commerce centers; by linking land use development directly with transportation system development;...; and, by helping to revitalize blighted urban and economically isolated rural areas in the state; protect the natural environment and improve the built environment by conserving scarce resources and reducing pollutants and other waste by-products of transportation systems. They also call for facilitating inter-jurisdictional and regional coordination and clearly connects land use planning and transportation planning..."

The 1991 report adds new transportation policy recommendations to the existing statewide guidelines in three important issue areas: Environmental Protection and Energy Conservation; Transportation Programming; and Transportation Finance.

2. Environmental Quality and Natural Resource Issues

These issues have been grouped by the report into the following areas: Air quality, water quality, habitat protection, wetlands conservation, use of hazardous substances, visual quality, noise abatement, and use of non-renewable energy resources.

3. Transportation Programming

The 1991 Report goes on to outline recommendations on the coordination of transportation programming, the role of the local Six-Year Transportation Improvement Programs, and priority programming for local governments.

4. Transportation Finance

Policy recommendations have been set forth in the 1991 Report to address: Use and dedication of transportation user revenue sources; local flexibility; revenue sources; transportation use patterns; needs definition; and jurisdictional and modal cooperation.

5. Future Policy Development Agenda

The Policy Plan workplan identifies three new issue topics requiring high-priority attention: transportation demand/systems management; privatization and joint development; and special needs transportation. In addition, the Transportation Commission identified two other areas for study in February 1991: land use and transportation linkages; and transportation systems of statewide significance.

6. Acknowledgments

1990 Transportation Policy Plan

1991 Transportation Policy Plan

"Transportation Futures", May 1991

G. Growth Management (SHB 2929 Chapter 17, Laws of 1990 E1) (ESHB 1025 Chapter 32, Laws of 1991 E1)

The two major growth management bills (coupled with the new Clean Air and Transportation Demand Management statutes) set a new planning framework in which transportation planning and land use planning are closely linked by state law. While it is certain that these new laws will have a significant impact on Washington's transit agencies, it is most difficult to estimate that impact until regulations and the formal transportation planning process moves forward.

The Growth Management Act requires that counties with a population of at least 50,000 and growth of at least 10 percent over the last 10 years, or counties of any size with at least 20 percent growth over the last 10 years must meet the various growth management provisions. (The law also applies to cities within these counties.) A county not required to comply may opt to put itself and the cities within the county under the terms of the Act. Twelve counties are required to plan under the statute, and a number of others have decided to participate voluntarily.

Counties and cities required to plan under the Act must adopt comprehensive plans by July 1, 1993, and zoning ordinances must be consistent with and implement the plan within a year from the adoption of these comprehensive plans. The adopted plans are required to include:

- Urban growth areas designated by each county after consultation with cities. Each city's comprehensive plan must allow urban densities, while a county's comprehensive plan must allow urban densities within urban growth areas, and only allow growth outside of urban growth areas if it is not urban in nature;

- Natural resource lands;

- Critical areas; and

- Other planning elements include land use, housing, capital facilities, utilities, transportation, and, for counties, a rural element. Perhaps most importantly, the transportation element includes specific requirements for the provision of transportation improvements concurrently with development activity.

1. Transportation Planning

The Growth Management Act requires that the comprehensive plans must be internally consistent, and the elements relating to transportation facilities must be consistent with and coordinated with land use elements.

The Act authorizes Regional Transportation Planning Organizations (RTPO's), which are voluntary associations of local governments within a county, or within geographically contiguous counties. The RTPO's are to certify that local comprehensive plans are consistent with regional transportation plans, develop a regional transportation plan, and assist the state Department of Transportation in ensuring that regional transportation plans are consistent across the state.

As of May, 1991, twelve RTPO's have been initiated, which cover 30 of Washington State's 39 counties, with several more locations under active consideration. Within the growth management framework, this requirement that localities plan together for transportation and land use represents a major institutional change.

2. Potential Impacts on Transit Agencies

It is apparent that the planning requirements adopted by the Legislature over the past three years are highly likely to result in important new missions, responsibilities, challenges, and opportunities for the transit agencies. Some of these might include:

- The mandated responsibility to actively participate in the transportation and land use planning processes;
- Providing additional service to and among Urban Growth Areas;
- Broadening or protecting sources of revenue by being "at the table" when decisions are made which impact the costs of providing transit services.

3. Acknowledgments

Final Bill Report

Articles in "Passenger Transport"

Legislative Bill Analyses - WSDOT

H. High Capacity Transit (Chapter 43, Laws of 1990) (ESHB 1677, 1991 Regular Session) (ESHB 2151, 1991 Regular Session)

In its 1990 session, the Legislature established state policies relating to high capacity transportation planning and development, and to encourage intercity passenger systems. In the 1991 session, amendments were adopted to clarify the state role and more closely integrate its provisions with the intent of the Growth Management Act.

The Legislature has mandated that local government should be responsible for the coordination for high capacity transit policy development, program planning, and implementation. Local agencies are directed to cooperate in encouraging land uses compatible with high capacity transit development and to improve local land use and transportation planning decisions.

A high capacity transportation system has been defined by the Legislature as "a system of public transportation services within an urbanized region operating principally on exclusive rights-of-way, and the supporting services and facilities necessary to implement such a system, including high occupancy vehicle lanes, which taken as a whole, provides a substantially higher level of passenger capacity, speed, and service frequency than traditional public transportation systems operating principally in general purpose roadways."

1. Local Option Taxes for System Development

The Counties of King, Pierce, Snohomish, Thurston, Clark, Spokane, Kitsap, and Yakima are authorized to impose voter approved taxes for financing the development of high capacity transit systems. The local option taxes include an up to one percent sales tax, an up to 8/10th of one percent motor vehicle excise tax, and a $2.00 per month per employee tax on employers. Before any transit agency or agencies can impose any of these taxes, they must comply with the planning requirements set forth in the legislation.

2. High Capacity System Planning

Funds for high capacity system planning by transit agencies are derived from the High Capacity Transportation Account (HCTA). This account is funded through a reduction in the amount of MVET from 0.89 percent to 0.7824 percent for which public transportation agencies located in King, Pierce, Snohomish, Thurston, Clark, Spokane, and Kitsap counties can qualify. Funds in this account may be used to provide up to 80 percent in matching assistance for HCT planning costs.

With regard to the planning process, Expert Review Panels are required in areas carrying out High Capacity Transit planning for the purpose of evaluating the forecasts, cost estimates, and conclusions of the analysis of alternatives. The Panels are appointed jointly by the governor, the secretary of transportation, and the chairperson of the Legislative Transportation Committee. Membership may range from five to ten as established by the Legislature. For planning processes that include counties adjoining another state or nation, the Panels are to be selected cooperatively with representatives of the adjacent nation or state.

For HCT planning in the Central Puget Sound Region, the creation of a Joint Regional Policy Committee is mandated. The Committee is to consist of locally elected officials serving on transit system boards, and representation is proportional, based on population. Transit systems outside the Central Puget Sound Region may designate a Metropolitan Planning Organization for HCT planning to reduce overlap or duplication.

3. Public Votes

With regard to public votes to authorize local taxes, the legislation defines and differentiates system planning from project planning, and authorizes a vote prior to the detailed identification of alignments, station locations, equipment and systems, construction schedules, costs and environmental effects. (The Expert Review Panels focus their attention on system planning rather than project planning.)

Funding from more than one of the local option tax sources may be on the same ballot, and MVET rates need not be uniform in all counties within a system.

4. Acknowledgments

Final Bill Reports

LTC Bill Summaries

I. State Transportation Commission

1. Long and Short Term Goals and Their Applicability to the State's Transit Districts

The State Transportation Commission has adopted several goals as a means of addressing critical transportation policy issues in the State of Washington.

In their status report dated May 15, 1991, the Commission identified: the term of the goals, either short or long; whether legislation is required for implementation; if funding is available; and the schedule for implementation of the goals.

Nineteen transportation program goals and ten public relations goals have been adopted by the Commission. Of these, eight transportation and five public relations goals were designated as high priority.

In general, the Transportation Commission goals do not require specific actions from the transit districts. In fact, transit is never specifically mentioned in the goals. However, "opportunities" for transit district involvement exist, or are implied, in the various goals. The opportunities fall into three categories:

- Support of the goals;
- Coordination with the Commission or other agencies; and
- Active participation.

Again, though not expressly stated in the goals, the items listed below present opportunities for the districts to involve themselves, to have a voice, in the planning and implementation processes that will establish a wide range of Statewide transportation policies.

2. Policy Support

As indicated, district involvement may simply consist of supporting the Commission's goals. The attached chart identifies six goals in this category. For example, districts could "support" the Commission's goals to:

- "Establish environmental policies for the Washington State DOT;" or

- "Develop policies on land use decisions and transportation needs;" or

- "Support the development and implementation of the most cost effective and feasible solutions to transportation needs throughout the state."

"Support," in this regard, would include acknowledgement and/or perhaps written support or endorsement (or disapproval) of the Commission's position.

3. Agency Coordination

Transit districts may want to participate to a greater extent in the development and implementation of other Commission goals. Three goals have been identified for which this level of interaction may be appropriate. For example, with the goal to:

- "Support the concept of growth management processes to minimize the need for additional transportation facilities,"

It may be beneficial for the transit districts to provide input/feedback into the process of determining which transportation facilities may or may not be needed. Districts may also want to coordinate their efforts with other agencies in their area in this effort.

Another example of this type of goal would be to:

- "Encourage and motivate other state government agencies, as employers, and selected major private sector employers to be leaders in instituting transportation demand management programs."

In this instance, transit districts, if they choose to involve themselves, would need to coordinate their efforts with other agencies in their jurisdiction that may also contemplate leadership roles in instituting TDM programs.

4. Active Participation

The final category involves active participation on the part of transit districts. Four goals were placed in this category. Examples of this type include the goal to:

- "Conduct periodic surveys to determine the public's opinion on existing and potential new transportation services and use results in the Transportation Policy Planning Process."

Most districts presently conduct an evaluation of their services, including rider and public opinion surveys. A duplication of effort be eliminated if the districts coordinated their survey efforts with those intended by the Commission.

Another example of this type of category is the goal, mentioned above, to encourage other agencies to be leaders in TDM activities. In this instance, the districts have the chance to "actively participate" in the Commission's goal by leading the institution of TDM programs within their own district, as well as being designated as the review agency within their jurisdiction that is responsible for approval of all TDM plans. At the very least, the districts may want to coordinate with the responsible agency in their jurisdiction in developing the local TDM program and strategies to ensure that transit service will meet new rider demand in a timely manner in order to retain these new riders.

As indicated, the Transportation Commission's goals do not specifically identify transit's role in implementation of their strategies. The adopted goals do, however, provide several opportunities for transit to influence the direction and effectiveness of the Commission's policy implementation and to insure that the Commission's expectations are coordinated with transit district plans and the resources with which they can accomplish their objectives.

It should be noted that some of the items listed above overlap with other state policies. For example, some of the Commission's goals relating to TDM efforts are also part of the recently enacted TDM legislation. Therefore, based on the TDM legislation, transit districts may already have intentions (or may be required) to actively participate in TDM activities and would automatically be in support of the Commission's efforts.

J. Environmental Protection Agency Guidelines

1. EPA Guidelines and Their Applicability to the State's Transit Districts

The U.S. Environmental Protection Agency (EPA) is responsible for implementing federal laws that protect the environment. Nine comprehensive environmental protection laws are under EPA authority including: the Clean Air Act; the Clean Water Act; the Safe Drinking Water Act; the Comprehensive Environmental Response, Compensation, and Liability Act (Superfund); the Resource Conservation and Recovery Act; the Federal Insecticide, Fungicide, and Rodenticide Act; the Toxic Substances Control Act; the Marine Protection, Research, and Sanctuaries Act; and the Uranium Mill Tailings Radiation Control Act.

Of the nine environmental laws listed above, four are applicable to transit districts and their operations. These include: the Clean Air Act, the Clean Water Act, the Safe Drinking Water Act, and the Resource Conservation and Recovery Act.

The implications of the Clean Air Act for transit districts are outlined in a separate policy paper. In general, however, districts must comply with the pollutant standards set forth in the Act which regulate carbon monoxide, nitrogen oxides, lead, sulfur dioxides, ozone, and particulates from both stationary and mobile sources. This would include their maintenance facilities and their vehicles. One important aspect of the Clean Air Act that is of significance to transit districts is

the change to alternative fuels and clean-fueled vehicles, a change which will also occur as part of the State of Washington's Clean Air Act. Greater specification of these acts are outlined in the separate summary of the Clean Air Acts.

Transit districts need to also comply with regulations set forth in the Clean Water Act and the Safe Drinking Water Act. Aspects of these acts that pertain to transit districts include the control of toxic pollutants and the reduction of pollutants in runoff. These regulations are not new: the Safe Drinking Water Act was passed in 1974 and the Clean Water Act in 1972, with amendments in 1977, 1981, 1987, and 1988. Therefore, districts are most likely currently or in the process of observing the standards set forth in those laws in their general course of business. As a result, no new demands are expected to be placed on the districts regarding these regulations.

Districts must also comply with waste disposal regulations set forth in the Resource Conservation and Recovery Act (enacted in 1976) and those regulations which relate to underground storage systems (developed in 1984). As with the clean water regulations, these laws are not new and therefore the districts are most likely in compliance. However, since the underground storage regulations include requirements for tank registration, leak detection, and leak prevention, the districts will, if they are not already, need to monitor their storage tanks on an on-going basis to ensure compliance with every aspect of the law.

With the exception of the recent Clean Air Act amendments and aspects of the underground storage regulations with which districts may not be in compliance, none of the EPA guidelines are expected to significantly affect transit districts and their operations above those impacts for which they have already accounted. As indicated, most of these regulations have been in effect for many years; thus, transit operations will in the majority of cases already have taken the costs of compliance into consideration.

K. State Energy Policy

The State does not presently have a state energy policy. The last policy was developed under the governship of Dan Evans and has not been updated since then.

Governor Booth Gardner recently signed legislation (ESHB 5245) that directs the State Energy Office to develop an energy plan for the state. The Energy Office staff must bring their energy policy recommendations to the legislature in 1993. This policy plan will, among other factors, address energy trade-offs associated with growth and how people will be moved most efficiently given a defined amount of resources.

A regional organization, the Northwest States Power Planning Council, does have an electricity plan for the four northwest states. The plan projects 20 years into the future and determines the portfolio of resources that are required to meet the electricity needs of these states. The costs of this portfolio, both to the economy and to the environment, are then outlined. This plan has no direct application to transit.

Since no energy policy presently exists at the state level, there is no implication for the state's transit districts.

L. Social Services Programs

Social services are sponsored by several state agencies including the Departments of Social and Health Services (DSHS), Health, Employment Securities, and Community Development. A critical component of the provision of social services is access to the programs.

To ensure access, may social and health programs have found it necessary to sponsor transportation services for their clients. A variety of transportation services has resulted, ranging from self-reimbursement for mileage, to volunteers, to contracts for services with various community providers. There is also a heavy reliance on local transit. Because of the fragmented nature of these services, the costs and ridership of these services is unknown.

Transportation services have been traditionally viewed as supplementary to the primary services provided. Nonetheless, a significant amount of resource is expended annually. In spite of this, the formal role of DSHS and the other entities is unclear. What is clear is the potential impact of access requirements on local transit. Several social service system initiatives merit consideration.

1. Deinstitutionalization

Deinstitutionalization describes a broad-based effort to move clients from institutional arrangements (i.e., nursing homes, mental health hospitals, etc.) into community-based situations. The underlying motives of this effort include lower costs and better environment for the clients.

The Omnibus Reconciliation Act of 1987 (OBRA) is a key piece of legislation related to this process. OBRA directs DSHS to move developmentally disabled (DD) clients from nursing homes to tenant support and other arrangements. A similar example is the State Operated Living Alternatives Program (SOLA) which is moving DD clients from facilities like Fircrest into smaller, state-supervised community facilities.

Clearly, the ability to support clients in community-based facilities is dependent upon being able to access needed services and activities. Transit districts will be called upon to provide some of the necessary services. Transit's ability to accommodate the demand will be dependent upon the location of the community-based facilities, the number of clients, and trip frequencies.

2. Program Reforms and Reauthorizations

Several initiatives are underway to reform or reauthorize key programs. In 1989, the Legislature passed a landmark bill to reform the mental health system in the state. Its purpose was to establish a community mental health program which "shall help people experiencing mental illness to retain a respected and productive position in the community." The bill created a system of regional support networks that are county-based.

The Legislature has recently been considering reform of the long-term care system. House Bill 1569, which passed the House last session, provides for community-based, long-term care and support services for functionally disabled persons (those who have a recognized chronic physical or mental condition or disease, or meet other conditions). HB 1569 identifies transportation as a key issue but it provides no direct funding support. The bill encourages the use of services funded by local taxes (i.e., transit).

The federal Older Americans Act is up for reauthorization this year. There has been extensive public debate about the act, and some effort was made to create a special subtitle for transportation. The current version being considered has no special subtitle. Transportation is recognized as important (particularly in rural areas), but is generally regarded as a support service.

These initiatives are representative of transportation issues surrounding social services. Some funding is provided, but in a fragmented fashion as a support service. Reliance on transit and other community-based services is strongly implied. The role and responsibility of DSHS and other state agencies is unclear.

3. Childcare

Childcare will be a key issue in the 1990's. Availability, cost, and quality are three obvious dimensions of the problem. A fourth dimension is logistics. For most families, the parents will be working. Taking children to childcare will be a barrier for many wanting to choose public transportation. This problem exists also for clients of social and health service agencies. The transporting of children, particularly young children, will present new problems for transportation providers. DSHS is exploring childcare issues in association with its Family Independence Program (FIP) and the new

federal JOBS Programs designed to encourage people to get off welfare. Local transit will want to work closely with DSHS and other state agencies to ensure appropriate services are provided.

4. The DSHS Brokerage Program

DSHS and WSDOT have jointly undertaken a demonstration project to evaluate the potential of instituting a statewide brokerage program. This is being done by DSHS in recognition of the strategic importance of effective transportation services in the provision of access to social and health services.

Title 19 element of the broker operation, which relates to medicaid, is in effect. This program creates regional brokers who receive requests from clients needing access to services, screen the requests for eligibility and needs, and match the request to the lowest cost, most appropriate provider in the community. The intent of the program is to create a "single point-of-entry" for clients, streamline and simplify reporting/billing requirements, ensure economies of scale, and create effective data bases for future planning and management decisions.

Another element of the program that uses the brokers to coordinate more enhanced efforts is pending future funding availability. Despite this, however, Seattle Metro and DSHS are working together to develop a broker program to implement ADA.

In these more enhanced endeavors, public transit is identified both as a sponsor of services and as a provider. As a sponsor, transit would be encouraged to jointly participate in the brokerage by cooperatively contracting for broker services. As a provider, the brokers would endeavor to assign as many trips to transit as would be appropriate to the clients' needs.

The future funding of this program is in doubt, as mentioned above. Support for the program is evident at DSHS, but problems with the general fund create uncertainties about funding a new program. Transit systems may want to be involved, because this may be the best mechanism for establishing a formal role for DSHS.

M. Environment 2010

1. Environment 2010 and Its Applicability to the State's Transit Districts

The Washington Environment 2010 Advisory Committee was formed in December, 1988, to determine the current condition of Washington's environment, to identify critical environmental issues, and to develop strategies to address these issues in the future. The Environment 2010 project is a comprehensive approach to "preventive" management rather than "crisis" management.

Per Executive Order 90-06, the 2010 Advisory Committee prepared a State of the Environment Report and an environmental action agenda. The committee also prepared "A Citizen's Guide to Washington's Environment." These three documents are supplemented by extensive technical reports.

"The State of the Environment Report," released in October, 1989, provides an overview of the research conducted for this project. The report documents the condition of the state's environmental and natural resources and identifies the major threats to those resources. Resources addressed in this report include: air, water, land, wetlands, fish and shellfish, wildlife, and cross-media issues (i.e., those impacts that do not fit neatly into a land "box" or an air "box" but rather have potential impacts on more than one environmental resource).

"Toward 2010: An Environmental Action Agenda," released in July, 1990, summarizes key recommendations for each of the resource areas (air, water, land, wetlands, fish and wildlife, waste management, pesticides, global warming) and discusses the role of education, conservation, and most importantly, implementation of the action agenda. The recommendations state very clearly what needs to be developed, implemented, or monitored but do not always identify the agencies responsible for implementation of the recommendations. Nonetheless, public transit will be expected to be involved in certain aspects of the agenda, most particularly the section entitled, "Clearing the Air: The Challenge of Clean Air."

The Clean Air section identifies key recommendations within four categories: reducing driving, reducing driving-related pollution, reducing pollution from major "area" sources, and further reducing "point source" pollution. Transit will have a role in each the first two of these areas. In the first category, goals include the establishment of employer based incentive and disincentive programs that discourage single-occupant vehicle commuting and the development, in conjunction with WSDOT, of mass transit opportunities that provide competitive alternatives to SOV's. Most of these goals will be met as counties, cities, and transit districts begin to comply with the regulations of the recently enacted TDM legislation (which was derived from Environment 2010). Specific TDM actions required of the transit districts are detailed in the policy component on TDM.

The second category of the Clean Air section includes recommendations to "encourage transitions to cleaner fuels and more fuel efficient vehicles," and "to explore and develop approaches to controlling emissions from diesel powered vehicles." Transit districts will begin to comply with both of these objectives or recommendations as they begin to comply with the federal and state Clean Air Act amendments.

"A Citizen's Guide to Washington's Environment," released in October, 1990, provides an overview of Washington's environment and outlines steps individual citizens can take to improve the environment at home and at work, during recreation, and in their community. The report also provides an extensive list of resources and contacts for further information or opportunities for participation.

Environment 2010, specifically the "Action Agenda," does not contain any specific regulations or directives with which state or local agencies must comply. Rather, the reports contain strategies, recommendations, or suggestions as to what **should** be accomplished by a myriad of

agencies, governments, employers, and individuals in the future to clean up the state's environment. This is exemplified by a statement in the implementation chapter that says: "We *pledge to* move toward the solutions outlined here: to refine them, to debate them, and, ultimately, to implement them" (Action Agenda, p. 55). The Advisory Committee has no authority to mandate the recommendations and is relying on many others to be supportive and assist in the effort of implementing their recommendations.

Some of the strategies can be implemented through various state department actions. For example, the Department of Ecology has initiated a strategic planning process that reallocates resources based on the results of Environment 2010. However, many of the strategies, to be effectively carried out, must be addressed by the legislature. The implementation chapter indicates that many of the issues identified in the Environment 2010 reports are being or have been addressed by the state legislature.

Given this, and the fact that districts will be supporting many of Environment 2010's recommendations through compliance with legislative acts, direct impact on transit districts of the specific Environment 2010 reports is minimal.

II. Conclusions

The impacts of these legislative programs and the regulatory environment they create will be felt in a number of areas. Each transit system will be affected differently, depending on their service plan, financial situations and age. For ease of presentation, the impacts have been categorized into three groups; governance, service, and financial.

1. Governance

Transit agencies will be required to participate in the land use planning process (TDM & GMA) and in the economic development/growth programs in the local air shed, (Clean Air).

New demands for multi-jurisdictional solutions for transit improvements will require broader participation in decision making (HCT).

Operations of parallel transportation services which may be provided by local non-profit organizations will need to be controlled by transit agencies to ensure compliance with ADA.

Management of the setting of priorities for appropriation and expenditure of new MVET account funds could impact the relationship between WSDOT and local transit agencies.

The level of State assistance in the implementation of HCT programs (specifically shared right-of-way etc.) will require realignment of the existing process (HCT).

2. Service

New services will be required to meet demands of GMA, TDM and State Health Care initiatives.

The introduction of new fuels and fleet requirements may have an impact on current operating procedures, manpower planning and maintenance requirements.

Additional services to meet mitigation measures of GMA and Environmental Impact Statements may be required.

Services, particularly fixed routes in rural areas, may be withdrawn to

avoid costs of parallel service required by ADA.

Non-traditional programs may be required to accommodate specific needs of TDM.

3. Financial

Administrative costs will increase to accommodate the planning requirements of TDM, GMA and the Clean Air Acts.

Costs associated with emissions testing, new equipment and fueling systems will be borne by local agencies (Clean Air).

Fleet replacements and conversions (at an estimated 25 percent premium) will be a significant cost exposure (Clean Air).

Law suits that may be expected as a result of ADA could be a burden and the cost of service, fleet and facility conversion will impact annual budgets by as much as 15 percent (ADA).

Additional administrative costs will be incurred in the planning reviews (GMA).

It is expected that services now provided by some non-profits will be abandoned in favor of transit service required by ADA.

New regulation for underground tanks etc. will create cost exposure (EPA).

PUBLIC TRANSPORTATION STUDY

Task 3B and 4B

THE QUALITATIVE AND QUANTITATIVE BENEFITS OF PUBLIC TRANSPORTATION

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STATE of WASHINGTON

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September 5, 1991

THE QUALITATIVE AND QUANTITATIVE BENEFITS OF PUBLIC TRANSPORTATION

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Abstract

This paper examines the qualitative and quantitative benefits of public transit, focusing primarily on those identified from existing literature and in the responses to the survey conducted for this study. Benefits are discussed in five categories: social, community, environmental, land use, and economic; and include, but are not limited to: improved quality of life for both those using and not using the system; increased mobility for carless populations; improved access to social, recreational, employment, and other opportunities; an alternative and cheaper mode of transportation for carless and low-income individuals, and commuters; alternative mode of travel to special events; and increased efficiency and effectiveness of the public transportation system. The increase in efficiency and effectiveness may be classified in terms of trip convenience and reliability for the transit patron and infrastructure cost avoidance. Businesses can also benefit from transit service. Employers receive the benefits of: 1) a larger labor pool from which to draw prospective employees; and 2) a larger potential customer/client base from which to generate economic activity. Transit can also encourage more efficient land use development, conserve energy, and faciliate conformity with federal and state policies and laws.

WHAT PUBLIC TRANSIT CAN DELIVER

Congestion Relief:

- *Every bus full of passengers at rush hour removes 40 cars from traffic; every van full of passengers removes 13 from traffic.*

Reduced Highway Cost:

- *One high-occupancy vehicle lane carries the same amount of people as three regular highway lanes.*
- *Major highways can cost $100-120 million per mile and busways can be built for $4-12 million per mile.*

Energy Conservation:

- *A savings of ten to 15 gallons of gasoline is realized every time 40 single-passenger-car drivers take a 10-mile trip to work on the bus.*
- *30-40 million gallons of gasoline would be saved each day if average commuter-vehicle-occupancies were increased from 1.1 passengers per vehicle to 2.1 passengers per vehicle.*

I. Introduction

A. Purpose

The purpose of this paper is to provide a discussion of the qualitative and quantitative benefits of public transit. As such, this paper fulfills the components of Tasks 3B and 4B of the LTC's Public Transportation Study. This is not a cost/benefit analysis. Rather, it is intended to provide, as stated in the scope of work, a preliminary analysis and quantification of community and state benefits of public transit systems, to provide order-of-magnitude estimates, to give a flavor for the myriad of public transit benefits. Primarily, the paper is

to summarize the benefit discussions found in existing literature.

The above task required a qualitative summary of community, environmental, and social benefits of public transit from existing published sources and a quantitative analysis, to the extent allowed by existing information, of the monetary value of beneficial effects of existing systems on the community and the rest of the transportation system. This paper also provides a summary of the results from the survey conducted for the Public Transportation Study.

This paper also places the benefit discussion in a more local and non-theoretical context. To accomplish this, transit agencies in Washington State submitted lengthy descriptions of the benefits to their community provided by their transit systems. Additional material, such as newspaper articles, was gathered from the agencies, the Puget Sound Council of Governments, and Chambers of Commerce, to supplement the agencies' documentation. This information is provided in the sidebars or margins throughout this paper.

The portion of the Task 3B interim report which reviews and analyzes the policy components from all levels of government is presented in a separate interim report.

B. Contents

This introduction is followed by three sections. The first section provides an overview of the benefits found in the literature and in the survey responses, and develops the framework from which benefits will be discussed in this paper.

The second part of this report summarizes mass transit benefits within each of the five identified categories: social, community, environmental, land use, and economic; focusing on benefits discussed in the literature and highlighted in the survey responses. This section also includes the quantitative evidence of public transit benefits. The final section provides conclusions,

Air Quality:

- *When one commuter leaves the car behind and uses transit to travel to and from work for one year, the health of millions of Americans can be improved through the removal of nine pounds of hydrocarbons, 63 pounds of carbon monoxide, five pounds of nitrogen oxides and one pound of particulates, annually.*

Safety:

- *The highway death toll--46,644 in 1988--can be reduced, along with 1.8 million annual auto-related injuries.*

Economic Growth:

- *Every $10 million in transit capital investment supports 770 jobs; every $10 million in transit operating investment supports 960 jobs.*
- *Every $10 million in transit capital investment produces $33 million in business revenues.*
- *Every $10 million in transit operating investment produces $30 million in business revenues.*

- APTA Transit 2000 Task Force Final Report

considering the emerging role of transit and the applicability of the benefit discussion to Washington State.

A note of caution is in order about the methodology used to quantify benefits in the various categories. Clearly the benefits accruing to a district are a function of local conditions in each community and the types of service provided by each agency. It is thus difficult to quantify in general terms the benefits of transit to the state. Further, attempting to quantify specific benefits to districts is challenging because many of the benefits of transit are intangible in nature. Increased mobility options, enhanced quality of life, and improved economic development climate are perceived benefits which are difficult to translate into monetary terms.

Whenever possible, we attempted to develop an indicator or measure of a benefit that could be applied to each district and then aggregated on a statewide basis. We relied on existing literature or other sources for a "tested" indicator or an aggregated number. For example, to quantify economic benefits we found an APTA study that showed the number of direct and indirect jobs created by each investment of $100 million in either transit capital and operations. For environmental benefits, we found that Tri-Met in Portland had produced a figure for the number of cars removed from the road by each bus. We then contacted the authors or agencies to determine how these numbers were derived so we could then apply them to each district in Washington State for a combined total. This was not an easy task.

In most cases, the original source of the aggregated estimate was not able to provide the answer, or was not confident about how the number was derived. We found that many times numbers are developed on the "back of an envelope" and that they cannot be disaggregated. If a number could be disaggregated, it was done so with many assumptions. And assumptions, as we found, are developed for particular conditions and are not always translatable to other situations or areas.

"The benefits of transit systems include:

- *reduced congestion on urban arterials by reducing the number of vehicles on the road, especially during peak periods;*
- *safety improvements by reducing the number of vehicles on the road and using buses, which are safer vehicles;*
- *reduced fuel consumption and other vehicle operating costs by reducing the number of vehicles on the road;*
- *increased air quality by reducing the number of vehicles on the road;*
- *increased mobility for those who do not have access to an automobile;*
- *increased income and employment resulting from expenditures in the transit systems."*

- Texas Transportation Institute, 1989

A lack of precise data does not negate an attempt to quantify the benefits of public transit. The "back of the envelope" numbers or even those calculated with more accuracy can provide some "order of magnitude," a general idea of what mass transit can do for a community. Until more reliable means of quantification are developed, this is the method we must use for future attempts to quantify benefits. However, the numbers generated for any such effort should be viewed with caution and the assumptions underlying the methodology should be considered. With those disclaimers in mind, an exercise in quantifying benefits can provide some interesting results, as shown below.

II. Overview of Benefits

What are the benefits of public transit? Do they extend beyond the simple provision of an efficient and effective means of transporting large groups of people? And if they do, why do these apparent advantages of transit not render it undeniably worthy of continued financial support? Why is transit not more often regarded as a worthwhile investment, a public service like any other that provides benefits beyond those immediately served, similar to way that police and fire services are funded by taxpayers who hope to never use the service?

Part of the answer to these questions lies in the fact that when most decision-makers look for reasons to continue funding a public service, they tend to look only at the bottom line, seeing primarily the significant subsidies that went to operate and maintain the service and trying to determine just what they got for those expenditures. The question arises in their minds as to whether the system, transit in this case, is economically justified, whether the benefits it generates outweigh the costs of the resources allocated. The "benefits" considered in these analyses are often those to which a numerical value, preferably cost savings, can be attached; decision-makers want only tangible and quantifiable benefits.

Some benefits of public transit can indeed be quantified, as will be demonstrated throughout this paper. Others are far less tangible. And to just evaluate transit on quantifiable benefits alone is to view the glass as half empty, only to identify the most obvious benefits to which a numerical value can be attached while neglecting to discover the multitude of benefits beneath those that are immediately identifiable.

What we will uncover in this paper, from the literature review and the survey results, is a vast array of benefits of public transit. Benefits from public transit (e.g., commuters using less gas) can have repercussions or disbenefits for others (e.g., a reduction in revenue for gasoline station owners). But the benefits of transit

"Transit Spending is Strong Economic Stimulus"

A recent article in Passenger Transport highlighted the conclusions of a top economist's report, "Transportation Spending and Economic Growth."[1]

David Alan Aschauer's "report explored four questions about the relationship of transportation investment and economic growth, and found that:

- *there is a strong, positive relationship between transportation spending and economic growth;*
- *the economic benefits of increased transportation spending outweigh the costs;*
- *when determining the effect on worker productivity and economic growth, transit investment has an edge over highway investment; and*
- *the general benefits of transit and highway spending outweigh their costs."*

Specifically, he found that "a 10-year, $100 billion increase in transit investment would result in improved worker output worth $521 billion.

must be viewed from a larger perspective--it is a public service intended to provide transportation mobility, and accessibility for a region. What it ends up accomplishing is much more. Transit can:

"More not less public money needs to be spent at the federal, state and local levels for the improvement, maintenance and expansion of mass transit...Mass transit is something positive government can do to protect air quality, conserve energy, promote desirable land use patterns, and provide access to jobs and convenient, safe travel. It's hard to think of a government spending program where so much bang can be gotten for the buck."

- Joanne R. Denworth, APTA Mass Transit Report

- Provide carless populations with enhanced mobility and increased access to social, employment, educational, and recreational opportunities.

- Provide commuters with a cheaper and less stressful form of transportation to work.

- Provide a more efficient and effective public transportation system in terms of trip convenience and reliability for the transit patron.

- Provide infrastructure cost avoidance, measured in terms of the cost of the transportation investment that would be required to accommodate the rush-hour transit riders if they were in single-occupant vehicles. With approximately 40% of Seattle commuters traveling by bus to downtown, this is a material consideration.

- Provide environmental benefits to the community in the form of reduced vehicle emissions and, hence, improved air quality.

- Provide economic benefits to local communities, provide businesses with larger labor pool from which to draw and additional patrons for their businesses, and provide employees with access to wider range of employment opportunities.

As indicated in the introduction, the quantification of benefits in this paper is not intended to be a thorough cost-benefit analysis, or even to address all the disbenefits associated with public transit. Rather, it is intended to provide a preliminary analysis and quantification of community and state benefits of public transit systems, to provide order-of-magnitude estimates, for the myriad of public transit benefits. Primarily, the paper is to summarize the benefit discussions found in

existing literature. With that, we will review some of the approaches to evaluating benefits found in the literature.

A. Approaches to Evaluating Benefits Found in the Literature

Before presenting the benefits discussion, some discussion about the approaches used in the literature to evaluate benefits may be helpful. As indicated, the qualification and quantification of benefits required a review and summary of existing published material of the community, environmental, and social benefits of public transit. An extensive review of the literature was conducted to accomplish this task, many of the sources of which appear in the bibliography at the end of this document. To the extent possible, resources documenting benefits in Washington State were used. Analyses or reports from other parts of the country were also used to supplement state data.

Unfortunately, there is not an extensive literature on the subject of public transit benefits. Not a single document could be found that comprehensively evaluated all types of benefits. Most of the documents referred to a benefit in a sentence or two or was simply an introduction to a larger discussion on the shortcomings of public transit service today. Very few provided extensive documentation on public transit advantages. This paper presents a compilation of the benefits found in the various documents.

A few of the documents reviewed for this effort are worthy of special note; these papers in particular begin to outline what is important to consider in a benefit analysis. One of the most comprehensive papers was authored by Margaret J. Heraty.[2] This paper focuses on the benefits of specialized services provided for the disabled population and pertains, in particular, to transport services in the United Kingdom. Therefore, some of her references, such as those relating to reduced health care costs, cannot be directly applied to districts in this state given the differences in the provision of health care. She does, however, provide insight into an effective means for evaluating benefits.

One on the most important elements in her paper is her method of classification. Heraty classifies benefits in a much broader sense than is normally encountered in the literature. Her paper considered not only the direct effects of a system to its users, as is commonly done in traditional cost-benefit analyses of transit, but also the indirect benefits to non-users of the system, the benefits to other private sector individuals and organizations, and the cross-sector benefits between different governmental or other public sector agencies. As Heraty points out:

> "The reason for identifying and quantifying benefits produced by transport services for disabled people is to make it possible to assess whether these services, although expensive to operate in themselves, might overall save the community resources, for example by avoiding the use of an even more expensive form of transport, by enabling a disabled person to have institutional care. These are wider benefits than are usually included in a cost-benefit analysis of a transport service, but that is no reason for not trying to quantify them."

What we can take from this quote and her analysis, then, is the importance of looking beyond the primary effects of mass transit. An analysis of the public transit benefits should be all-encompassing and should address the effects of these benefits as they multiply or ripple through a community.

Donald S. Warrick[3] also provided one of the most thorough analyses of transit benefits found in the literature. This analysis provided a more quantifiable snapshot of benefits than that provided by Heraty. Warrick considered the benefits of public transit to be:

- auto operating cost savings;
- parking cost savings;
- accident cost savings;
- economic development benefits;
- capital expenditure savings;
- time savings;

- noise pollution savings; and
- aesthetic, social, vocational.

Warrick also discussed many of the intangible benefits of a transit system including:

- increased social, recreational, cultural, and educational opportunities;
- access to jobs for the unemployed; and
- access to essential health and medical facilities for elderly and handicapped.

Warrick attempts, in many ways, to respond to the questions raised about an economically-justifiable public investment. In doing so, he provides insight into the difficulties of truly quantifying the benefits of public transit (i.e., even in a 76-page Masters of Business Administration thesis, he was only able to quantify those eight to ten benefits listed above. Many of the more obscure, yet nonetheless valid, benefits remain unquantifiable). Despite this, Warrick provides information of pertinence to this paper.

TRC Environmental Consultants[4] also provided an analysis of benefits, in particular air quality advantages, that can be directly related to this state's districts. In "Air Quality Implications of Transit in the Year 2000; Metro Air Quality Analysis," TRC states that:

> "An effective and vital mass transit system reduces air pollutant emissions from the transportation sector by replacing low-occupancy vehicle miles traveled with high-occupancy bus or rail transit miles. The magnitude of the emissions reductions are proportional to the number of low-occupancy vehicle miles displaced with more efficient mass transit miles."

This air quality analysis, prepared in November, 1990, provides information of relevance to this benefit paper and is discussed in more detail in the Environmental Benefit Section.

"Citizens Speak Out on Public Transit"

"Thousands of the America's Coalition for Transit NOW postcards are being received in Washington [D.C.]. Here is what citizens across the country are saying about public transit and the need to support transit with increased federal funding."

"Public transit is our future."

"Public transit is important to keep the nation moving."

"If we are going to clean up the air, mass transit is the way to go."

"Economic and environmental considerations combine to make the public transit issue critical."

"There is a tremendous need for public transportation, especially for the elderly and people with disabilities."

"It seems such an obvious solution to the crisis on the highways."

"America needs an energy policy, and public transit must be a key part."

"I think it's obscene to cover our land with more highways."

- Passenger Transport, August 19, 1991

Finally, a more recent cost and benefit analysis was conducted by Timothy J. Lomax and Jeffery L. Memmott for the Texas Department of Highways and Public Transportation.[5] Their report summarized data collected from transit systems in Texas, evaluating the benefits of transit compared with its costs of operation. Their paper provided more recent quantifiable evidence of public transit.

B. Benefit Categories Used in the Survey

The Public Transportation Study survey, which was distributed to each of the state's transit agencies in April, 1991, requested information on benefits in five general areas. These included:

- Social;
- Community;
- Environmental;
- Land Use; and
- Economic.

The survey also included an "other" category, which allowed for responses that did not fit neatly into one of the established categories.

C. Benefit Categories Used for this Paper

For purposes of this discussion, benefits found in the literature and summarized from the survey are classified into the five categories used in the survey. These five categories are listed and defined below, with examples of each type of benefit included.

- **Social:** Those benefits which provide a service or help to an individual or particular group of people, generally serving a minority rather than a majority population.

  Example: The enhanced quality of life or improved mobility that transit-dependent individuals (elderly, disabled, youth, and carless) receive as a result of the provision of transit service.

- **Community:** Those benefits which apply to a larger concentration of people, a neighborhood or town, for example.

  Example: The provision of shuttle services to special community events, fairs, and festivals and the reduced congestion in surrounding neighborhoods during these events.

- **Environmental:** Those benefits which improve or enhance the quality of the environment, including air resources, traffic levels, and energy resources.

  Example: The reduction in vehicle trips or vehicle miles traveled and the resulting reduction in vehicle emissions and improved air quality.

- **Land Use:** Those benefits which affect or improve aspects of urban form such as open space, clustering of activities, and development density.

  Example: The ability of transit to shape land use patterns by providing a high capacity link between trip ends. The reduction in parking requirements for new developments resulting from the provision of transit service to that property is another example of a land use benefit.

- **Economic:** Those benefits which increase expenditures in the financial aspects of the local or state environment.

  Example: The creation of jobs in the community as a result of operation and maintenance of a transit agency. The creation of these jobs has a "ripple" effect in the community through the broadened tax base from transit employees' wages, the increased spending in the local economy from their wages, and the jobs or businesses generated to provide services to both the transit agency and their employees.

It should be noted that benefits of public transit do not fit into only one category or another. The categories used in this study were developed for compilation of data and ease of discussion. In cases where there is overlap, it will be so noted. For example, a "social" benefit (e.g., transportation for disabled) may also provide an "economic" advantage (e.g., a cheaper form of transportation which frees up money for other purposes) which in turn can provide an overall value to the "community" (e.g., provision of other services which would not have been available otherwise). Similarly, economic benefits will in most cases be of value to a community at-large. Where possible, this overlap will be cross-referenced within the various categories.

III. Discussion of Benefits

A. Social Benefits

Social benefits, as identified by local community members:

Kitsap ParaTransit, a non-profit company, offers door-to-door transportation to disabled residents under contract to Kitsap Transit. A resident of South Kitsap said of the service (as quoted in The Sun):

"My son is severely handicapped but he is getting to the point where he could be somewhat independent. By using the bus, he can travel to parks and recreation programs, a Friday night dance in Bremerton and eventually to a job, after he graduates from South Kitsap High School."

- August 9, 1991

Social benefits, as defined for this study, are those which provide a service or help to an individual or particular group of people, generally serving a minority rather than a majority population (e.g., generally the carless population encompassing elderly, disabled, and youth). This type of benefit is the most widely discussed in the literature, probably due to the heavy reliance of these groups on public transit. However, social benefits are not limited to those who have a need for public transit; they also accrue to those who choose public transit as an alternative mode of transportation (e.g., commuters). Social benefits also accrue to non-users of the public transit system (e.g., social-service providers and other motorists) that result, or trickle down, from use of the system. These benefits are discussed below in the following categories:

1. Carless populations;
2. Non-users of the system; and
3. Commuters.

Many of the benefits in the social category, as well as the other four categories, are not quantifiable but are important elements nonetheless to consider in an evaluation such as this. How can the benefit of access to employment be measured for the unemployed? Or, how can increased access to social events or essential medical facilities for the elderly or other carless populations be given a numeric value? The simple fact that these benefits cannot be measured does not detract from their importance in a benefit evaluation. For this reason, we have included an extensive discussion of these qualitative type of benefits.

1. Carless Populations

As indicated, most of the existing literature focused on transit services for the elderly and handicapped. Most of the documents on this subject critique these

services, describing what still needs to be done to achieve equal mobility for all or what problems "carless" individuals encounter on a day-to-day basis. Very few reports describe the benefits of these specialized services, other than in a sentence or two. Despite the overwhelming amount of criticism about these services, there is sufficient data to document the positive social aspects of specialized transit services.

Margaret Heraty provides the most comprehensive discussion of transit benefits for people with disabilities. She focuses on four types of benefits in her discussion:

- direct benefits to system users;
- indirect benefits to non-users of the system;
- benefits to other private sector individuals and organizations; and
- cross-sector benefits between different governmental or other public sector agencies.

The significance of evaluating public transit benefits by these four categories is twofold:

1) benefits do not just accrue to those that use the system; they can be realized by other populations as well; and

2) to effectively evaluate public transit, benefits in all four categories should be taken into consideration.

This is demonstrated numerically below.

In the analysis, Heraty places particular emphasis on the fourth category, the "cross-sector" concept, the notion that expenditures on transportation can often lead to savings in other public and private sectors.[6] While the provision of these specialized services may be expensive, they may in fact be cheaper than providing other forms of transportation, or they can allow a disabled person to live at home rather than in an institution resulting in a reduction in costs for institutional care. Therefore, by spending money for paratransit services, savings are realized in other areas.

An example of the first scenario, where bus transit is a cheaper form of transportation than paratransit, is provided by Heraty. As an experiment, the local bus authorities in Boras, Sweden, combined regular, fixed-route bus service with special paratransit services on one route for disabled persons. In a study comparing one of the new service areas with an area without a combined route, it was shown that the number of special service permits granted was lower. This suggests that if disabled persons have access to [and more importantly can use] regular fixed-route transit service that meets their needs, they will use that as opposed to applying for special permits to use the specialized service. This is demonstrated in Table 1 below.

Table 1
Cross-Sector Savings Accrued by Specialized Transport Service*

Cost of providing bus services	($361,333)
Cost savings from canceled services	$117,000
Fare revenues	$ 80,500
Savings in cost of special transport services	$191,666
Net savings	$ 27,833

*Note: Numbers originally calculated in 1989 Swedish Kroner (US$1 = SwK 6.0). This exchange rate was used to convert these numbers to US dollars, however, other variables in the equation may have changed.

Source: Heraty (1989), p. 108.

As shown in Table 1, a cross-sector savings of $27,833 was realized by combining paratransit with fixed-route service. This assumes, of course, that disabled and elderly currently using paratransit are able to access and use fixed-route, the implication being that, if they can, fixed-route service can provide some of the same

transportation opportunities at an overall lower cost than other forms of transportation.

It is important to recognize, however, that the overall cost savings, or cross-sector benefits, are not realized when viewed from the perspective of the bus operator. The net savings accrued and shown in Table 1 are cross-sector savings; that is, they accrued when they were viewed from all agencies involved in providing the service, including social-service agencies. If the example is calculated from just the bus operator's perspective, there is actually a net cost, as shown in Table 2.

Table 2
Cost to Bus Operator*

Cost of providing bus services	($361,333)
Savings from canceled services	$117,000
Fare revenues	$ 99,166
Net cost to bus company	($145,166)

*Note: Numbers originally calculated in 1989 Swedish Kroner (US$1 = SwK 6.0) in 1989. This exchange rate was used to convert these numbers to US dollars, however, other variables in the equation may have changed.

Source: Heraty (1989), p. 108.

The implication from these tables is that, even though one agency may incur additional costs, when the "benefits" are viewed from a broader perspective, cost savings are actually realized. There will be a trade-off between bearing an additional cost, on the part of the transit agency, for operating potentially more centralized and efficient transportation services and having social-service agencies provide their own, more costly transportation services. These estimates, though from a European country in which health care services are

distributed differently, can provide a useful example by which to begin to quantify benefits of a district's paratransit services.

"Panel hears of needs of disabled on Peninsula"

"Disabled people in rural areas need more transit buses," according to an article in the Peninsula Daily News about a meeting held in Port Angeles in June 1991.

"Everyone at the meeting [held by a governor's panel on the disabled] mentioned transportation. Most disabled people get to their jobs, their doctors and their services by bus. Though the Clallam Transit and Paratransit systems are good, the panel was told, there are too few runs between the major towns on the Peninsula and paratransit runs take too long."

- Peninsula Daily News, June 23, 1991

We attempted to quantify this cost savings in Washington State. However, in contacting the Department of Social and Health Services (DSHS) we learned that paratransit trips are not tracked by who the rider is and whether they are a DSHS client. Therefore, we could not calculate the cost savings to DSHS, for example, from the provision of service from a transit agency since not all riders will not necessarily be from DSHS. From the information above, however, we can imply that while the transit agencies would incur an additional cost from providing specialized services, the social-service agency would realize a savings. Again, when viewed from a cross-sector perspective, a net savings is realized. Or as stated above, by operating more centralized and efficient paratransit services, savings are potentially realized by other non-transportation agencies and those savings can be spent, or redirected to their own specialized service.

Another type of cross-sector benefit is accrued by saving costs of professional care-givers and saving the cost of institutional care. If disabled persons have access to public transit, their reliance upon and cost for professional support or their need to be institutionalized is diminished. There is a resulting cost savings to the individual for these types of facilities.

A government study in the U.K. compared costs of various living arrangements for elderly person. These costs are shown in Table 3.

The numbers in Table 3 do not include the cost of providing special transit services. But as indicated in the study, the savings realized from living at home could be applied to, and may cover, the cost of transportation, depending on the number of trips made each week. The point from this British study is that a significant savings could potentially be realized from living at home, and that the availability of accessible transit service can help to make that arrangement a reality.

Table 3
Cost for Different Living Arrangements in UK*
(Cost Per Week)

Own home	$54.00
Local authority residential home (institution)	$74.00
Private/voluntary residential home (with no long-term nursing care)	$77.00
Private/voluntary nursing home	$102.00
National health service hospital (geriatric ward)	$164.00

*Note: Numbers originally in 1989 British pounds (US$1 = 1.8 pounds). This exchange rate was used to convert pounds to US dollars, however, other variables in equation may have changed.

Source: Heraty (1989), p. 110.

In addition, there are other benefits realized from living at home that are not quantifiable but are no less important. These include a sense of greater well-being, and greater psychological and physical health of these individuals. As Heraty states:

> "There is some evidence [though not quantified in this report] that enabling disabled people to travel has a beneficial effect on their health and that this saves the cost of health care and drugs immediately, and may postpone the time at which institutional care becomes necessary."

Again, the implication is that by spending money on paratransit services, cost savings, as well as other immeasurable, quality-of-life issues, are realized in other areas.

"Paratransit helps make life bearable"

"In 1986, the Paratransit started here in Port Angeles. I have made use of it ever since, to the doctor's offices and just trips and rides. Every Saturday they pick me up at 2 p.m. We go to the West End, then we go to Sequim, getting back around 4 p.m. - all for $1.

"Vince Scully has been the driver. He is one of the kindest men I have ever met. He and his wife have been taking me to the Chuck Wagon. They are moving and I am going to miss them and I wish both a long, healthy life. The staff and all are angels in disguise. They have made my lonely life bearable."

- Marjorie Maisey, Port Angeles, in Peninsula Daily News, June 24, 1990

There are other qualitative benefits of accessible public transit that are worth noting. For the disabled person, being able to access transit can provide relief from the depression or frustration of being trapped at home, or it can provide the freedom of choice to carry out a wider range of activities. Benefits are also derived when a disabled person, able to access public transit, visits a friend, a benefit which can accrue to the friend as well as the disabled person.

Public transit can also provide increased social, recreational, cultural, health and educational opportunities for the "captive" rider (aged, young, handicapped, and poor). With increased mobility to these various activities comes reduced isolation, improved social integration, and enhanced independence. For disabled individuals, the increased interaction can result in greater visibility and potentially greater recognition of the needs of the disabled.

K.C. Koutsopoulos and C.G. Schmidt[7] support these concepts by discussing the repercussions for society of an inadequate or nonexistent public transit system. The authors indicate that these individuals' social, educational, and recreational opportunities are limited and that they are restricted from being fully productive members of society. For elderly persons, the "lack of adequate transportation can have a more deleterious effect than the loss of the transportation service alone. Transportation has a `multiplier' effect." With it, a couple or single person can more easily cope with adjustments or hardships that come with age. Without it, they may enter into what has been described, by the authors, as a "syndrome of deprivation."

If the lack of transportation can produce such negative results on an individual's life, then the opposite is also true: that the provision of suitable transportation reduces some of the barriers to full participation in society, creates opportunities for interaction, and improves an individual's quality of life. The benefits to society as a whole from these advantages are immeasurable.

The carless population can also benefit on an economic level from accessible public transit. This aspect of public transit benefits is discussed here in the social benefit category because it relates to the captive rider population. According to a 1985 nationwide Harris survey of disabled individuals, mobility, employment, and quality of life are clearly related (see sidebar, this page). As stated in an article about the Harris survey:[9]

> "Standards of living depend on income derived from jobs. Most jobs require traveling to the workplace. And travel generally requires transportation."

In other words, there is a strong correlation for anyone, but particularly disabled individuals, between the ability to access some form of transportation, and hence a job, to earn a wage, and to improve their quality of life. Some statistics will bear this out.

Information from the Washington State Office of Financial Management (OFM) and the Governor's Committee on Disabilities was evaluated for comparison with the Harris survey. OFM produced 1988 estimates of the disabled population in the state based on 1980 census data of the disabled population (1990 disabled population data was not available at the time of the LTC transportation study).

OFM estimates indicated that, in 1988, the civilian, non-institutionalized population of disabled persons the same age as the Harris survey respondents (16-64) was 249,182. Based on 1980 disabled persons employment data, 67% of this population was unemployed. Assuming that the 67% held constant from 1980 to 1988, OFM estimated that a total of 167,000 disabled persons would not be working (i.e., would be unemployed) in 1988. Nationally, however, the rate of disabled **employment** fell dramatically, from 30% in 1980 to less than 20% in 1988. Therefore, the 167,000-person estimate may be optimistic (i.e., it would imply that 33% of the disabled population was employed in 1988). Or, the rate of employment for this population may have improved but it did so in contrast to the national trend.

According to a 1987 article, "Mobility and the Quality of Life: The Importance of Public Transportation to Disabled Americans,"[8] a 1985 nationwide Harris survey of disabled individuals revealed that:

- *2/3 of disabled Americans between 16 and 64 do not work;*
- *1/2 of those that work earn less than $15,000 per year; and*
- *40% did not finish high school.*

559 of the 1,000 respondents identify themselves as "mobility-impaired." Nearly half of the 559 respondents indicate that transportation barriers inhibit their employment opportunities.

"Specifically, 49% of the mobility-impaired respondents either work part time or are unemployed because they cannot use public transit or gain access to special-needs transportation."

Nonetheless, there are significant numbers of disabled persons who are unemployed.

What is the reason for the unemployment rates in the disabled population in Washington State? We can postulate, based on the Harris survey results, that a large percentage of the **employable** disabled individuals in Washington State are unemployed because they do not have the **ability** to access public transportation. The ability for these individuals to access public transit is, however, changing, as transit agencies around the state (and nation) begin to comply with the American with Disabilities Act (ADA) requirements, which are designed to open all aspects of life, including transportation, to persons with disabilities. In fact, Seattle Metro has estimated that the increase of their door-to-door service will be the largest impact of ADA (see sidebar, this page). Until then, we can say that transit has the potential benefit of increasing employment opportunities for these individuals and, in turn, providing the state with increased economic activity, but that these benefits are not fully realized at this time.

The Harris survey of disabled persons also indicated that the majority of the employed disabled persons were far happier and wealthier than those who were unemployed. Employed individuals can in turn acquire greater dignity and self-esteem, which can result in reduced costs for counseling or other health care activities. Mobility, employment, and quality of life are undeniably interrelated.

The transit survey responses provided numerous **qualitative** examples to support the type of cross-sector benefit described in the literature (i.e., benefits that transcend agency boundaries). **Quantification** of this data was not available, except in the cases noted; in some cases is not possible to tabulate given that social-service agencies do not track which of the paratransit riders are their clients or other non-social service clients. It should also be noted that Link Transit in Chelan-Douglas did not provide data because they have not initiated service at this time.

Seattle Metro indicates that the biggest impact of the American with Disabilities Act (ADA) will be the increased door-to-door service they need to provide to comply. Metro estimated the program costs to be:

1991 - $ 2.4 million;
1992 - $ 6.3 million;
1993 - $ 9.7 million;
1994 - $13.6 million;
1995 - $17.7 million;
1996 - $22.3 million;
1997 - $23.3 million.

They intend to be in compliance with ADA by January, 1997, after which date program costs are adjusted for inflation only.

- Seattle Metro, 1991[10]

While ADA requirements obviously add significant cost impacts to Seattle Metro, as well as other agencies in the state, the costs are not without their potential benefit.

The ability to access public transit was given by respondents of a nationwide survey as a major obstacle to employment opportunities (see previous sidebar). If just some of these individuals are able to access public transit, many of their quality-of-life issues (improved mobility, self-esteem, etc.) will be moderated and they can be empowered to be more productive members of society.

This list is by no means exhaustive. Some districts provided **extensive** detail of their services. For purposesof brevity, we have included some of their highlights.

- Ben Franklin Transit relates how some of the local social-service agencies have no other transportation service available and "could not exist or serve their clients" without the provision of service from Ben Franklin. Therefore, rather than the service agency folding, they are partially kept afloat--and they realize transportation cost savings--from this transportation service.

- C-Tran provides mobility training for persons with mobility impairments for both fixed-route and paratransit service.

- Clallam Transit provides transportation to social-service agencies, health services, senior centers, and nutrition sites.

- Community Transit sponsors elderly and disabled services through a contract with a private, non-profit agency. Service is provided utilizing lift-equipped vans providing curb-to-curb service throughout the service district. CT hopes to increase paratransit service hours from 26,775 to 38,525 in the first year (1991-1992); 47,068 in the second; and 49,859 in the third.

- CUBS provides transportation of elderly to the senior center, medical facilities, meal sites, parks, libraries, and day disability centers with wheelchair lift-equipped buses and vans.

- Everett Transit provides outreach to the disabled and elderly community and responses to social-service agencies "Work Opportunities" which rehabilitates people and returns them to the workforce. They also provide service to low-income housing projects and to youth programs.

- Grays Harbor co-operates with all health and human service agencies in the county. Nursing homes, hospitals, day care, mental health agencies all utilize fixed-route, Dial-a-Ride or both.

- Intercity Transit's central transfer center is across from the Olympia Center where numerous senior and social-service activities are located. IT and the Lewis-Mason-Thurston Area Agency on Aging jointly operate specialized services, which allows more cost-effective service delivery than having two separate programs, and allows both agencies to maximize the number of trips provided per dollar invested.

- Island Transit provide transportation for seniors from all over the Island to the only public swimming pool in Oak Harbor, senior centers, and meal sites.

- Jefferson Transit deviates from one of its fixed-route buses on weekdays to pick up a group of mentally handicapped young adults and transport them to a local recycling station where they work. During the severe weather in December 1990, Jefferson Transit was standing by ready to evacuate a local nursing home that had lost heat and electricity.

- Kitsap Transit also indicates that the availability of transit displaced the requirement for the regional Area Agency on Aging funds to be used for transit. At the time of the systems inception, this replacement of funds amounted to $70,000 per year in purchased transportation services by the Area Agency on Aging. Services and cost have grown, by their estimate approximately 3-fold since then, so the benefit to Kitsap's Senior Service Program, in the form of transportation provided just to meal sites and adult day treatment centers is probably in excess of $200,000 in '90-'91 (estimated by Kitsap).

- Pacific Transit is an active participant in social-service related benefits such as the Willapa Harbor

Hospital long-range plan development and Pacific County Health and Human Services Department Comprehensive Plan. They also provide demand-response service for school-age children that attend alternative education programs.

- Pierce Transit provides social-service benefits to students who use transit for various reasons; seniors who use transit for shopping, medical, recreational purposes; low-income persons who cannot afford a car; and disabled persons who must rely on transit as their means of transportation.

- Prosser provides transportation for elderly to daily lunch programs and health-related activities; to nursing homes for home visits and field trips; and to local girls and boys clubs.

- Pullman Transit transports disabled and elderly to social centers.

- Spokane Transit provides fixed-route, fixed-route accessible, and paratransit service to: Employment Security Office, Social Security Office, Community Mental Health, Job Training Sites, Rehabilitation Center, Senior Service Centers, Senior Nutrition Centers, and Recreational Programs. Private schools in the service area rely to a large extent on STA for transportation in that few of the schools maintain a bus fleet.

- Twin Transit's service area has a population with twice the state average of persons 65 years of age and older. One out of five households do not own a car. Twin provides transportation for these "transit-dependent" at reduced fares. Senior citizens and handicapped comprise 40% of the ridership.

- Valley Transit states that some of their local service agencies discontinue their own transport services due to the existence of Valley's system and that they apply these savings to the provision of other non-transportation services.

- Whatcom Transit makes discounted fixed-route passes available to elderly and disabled to encourage fixed-route use. The WTA currently commits 15.8% of its funding to specialized services (compared with an average of 5.6% spent statewide).

- Yakima Transit has separate programs that provide contract services, including Handicapped Dial-A-Ride and Elderly and Handicapped Shuttle. In total, these programs enjoyed ridership of 61,736 in 1990, covered 162,434 miles, and cost $288,142 to operate.

2. Non-users of the System

Non-users of the system (care-givers, other motorists) can also benefit from the existence of the transit service. The literature outlined a situation where a disabled person using public transit was able to care for an ill parent who would otherwise have to be in an institution. Transit can also allow disabled persons to "get out of the caring environment and be independent of the carer," to possibly do their own shopping or attend to other activities.[11] This can enhance the disabled person's self-esteem and sense of independence and reduce the reliance and pressure placed on the care-giver.

In addition to care-giver benefits are those received by other motorists (i.e., other non-users of the system). A study sponsored by the Texas Department of Highways and Public Transportation indicated that increased use of transit by commuters reduces the burden of the system (i.e., congested roadways, higher fuel consumption due to lower travel speeds, and higher accident rates) for all motorists (see also excerpts shown in the sidebar, next page). Therefore, if this reduced congestion is not quickly filled by other motorists, there is a net benefit to the community.

"Van fans pool their resources"

A recent article in Tacoma's The News Tribune highlighted the benefits of vanpooling:

"Dale Olson figures he was spending `agood $100 a month, just for fuel' to commute from his home on Puyallup's South Hill to work at the Auburn Boeing plant.

"Now, he drives for free.

"Pat Estes, who commutes from Olympia to Boeing's Renton plant, pegs his commuting savings at $4 to $5 a day.

"How do they do it?"

Both men are drivers of vans, which are part of a joint Pierce Transit and Metro program that brings "together workers in 8-, 12- and 15-passenger vans so they cut their individual driving costs by sharing expenses...[and] cut down auto pollution and traffic congestion."

"It works out to $35.81 a month for each rider. But since Boeing started giving its workers a $15 transit subsidy a couple of months ago, the out-of-pocket expense to each rider dropped to $20.81 a month - or about $1 a workday."

- June 17, 1991

Motorist Benefits of Transit

"One of the biggest benefits transit systems provide is to take motorists and vehicles off the road and put them as passengers in higher occupancy buses. This reduces the congestion, fuel consumption, and accidents for all motorists. This is particularly true in urban areas with significant congestion during peak periods. There is an incentive for motorists making work trips during peak periods to switch to a viable alternative. This is one of the reasons high-occupancy lanes, park-and-ride lots, etc. are becoming increasingly popular."

"Overall transit systems in these [18 Texas cities] are providing about $348 million in benefits to motorists, which is estimated to increase to about $484 million in 1992. Of this, about 50% consists of lower motorist operating costs, 40% lower time costs, and 10% lower accident costs. There is also a substantial reduction in fuel consumption, about 69 million gallons in 1987, and about 90 million gallons in 1992."

- Texas Department of Highways and Public Transportation, (see Lomax, 1989)

Benefits can accrue to non-users even if this capacity is quickly refilled. Many will argue that any reduction in congestion (as mentioned above) will be refilled to capacity. This scenario assumes that there were trips not previously made due to high levels of congestion. Now that the roads are less congested, these trips will be made. As a result, no net benefit would accrue to the other motorists, or non-users, since congestion levels quickly return to normal.

However, even if this were the case, and congestion returned to previous levels, the transportation system would be operating more efficiently and effectively. The system is now carrying more people per hour than before trips were diverted to transit. Thus, the benefit, in this case, is not necessarily congestion relief but rather more efficient use of the existing transportation network.

3. Commuters

Commuters also benefit from the provision of public transit. For them:

- The availability of express bus service to a downtown can increase their mode choices for commuting to and from work. Their decision to travel by transit can consequently have a positive impact on the environment.

- The availability of transit can also provide dual-income households with an alternative mode to work which can eliminate the purchase of a second car.

- By changing their mode to bus, commuters will also receive economic benefits in the form of automobile operating cost savings, fuel savings, parking cost savings, accident cost savings, and potentially time savings.

- Motorists can also realize cost savings by joining a vanpool, as discussed below.

Improved Quality of Life from Cost Savings

*"**Costs Savings** - Rideshares and vanpools can save **commuters up to $500.00** in parking and gasoline per year, not including savings on wear and tear or maintenance costs."*

- LACTC Commuter's Guide, 1991

For the individual motorist or commuter, traveling by bus or vanpool is generally cheaper than driving alone in an automobile. Transit patrons incur the cost of a bus or vanpool ride (except in Washington State's two pre-paid systems) but this cost is more than offset by the savings realized from not operating a private automobile for commuting purposes. This assumes that only the marginal costs of the trip, and not total costs, are considered, as discussed below.

The commuter, before making a trip by bus or car (vanpools are discussed later), considers the marginal cost of that trip: Just how much will the trip cost for each type of vehicle. According to Sno-Tran's, "A Guide to Land Use and Public Transportation,"[12] cost, the extra costs, in this instance includes fuel costs, parking costs, and fares. As stated in the Sno-Tran guide, "While there are other costs of driving a car (insurance, depreciation), few people think of these other costs when they decide to take a trip." In many cases, individuals have already purchased and will continue to own and operate a private vehicle for non-work trips (shopping, school, other travel, etc.) even if they commute by bus to work. Therefore, the costs associated with the purchase of an automobile, operation of the vehicle for non-work trips, maintenance, insurance, and depreciation will not be considered in the estimation of savings to the commuter.

It should be noted that there are other components of automobile ownership and operation also not often accounted for in cost estimates. For example, parking costs usually include only the cost incurred by the commuter (i.e., parkers do not pay the **full** price of parking). The true cost of parking should include the commuter's cost plus any amount paid by the employer, the implication being that charging the full cost of parking to commuters would act as an incentive to alter their travel behavior. In addition, many external costs of automobile operation (e.g., health costs of air pollution, costs of traffic congestion, road construction and maintenance) are also not generally included in the total costs. These costs will not be quantified for this study since it is only evaluating the marginal costs of traveling

by bus as opposed to car. A recognition of these costs and a full accounting for them in a comprehensive cost/benefit analysis of automobiles would provide a more accurate evaluation of traveling by this mode.

a. Fuel Cost Savings

Fuel cost benefits for commuters traveling by bus were calculated by the following: First, the cost of fuel for a round-trip was estimated by multiplying the average round-trip commute length (11.3 miles each way) by the average cost per mile of gasoline and oil (6.6 cents), based on an American Automobile Association guide.[13] (For purposes of this analysis, we used the estimated average, one-way commute for all workers (11.3 miles each way) as estimated by the Puget Sound Council of Governments (PSCOG)).

Fuel and oil costs per day were then multiplied by the number of commute days per year (5 days x 50 weeks = 250 days) to achieve a yearly total of fuel/oil costs that would not be spent if a commuter switched to transit. An example of the annual fuel/oil savings for an average commuter is shown in Table 4.

Table 4
Fuel and Oil Cost Savings for an Average Commuter

Gas/oil cost per round-trip	22.6 miles round-trip x 6.6 cents per mile =	$ 1.49 per round-trip/day
Gas/oil cost saved per year	$1.49 per round-trip x 250 commute days per year	$372.50 saved on fuel costs per year

Note: These are averages. Therefore, some commutes will be longer, others will be shorter. The savings on fuel costs would be larger and smaller, respectively.

As shown in Table 4, based on fuel/oil costs alone, a commuter can save $372.50 per year. If their commute is longer than 11.3 miles one way, they would obviously save more. Conversely, if their commute is shorter, they would save less. The savings will be greater for all commuters, regardless of commute length, when added to parking cost savings (calculated below).

b. Parking Cost Savings

As indicated, commuters can also realize parking cost savings when they ride the bus. Not every employee will incur parking costs so this benefit will not apply throughout Washington State. For those commuters that do pay for parking, those driving to downtown Seattle or downtown Bellevue, the savings can be substantial.

A review of parking costs for downtown Seattle revealed the following:

- The lowest daily cost for parking in the Seattle CBD, according to information provided by the Downtown Association of Seattle and parking providers in the CBD, is $4.25 (early bird rate).

- The highest daily rate is $18.00 ($18.00 if you do not buy a monthly stall which most would do if they drove everyday).

- The daily average is $11.12.

Multiplying the average daily rate of $11.12 by 20 (5 days of parking per week for 4 weeks) results in a monthly parking rate of $222. Therefore, a commuter could potentially spend up to $222 per month, or $2,780 per year (based on 250 commute days/year), on parking costs alone. For comparison purposes, it should be noted that commuters who drive every day can opt to purchase a space in a garage. This would lower their monthly rate. Columbia Center, for instance, charges $136.33 per month for tenants. This results in a much lower yearly total of $1636. Or they can opt to park at the "early bird" lots at a daily rate of $4.25 (with monthly

and yearly rates of $85 and $1,063, respectively). A summary of these parking costs is shown in Table 5.

Any of the parking cost figures shown in Table 5 represent large expenditures for parking, particularly if it can be saved by traveling by bus. This savings is greater when added to the savings in fuel and oil costs, as shown below in Table 6.

Table 5
Parking Costs

Daily Rate	Monthly Rate	Yearly Rate
$ 4.25 (lowest rate)	$ 85	$1,020
$11.12 (average rate)	$222	$2,780
$18.00 (highest rate)	$360	$4,500

Table 6
Monthly and Annual Fuel and Parking Costs

	Monthly	Yearly
Gas and oil cost savings	$ 29.80	$ 372.50
Parking cost savings (based on avg. daily rate of $11.12)	$222.00	$2,668.00
Total savings	$251.80	$3,040.50

Based on the data in Table 6, an average commuter could potentially save $3,040 per year, or what is spent each year on gas, oil, and parking. This amount represents the marginal cost of traveling by automobile to work only. What is the marginal cost of traveling to work by another vehicle choice, e.g., the bus?

Improved Quality of Life through Reduced Stress

"Driving alone to work is stressful and can cause health problems such as higher blood pressure and heart rate irregularities. To reduce stress resulting for commuting, commuters have altered travel schedules, changed their travel choice to other than driving alone and/or moved closer to work.

"Employers have also found providing commuting options has increased employee productivity and lowered tardiness and absenteeism."

- LACTC Commuter's Guide, 1991

c. Bus Fare Costs

In twenty of the state's twenty-two systems, commuters pay a fare for bus travel. For example, an annual, two-zone, peak-period bus pass for Seattle Metro costs $47 per month, or $517 per year. (A one-zone, peak-period pass costs $346.10 but limits travel to within the Seattle city limits, which in some cases may not encompass the average one-way commute of 11.3 miles. Therefore, for purposes of this paper, the more conservative estimate of the two-zone pass will be used.)

A commuter purchasing an annual bus pass will therefore pay more for the bus pass than for gasoline and oil ($517 versus $372.50). But when compared with the total savings from gasoline, oil, and parking, the net savings to the bus commuter is **$2,523.50 per year** (total annual savings from Table 6 of $3,040.50 minus the annual cost of a two-zone bus pass of $517).

In addition, since a bus pass can be used for any travel, not just commute trips, further savings can be realized by using a bus pass for non-work trips. Commuters traveling to work on pyyre-paid systems (Island Transit and "Link" Transit) may potentially, depending on the length of their commute and the cost of parking, realize even greater savings since they do not pay for transit passes. The advantages of pre-paid systems will be discussed in more detail in the following section.

d. Vanpool Savings

As alluded to in a previous sidebar ("Van fans pool their resources"), vanpooling is another way commuters can realize savings. Vanpools offer alternatives to traveling by bus (and single-occupant vehicle) and provide similar benefits in terms of cost savings, and in some instances, time savings. In addition, transit agencies through their vanpool programs can concurrently work toward reduced automobile pollution and traffic congestion.

"Vanpools are really attractive to people who have to drive a lot of miles," said Daphne Tackett, who oversees Pierce Transit's vanpool program. The majority of our vanpools cross county lines."[14]

The two agencies cited in The News Tribune article quoted above, Pierce and Metro, together have 320 vans with a daily ridership of about 3,500 (3,300 of those are in King County and 200 are in Pierce County). The vanpool programs are expected to grow substantially over the next 10 years: Metro will have a total of 400 vans by the end of 1991 and 1,100 by 2000. Pierce will have 41 vans by the end of 1991 and 100 by 2,000.

According to the Tribune article, "A commuter on the Bainbridge-to-Bellevue vanpool can save $1,700 a year, largely because of the huge incentive offered by the state ferry system to vanpool members. Instead of $8.80 a day for a round-trip vehicle-passenger fare, vanpool riders pay only a walk-on passenger rate of $2."

Other advantages for vanpoolers include:

- Vanpools can travel in the high-occupancy vehicle (HOV) lanes (as can buses), thereby saving travel time in areas where these lanes exist.

  Completion of the HOV system (approximately by 1995) is estimated to reduce travel time by 23 minutes on the northbound stretch of Interstate 5 between Tacoma's South 320th Street and Seattle's Mercer Street. Travel time will be reduced from 32 minutes to the current 55-minute commute. The same commute heading southbound will be reduced 36 minutes from the present 77-minute commute.[15]

- Both vanpoolers and bus agencies can benefit from the flexibility of vanpools. "...they go where there are too few riders to warrant hourly bus service, and too many riders for a neighborhood carpool."[16]

"Express Tacoma-Seattle bus runs play to standing-room-only crowds"

Some highlights of an article in The Seattle Times:

"Seattle Express, Pierce Transit's direct bus service between Tacoma/Seattle has proved so popular...that more buses will be added this month to meet demand."

"Our expectation was so far surpassed we are already getting the ridership today that was not projected until 1994."

"Running only at peak hours and at more than the buses' seating capacity, Seattle Express is recouping 35 percent to 40 percent of its cost at the fare box."

- February 6, 1991

"The express service, which began in September [1990], is so popular that some commuters have to stand or sit in the aisles. The number of trips already has been expanded from 18 to 28 (14 round trips) each weekday. Now Pierce Transit is planning to increase that to 62...at a cost of about $976,000."

- Tacoma News Tribune, December 17, 1990.

- Vanpoolers, as indicated above, can realize cost savings when compared with single-occupant commuting and, in some cases, bus travel. Monthly costs for those in Pierce or Metro vanpools is approximately $35.81, or $430 annually. This is slightly cheaper than a two-zone Metro bus pass, which is $517, and is significantly cheaper than the combined annual cost of gas, oil, and parking of $3,040.

- Vanpools provide large employers, such as Boeing or Microsoft, with a high concentration of employees, particularly those that have shift schedules.

Lastly, vanpools will provide commuters with an option for reducing their vehicle miles traveled as local jurisdictions and major employers begin to comply with the transportation demand management requirements.

B. Community Benefits

A public transit system provides benefits to the entire community, an example of which is provided by a recent article in the Real Estate section of the Spokane Spokesman Review article. As the article states:

"Although Spokane is something of a 'tween-size city, its public transportation would do a larger city proud.

"For a variety of reasons--not the least of which is a demand for clear air--Spokane's transit system is designed for the future. As outsiders continue to discover the community and population increases swell traffic on city streets, public transit will play a bigger role in personal transportation.

"STA operates 11 park-and-ride lots, most with express service to downtown; a Vanpool and Ridesharing program...[and a] demand-responsive service for elderly and disabled riders.

"Spokane is a town which mobilizes itself for community events, and when it does STA is there with supplemental service, whether it's for a Spokane Indians baseball game, the Interstate Fair or Bloomsday. Other special-event service is provided for Neighbor Day at Riverfront Park on the Fourth of July, and Armed Forces Day at Fairchild Air Force Base."

- August 18, 1991

Community benefits in this study pertain to those advantages of public transit accrued to a larger concentration of people, a neighborhood or town, for example. With social benefits, a particular population within the community received an advantage from the availability of public transit. In this section, the community at-large benefits. The state's revised legal code summarizes this concept:

> "All persons in a community benefit from a solvent and adequate public transportation system either directly or indirectly..." (Chapter 11, 1st. Ex. Session, Laws of '65, RCW 35.95.010).

Community benefits are generally more intangible than social benefits. They include the special event services provided by a transit agency that reduce the number of automobiles traveling through and parking in neighborhoods, or the education provided by a district to school children on the benefits of riding public transit, or the special crime prevention programs in which bus drivers are trained to watch for criminal activities along their routes. Without question, these transit-related activities provide benefits to the community as a whole but they are not easily quantifiable benefits.

There are also many of the other types of benefits, such as social and environmental benefits, that can be considered in this category. This is particularly evident from the literature, as described below.

An area where benefit categories overlap is in the provision of transportation for disabled or elderly persons. As discussed in the social benefit section, the provision of transportation services can reduce the reliance and cost of professional care; transit dependent individuals can shop on their own or attend to other activities and do not need the support of care-givers on a continual basis. As a result of these social benefits, the community receives advantages from increased productivity of the transit-dependent individual and the

"C-Tran tours acquaint children with bus system"

"Over 600 children have traveled to C-Tran from Clark County schools in the past year (1987), and 400 are scheduled to tour the facility during the first three months of [next year].

"The trip[s are] designed to educate children about the advantages of riding public transportation."

- The Reflector, March 16, 1988

more efficient use of home help, assistance which can now be redirected to other parts of the community. As S.R. Bowlby, et.al. suggests in their paper on elderly and disabled paratransit services,[17] this reduction in professional care costs could be estimated and compared with the amount of subsidy required to run the transportation service. The savings may not completely offset the cost but a more realistic picture of the benefits accrued from the service, the benefits to the various sectors rather than just the user, will be better understood. This analysis was not done as part of their study.

The literature also indicates that public transit can produce "environmental" benefits which then accrue to the "community." Several examples of this are presented in The Regional Plan Association's "The Renaissance of Rail Transit in America."[18] This document discusses the benefits of rail transit but some of the benefits are also applicable to bus transit, including:

- The use of public transit reduces the number of vehicles on the road which lowers vehicle emissions and contributes to more rapid progress in the attainment of clean air.

- Transit can also improve the overall environment or ambiance of a community by decreasing the car and truck traffic on local roadways.

Quantification of these first two benefits can be found in the environmental benefit section of this paper.

- Finally, transit has the ability to handle "surge" loads of people attending special events, potentially increasing the attendance at such activities and reducing the parking and littering impacts of attendees on residential areas.

All of these environmentally-related benefits provide value to the community as a whole.

A letter to the editor of the Peninsula Daily News highlights some of the community benefits. While this article is on Clallam Transit, it is applicable to all transit agencies in the state:

"Clallam Transit gives comfort in storm"

"Being able to count on safe, reliable transportation during the past weeks of inclement weather provided me with a sense of comfort and security.

"The Clallam Transit System is part of the network of community services like fire, police and ambulance that are often unsung heroes in the community. Their existence ensures services that are continuous, dependable and designed to meet a variety of needs. Appreciation of these services often is not forthcoming until one becomes one of the needy.

"A measure of the quality of life in a community is the services offered those that are unempowered. The bus system presents an opportunity for this population--children, disabled, those without personal transportation--to partake of the cultural, educational and social activities provided by this community."

- Paula Epstein, Port Angeles, February 28, 1989

1. Special Event Service

The provision of transit services to special events was one of the most important community benefits identified by the transit agencies and is offered by virtually all districts. Though not quantified, significant benefits are cited by many districts in increased event attendance and tourism and tourism-related business as a result of transit service to major fairs and festivals. While local businesses benefit via increased sales, local and state governments benefit by receiving increased sales tax revenues. Less tangible and less quantifiable benefits are created in the form of:

- reduced traffic congestion at events;
- reduced parking requirements;
- reduced impact on neighborhoods adjacent to event locations; and
- generally positive community feeling as a result of successfully organized special events.

Specific examples of special event service provided by the state's transit agencies are listed below. Services include those identified in the survey responses; agencies may provide more than those listed below.

Ben Franklin	• Hockey games • Benton-Franklin Fair
C-Tran	• Clark County Fair • 4th of July activities
Clallam	• Sequim Irrigation Festival • Forks 4th of July Celebration • Port Angeles Derby Days • Clallam County Fair
Community	• Evergreen State Fair • Paine Field Air Show • Aqua Festival • Goodwill Games

Spokane Transit Authority became involved in 1987 with the Lilac Bloomsday Roadrace at the request of the Bloomsday Association. The Association's intent in involving STA was to relieve traffic congestion in downtown Spokane caused by the convergence of over 50,000 participants and an equal number of spectators for a 7.2 mile running event. STA buses and vans transported 24,764 people for the early May Sunday morning event in 1991, up over 94% from the 1987 figures. STA buses and vans are also used to block downtown streets and channel runners in the starting line area. The majority of the Bloomsday passengers are moved between 6:30 a.m. and 9:00 a.m. into downtown and between 10:30 a.m. and 1:00 p.m. away from downtown. The service has grown so rapidly that the private sector will be approached in 1992 to provide additional coaches should STA's be unable to meet the expected service demand.

In 1987, 12,831 passengers were carried by 50 coaches utilized; in 1991, 24,764 passengers in 121 coaches.

- Spokane Transit, October, 1991.

CUBS	• 4th of July activities • Highlander Festival • County Fair
Everett	• Salty Sea Days
Grays Harbor	• Field trips • Day camps
Intercity	• Super Saturday • Lakefair Days • Harbor Days
Island	• County Fair • Race Week
Jefferson	• Christmas Light Tours • Fort Worden jazz Festival
Kitsap	• Kitsap County Fair • 4th of July events • Viking Fest • Fathoms of Fun • Sunday market in Pt. Orchard
Metro	• Husky games • Seafair • Puyallup Fair
Pacific	• Santa by trolley to light Christmas trees • Christmas lights tours • Trolley replicas used for festivals • Oregon shuttles for concert-goers
Pierce	• No particular events listed
Prosser	• Summer recreational activities • Field trips
Pullman	• No particular events listed

Spokane	• Bloomsday (see sidebar) • Fairchild AFB Open House • Holiday Lights tours • Lilac Festival
Twin	• Air shows • Holiday celebrations • Sporting events • State conventions
Valley	• Balloon Stampede • Summer Musical • Southeastern Washington Fair • Christmas lights tours
Whatcom	• Scenic city and county tours
Yakima	• Central Washington State Fair • Yakima Air Fare • Folklife Festival • Christmas Light Tour

Transit agencies are also involved in numerous outreach activities which benefit the community:

- Transportation in Yakima is provided until 3:30 a.m. on New Years Eve, with Yakima Transit's "Be Home Free" program.

- C-Tran's "Safe Watch Program" (highlighted in a previous sidebar) instructs bus operators to be alert to and report any "unusual" circumstances that they notice along their routes. The operators can also provide assistance to individuals in need.

- Both Community Transit in Snohomish County and City of Everett Transit promote the D.A.R.E. education program at schools.

- City of Everett Transit has a disaster emergency plan.

Some of the districts also mentioned the importance of transit in reducing the need for additional parking

Kitsap Transit cites as direct benefits of its shuttle service to the Kitsap County Fairgrounds the fact that the County's scarce resources have been able to be spent on construction of a major pavilion and avoidance of the need for investment in parking facilities.

A secondary benefit cited is the Fair's ability to market regionally in order to attract visitors from the entire Seattle metropolitan area who are able to attend events by using the ferries and then local transit service.

At the recent 1991 Kitsap County Fair, Kitsap Transit transported almost 19,000 riders to the fair from the ferry terminals and from parking areas, a 27% increase over last year.

This is not to imply that these bus riders would not have attended. What is important to note is that a greater number of fair attendees are traveling by bus (discounting an increase in overall fair attendance). This means these individuals are not traveling by car and are lessening the impacts associated with cars in the surrounding neighborhoods and community.

facilities. Kitsap Transit noted that the provision of transit in their community reduces parking problems at ferry terminals and at major work sites. While congestion, particularly at the ferries, is not eliminated, it is prevented from worsening with transit service because many individuals no longer need to "park and ride."

Similarly, businesses can reduce parking requirements through increased transit availability. This benefit is detailed in the land use section of this paper. In general, fewer parking demands not only reduce traffic congestion but they also improve a neighborhood's appearance, resulting in an overall benefit to the community.

"Helping fire victims"

An article in the Tacoma News Tribune provides an example of how transit agencies get involved in community support. As stated in the article:

"Because many of the residents in the Hilltop's Bolivar Apartments initially thought it was just another false alarm, the three-alarm fire that struck the building Tuesday could easily have turned into tragedy.

"Fortunately, no one was hurt in the blaze. That left another problem: caring for more than 200 displaced residents, most of them Asian refugees.

"What followed was a fine example of community cooperation. The Red Cross, local churches, Explorer Scouts, Pierce Transit and several social service agencies all responded quickly in providing food, bedding and shelter for the fire victims."

- June 6, 1991

2. Pre-paid Service

Some of the districts (Metro, C-Tran) provide pre-paid downtown shuttle services. This service can increase activity at local businesses and can improve the local economy. Commuters can also use the pre-paid shuttle service during the day and eliminate the need for an automobile at work. Island Transit is pre-paid throughout its service area. Pacific Transit offers pre-paid service the week before Christmas to encourage local shopping. Intercity Transit in Olympia offers pre-paid service on its legislative and state office shuttles.

The specific benefits of pre-paid service to a community arise in several ways:

- improved accessibility and circulation in the downtown core or area;
- operational efficiencies gained by being able to use both front and rear doors of the bus for boarding and exiting;
- incentives to users to ride transit on an ad-hoc basis for impulse trips (e.g., shopping on the lunch hour, errands) or when auto use is inconvenient; and

- additional retail and restaurant purchases made possible by the increased mobility provided by pre-paid zones.

This service also has important social benefits (access to concerts, social interaction, vitality) and land use benefits (provides opportunity for higher density employment and retail centers). An example of the land use benefit exists in Portland, where over 50% of all retail shoppers come by transit, detailed in the economic benefit section.

Seattle Metro's pre-paid downtown service provides an example of the benefits described above. The City of Seattle and Seattle Metro are currently in negotiations regarding Metro's pre-paid service (the service is "free" to riders but is "paid" for in part by the City; the remainder is "absorbed" or paid for by Metro). The City currently (1991) pays Metro $150,000 each year for the service; the contract is established for a 4-year increment. The present negotiations are expected to almost double that amount annually for the next 4-year period.

It can be assumed that the City of Seattle would not continue to negotiate for this service if they did not conclude that they receive economic and other benefits. The City of Seattle has spent considerable amounts in the last decade to revitalize downtown. The amounts spent on the pre-paid service zone are part of an overall public policy to strengthen the downtown vitality, the success of which can partially be seen by the number of high-end retailers (Gucci, Barney's of New York) that have located downtown because of this effort. Therefore, the City and downtown merchants are acting in their own best interest; that they would not be prepared to spend tax dollars on this service if they and the community did not benefit.

According to the Seattle Downtown Business Association[19], the pre-paid system has had a:

> "tremendous impact on downtown business in general. With 185,000 people working downtown, the pre-paid system makes sense:

not only does the system allow more people to ride more efficiently (since both front and back doors are used), but it also eliminates unnecessary use of the auto during the day.

Businesses benefit, too. Shoppers may choose to shop in the retail core during lunchtime and can use the bus to access the stores."

In addition, Metro would not continue to pay the remainder of the cost for this service if they did not benefit. Metro pays for the additional cost of the pre-paid service because of the operating efficiencies (mentioned above) of the buses and increased circulation downtown of traffic.

The newest transit agency in the state, "Link" in Chelan Douglas, has also adopted a pre-paid system. In a memorandum documenting their pre-paid philosophy, the General Manager of Link indicates the following:[20]

"The citizens of the Chelan/Douglas PTBA (dba Link) have mandated policies related to the provision of public transportation services that embody the true spirit of public service. These progressive thinkers recognize that public transportation services, like public libraries, emergency services, and water/sewage services, are a benefit to the communities beyond the cost of service. Those intangible benefits provide an improved quality of life; the value of which extends far beyond any financial benefit derived from a users fee.

"For this region of the state, the philosophy adopted acknowledges the initial cost for start of new services and an on-going need to fund continued delivery of that service. As it relates to the PTBA, this was legislated by our citizenry when they approved the sales tax initiative of four tenths of one percent in September of 1990. It was felt that an individual users fee, a fare collected for riding transportation services, double charges the

user. It presents a barrier to citizens that is contrary to the PTBA's mission and goals. It works against the benefits derived from public transportation services.

"The leaders in the Chelan/Douglas area believe that the needs of the citizenry and visitors, the quality of life, community pride and regional image, are best served by public transportation, services through a prepaid or fare free philosophy. It is believed that innovative policies, like these, better solve the issues of growth and development for our communities."

Fare elasticity research tells us that any fare reduces transit bus ridership by up to 25% versus fare-free travel. It can be argued that ridership would be significantly lower if fares were charged in the districts which now have fare-free service.

3. Education Service

Numerous transit agencies cite their support of public education through service in transporting public school students to and from school, providing service for after-school activities, and for special school events and trips. No data is available to quantify the number of trips provided in these areas and thus the dollar value of this service to communities, families, school districts and the state. Order-of-magnitude figures for the value of this community benefit can be arrived at by noting that, statewide, an average of $229 per student was spent by the State of Washington in the 1990-91 school year to transport public school students. (The $229 per student represents an average; the cost varies for elementary and high school students and is much higher for special education students. The number was provided by office of the Director of Transportation Services for the Superintendent of Public Instruction.)

At that funding level, about 50% of public school students were transported. The remaining 50% presumably traveled to school in one of 3 ways: walking,

being driven by parents, or using public transit. For every student using public transit to travel to and from school, $229 in transportation costs is avoided by the state and by school districts (e.g. if 10,000 students were using transit, $2.3 million would be saved).

Another significant benefit is provided to private school students and their families. Statewide, some 64,000 students attend private schools. While some of the larger private schools operate their own bus fleets, and while elementary school children are much less likely to be using public transit, it is possible to assume that 25% of all private school students are riding public transit to and from school. At an average cost of $229 per student, the state's communities are receiving a benefit of $3.7 million dollars in transportation of private school students. Viewed from another perspective, if all private school students were attending public schools and were being transported with state funds at the same rate as current public school students (50%), then the State of Washington would be incurring an additional $7.3 million in school transportation costs.

C-Tran bus drivers, under a program called "Safe Watch," are trained to watch for burglaries, stranded motorists, robberies, assaults, children in danger, and other problems.

Asked about the advantage of this program, a Clark County Sheriff's community services officer stated:

"They're out there every day, doing their bus routes...They know the vehicles that belong in an area, and they know the people who belong in the area. Safe-Watch is an aspect of community-oriented policing.

"It's getting the community to team up with law enforcement so we can be working together for...public safety."

- The Columbian, September 13, 1990

4. Other Community Services

Transit agencies also indicated that the provision of transit service in their area improved access to community facilities such as parks, senior centers, Greyhound bus services, camps, medical facilities, outlet stores. Public transit provided by Valley Transit and Pullman Transit allows students to enroll in alternative schools for which transportation is not available and allows college students to find cheaper housing away from campus and reducing the need for building university funded housing.

Many of the transit agencies indicated that bus ridership dramatically increased during "inclement" weather (see previous sidebar). Some mentioned that they operated additional service during these periods to meet the increased demand. Clearly, this "bad weather" service allows the community to continue with its daily operations, allowing transit users and non-users to travel to work and local businesses to remain open, providing

not only community benefits but also advantages to the local economy.

As evident from the transit agency responses, the provision of transit provides numerous benefits to a community, some very discernible, others not quite so obvious. Certainly, the development of a policy for a minority population (i.e., transit service for elderly and disabled) will have implications for the majority; the benefits in one sector (e.g., social benefit to elderly/disabled groups) will cross over into other sectors (community, environment, economic). Traditional evaluations of transit tend to overlook not only the non-quantifiable factors but also the cross-sector benefits of transit. The extent to which these can and will be tracked through a community depends on the resources that can be dedicated to this effort. However, omission of those non-quantifiable benefits can diminish the vital and extensive role that transit plays in improving the quality of life in a community.

C. Environmental Benefits

Environmental benefits associated with mass transit include those benefits which improve or enhance the quality of the environment, including traffic congestion reduction, air quality, and energy resources. Environmental benefits such as these are the most commonly quantified environmental benefit found in the literature. Certainly, these benefits will be quantified more often in Washington State as the effects of Growth Management and Transportation Demand Management legislation are measured. However, the primary focus of this discussion is the summary of environmental benefits from the literature and survey responses and the quantification of some of these features.

1. Traffic Congestion

One of the major benefits of transit, according to a study conducted in Texas,[22] is that motorists are taken out of low-occupancy vehicles and put into high-occupancy buses. This reduction in single-occupant vehicles (SOV) will consequently reduce congestion (or at least improve the efficiency and effectiveness of the transportation system), fuel consumption, and accidents **for all motorists**, not just those traveling by bus.

Air quality also has the potential to improve through the reduction of single-occupant travel. The benefits of air quality and energy conservation are discussed below. But what are the implications, if any, of a more efficient transportation system (i.e., the replacement of low-occupancy vehicles with high-occupancy modes) for Washington State?

Seattle Metro prepared an estimation of the roadway construction that is potentially avoided due to increases in transit ridership. Based on the methodology that is described below, Metro staff estimated that:

- "Increases in Metro ridership since 1973 - the year Metro assumed responsibility for transit service in King County - have substituted for about 53 freeway lane miles."[23]

The Problem?

"Almost 70% of daily peak-hour travel on the urban Interstate System in 1989 occurred under congested or highly congested (near stop-and-go) conditions. This represents an increase of almost 30% since 1983.

"The duration of daily freeway travel operating at extremely congested conditions approaching a complete breakdown, or gridlock, increased 45% from 1985 to 1988, from 5.4% to 6.2% of daily vehicle-miles of freeway travel. This was twice the rate of travel increase. Daily travel that faced heavy congestion increased almost five times as fast as the increased in added lane-miles of freeway capacity over the same period for these urbanized areas.

"The proportion of total travel under congested conditions is highest in the largest urbanized areas. An estimated 50-60% of all urban travel delay occurs in the 10 largest urbanized areas. However congestion is extending to more areas, especially to suburban areas and to facilities that connect and approach urban areas."

- from "Roadway Congestion in Major Urbanized Areas 1982-1988," cited in WTS National Newsletter, September/October 1991.[21]

The Answer?

Part of the solution lies in converting low-occupancy vehicle trips for high-occupancy trips. As indicated in the APTA Transit 2000 Task Force's Final Report, the potential for public transit to reduce congestion is significant. Consider that:

- *One high-occupancy vehicle lane carries the same amount of people as three regular highway lanes.*

This freeway construction avoided was calculated by the following method. It should be noted that Metro staff indicate that their estimate "is a gross estimate in that it does not account for geographic distribution of the trips, and also assumes that the trips are converging on a single center. Given the current orientation of Metro service to downtown Seattle, however, refinements to this estimate may not produce significantly different results." As With these assumptions in mind, the following estimate was made. stated in the Metro memo (dated September 3, 1991):

- "**New weekday riders.** Between 1973 and 1990, Metro's annual bus ridership grew to 70 million from 36 million, or a net gain of 34 million. Using an annualization factor of 297 (used in the region's ridership models), this converts to 115,000 new weekday bus riders. Also, Metro's Vanpool services carry about 5,000 weekday riders. All of these can be considered new riders, since Vanpool services did not exist in 1973.

- **Peak hour ridership.** Peak hour travel has the most pronounced effect on transportation facility needs. Of these, freeway lanes are of most interest because of the proportion of peak hour trips using freeways and because of the cost and difficulty in siting freeway facilities. By reducing the above estimate to new peak hour bus and vanpool riders, some measure of Metro's impact on freeway needs can be calculated.

  About half of Metro's bus riders, and virtually all of Metro's Vanpool users, travel during the peak periods. Also, about half the mileage of peak period bus trips, and virtually all the mileage of vanpool trips, is freeway-related. Thus, Metro's new weekday bus riders using freeways convert to about 14,500, as follows: 115,000 * 0.5 (half of bus ridership is in the peak) * 0.5 (to reduce to one peak) * 0.5 (half of trips are freeway-related). Vanpool ridership during one peak period is about 2,500, nearly all of which is freeway-related. In all, then, Metro carries about 17,000 new riders on

freeway-related bus and Vanpool services during the peak period.

Each peak period lasts for about 2.5 hours, during which time the peak hour travel volume is roughly equal to the mean volume for that period. Thus, Metro's peak period, freeway-related ridership converts to about 6,800 in the peak hour."

Public transit relieves highway congestion and provides commuters with an alternative to the single-occupant vehicle.

In New York alone, businesses are losing 350,000 employee-hours a day because their employees are stuck in traffic. A recent Wall Street Journal article reported that the average Boston commuter will spend four years in traffic jams by retirement. In a General Accounting Office survey, business leaders in 13 major cities said that traffic conditions affected their employers' punctuality and productivity.

- Passenger Transport, August 19, 1991)

- "**Freeway construction avoided.** New, peak hour transit ridership can be considered as a substitute for freeway lane miles that otherwise would have been required to carry these riders. The extent of substitution is the net difference between the lane miles required to carry these riders in automobiles, versus the lane miles required to carry these riders in buses.

  If Metro's new peak hour ridership were carried via automobile, about 57 freeway lane miles would be required. This is calculated as follows: (6,800 riders/1.2 occupants per auto/2,000 autos per lane per hour) * 2 (to convert for 2-way lane mileage) * 10 miles average work trip length.

  Carrying this same passenger volume via buses requires about 4 lane miles, as follows: (6,800 riders/50 riders per bus/670 buses per lane per hour) * 2 (to convert to 2-way mileage) * 10 miles average work trip length.

  Given these estimates, Metro service for new riders since 1973 substitutes for about 53 freeway lane miles."

It is important to note that while this estimate was calculated by and for Metro, the results have implications statewide. It can be assumed that similar data could be generated about the urban transit systems in the state (since that is where the greatest concentrations of population and hence vehicle trips are) and that similar results (though not necessarily as high) would occur. The conclusion, based on these

assumptions, is that without transit, roadway construction would have had to occur at a greater rate to accommodate the trips made by bus and van and that the economic value of that transportation investment that did not occur because of transit ridership is considerable.

"Clean machines at Pierce Transit"

"Tacoma and Pierce County residents can breathe a little easier today thanks to some pioneering work by Pierce Transit. The public transit operation has begun running 19 buses fueled by clean-burning natural gas.

"Tests show that buses built to operate on natural gas can reduce such pollutants as carbon monoxide by 90 percent and smog-producing hydrocarbons by 80 percent.

"The most noticeable difference between the typical bus that runs on diesel fuel and one that runs on natural gas is what the average person can see coming out of the tailpipe. According to the American Lung Association, the typical diesel vehicle spews out a gallon of solid, sooty particulate pollution for every 570 miles driven. A bus running on natural gas puts out virtually no particulate emissions.

"By the end of 1992, a total of 50 buses--fully a third of the Pierce Transit fleet--will run on natural gas.

- Seattle Post-Intelligencer Editorial, March 27, 1991

2. Air Quality

All transportation sources are major contributors to air pollution. Before the amount of pollution is identified, a brief summary of major pollutants is provided.

The most common air pollutants produced by transportation sources include:

- carbon monoxide (CO) - a colorless, odorless, very toxic gas formed through the incomplete combustion of fossil fuels and one of the major air pollutants produced by automobiles;

- hydrocarbons (HC) - some of these compounds, called volatile organic compounds, are also caused by the incomplete combustion of fossil fuels, are carcinogenic, and combine with nitrogen oxides to produce smog;

- nitrogen oxides (NOx) - formed primarily by motor vehicles; is relatively harmless except when exposed to sunlight when it converts to nitrogen dioxide, a much more poisonous gas; and

- particulates - produced primarily by industrial operations, wood burning stoves, and dust from construction activities.

Just how much of these pollutants does transportation generate? APTA has reported that 40% to 60% of ozone-producing pollutants (nitrogen oxides and hydrocarbons) come from transportation sources.[24]

In Washington State, the Department of Ecology has estimated that motor vehicles account for 43% of

APTA indicates that:

"due to the large carrying capacity of transit vehicles, every time a commuter rides mass transit instead of driving, that person reduces air pollution.

"One person using mass transit for a year instead of driving to work saves our environment:

- *9.1 pounds of hydrocarbons,*
- *62.5 pounds of carbon monoxide, and*
- *4.9 pounds of nitrogen oxides.*

Riding transit cuts hydrocarbons by 90%, carbon monoxide by 75% and nitrogen oxides by 15% to 75%.

- APTA, "The Clean Air Alternative

the state's air pollution.[25] The state's motor vehicles generate:

- 1 million tons of carbon monoxide;
- 106,000 tons of nitrogen oxides;
- 188,000 tons of volatile organic compounds (mostly hydrocarbons);
- 3,000 tons of combustion particulate; and
- 177,000 tons of fine particulate from road dust.

On a more localized level, an air quality analysis conducted by TRC Environmental Consultants[26] in 1990 to evaluate the air quality implications of transit for Seattle Metro estimated the potential reduction in air pollutants from the use of buses. Their study indicated that, for the King County area, transportation sources annually produced:

- 369,668 tons of carbon monoxide (79% of the CO emissions total from transportation sources in King County);
- 30,929 tons (88% of nitrogen oxide emissions from transportation in King County);
- 48,378 tons (59% of volatile organic compounds (hydrocarbons) emitted from transportation in King County); and
- 104,569 tons (88% of suspended particulate matter from transportation sources in King County).

It is clear from these numbers that transportation is a major generator of air pollutants. Therefore, if vehicle trips can be reduced, or shifted to less polluting modes of transportation, vehicle emissions can also be reduced.

Transit is one of those less polluting modes of transportation as compared to single-occupant vehicles. The study conducted by TRC Environmental Consultants calculated the potential reduction in emissions that could be attributed to transit. To do this, TRC calculated bus emissions from Metro's service area based on year 2000 calculations of 3,700,000 platform hours per year and 14 miles per hour average speed, average emission rates by bus vehicle-mile travel, and average and maximum bus occupancy rates (27 and 57 seated passengers,

respectively). Assuming that each platform hour of transit service could potentially replace 180 vehicle miles of low-occupancy travel, TRC then estimated the emissions from the number of displaced low-occupancy vehicles (low-occupancy vehicles have an average occupancy of 1.2 passengers and travel at an average speed of 19.6 miles). This data was input into the U.S Environmental Protection Agency's Mobile4 emissions model to calculate emission amounts for carbon monoxide, hydrocarbons, and nitrogen oxides for bus and low-occupancy vehicles. A comparison was then made of the bus and low-occupancy vehicle emissions. This comparison is shown in Table 7.

From Table 7, and assuming that "the transit system were used at even about 1/2 its capacity (27 people/platform hour), the transportation sector would generate much less of each pollutant considered [in their analysis]...using buses instead of low-occupancy automobiles would *prevent* the emission of:

- 920 tons/year of hydrocarbons,
- 13,415 tons/year of carbon monoxide,
- 409 tons/year of nitrogen oxides, and
- 1,810 tons/year of inhalable particulate matter

that would otherwise be emitted by people driving cars."[27]

As indicated in the TRC analysis, their emission estimations do not account for the additional savings that would accrue from using electric buses or alternative fuel vehicles. The study also indicated that transit has its greatest benefit when it is most needed. As stated in the report:

> "Because internal combustion engines generally run more efficiently at higher speeds compared with very low or idle speeds, most vehicle engines emit more carbon monoxide when traveling slowly."[28]

Environmental Improvements of Public Transit:

- ***One driver** using mass transit to work can eliminate 130 pounds of combined air polluting emissions over a year's time.*
- ***A 4-person carpool** reduces air polluting emissions by 390 pounds and saves 1,500 gallons of gasoline each year.*
- ***An 8-person vanpool** reduces air polluting emissions by 1,040 pounds and saves 3,300 gallons of gasoline yearly.*
- ***Forty people** traveling by bus helps reduce emissions by 5,200 pounds and saves 18,350 gallons of gas.*

- LACTC Commuter's Guide, 1991

Table 7
Annual Emissions from Transit and Gasoline-fueled Automobiles

Pollutant	Tons Per Year (Automobiles)	Tons Per Year (Buses)	Tons Per Year (Net Reduction)	Percentage Reduction
HC	1,067	147	920	-86%
CO	14,272	857	13,415	-94%
NOx	980	570	409	-42%
PM10	1,976	166	1,810	-92%

From: "Air Quality Implications of Transit in the Year 2000," TRC Environmental Consultants, November 20, 1990, p. 2.

TRC highlighted the relationship of speed to the CO emission rate. An example indicates that "carbon monoxide emission rates at 6 mph are only about half those at 2.5 mph." As a result,

> "transit has its greatest air quality benefits in congested conditions. In addition to reducing emissions in proportion to the number of low-occupancy vehicles it displaces, transit reduces the average carbon monoxide emission rate of the remaining low-occupancy vehicles because average speeds increase when congestion is reduced.
>
> Because ridership is highest during peak-travel times, transit has its greatest benefit during the hours of the day when it is most needed."[29]

As efforts to control vehicular traffic and improve air quality increase in the state from GMA, TDM, and Clean Air Act legislation, so too will the demand for public transit.

In an attempt to curb Seattle's growing smog problem, [Metro, Seattle, and King County] are ready to invest in their first alternate-fuel gas station. All three agencies plan to convert at least a few of their cars, trucks, and vans this year to run on compressed natural gas.

Fred Jarrett, Metro's Transit Committee chair said of the program, "The idea is to get employees out of their car pools in the morning and into clean-air vehicles during the day."

The Ecology Department estimates that motor vehicles statewide generate 1.3 million tons of pollutants annually. Vehicles that use natural gas generate almost no soot, carbon dioxide and other harmful ozone emissions.

Fuel costs for public agencies using natural gas also should drop to as little as 36 cents per gallon.

The state estimates it could save $1.8 million annually in fuel costs if it converted to an all natural gas-powered motor vehicle fleet.

- Excerpts from a June 24, 1991 Post Intelligencer article

This program will allow the conversion of motor pools to CNG, resulting in economic and environmental benefits. Expansion of motor pools will also enable increased transit ridership by providing daytime mobility.

3. Energy Resources

The use of transit instead of automobiles can also conserve energy. Transportation modes, the dominant source of air pollution, is also the major consumer of oil in the United States.

- Approximately 63% of all oil used in the U.S. was used for transportation;
- 22% of all oil was used by motor vehicle transportation.
- In 1989, the country's bill for imported oil was greater than 40% ($45 billion) of the U.S. $101 billion trade deficit.[30]

Clearly, from these figures, we are a nation dependent on oil, particularly that from foreign countries, for our mobility. Changing modes of travel from low-occupant vehicles to high-occupancy vehicles and buses can increase energy efficiency, reduce dependence on foreign oil supplies, and consequently increase our national security.[31]

Individuals can realize savings from using public transit. According to APTA, the average household:

- owns two automobiles,
- uses 1,014 gallons of gasoline each year,
- travels 18,595 miles per year, and
- spends 19% of their income on transportation.
- **200 gallons of fuel will be saved per year for each commuter switching to public transportation.**[32]

Therefore, commuting to work via transit will simultaneously achieve many objectives: reduced personal expenditures on fuel, decreased demand for gasoline, reduced dependence on foreign oil, improved air quality, reduced stress levels (and potentially medical costs) associated with long commutes in congested conditions. All of these factors together will enhance

not only the individuals quality of life but also the quality of the environment.

What does this mean for Washington State? How can transit help to relieve dependence on foreign oil, reduce the number of vehicle miles traveled each year, improve the air quality, and conserve energy? The transit agencies provided some responses regarding environmental benefits. Many of the responses identified reduced congestion, fewer vehicle miles traveled (VMT), and reduced air pollution as major environmental benefits of transit. Rideshare services and implementation of TDM programs were noted as services that would significantly reduce congestion and improve air quality. Even districts that do not experience severe air pollution problems indicated that they realize air quality benefits from public transit.

Improved Quality of Life from Energy Savings

*"**Energy Conservation***

- *Every time 40 single-passenger-car drivers take a 10-mile trip to work on the bus, **10 to 15 gallons of gasoline are saved.***
- *If average commuter-vehicle-occupancies were increased from 1.1 passengers per vehicle to 2.1, **30 to 40 million gallons of gasoline would be saved each day."***

- LACTC Commuter's Guide, 1991

Below are some numbers derived for this study that begin to quantify the contribution the state's transit agencies in achieving these goals.

The method used to quantify this benefit is a combination of methods. Ideally, to quantify energy savings, a formula would be derived that accounts for:

- the number of commuters who would otherwise drive if the bus was not available (not 100% of transit riders because some would not make the trip, would relocate and find another job, or would walk or bicycle);
- the average length of the commute trip;
- the average miles per gallon of the average automobile; and
- the average number of gallons used per commute trip.

These could be combined to determine the amount of gasoline not consumed by all commuters for each district and could then be aggregated to arrive at the amount of gasoline not consumed by all commuters in Washington State.

APTA indicates that:

- *A bus with as few as seven passengers is more fuel efficient than the average auto used for commuting;*
- *The full efficiency of a fully-occupied bus is six times greater than that of the average commuter auto;*
- *A 10% increase in transit ridership in the five largest U.S. cities would save 85 million gallons of gasoline a year;*
- *A 10% nationwide increase in transit ridership would save 135 million gallons of gasoline a year; and*
- ***Every Commuter Who Switches From Driving Alone to Transit Saves 200 Gallons of Gasoline per Year.***

- APTA, "Public Transit-The Vehicle for Conserving Energy"

For purposes of providing an order-of-magnitude estimate of energy usage, we developed a measure for diverted auto trips (i.e., number of commuters who would otherwise drive). The Puget Sound Council of Governments published a detailed inventory in June, 1991, of all the public park and ride lots in the Puget Sound Region, including those in Island, King, Kitsap, Pierce, Snohomish, and Thurston Counties. Each lot was inventoried for the number of stalls and the weekday utilization. From this, we devised an average percent utilization and calculated the amount of energy that is saved by these commuters. This calculation can provide some order-of-magnitude of energy savings for the Puget Sound Region and, from that, can provide an indication of the energy savings for the entire state.

The PSCOG data revealed the following:

- A total number of 22,933 stalls are available in these five counties;
- The average utilization of these stalls in the five counties is 60.5%;[33] and
- The average number of commuters using those stalls is 13,874 per day.

This means that, on average, across these five counties, 13,874 people are traveling by bus rather than by car to work. This does not, of course, account for those commuters not using the park and ride lots but commuting by bus. In addition, when the gasoline savings are computed, it will not account for the gas used to drive to and from the park and ride lot. As indicated, this quantification is very conservative but does provides an indication of the energy savings in these five counties. The actual energy savings in the entire state will be greater than that shown in our calculation. The energy savings calculated are shown in Table 8.

Table 8
Energy Savings by Auto Trips Diverted by Transit

Commute miles saved/day	137,874 commuters at P/R x 23 miles (11.3-mile each way) =	313,553 miles not driven per day
Gallons of gas saved/day	313,553 / 20 mpg =	15,678 gals. gas not consumed per day
Gallons of gas saved/year	15,678 * 250 commute days =	3,919,500 gals. not consumed per year

Therefore:

- A total of over 3.9 million gallons of gasoline are not consumed by park and ride commuters each year in the five Puget Sound Region counties; or

- Each of the 13,874 commuters do not consume approximately 282 gallons of gasoline each year.

APTA indicates that every commuter not driving to work saves 200 gallons of gasoline per year (just slightly less than the above calculations estimated). Based on the average number of commuters above (13,874), this would result in over 2.7 million gallons of gasoline saved per year.

D. Land Use Benefits

Land use benefits of transit are those which affect or improve aspects of urban form such as open space, clustering of activities, and development density.

The relationship between land use and transportation, and the ability of one to influence the other, is well documented in the literature. Several of documents were reviewed for this study including

- Metro's publication, in May, 1987, "Encouraging Public Transportation Through Effective Land Use Actions;"
- APTA's "Building Better Communities Sourcebook" on coordinating land use and transit planning, and their Transit 2000 Task Force's Final Report;
- an article by Robert J. Spillar and G. Scott Rutherford on "The Effects of Population Density and Income on Per Capita Transit Ridership in Western American Cities;"
- an article by G.B. Arrington, Jr. on "Light Rail and Land Use: A Portland Success Story;"
- Vukan R. Vuchic's Urban Public Transportation: Systems and Technology;
- John R. Meyer and Jose A. Gomez-Ibanez's Autos, Transit and Cities; and
- Alan Altshuler's The Urban Transportation System Politics and Policy Innovation.

In addition, discussions were held with City of Portland officials on the success of their city's parking lid program. Clearly, from the literature review alone, the land use/transportation connection is a well recognized entity.

"Land use policies and development patterns play a major role in transit usage and effectiveness. At a recent C-Tran Board Meeting, Clark County Commissioners expressed a desire to move the C-Tran review of new projects from the post-application step to the pre-application step. As a result of the direction from the Clark County Commissioners, the development process is being modified and C-Tran will participate at the pre-application level.

"C-Tran is also working with the City of Vancouver and other cities of Clark County for a pre-application sign-off process. By including C-Tran at this early stage development, site plans can be designed which are transit/pedestrian friendly without adding cost to the developers. This change in approach to new development reflects Clark County's continued commitment to maximize opportunities for growth to occur in a manner which the transportation system can accommodate."

- Les White, C-Tran Executive Director, August 22, 1991

1. Land Use Density and Transit

The degree to which transportation and land use can influence each other depends on several factors, the most obvious being the correlation between land use design and density and transit usage. This relationship is clearly outlined in Spillar and Rutherford's paper.[34]

They indicate that most transit riders will walk a maximum distance to access a transit system (Metro indicates that this distance is no more than 500-1,000 feet), hence, ridership numbers will potentially increase as the density around a transit stop increases. Density increases, then ridership increases, and then demand for transit service also increases. As a result, transportation services to that facility will be improved to meet the growing demand and consequently more riders will be encouraged to use the system. Businesses are attracted to that location to take advantage of the potential customer base. Density increases ridership and ridership increases density and the cycle is complete.

Kitsap Transit, in their survey response, gives a direct example of using transit as a land use management tool in a development near Poulsbo's village core in which the promise of specific transit services has allowed the City and the developer to agree to a higher density development while also providing more community amenities.

A similar project, with similar related hopes and design goals, is in development stages with the City of Bremerton and a developer on a major parcel off Wheaton Way in East Bremerton, adjacent to a major strip-mall shopping area.

The reciprocal benefit is of transit helping communities develop housing situations where individuals can survive well without an automobile and of the transit agency having a residential opportunity for transit-oriented individuals along routes.

The problem, however, is that this linkage, this potential for transportation to influence density, is more applicable to rail transit than to bus transit outside of traditional central business districts. The impact of rail on land use patterns in seen in many cities: Portland, Vancouver, Toronto, Paris, and Stockholm. The same impact, according to Vukan R. Vuchic, is "seldom tangible [with buses] owing to their lack of fixed facilities and the flexibility of routes."[35] This is not to imply that some connection between the two does not exist.

The state's transit agencies have demonstrated, as shown in the next section, that the presence of their bus systems has had a positive effect on their economy. New industries have been attracted to their area partially due to the existence of a transit system, tourism has been supported, and economic stability of many communities has been enhanced through the presence of a public transportation system. Bus transit can therefore *affect* land use economics, it simply cannot *influence* development patterns as visibly as fixed-rail (with the exception of busways, such as in Ottawa, Canada, that behave more as fixed-rail systems in terms of land use patterns than other non-fixed bus systems). It must be noted that the land use decisions still remain with the local jurisdiction and most transit agencies are not involved in the land use decision process.

Bus transit can provide a different type of land use linkage. Transit can allow growth in an area to occur,

particularly in a downtown, without the negative impacts associated with automobiles. Rather than employees and clients of a new development having to arrive by car, they can use public transit to access the facility. Additional freeway lanes are not needed (as discussed in the environmental benefit section), additional air pollutants are not generated, and congestion growth is lessened.

A number of districts, especially in the Puget Sound region, cite the benefit of transit as a land use management tool and as a major implementing force for the Growth Management Act. Planning agencies together with transit agencies are able to work to balance the need for concentrating growth in urban areas without negatively affecting the residents' quality of life. Transit services also help communities develop housing situations in which individuals can live, work, and play without an automobile, thus providing housing opportunities for transit-oriented individuals (e.g. senior citizens). The increased densities made possible by the availability of transit in dozens of communities throughout the state will generate substantial monetary benefits to cities and developers (more units per acre, avoided parking costs) as well as to local governments in the form of increased property and sales tax revenues. The less quantifiable benefits in reduced sprawl, preservation of open space and general improvement of the quality of life in our communities are difficult to attach numbers to, but are clearly perceived by the region.

Another factor influencing the land use and transportation connection is the extent to which planning policies foster this relationship. Higher density development, as mentioned above, will secure the link for the transportation system by providing potential riders and encouraging businesses to locate in the vicinity. Most communities, however, favor low-density, single-family, low-scale development; the type of development that is antithetical to the success of a transit system. Granted, this type of development will become less pervasive as the objectives of the Growth Management Act are implemented. As Pierce Transit

stated in their survey response, "the stick has now been provided and the impetus to use bus transit to shape environmentally-sensitive land uses will be greater." But transit cannot act alone. The authority to establish and implement these types of policies must come from the local and state land use agencies. Thesegroups must establish the design guidelines and zoning regulations that will create land use that is more compatible with public transit.

Almost all of the transit agency managers are involved to some extent in regional planning. District staff are often requested to review plans for large-scale developments and are involved in the regional transportation planning organization (RTPO) (see also sidebar regarding C-Tran).

In addition, transit has been identified in some communities as an important player in accommodating future growth and lessening the traffic and parking problems. Transit in other districts allows housing to be developed in areas where residents do not have to be auto-dependent. Districts indicated that transit encourages infill development, something that is compatible with GMA goals, and reduces urban sprawl.

APTA, through its Transit 2000 Task Force, emphasized the importance of coordinating land use policy with transportation planning. In the final report, the Task Force reiterated the significance of integrating the federal transportation policy with land use programs. Their rationale for this policy linkage is that it could "provide an environment that is conducive to and encourages increased provision and use of high-occupancy, shared-ride services." This concept could also be readily extended to state and local transportation policies in Washington, a policy linkage which would clearly support other recent policy developments, namely the TDM objectives of reduced single-occupant auto use and increased high-occupant vehicle driving and the GMA guidelines of more concentrated development patterns.

2. Parking and Transit

Greater reliance on buses potentially allows for growth (which most often includes an increase in parking spaces) beyond that which could occur if single-occupant vehicles had to be accommodated within the existing infrastructure and this additional growth can occur with a reduced impact on the quality of life. Several examples will illustrate this point.[36]

Example. Intercity Transit in Olympia will be serving the new State of Washington Department of Ecology building expected to open in October 1993. In addition to transit services, the agency provides vanpooling and ridematching services. The building is expected to house 1,185 employees but will provide only 665 employee parking spaces. This represents a reduction from DOE's

current 86% SOV rate to a 55% SOV rate, or a savings of 354 employee parking spaces. Assuming capital costs of structured parking at a hypothetical $10,000 per stall, the State will enjoy savings of $3.5 million in avoided parking costs from just this one building. (Actual per stall costs are not available since the building is on a design/build contract.)

Example. Metro will increase its service to the University of Washington in Seattle by 60,000 hours of service (a 20% increase over existing service) under a major new program being developed to manage transportation and parking at the campus. The University plans to expand its facilities over the next 10 years and expects to add 4,300 faculty and staff.

In order to receive permission for the expansion plans from the City of Seattle, a paln was developed with Metro to provide the U-PASS program, under which a transit pass is provided to every student and employee. As part of the arrangement, the University also increased its parking fees. The University hopes to avoid building up to 800 parking stalls and to avoid an increase of 10,000 daily vehicle trips that is otherwise projected to result if the program was not implemented.[37]

Example. Another example of coordinated land use and transportation efforts is occurring in the City of Everett, where Boeing is in the process of expanding its plant. During its expansion, Boeing will add:

- 5.6 million square feet of building area, a 60% increase over the existing and previously approved total of 9.4 million square feet;
- 9,500 employees, a 40% increase over existing 24,000 to 33,500;
- 16,000 more vehicle trips (assuming current transit and ridesharing rates).

The parking requirement for this new development, based on Everett Zoning Code formulas, is 26,409

The City of Portland established a cap on the number of parking spaces in downtown. The cap was set at 41,000 in 1975 and included existing spaces, an allowance for spaces that would be approved through conditional use permits but not yet allocated, and a reserve.

This program has been instrumental because, through the provision of transit service, the city has been able to allow additional growth without the negative effects of a concurrent growth in low-occupancy vehicle traffic.

Statistics will support this. While the number of parking spaces did not increase in the 14-year life of the program:

- *Employment increased from 69,800 in 1975 to 85,000-90,000 in 1989-90.*
- *Daily 1-way transit trips increased from 79,000 to 128,000 in the same period (including MAX operating for 2 years but also attracting high numbers of non-work trips).*
- *Number of times City exceeded carbon monoxide standard was over 50 in '75 and* ***0 times for the last 3 years!***

While difficult to quantify, there has been SOV traffic growth but not to the extent that would otherwise travel to downtown.

additional spaces. The site currently provides 16,000 spaces.[38]

Transportation demand management (TDM) strategies--coordinated by Everett Transit in conjunction with Island Transit, Community Transit, Metro, and Boeing--are proposed as a means of mitigating the impacts of increased vehicle trips. Two options are proposed, both of which:

- Increase the on-site proportion and preferential location of parking for carpools and vanpools.
- Improve circulation and access convenience for transit vehicles on-site.
- Provide high-occupancy vehicle priority from the site to the area highway system.
- Limit parking on-site to 23,000 spaces (medium TDM option) or 20,000 spaces (high TDM option), reductions of 3,000 to 6,000 spaces, respectively, from the "formula" number of spaces.
- Construct off-site high occupancy vehicle (HOV) facilities in the major travel corridors.
- Purchase vans and buses to accommodate new demand due to expansion.

The high TDM option, in which transit plays a significant role, will reduce vehicle trips by 19% and parking requirements by a similar proportion. The reduction in parking requirements will significantly reduce the "need to create additional impervious surfaces (paved parking spaces).[39] And as stated in the Final Environmental Impact Statement:

> "Land use planning as reflected by local plans under current state legislation encourages containment of growth and compact development as well as efficient transportation solutions. **The High TDM option tends to reinforce this legislative mandate best."**[40]

Example. Kitsap Transit provides yet another example of "the club of reduced parking [being] mitigated by the increased availability of transit service." As indicated in their survey response:

> "In the case of Winslow, because of transit service increases in the last 3 years, the creation of approximately 400 [parking] spaces in the immediate vicinity of the ferry terminal has been averted, thus preserving open space for future higher uses, either residential or community facility oriented.
>
> At the same time, the terrible congestion already present at the ferry terminal from car traffic at both arrivals and departures has been, while not alleviated, at least prevented from worsening.
>
> It is the Transit System's opinion that while the serious congestion is only momentary in Winslow, perhaps 10 minutes out of every hour on the average during the day, it is at level C or D in terms of nation traffic standard at this time, and would certainly be at F with the resultant impact on the environment and drivers if the Transit System were not providing 400 individuals worth of transit service in lieu of parking spaces.
>
> In this case, the direct cost can probably be calculated at about $1.2 million, using an approximate $3,000 per space cost for the construction of parking space on land in such a valuable location. Over and above this $1.2 million averted cost (in construction of parking spaces) is a similar aversion of impact on individual commuters budgets in the form of lower parking fees. While some commuters blame the transit system for the advance of parking fees from $2 to $4, it is far more likely that without the presence of substantial transit service at a relatively low fare as an alternative, that parking fees in Winslow would

> probably be (after adding 400 cars to the demand level) in the range of $6 to $7 a day.
>
> This is an averted cost of $40-60 a month to approximately 2,00 individuals, counting both the current parking population and the transit rider group currently in Winslow. That's $4,000 to $6,000 per month in averted unproductive expense from household budgets in that area."

Some research indicates that the ability of transportation to influence land use decisions is slowed and limited.[41] Certainly, the majority of existing development will not and cannot relocate simply because of a transportation system. But the linkage between transit and land use cannot be neglected in future planning efforts. Our existing transportation infrastructure cannot accommodate all the people who want to drive alone, our air cannot absorb all the pollutants emitted from our vehicles, and our cities cannot provide enough parking for all cars. If growth is to continue, and it most certainly will, transportation alternatives need to be developed concurrently with land use planning efforts so that our quality of life does not continue to deteriorate.

E. Economic Benefits

Transit can have a significant impact on the local economy, in particular in the areas of employment, both in terms of direct employment opportunities with the transit agency and by expanding the employment opportunities for the transportation disadvantaged. Transit will create direct jobs and these direct jobs will generally have a multiplier effect in the community. Additional jobs will be created to provide goods and services for the transit employees. The quantification of these benefits to the local community are provided below.

At a statewide level, it is difficult to quantify the net economic benefit of expending public funds on transit service since the same money spent elsewhere in the state could generate the same number of jobs and similar ancilliary employment activity. For the purposes of simplification, we will assume that any public expenditure in the state will generate essentially the same state economic benefits and instead focus on the local impact of transit expenditures.

An illustration of this distinction can be seen in the economic benefits which accrue to the City of Pullman as a direct result of federal and state funding for Washington State University. While it would be difficult to say whether or not the public funds spent on the university generate a net economic benefit statewide (ignoring the benefits that accrue due to a better educated population), most would agree that the university provides economic benefits to the citizens of Pullman, many of whom depend on the university either directly or indirectly for employment.

In the transit example, there are three major distinctions which separate it from other types of state and local public expenditures:

- On-going stable employer as opposed to a one-time or short-term employment impact of other state programs which can contribute to economic stability in a small, single-industry region;

"Transit Spending is Strong Economic Stimulus"

A recent article in Passenger Transport highlighted the conclusions of a top economist's report, "Transportation Spending and Economic Growth."[42]

David Alan Aschauer's "report explored four questions about the relationship of transportation investment and economic growth, and found that:

- *there is a strong, positive relationship between transportation spending and economic growth;*
- *the economic benefits of increased transportation spending outweigh the costs;*
- *when determining the effect on worker productivity and economic growth, transit investment has an edge over highway investment; and*
- *the general benefits of transit and highway spending outweigh their costs."*

Specifically, he found that "a 10-year, $100 billion increase in transit investment would result in improved worker output worth $521 billion.

- The existence of transit property allows a county to capture its share of transit MVET and spend that money locally where otherwise the funds would flow to the state general fund with no guarantee of return to the county;

- Transit is able to draw to the state, federal transportation funds which otherwise would be spent in other parts of the country.

Local economic benefits can be divided into the following sections:

- Employment Benefits;
- Payroll Expenditure Benefits;
- Local Economy Purchase Benefits;
- Individual Benefits;
- Employer and Local Business Benefits; and
- Land Use Benefits.

Each of these is described in detail below.

1. Employment Benefits

APTA indicates that transit creates direct and indirect jobs from both capital and operating investments.[43] Direct jobs from capital investments are those involved in construction of facilities, including laborers, supervisors, engineers, planners, real estate managers, bankers, materials manufacturers and others. Indirect jobs from capital investments are those caused by the "multiplier effect" and usually include employment in retail stores, restaurants, and other unrelated businesses.

Jobs are also created from investments in operations. The direct jobs from these investments include drivers, traffic supervisors, schedulers, maintenance forces, and management. The indirect jobs created from these expenditures are also due to the multiplier effect and include those identified above for capital investments.

Downtown Retail Store Customers Arrive by Transit

A survey of selected downtown stores in various cities revealed that the following percent of customers arrive by transit:

J.C. Penney (Portland)	*- 60%*
The Corner (Boston)	*- 37%*
The Gallery (Philadelphia)	*- 67%*
Gimbels (Philadelphia)	*- 56%*
Woodward and Lothrop (Washington)	*- 50%*
Gimbels (New York)	*- 75%*

- APTA, "The Economic Benefits of Transit," May 1983

APTA estimates the number of jobs potentially created in each category. These are based on an investment of $100 million and are as follows:

	Capital Investment	Operating Investment
Direct Jobs	3,149	4,063
Indirect Jobs	4,301	5,550
Total	7,450	9,613

From these numbers, it is clear that transit can have a substantial impact on employment levels and can significantly enhance the local economies.

In Washington State, information provided by the transit agencies in survey responses was used to calculate the number of direct and indirect jobs created by transit. From the surveys, districts in this state had capital and operating expenses as follows:

- Total Capital Expenditures (1990): $206,206,000
- Total Operating Expenditures (1990): $305,588,000

Applying the APTA indicators listed above generates the following number of direct and indirect jobs for capital and operating expenses:

	Capital Investment	Operating Investment
Direct Jobs	6,497	12,416
Indirect Jobs	8,873	16,960
Total	15,370	29,376

According to APTA job-creation numbers, Washington State should generate 15,370 direct jobs from capital investments and 29,376 jobs from operating expenses, or a total of 44,746.

The **actual** number of jobs, particularly those due to the multiplier effect, created by transit in the state cannot be measured. In 1990 in Washington State, however, transit agencies directly employed 4,926 people. The district jobs are not directly comparable with the APTA projections because direct jobs included for the districts (consultant fees, for instance) are not necessarily identified by APTA. In addition, the district employment number does not account for all the individuals employed for contract transportation services since districts were asked to list those employees for fixed-route and paratransit services only. Both sets of numbers indicate, however, that transit has a substantial impact on employment in the state. Transit creates a significant number of direct jobs and these direct jobs in turn create demand for goods and services which creates even more jobs.

2. Payroll Expenditure Benefits

Transit agencies make significant direct contributions to the local economies of their districts by providing jobs, generating payroll expenditures and making purchases of goods and services in their communities.

The payroll including fringe benefits of transit agencies in Washington State amounts to some $200 million. Each net dollar paid an employee turns over 2 to 3 times in the community. The secondary payroll generated by providers of contract transportation services and other feeder services, while not quantified at this time, must be assumed to be significant too. The figures provided below in Table 9 by transit agency include both operating and administrative salaries and benefits and are for 1990 unless noted otherwise. Figures are in millions.

3. Local Economy Purchase Benefits

The aggregate of all other purchased goods and services used by transit agencies for operations is approximately another $100 million. The largest single item in this category is fuel. Equipment, supplies, parts,

and contracted services are also included. It is assumed that these purchases are largely from Washington State vendors and are thus contributing to local economies. Not included are capital purchases such as vehicles or major construction contracts since these may be awarded to out-of-state bidders. Figures in Table 9 are for 1990 unless otherwise noted. Amounts are in millions of dollars.

4. Individual Benefits

Individuals also benefit economically from their ability to access a wider range of employment opportunities through their ability to access public transit. This is of particular importance to disabled persons. As discussed in the social benefit category, a recent nationwide Harris survey indicated that:

> "two-thirds of disabled Americans between the ages of 16 and 64 do not work [and] half earn less than $15,000 per year...No other demographic group--including young blacks--has such a large proportion out of the labor force.
>
> One half of the [559 self-identified] "mobility-impaired" individuals surveyed cited transportation barriers as inhibitors to employment opportunities; 49% of these people work only part-time or are unemployed because they cannot use fixed-route public transportation or gain access to specialized services."[44]

These comments provide a strong impetus to improve and increase disabled persons ability to access to transportation services so as to potentially increase their economic opportunities.

More importantly, the Harris survey responses suggest that mobility-impaired individuals maintain significantly lower standards of living because they lack employment opportunities. Access to employment could

Table 9
Transit Agency Payroll and Purchases of Goods and Services
(Figures in millions)

Transit Agency	Payroll	Goods & Services Purchases
Ben Franklin	$4.7	$4.7
Chelan/Douglas	---	---
Clallam	$1.7	$1.0
Community	$9.0	$10.8
C-Tran	$5.2	$3.4
CUBS*	$0.3	$0.3
Everett	$2.9	$1.4
Grays Harbor	$2.2	$1.3
Intercity	$4.8	$2.1
Island	$0.5	$0.4
Jefferson	$0.5	$0.5
Kitsap	$3.7	$3.7
Metro	$125.4	$44.2
Pacific	$0.5	$0.3
Pierce	$21.1	$9.1
Prosser	$0.1	$0.2
Pullman	$0.4	$0.4
Spokane	$15.7	$5.7
Twin	$0.4	$0.2
Valley	$0.9	$0.6
Yakima	$1.3	$1.3
Whatcom	$2.5	$1.5
TOTAL	$203.8	$92.8

* Data provided are for 1989.

help these individuals to become full-fledged, productive members of society, which in turn could enhance their self-esteem, decrease their reliance on care-givers, and reduce their need (if it exists) for social-service or other governmental payments. Local employers can also benefit from the increased labor pool. Disabled individuals provided with adequate transportation are able not only to secure but also to retain jobs.[45]

Lastly, transit provides economic benefits to individuals by providing a low-cost transportation alternative. This benefit applies to disabled, elderly, or low-income persons who may have no other mode of transportation or who use more expensive forms (e.g., taxi).

Commuters, provided with a low-cost alternative to owning a car, also receive an economic benefit from public transit (see social benefit section for further discussion). They can travel to and from work via bus and accumulate savings from reduced costs for fuel, parking, accidents, and insurance.[46] Commuters traveling via transit can experience a less stressful mode of travel which can result in reduced medical costs. Enhanced worker productivity, which benefits employers, can result from a reduction in time spent in congested traffic.[47] As previously mentioned, the provision of transit also gives dual-income households an alternative mode of travel to work which can eliminate their need for a second automobile.

5. Employer and Local Business Benefits

Business is another beneficiary of public transit. As mentioned, transit-related expenditures in the local economy generate increased sales for businesses. Transit also provides local businesses with an expanded labor pool. APTA indicates that there is a strong link between the provision of public transit and the health of a retail market (as shown in previous sidebars). Public transit makes retail accessible to a larger population. Accessibility is directly related to the ability to attract customers and ultimately increase sales. Therefore,

"Public transit makes retail centers more accessible, and accessibility bears directly on the ability to attract customers and increase sales."

Some examples:

- *A cornerstone in the rebuilding of the Brockton, Mass., transit system is the Transfer Center in the middle of the downtown business and retail area. Some 80 percent of all transit riders pass through this center and it is credited with helping to generate over $14 million in new private investments in Brockton.*

- *The Mayor of Portland, Ore., reports a 50 percent increased rate of employment and office space in the years since the city initiated plans to limit automobiles in their downtown area and improve the transit system [see also sidebar in land use benefit section].*

  The downtown occupancy rate is over 95 percent and 1.5 million square feet of new office space is under construction.

[continued, next page]

without transit, businesses would not reap the benefits from increased sales, worker productivity, and increased labor pool.

APTA also suggests that transit contributes to a strengthened economy. In a rather simplified scenario, transit routes are established by a district. Travel patterns develop around these transit routes and development occurs in response to the traveler's needs. A sense of stability is created, the downtown is strengthened, and the cycle is repeated. Warrick[48] indicates that the presence of Metro helped to enhance downtown Seattle's role as a commercial focal point and assisted in the recentralization of businesses in this area.

Developers and investors seeking new business opportunities consider transit an important part of their choice in location.[49] Again, the presence of transit creates a sense of stability and developers will want to capitalize on the established development and travel patterns. Cities also use the presence of public transit to attract new industries to their community and real estate agents identify the proximity to transit as a "drawing card" for new business.[50]

6. Land Use Benefits

Transit also promotes land use economics. As discussed in a previous section, GMA regulations will compel developers to maximize land use given that future growth will be restricted within defined urban boundaries. The value of the remaining undeveloped land in these areas will increase significantly and property owners will seek to attain the most appropriate and best use for that land within the limitations of the land use codes and ordinances. Development of parking lots in these growth areas will inevitably become less economical and developers will search for alternatives to constructing them. A transit system can, depending on jurisdictional regulations, allow developers to build fewer parking spaces because of the diversion of single-occupant trips to transit and the reduced demand for parking (see land use benefit section for further discussion).

- *Major Jacksonville, Fla., downtown retailers successfully petitioned the major after 25 percent of the local bus routes, most of which ran through the heart of the central business district, were moved only 3 to 4 blocks away.*

  Retail sales dropped 9 percent over a 5-month period after the routes were moved. The public, store employees and businesses began to complain about the inconveniences, so the original routes were reinstated.

- *In Iowa City, Iowa, a downtown transit interchange located next to a new shopping mall saved money for the developer by reducing the number of needed parking spaces. The transit system's ridership increased during off-peak hours, and the mall benefits through exposure to potential shoppers--the 15,000 daily transit riders.*

- APTA, "The Economic Benefits of Transit," May 1983

The economic benefits from linking land use and transportation are straightforward:

- transportation services provide savings to developers through reduced parking demands and access to an expanded labor pool, and

- developers generate trips for transit.

The cycle is self-perpetuating but the land use/transportation connection needs to be made to maximize the benefits to each group. Whether this link is secured in future planning efforts remains to be seen.

Local businesses also benefit economically from a reduction in the rate of congestion growth. The Regional Plan Association indicates that the "cost of congestion" is becoming prohibitively expensive and is driving businesses out of particularly crowded urban areas.[51] Transit can reverse this "trend" by carrying a greater number of commuters on buses and reducing the number of vehicles traveling into downtown. As previously noted, each bus operating at capacity during rush hour eliminates 40 cars from traffic and each van full of passengers removes 13 from traffic. Transit can again provide significant benefits to the environment through enhanced air quality and reduced growth in traffic levels, as well as to the economy by assisting in the retention of local businesses.

7. Survey Responses

The transit agencies provided numerous examples of economic benefits in their communities including:

- CUBS Transit employs 20 individuals and has major repair work in and purchases supplies from local businesses.

- Grays Harbor provides free service during Christmas to promote shopping at local stores.

- Evening service provided by Intercity Transit enables young and low-income residents to participate in local economy.

- Jefferson Transit provides access to jobs for lower income residents that have had to purchase homes outside of Port Townsend due to escalating prices.

- Transit and ridesharing services provided by Kitsap Transit allows the shipyards to compete with naval shipyards around the country since funds are not used as extensively for parking and can be expended on other facilities.

- As an employer, Spokane Transit contributes to their employees' quality of life. Real estate brokers note proximity to transit and the presence of STA is a deciding factor in the relocation of firms to Spokane.

- Clallam Transit stated that transit contributes to tourism through the provision of services to tourist destinations. Clallam Transit also supports local businesses by increasing access to shopping opportunities.

- Valley Transit provides low-income employees with a low-cost transportation alternative, helps consumers get to shops and a range of services, and provides businesses with a larger pool of customers.

- Whatcom Transit contributes to the local economy because it brings workers and customers to businesses. The viable transportation system in Whatcom contributes to firms' decisions to locate in that county.

- Yakima Transit supports tourism through the provision of shuttle services to local events. The district employs 39 individuals, with a payroll of over $1 million. Yakima Transit's greatest economic contribution relates to the revitalization of downtown.

IV. Conclusions

A. Emerging Role of Transit

As indicated throughout this paper, transportation is expected to accomplish far more than just providing transit trips for the least cost. Mass transit is to:

- keep fares low so the poor can afford to ride and so single-occupant drivers will find travel alternatives attractive;
- provide mobility and accessibility for all in a community who cannot drive;
- provide alternatives to congestion during peak periods;
- conserve energy by reducing SOV usage;
- reduce air pollution; and
- enhance economic development.

Yet transit cannot be expected to address all these problems, meet all these objectives, in a vacuum. Federal, state, and local policies regarding these various objectives, as well as those that pertain to funding, must be coordinated. Transit cannot hope to meet the myriad of expectations placed upon it if the objectives are attempting to achieve different goals.

In addition, transit cannot hope to achieve these goals if it is viewed only as a transportation provider. If transit's role is to be expanded, so too should the criteria by which its performance is measured. The provision of transportation in a community cannot continue to be valued just for the number of trips that are produced. More of the direct and indirect benefits (those that multiply through a community) discussed in this paper, whether quantifiable or not, should be considered in any evaluation. In this way, a greater balance can be achieved between what transit is supposed to accomplish

and what it is funded to accomplish.

B. Summary of Benefits

This paper has analyzed, and where, possible, quantified the benefits of public transit in Washington. Benefits were estimated and discussed in five categories: social, community, environmental, land use and economics. The analysis shows the following benefits for each category:

Social Benefits

Commuter Benefits and Fuel Cost Savings. Fuel/oil costs saved by commuters traveling by bus were estimated to be an average of approximately $373 per year. This cost savings represents avoided fuel/oil costs only, and does not consider additional costs of automobile maintenance, repairs, oil, tires and insurance, which may also be saved by bus commuters.

Parking Cost Savings. Parking cost savings, on average for urban areas, was estimated to be approximately $2,780 per year.

Net Commuter Cost Savings. Total fuel, oil, and parking costs saved, in comparison to the cost of a two-zone annual bus pass are shown below. The total annual commuter cost savings is estimated to be $2,636.

Annual fuel costs saved	$ 373
Annual parking costs saved	$2,780
Total avoided commuter costs	$3,153
Annual two-zone bus pass cost	($517)
Total annual avoided commuter cost	$2,636

Community Benefits

Community benefits of public transit accrue to neighborhoods, cities and towns, and to the region as a whole. These are benefits which enhance the quality of life for the community rather than for a specific group of

transit riders. Three specific areas of community benefit are discussed: fare-free service within the central business district, special event shuttle service, and transportation services for public education.

Fare-Free Service. The benefits to communities which enjoy fare-free downtown service include improved accessibility and circulation in the downtown core; incentives to users to ride transit versus use their automobiles; and positive economic development impacts associated with retail and restaurant purchases made possible by the increased mobility fare-free service encourages. Communities, such as Seattle, consider this benefit so important that they contribute significant resources to cover the cost of this service.

Event Service. Special event shuttle service is offered by virtually all transit districts. Benefits derived from this service include increased attendance at special events; increases in tourism and tourist-related business; and increases in sales tax revenues accruing to the state and local governments.

At the 1991 Kitsap County Fair, for example, Kitsap Transit transported nearly 19,000 riders to the fair from ferry terminals and remote parking areas, a 27% increase over the previous year. Less tangible and less quantifiable benefits are created in the form of reduced traffic congestion at events and reduced impacts on neighboring residential areas.

Education Services. Many transit agencies cite their support of public education through service in transporting public school students to and from school, providing service for after-school activities, and for special school events and trips. Statewide, an average of $229 per student (not including special education students) was spent by the state in the 1990-91 school year to transport public school students. At that funding level, about 50% of public school students were transported. Therefore, for every student using public transit to travel to and from school, $229 in transportation costs is avoided by the state and by school districts.

Environmental Benefits

Energy Savings. Based on 1991 PSCOG data on the number of park and ride lots and stalls in the Puget Sound region, it was estimated that approximately 13,874 commuters per day use park and ride lots in Island, Kitsap, Pierce, Thurston, King and Snohomish Counties. Assuming an average round-trip commute of 23 miles/day, about 313,553 total round trip miles are not driven every day by commuters utilizing park and ride lots.

Assuming an average of 20 mpg, this translates into approximately 15,678 gallons of gasoline not consumed per day, or 3.9 million gallons saved per year. This also translates to approximately 282 gallons of gasoline that each of the 13,874 commuters do not consume each year.

Air Quality. APTA reports that 40-60% of ozone-producing pollutants (nitrogen oxides and hydrocarbons) come from transportation sources. In Washington, WSDOT has estimated (May 1991) that motor vehicles account for 43% of the state's air pollution.

APTA studies indicate that each transit commuter saves the environment 9.1 pounds of hydrocarbons, 62.5 pounds of carbon monoxide, and 4.9 pounds of nitrogen oxides. Likewise, a Metro air quality analysis found that "using buses instead of low-occupancy automobiles would prevent the emission of 920 tons/year of hydrocarbons (an 86% reduction); 13,415 tons/year of carbon monoxide (a 94% reduction); and 409 tons/year of nitrogen oxides (a 42% reduction) that would otherwise be emitted by people driving cars."

Land Use Benefits

A major land use benefit from public transit is improved community planning, including urban design, open space preservations, and neighborhood development. In addition, is the reduced cost of providing parking facilities. This benefit accrues to

property owners and developers in particular, and to the locality in general. For example, the new State Department of Ecology (DOE) building, located within Intercity Transit's service area, will house 1,185 employees, but only 665 employee parking spaces will be provided. This represents a reduction from DOE's current 86% SOV rate to a 55% SOV rate. Assuming capital costs of structured parking at about $10,000 per stall, the State will receive a savings of $3.5 million in avoided parking costs from this one building alone.

Other land use benefits from transit result from increases in permitted density, and the concomitant increase in property values, and the related incentive to in-city redevelopment efforts. While no sales or attendance figures have been documented, it is clear that transit is supporting the redevelopment process in many communities.

Economic Benefits

Employment. In Washington, transit agencies employ approximately 4,930 FTE's. Using APTA's multiplier of 1.36 indirect jobs created for every direct transit-created job, another 6,705 indirect jobs are transit-induced. Thus, the total number of direct and indirect jobs created by transit in the state is approximately 11,635.

Payroll. The total payroll of transit agencies (including fringe benefits) in the state is approximately $200 million. This figure does not include the secondary payroll generated by providers of contract transportation services, which could not be estimated.

Local Economy Purchases. The total of all other goods and service purchases made by transit agencies in the state is approximately $82 million. Of this amount, the largest budget item is fuel. Other purchases relate to equipment, supplies and parts. Capital purchases are not included in this estimate.

C. Washington State Applicability

This discussion has direct applicability to Washington State given the increased expectations placed on transit agencies. Recently enacted legislation, discussed in the policy component section of this study, highlight some of the responsibilities that are to be borne by the districts. Not only must districts meet current obligations, but they must also integrate the requirements of GMA, TDM, ADA, and the federal and state Clean Air Acts into their day-to-day operations.

The districts must become, if they are not already, more than transit agencies; they must be "mobility managers." Resolving the myriad of dilemmas listed above and throughout this paper will require more than just expanding infrastructure capacity or reducing the number of vehicles or altering the work hours and places. It will require the integration of these and more concepts, a conglomeration of options including: carpooling, vanpooling, telecommuting, alternative work hours, increased public transit usage, HOV lane construction, and possibly rail transit. Transit agencies can play an integral role in the development of this concept.

The Washington State Transit Association (WSTA) is in fact exploring this concept of "mobility managers." In August, 1991, WSTA held a "Mobility Summit" at which various participants discussed forming "a new mobility advocacy coalition which could represent everyone who has an interest in moving people in and around Washington State." Participants included transit managers, lobbyists, local officials, legislators, legislative staff, WSDOT staff, transportation consultants, and representatives of the Evergreen State Specialized Transportation Association, the Intergovernmental Resource Center, and the Washington Transportation Policy Institute.

The discussion at the Mobility Summit focused on mobility in the 21st Century. The participants were asked to comment on:

- What mobility services will be need to be provided;
- Who will be using mobility services;
- Where passengers will ride;
- What people (riders, public, and policy makers) will expect;
- Who will control decisions;
- Who will influence decisions;
- Where the money will come from; and
- What role mobility will play in overall planning.

According to WSTA, the "Mobility Summit" was more than an exercise:

> "The Summit must be a foundation on which Washington State's mobility leaders can make `A Vision Shared' a self-fulfilling prophecy. The information collected from `A Vision Shared,' if used properly, can establish a common ground so that all of us--local and state policy makers, mobility managers, both public and private, and our constituents--can work towards a coordinated, efficient and effective mobility system that will benefit all the citizens of Washington State."

This benefit discussion presented the "other side of the story." Each year, WSDOT provides a summary of transit agencies in this state. This summary typically includes operational data (number of passengers, number of employees, number of vehicle miles), financial data (sales tax revenue, MVET revenues, farebox revenues), expense data (capital, operating, depreciation), and "other" factors. Any evaluation of the districts would most likely be based on these available factors. Significant aspects of what transit accomplishes in this state, the role they play, and the variety of

services they provide are consequently omitted. This paper hopefully provided some insight into the extent of the **cross-sector** benefits received from a bus or van ride and the extent to which the provision of this transportation service ripples through the local economy.

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6. This concept of cross-sector evaluation is an important point to consider for Washington State and is of particular significance for transit's emerging role. Transit is being looked upon more and more to solve many of society's woes. Buses and vans are no longer just to provide transportation services but they are also to ease traffic congestion, improve air quality, provide access and mobility for all on an equal basis, reduce reliance on foreign oil supplies, indirectly support education, stimulate the economy, and structure urban and suburban development. With these increased expectations come increased costs, however, and all at a time when transit is being criticized for its heavy reliance on public subsidies. Yet if transit is to meet even some of these expectations, then the evaluation of transit service, the discussion of its benefit, must be comprehensive and include savings and advantages in a variety of sectors. The evaluation must include more than those benefits which are easily quantifiable and it must include secondary benefits (often omitted in traditional cost-benefit analyses of transit due to fear of double-counting) if the true value of transit or the true saving from the service is to be known.

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alternatives to constructing these facilities. Transit provides such an opportunity by transporting commuters/employees to job locations. Commuters can leave their single-occupant vehicles and developers do not need to create daytime storage facilities for the cars. Transit will also increasingly be looked to by local jurisdictions and developers for the provision of alternatives to the single occupant vehicle as TDM measures are enacted. Both GMA and TDM laws will require greater coordination between land use and transportation planners to insure that land use is linked to transportation, that single occupant vehicle trips can be reduced, and that transit can be available to provide additional commuter services.

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FINAL REPORT



State of Washington
LTC Public Transportation Study



Stage 1

Comprehensive, Statewide Policy Review of Public Transit Systems

January 1992

List of Products

1. History of Governance of Public Transit Systems in Washington State (Task 1A)

2. Planning Processes, Missions, Services, and Impediments in Washington State (Task 1B)

3. Public Transportation Roles and Relationships in Washington State (Task 1C & D)

4. Current Financing Mechanisms of Public Transit Systems at the State and Local Level (Task 2A)

5. Historical, Current, and Projected Transit Revenue (Task 2B)

6. Federal Revenue Sources - Addendum #1 (Task 2B.3)

7. New Revenue Sources for Public Transportation Purposes - Addendum #2 (Task 2B.3)

8. Financing Mechanisms in Comparable States (Task 2C)

9. Capital Financing Practices (Task 2D)

10. Appropriateness and Adequacy of Current Funding (Task 2E)

11. Federal, State and Local Policy Issues (Task 3A)

12. The Qualitative and Quantitative Benefits of Public Transportation (Tasks 4B & 4B)

13. System Costs and Service (Task 4A)

14. Relationship of Local Transit Revenues to Costs (Task 4C)

PUBLIC TRANSPORTATION STUDY

Task 4A

SYSTEM COSTS AND SERVICE

Prepared for:

STATE of WASHINGTON

The Legislative Transportation Committee

Prepared by:
Gannett Fleming

in association with:

Moss Adams (Management Design Associates)
Mr. William H. Ostenson
Booz · Allen & Hamilton
Berk and Associates

September 5, 1991

SYSTEM COSTS AND SERVICE
PUBLIC TRANSPORTATION STUDY

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Appendix A

Abstract - System Costs and Service

Task 4A of the Washington State Transportation Study analyzed the system costs for the 21 operating transit districts in the State of Washington. Its goal was to prepare system cost summaries both within and among the systems of the State. The cost data has been gathered from a survey of all transit properties and was presented in summary form by a series of graphs prepared for each authority. Three graphs for each of the 21 authorities are included as an Appendix A to the chapter.

In examining operating costs it becomes apparent that operating labor, (i.e. salaries and fringe benefits) is the largest portion of district operating costs. Fuel costs though thought by some to be significant, have been and continue to remain to be, a minor part of total overall costs (less than 5 percent in 1990 on a statewide basis). Purchased transportation service (that is service that is provided by private providers, mostly in the form of demand responsive small bus or van service to serve the disabled) is also a minor but growing part of all transit district budgets. The data infers how this purchased service has affected operating costs, especially labor costs in the systems across the state. Lastly, an analysis of the data indicates that operating costs increases are due to increases in services rather than uncontrolled growth of basic cost factors.

The data shows a great deal of variation in capital expenditures across the State and appears to be largely due to the cyclicle peaks and valleys of capital procurement necessary in the industry.

Finally, with the recent legislative initiatives (most notably ADA, the Clean Air Act, Growth Management and TDM) transit districts are assessing the financial impacts of implementation of these programs. Notwithstanding existing commitments to lift equip buses and paratransit programs, the financial implications of these new initiatives imply that a realignment of base levels of service (including service reductions) may be required in the near future to accommodate the new programs.

I. System Cost Summaries

A. Introduction

Task 4A of the Washington State Public Transportation Study involves the summary of the costs of delivering transit services by the State's twenty-one operating districts. The data, collected through a survey of all transit properties, has been tabulated and presented in summary form for each system in an attachment to this chapter. For each system three graphs are presented:

- Figure 1: Operating Expenditures Graph, 1980-1990;
- Figure 2: Percent Total Operating Expense Graph; and
- Figure 3: Operating and Capital Expenses Graph, 1980-1990.

Figure 1, Operating Expenditures, depicts the composition of the annual costs of operating local transit service in the community. This graph segregates costs by major category, including: operating salaries, other salaries, fringe benefits, fuel, purchased transportation services, and other. These costs are portrayed in the aggregate over the period 1980 - 1990. In many cases the initial year is post-1980 and corresponds to the current administrative structure or when data was first reported. This graph is provided to help in analyzing the relations between total cost components, their growth, and importance in the overall budget of each district. Figure 2, Percent Total Operating Expense, provides an annual picture for the period 1980 to 1990 of the impact of each expense category on the total budget for transit operations and depicts the relationship between each category of expenditure as a percent of total. Figure 3, Operating and Capital Expenses, shows the relationship over time between operating expenditures and a system's capital purchases. It also depicts the rate of growth of each and is provided primarily to identify years of large capital growth.

In the following sections, the basic findings regarding the costs of providing transit services are summarized. These findings are intended to provide insight into the policy issues of service provision and do not constitute a review of management or management practices or an analysis of their budgets.

B. Operating Costs

Throughout the state, the operating budgets of local transit authorities have been increasing over the past decade. This is not unusual and is also found nationally for all systems. Many transit authorities in this state were formed in this decade and thus, even though starting from nothing, have seen major increases. Even the expenses of more stable systems have doubled over the past decade. The components of these cost pictures are examined below and some factor trends that impacted the changes are noted.

Labor costs are the single largest contributor of total cost. Over 70 percent of the annual costs of most systems is represented by labor costs. Operators wages and fringe benefits comprise the most significant element of this category. Operators wages range from 20 percent (Kitsap) to 50 percent (Grays Harbor) with fringe benefits totalling 15 percent (several properties) to 25 percent (Bellingham). In a number of cases there has been a decline in the operators wage component of costs commensurate with the increase in purchased transportation services from private providers. For example, Metro's declining percent of operators wages is an example of such a situation. Similarly, Kitsap, with 25 percent of costs in purchased service has a relatively small direct labor budget. It can be hypothesized that the wage rate of newly formed or non-union private providers are less than their public counterparts. As can be discerned from the graphs, transit services are very labor intensive and highly influenced by inflationary trends. The economic stability of the Northwest during the 1980's is reflected in the relatively stable percent of total labor costs to total operating costs.

International oil price stability during the 1980's is also reflected in the graphs. Fuel prices declined in the early 1980's and have remained low. Transit profiles show only a 5 - 10 percent cost component associated with fuel costs and that has remained relatively stable over the decade. The impact of an energy crisis, however, would cause fuel to be a significant cost factor, and indeed would have had an impact on 1991 data (due to the Persian Gulf conflict) if current financial data been available.

Purchased transportation services (generally demand responsive, paratransit services provided by a private entity) have increased over the past 5 years. There seems to be a direct correlation between reductions in operators wages and purchased transportation services in some properties. State and Federal statutes do provide labor protection provisions to employees of public transit authorities, but Federal policy over the last decade has encouraged the use of "private" providers assuming their provision of a service would be more economical. In general, because of the initial use of part-time operators, non-union personnel, and the initial lower capitalization costs of a demand

responsive service, lower costs to the contractor (the public entity) appear to have occurred. Whether this will continue to be the case as private workers organize and become more established remains to be seen. No in depth analysis of this issue was conducted for this study, only uncollaborated and possibly uncorrelated trends have been noted. Pierce Transit now spends 10 percent of the annual operating budget on contracted services and Intercity Transit has doubled since 1986 the level of expenditure made for purchased services. In the early years of some agencies, purchased service was a major cost component. As the systems matured and developed operating capabilities, the purchased service component has declined. With increased legal liability of ADA this trend might continue as public authorities feel direct control is safer and more productive.

Another cost component that reflects the impact of regulatory policies is the "Other Salaries" area. This includes most of the administrative, legal, planning, and marketing personnel of an authority. The increasing level of regulation and reporting has prompted additional staff expenses to respond to those requirements. In the future, with GMA, TDM, ADA, and Clean Air Act requirements these elements are expected to increase.

Cost escalation, beyond normal annual increments, (measured by the Consumers Price Index for example) can be attributed largely to the expansion of the transit services offered to State residents. As examples from historical records developed in the survey of transit agencies, Ben Franklin and Intercity Transit have increased the number of revenue miles per capita by more than 200 percent over the decade and Yakima Transit and Spokane Transit have experienced a 50+ percent increase. With only a 23 percent increase, Community Transit appears to have only a modest increase in service, yet that level nationally is double the equivalent of its peers. In the case of Metro, where revenue miles per capita has experienced no change during the past 10 years, an 18 percent increase in the revenue hours per capita can be explained by the impact of congestion in the metropolitan area.

C. Capital Costs

The capital programs in Washington State exhibited similar characteristics to those elsewhere. The capital intensive nature of vehicle acquisition and plant improvements is reflected in the peaking shown on the graphs. At these times as much as 45 to 50 percent of an authorities's annual expenditures can be capital related (e.g. Ben Franklin Transit in 1986 and 1988 or Community Transit in 1985). These "peaks" are not necessarily due to new systems "gearing-up" but rather reflect the cyclical nature of capital needs.

There have been large front-end, acquisition costs for new authorities. For example, in 1982 capital costs amounted to 60+ percent of the C-TRAN budget. Similarly, major projects, such as the Downtown Seattle Transit Tunnel have had a significant impact on Metro's budget picture. During tunnel construction (1987) as much as 50 percent of annual transit expenditures were related to capital projects at Metro. The size of this one project has also tended to skew the picture of Federal contributions to transit in Washington (A more complete discussion of this issue is included in the Federal Revenue discussion contained in the Task 2B3 report).

Generally, there is nothing irregular in the capital expenditure patterns of the State's systems. They match peer systems in other states. In fact, the capital programs are managed rather conservatively compared to those of their peers. For systems in Washington State the estimated life of both equipment and facilities is greater than that of their peers, and generally greater than Federally provided guidelines.

D. Future Impacts

Little quantifiable information is available concerning the overall impact of programs such as ADA, Clean Air and Growth Management. Attempts are being made to calculate the financial and service implications of these policy directives in the districts' six year plans. Without question, the new initiatives will contribute to cost increases both in the operating and capital areas. Additional service required by ADA and new vehicles and facilities necessitated by Clean Air will affect costs.

Managements' initial response to accommodate these measures will be varied. Some have moved aggressively with alternative fuels (Pierce Transit) and others have planned parallel services to augment the fixed route network (Community Transit). In the short term, the most obvious impact will be a delay in providing ongoing service expansions that have been designed to meet local community needs. Many authorities have indicated that at some point in the future they will re-order service priorities and could possibly shift or eliminate existing service in order to realign the base upon which ADA requirements are determined. Budget implications of these new requirements will become a serious issue in 2 - 3 years given the current revenue options.

II. Conclusions

When reviewing system cost summaries and comparing among systems in this State and their peers across the country, several conclusions can be made. They are:

- The rise in costs for providing transit service in Washington State is no greater than peer cost increases around the country;
- Operating salaries, wages, and fringe benefits constitute the largest part of transit operating budgets;
- Purchased service by contract from private providers appears to have reduced direct labor costs;
- Fuel prices are not a significant portion of total expenses;
- Much of the increase in operating costs are due to increases in service provided by the local systems;
- The provision of capital monies are variable and cyclical over time and can constitute major portions of total annual budgets; and
- Requirements mandated by the State and Federal Governments will necessitate increasing labor costs in planning, administration, marketing, as well as the actual operating cost of new services and new capital expenditures.

Figure 1

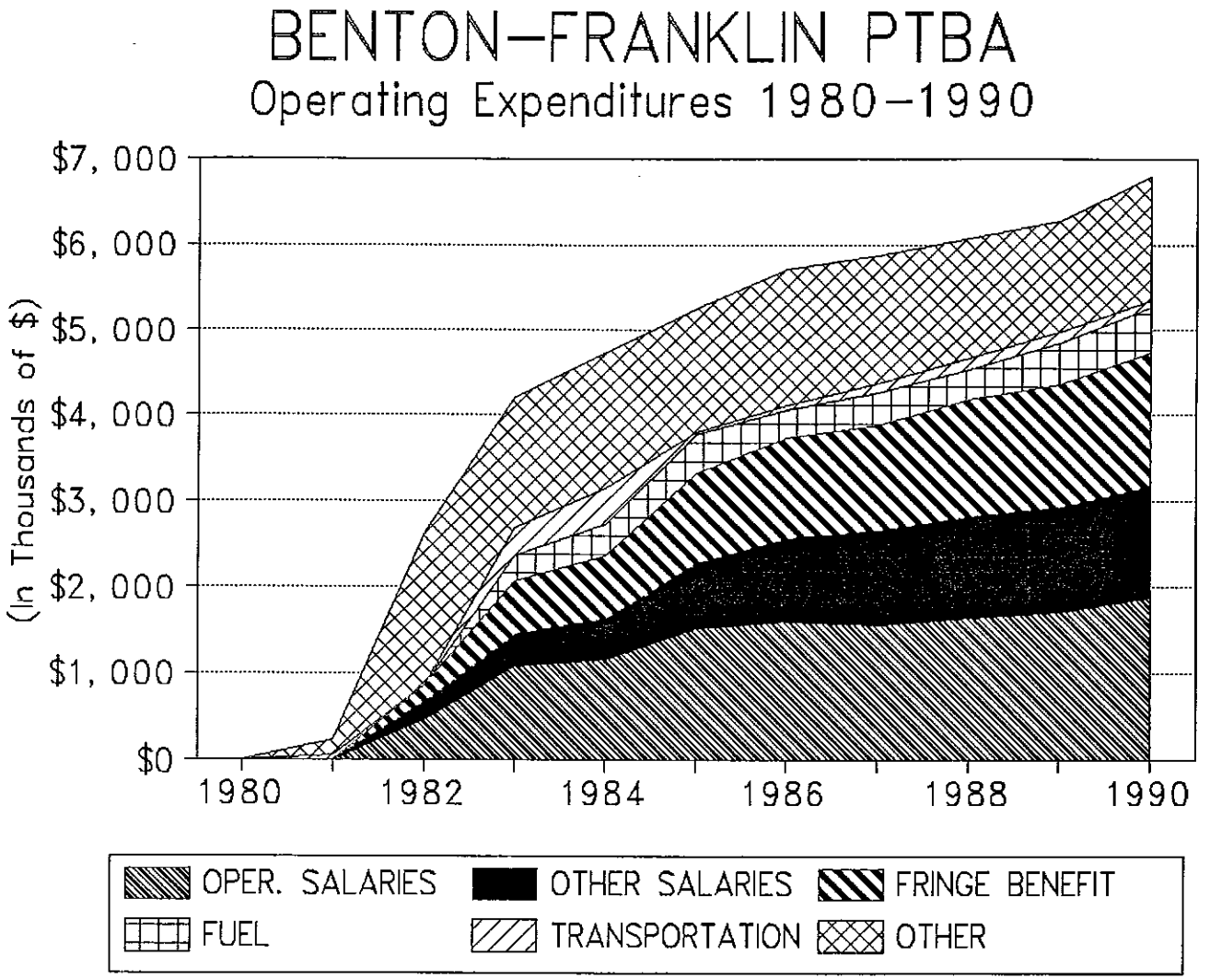

BENTON–FRANKLIN PTBA
Operating Expenditures 1980–1990
(In Thousands of $)
$7, 000
$6, 000
$5, 000
$4, 000
$3, 000
$2, 000
$1, 000
$0
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 2

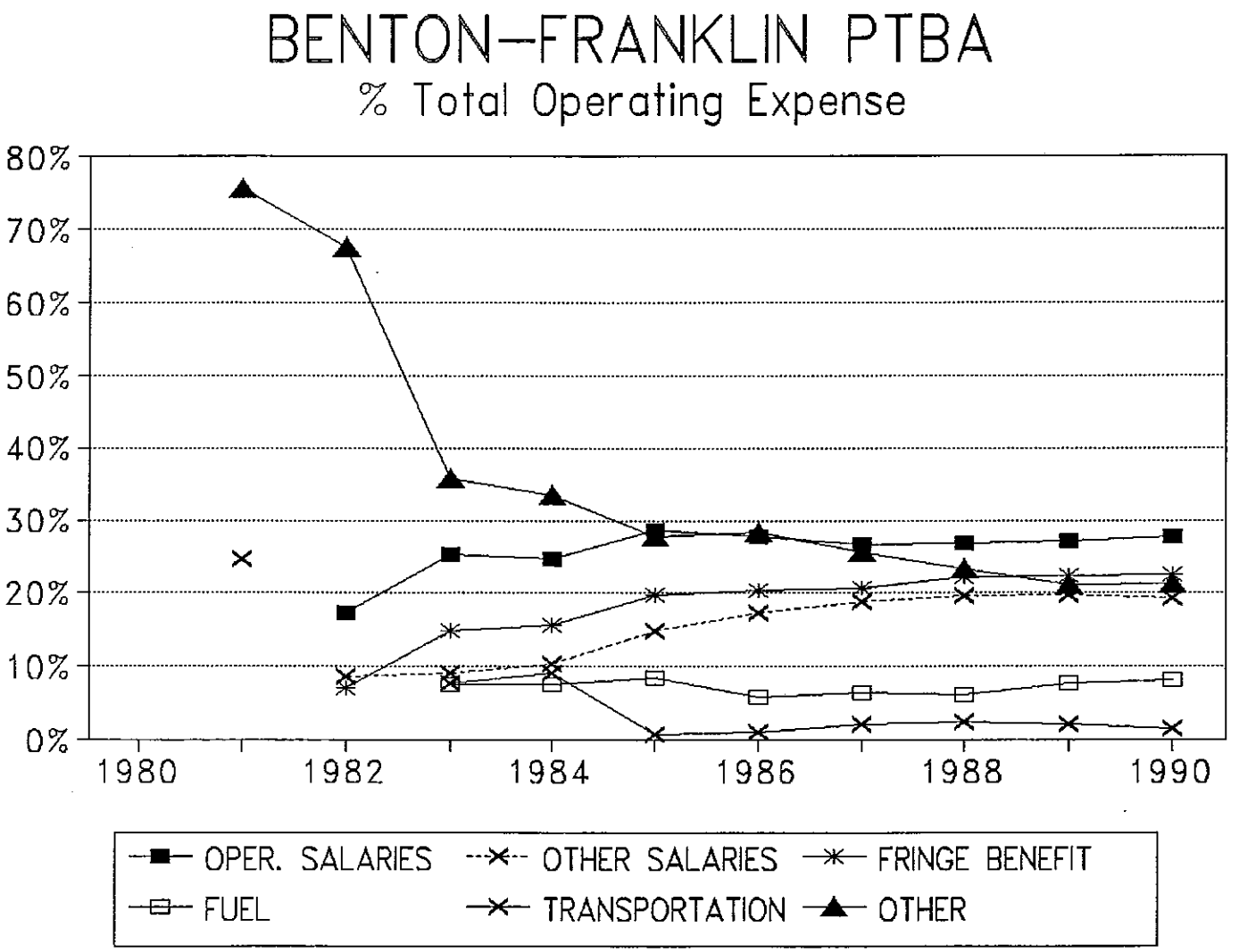

BENTON–FRANKLIN PTBA
% Total Operating Expense
80%
70%
60%
50%
40%
30%
20%
10%
0%
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 3

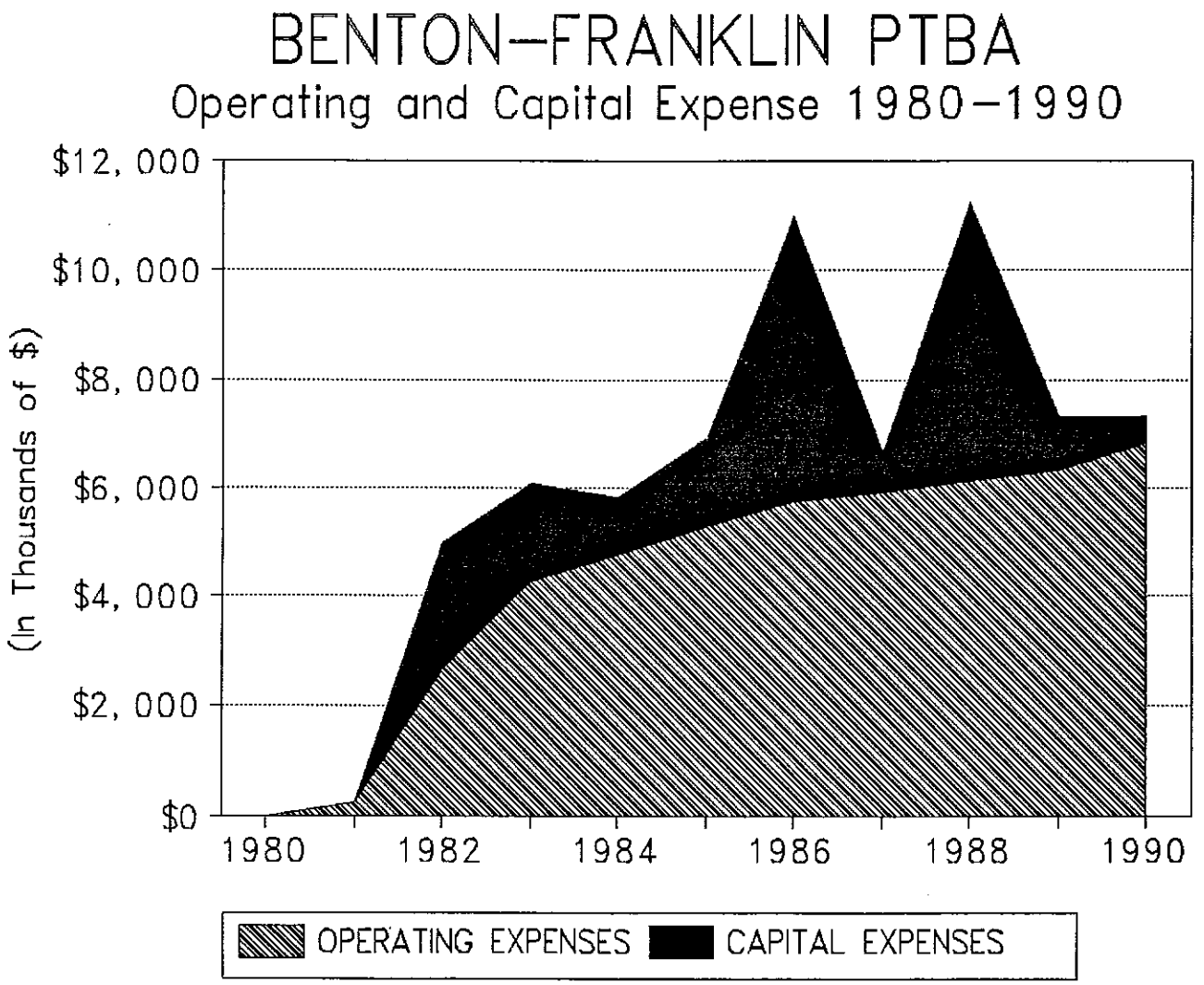

BENTON–FRANKLIN PTBA
Operating and Capital Expense 1980–1990
(In Thousands of $)
$12, 000
$10, 000
$8, 000
$6, 000
$4, 000
$2, 000
$0
1980
1982
1984
1986
1988
1990
OPERATING EXPENSES
CAPITAL EXPENSES

Figure 1

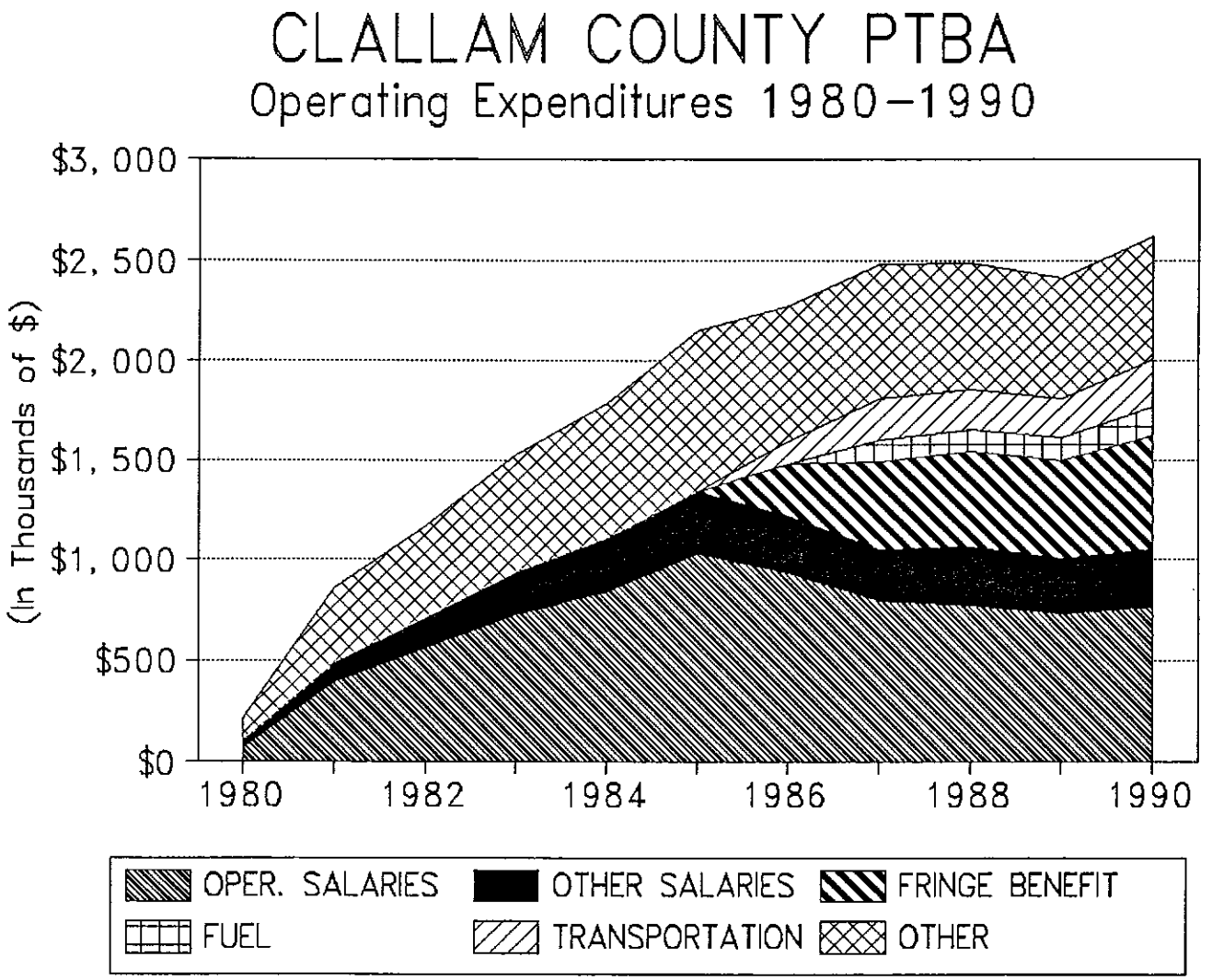

CLALLAM COUNTY PTBA
Operating Expenditures 1980–1990
(In Thousands of $)
$3,000
$2,500
$2,000
$1,500
$1,000
$500
$0
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 2

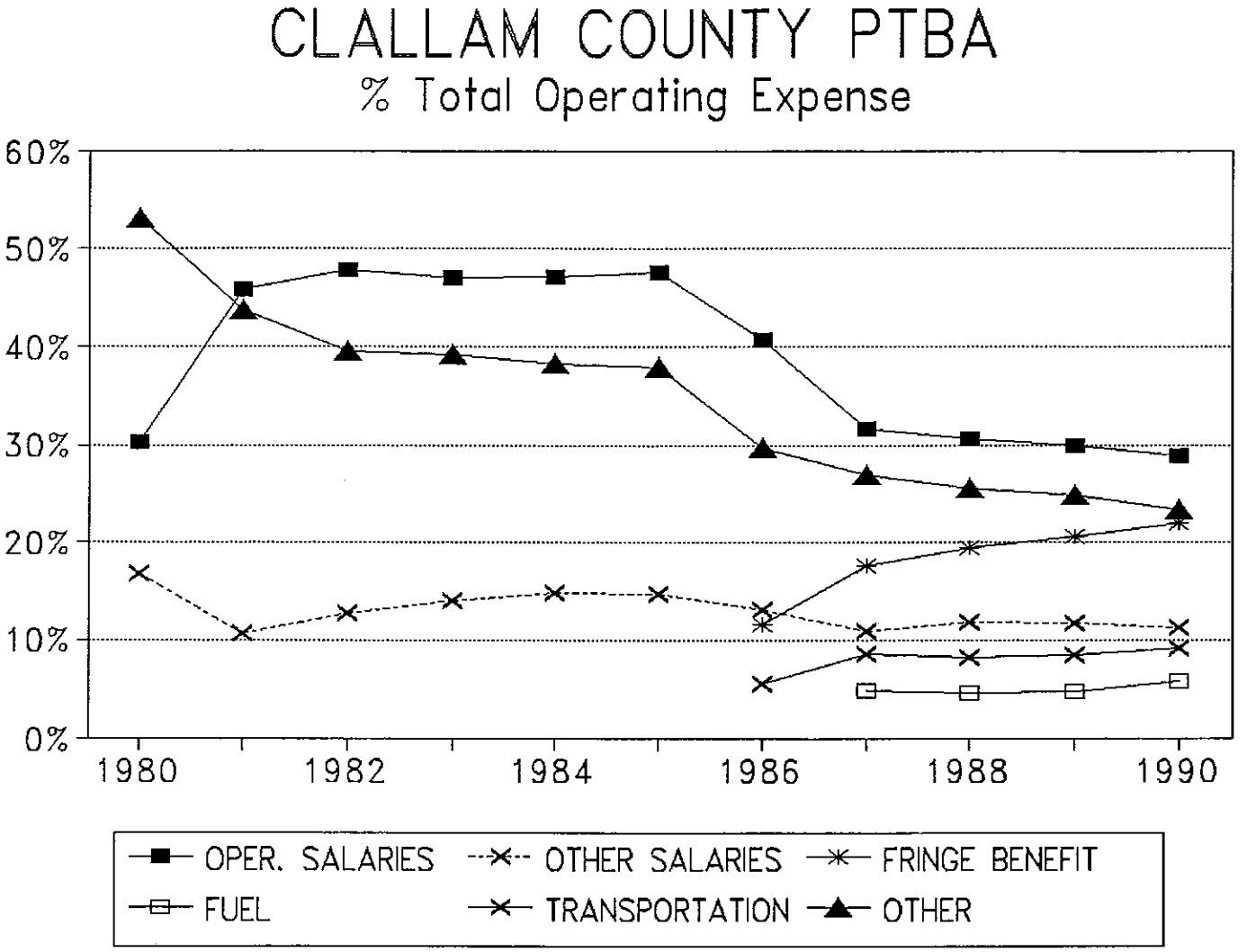

CLALLAM COUNTY PTBA
% Total Operating Expense
60%
50%
40%
30%
20%
10%
0%
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 3

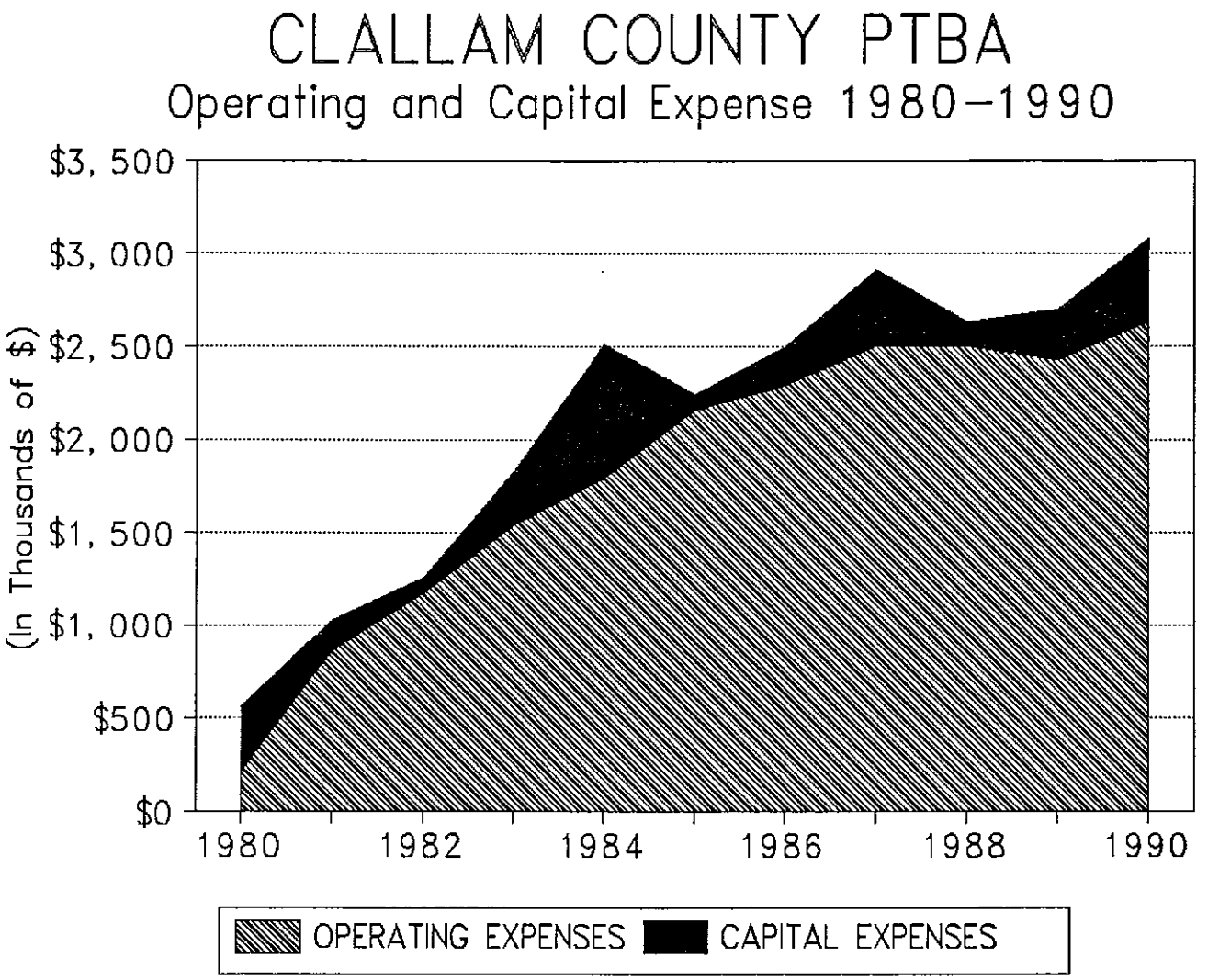

CLALLAM COUNTY PTBA
Operating and Capital Expense 1980–1990
(In Thousands of $)
$3, 500
$3, 000
$2, 500
$2, 000
$1, 500
$1, 000
$500
$0
1980
1982
1984
1986
1988
1990
OPERATING EXPENSES
CAPITAL EXPENSES

Figure 1

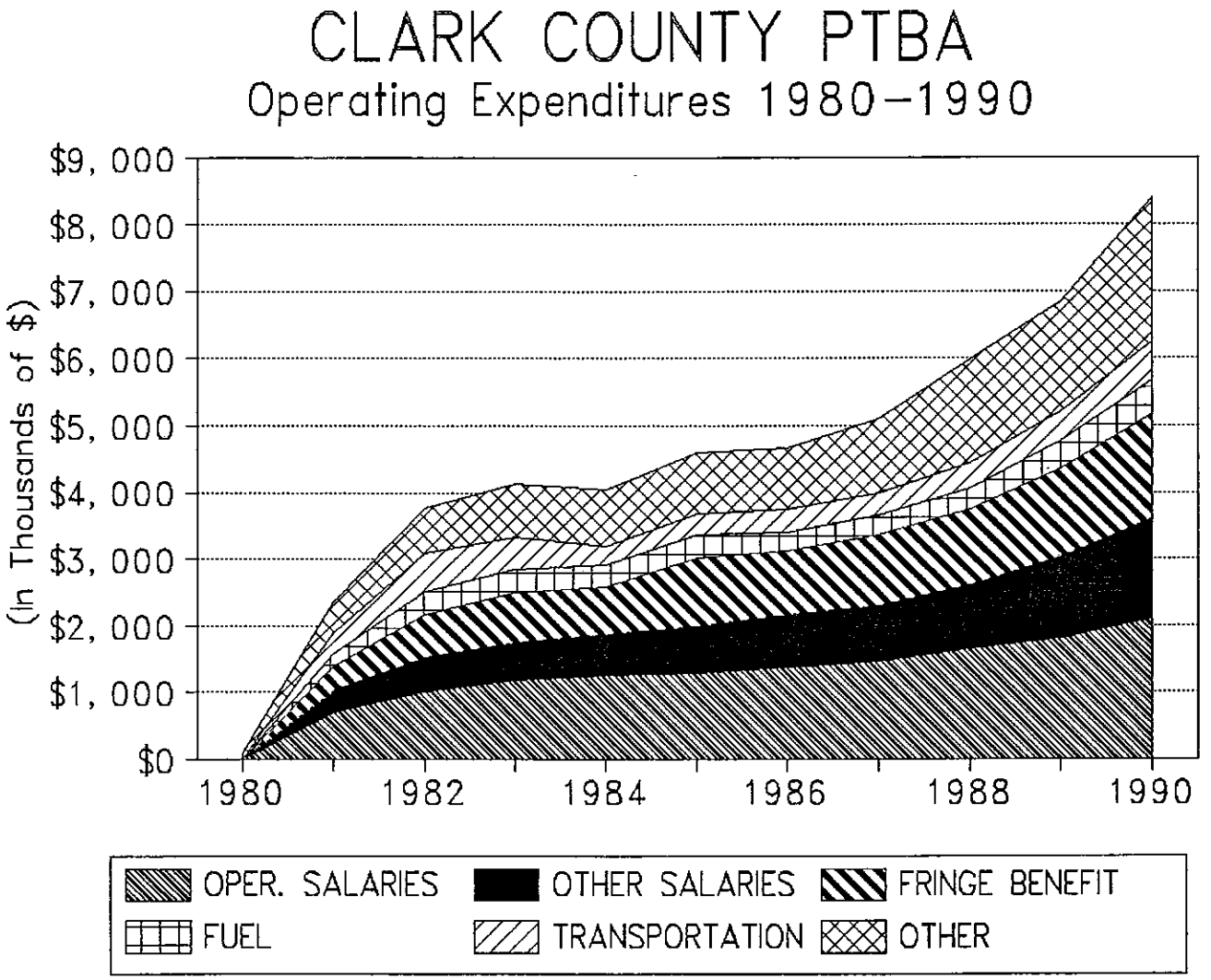

CLARK COUNTY PTBA
Operating Expenditures 1980–1990
(In Thousands of $)
$9,000
$8,000
$7,000
$6,000
$5,000
$4,000
$3,000
$2,000
$1,000
$0
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 2

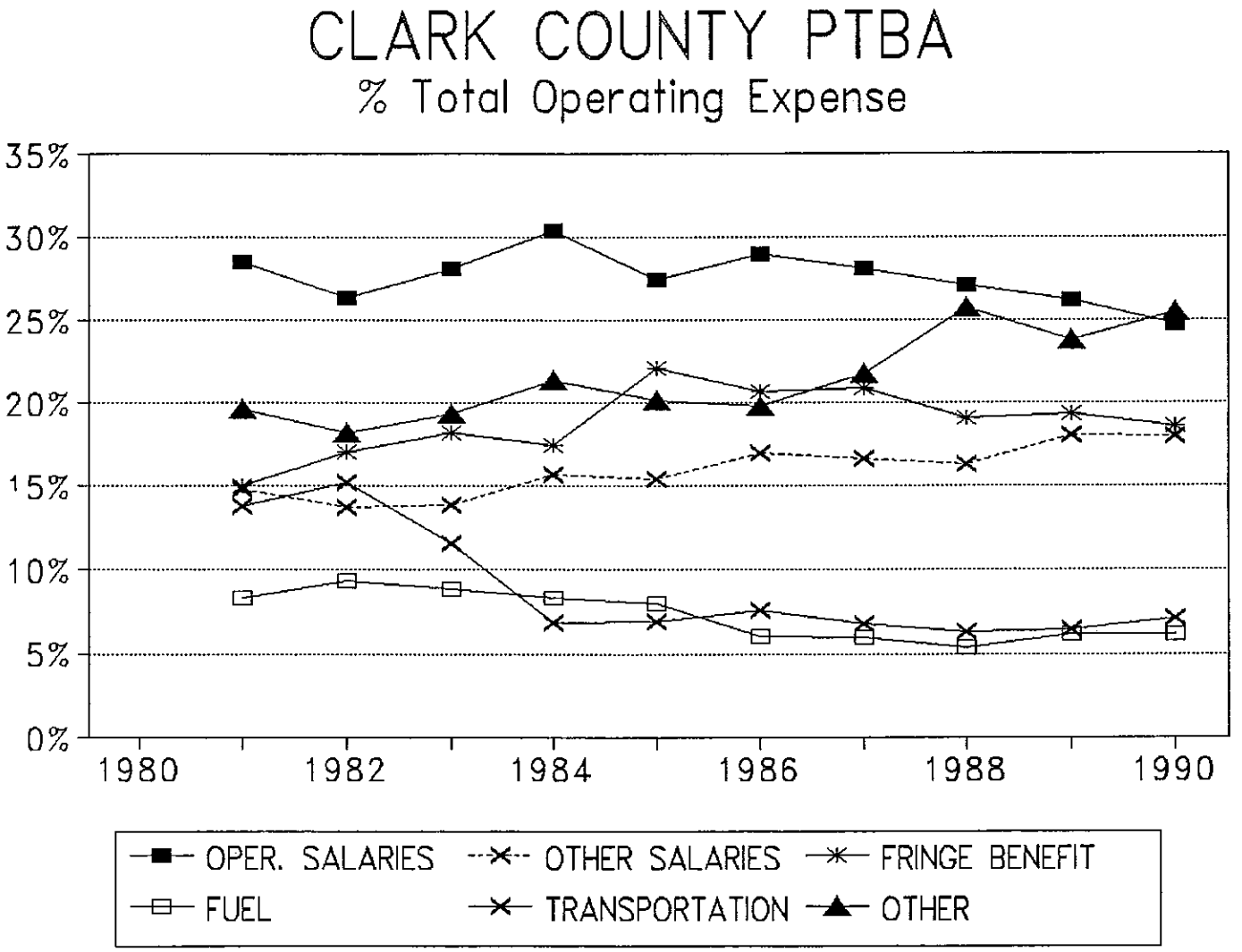

CLARK COUNTY PTBA
% Total Operating Expense
35%
30%
25%
20%
15%
10%
5%
0%
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 3

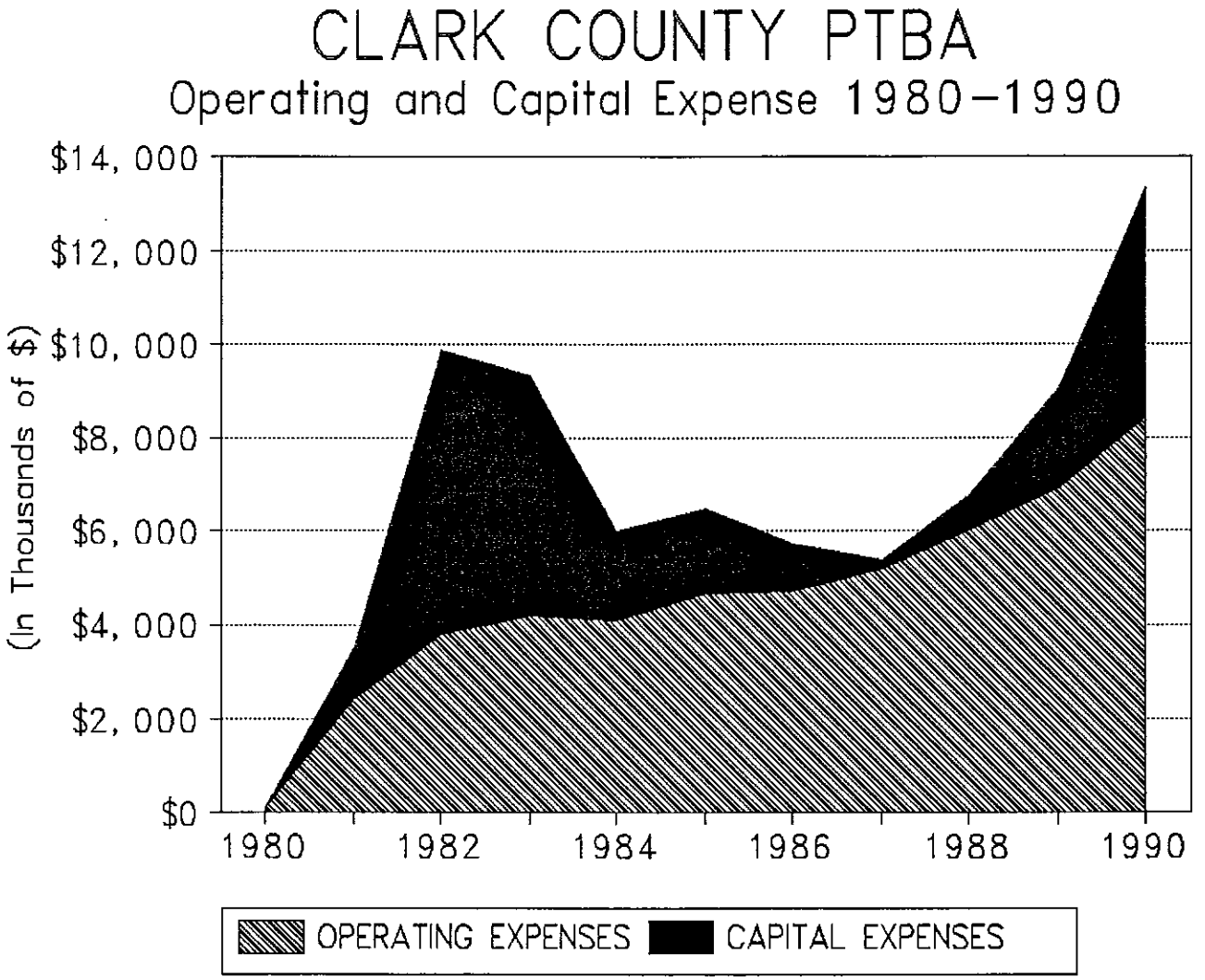

CLARK COUNTY PTBA
Operating and Capital Expense 1980–1990
(In Thousands of $)
$14,000
$12,000
$10,000
$8,000
$6,000
$4,000
$2,000
$0
1980
1982
1984
1986
1988
1990
OPERATING EXPENSES
CAPITAL EXPENSES

Figure 1

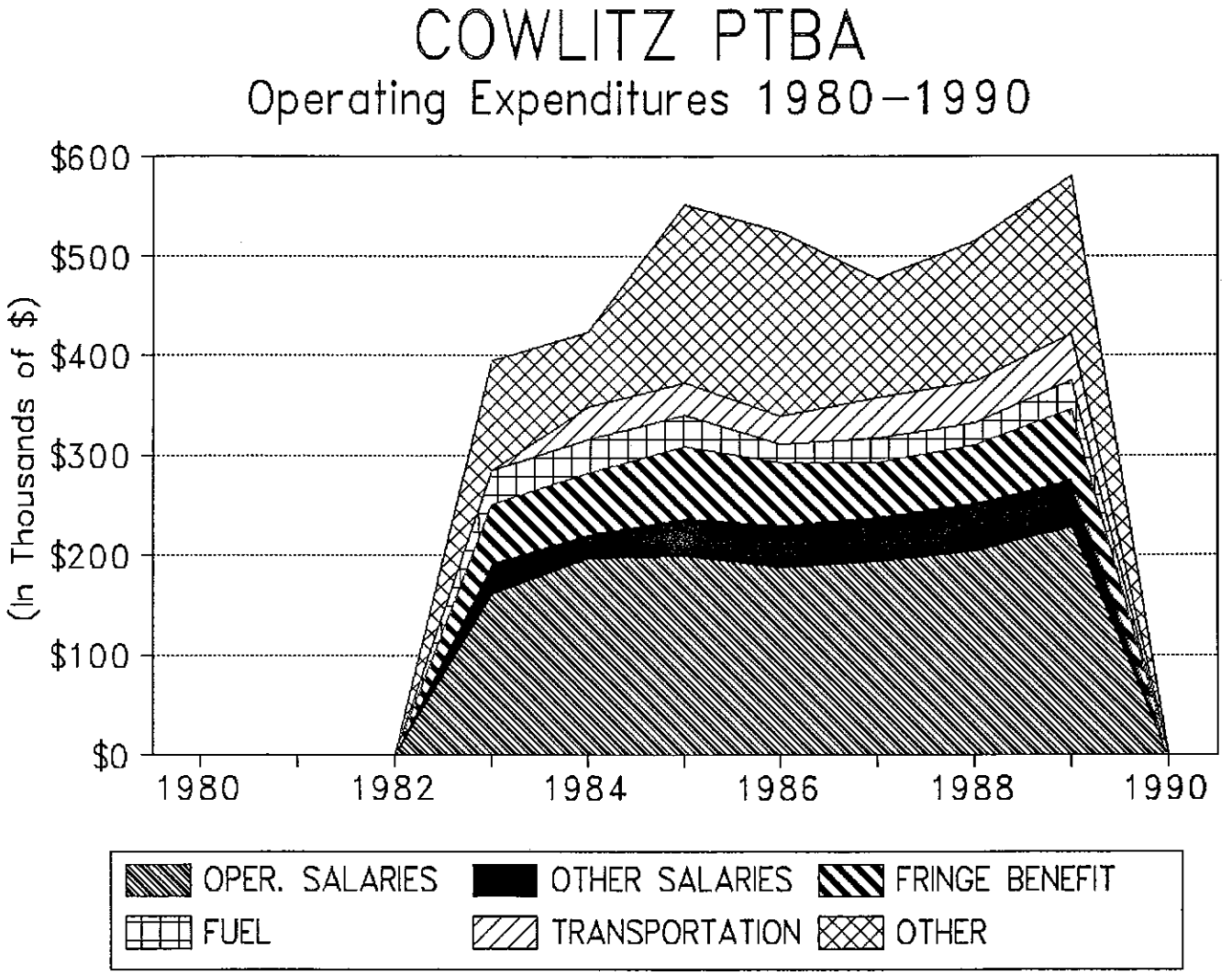

COWLITZ PTBA
Operating Expenditures 1980–1990
(In Thousands of $)
$600
$500
$400
$300
$200
$100
$0
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 2

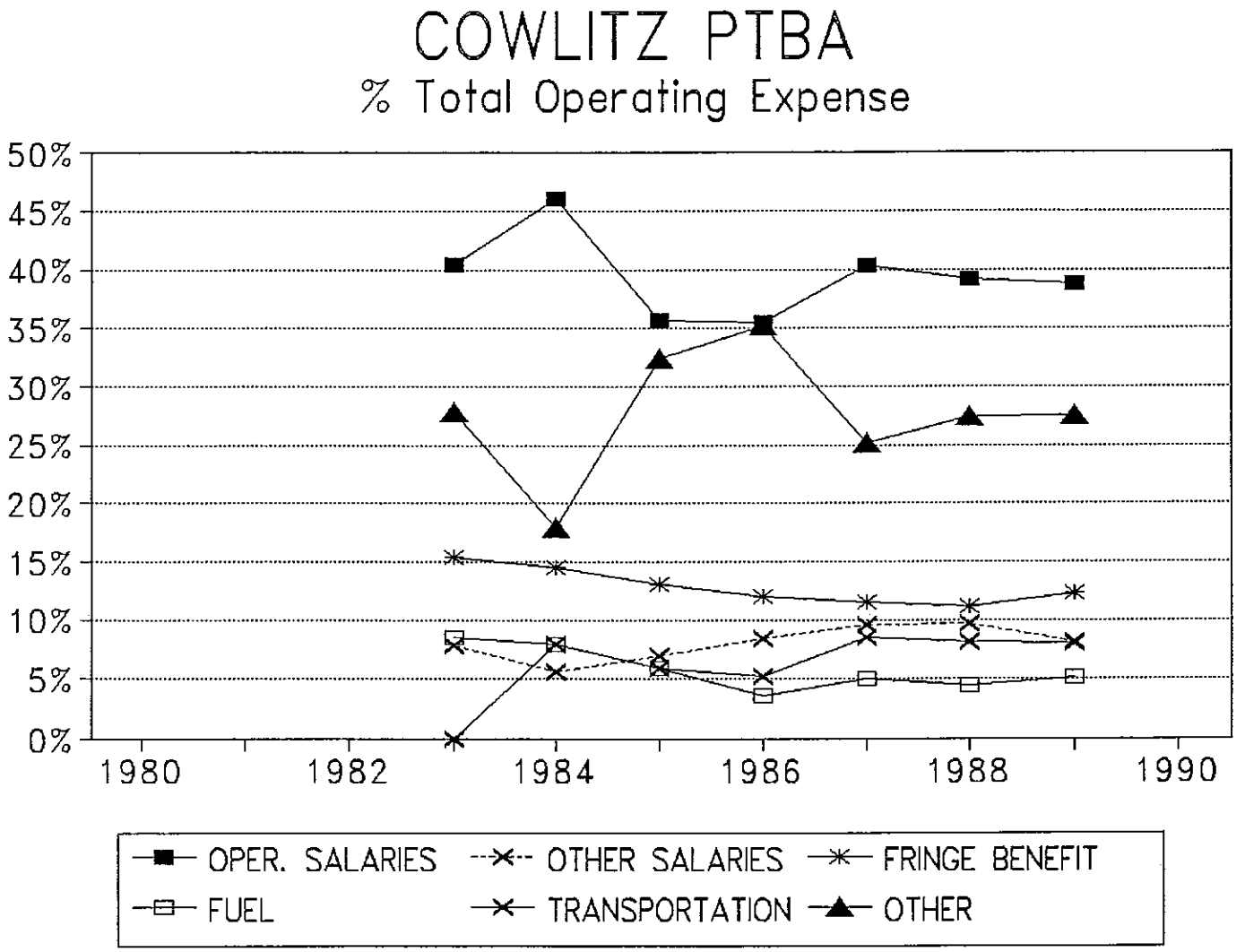

COWLITZ PTBA
% Total Operating Expense
50%
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 3

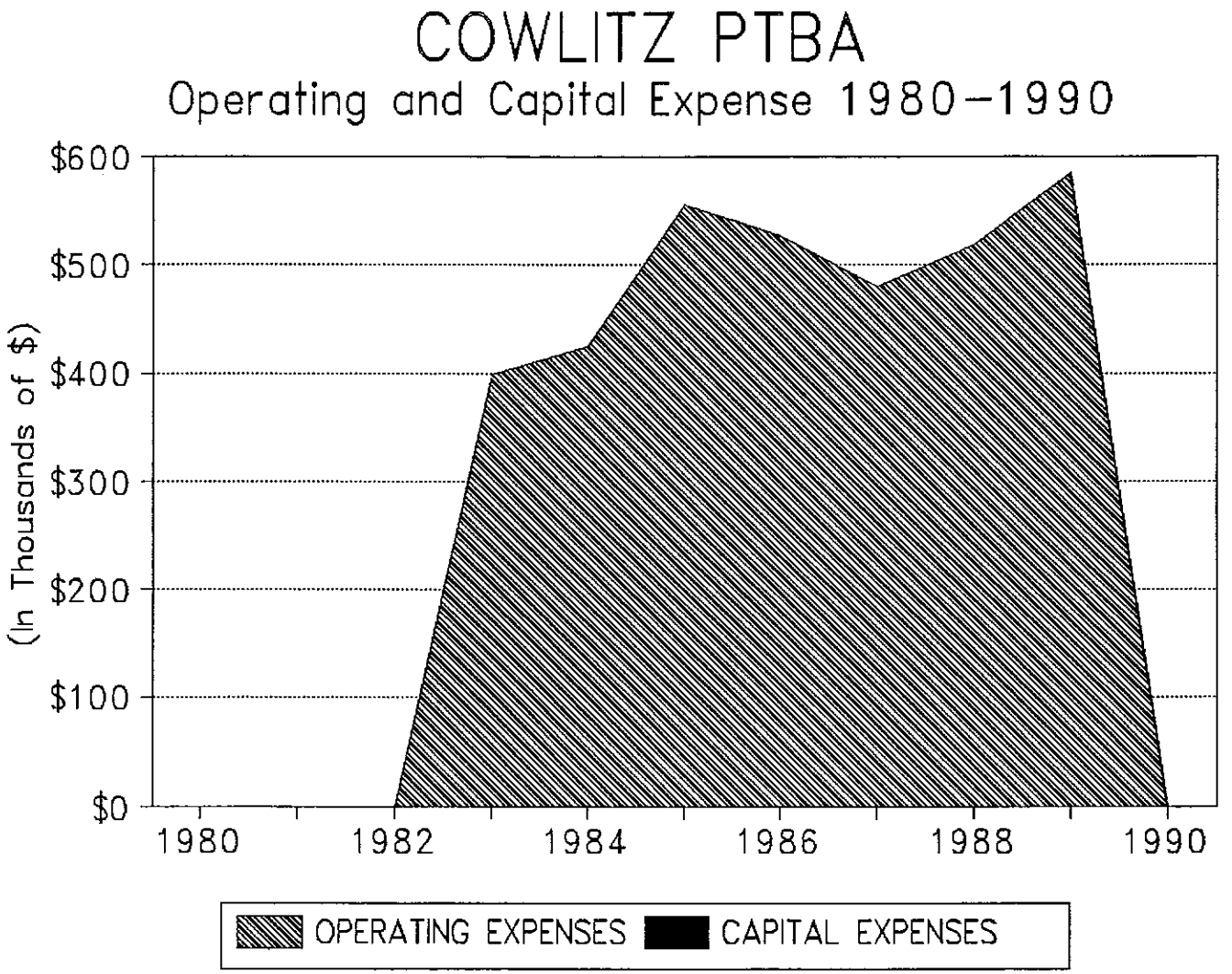

COWLITZ PTBA
Operating and Capital Expense 1980–1990
(In Thousands of $)
$600
$500
$400
$300
$200
$100
$0
1980
1982
1984
1986
1988
1990
OPERATING EXPENSES
CAPITAL EXPENSES

Figure 1

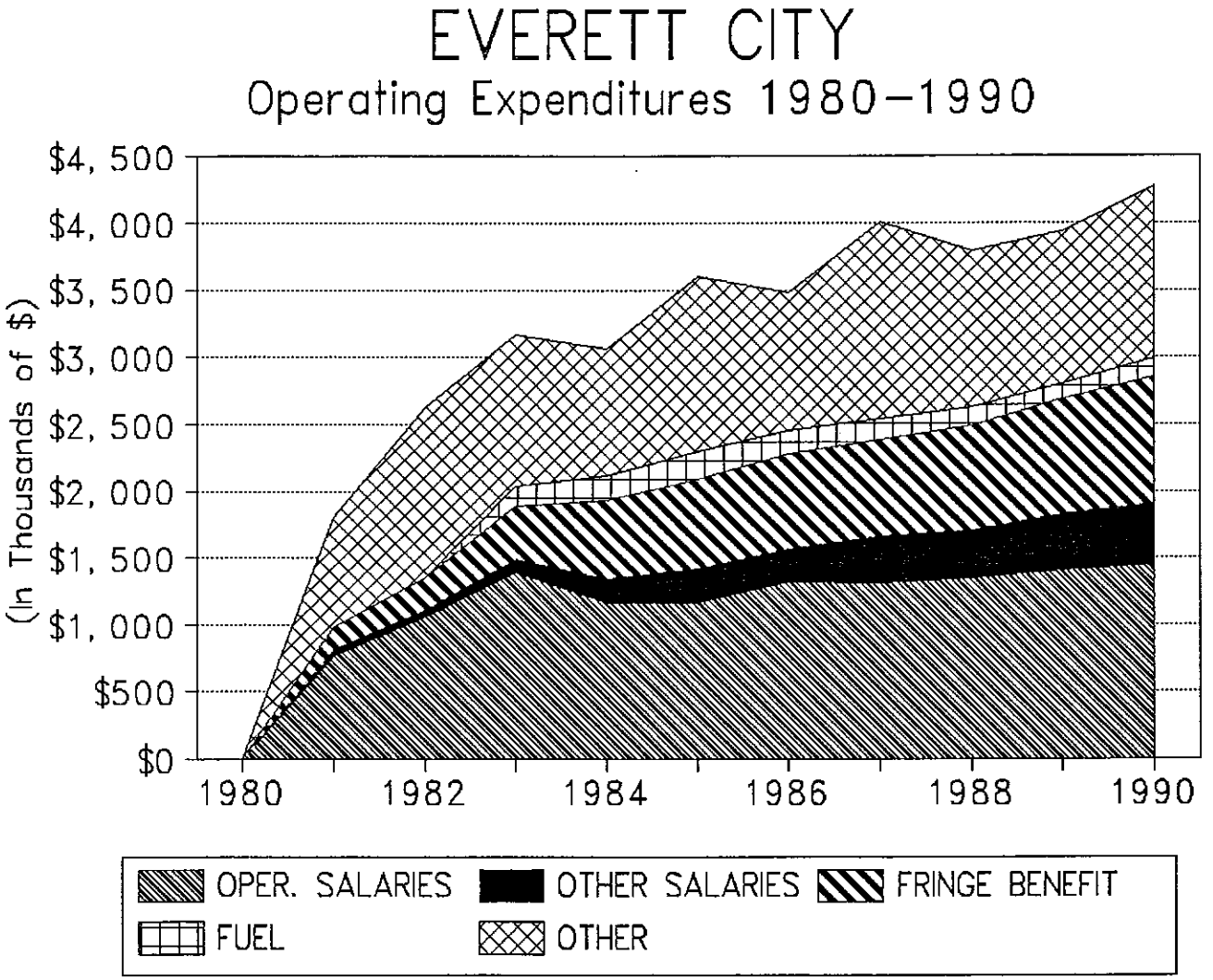

EVERETT CITY
Operating Expenditures 1980–1990
(In Thousands of $)
$4, 500
$4, 000
$3, 500
$3, 000
$2, 500
$2, 000
$1, 500
$1, 000
$500
$0
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
OTHER

Figure 2

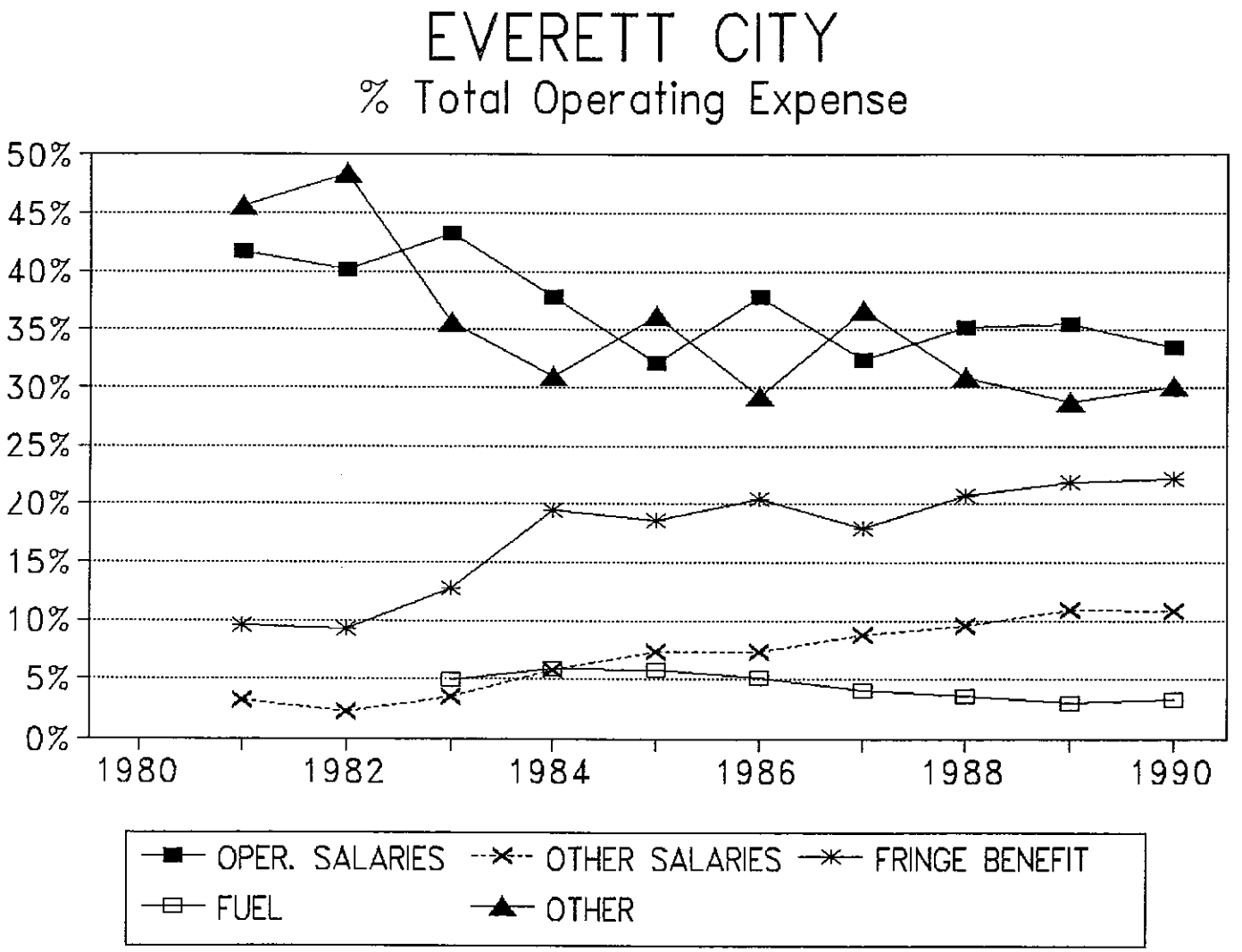

EVERETT CITY
% Total Operating Expense
50%
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
OTHER

Figure 3

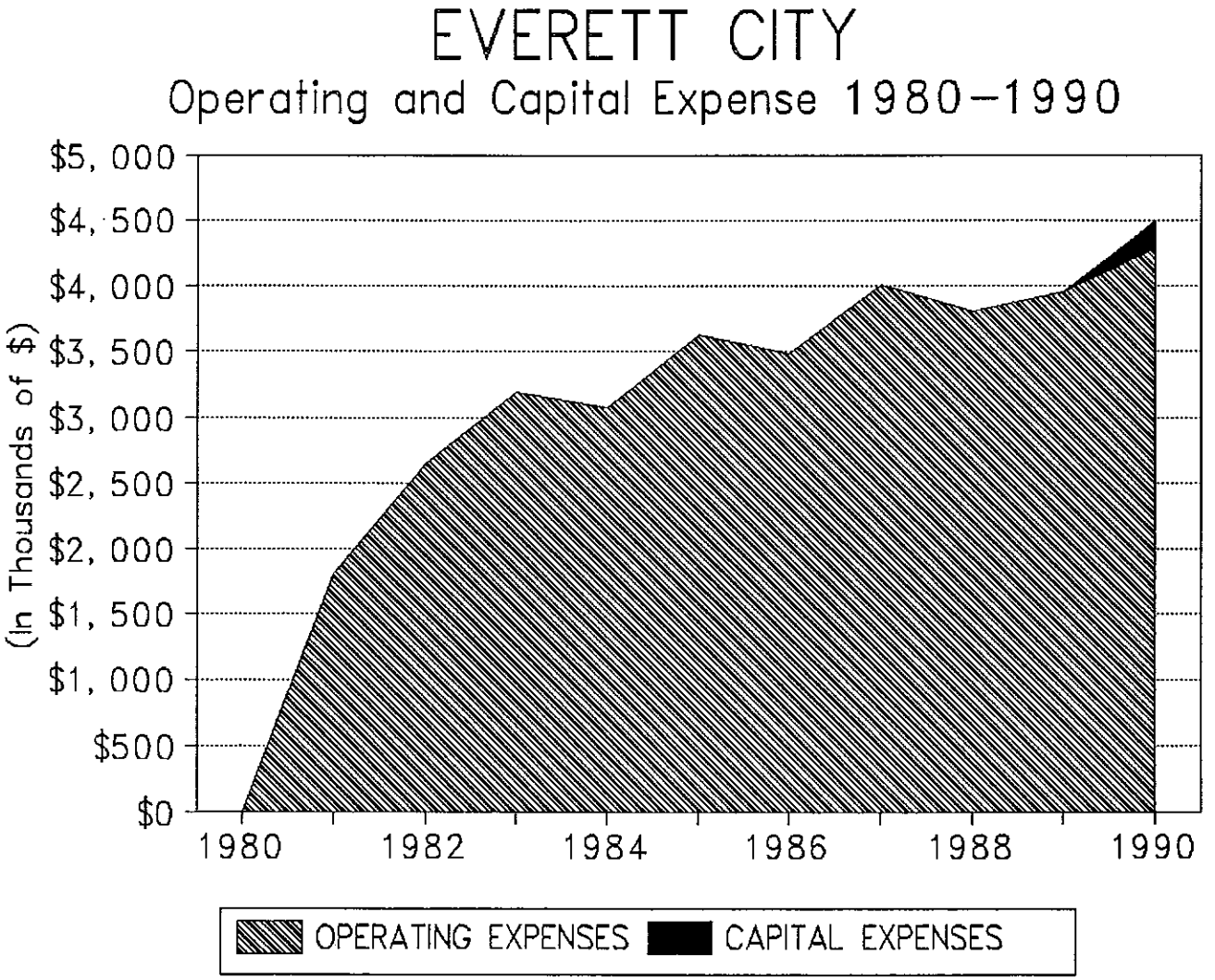

EVERETT CITY
Operating and Capital Expense 1980–1990
(In Thousands of $)
$5, 000
$4, 500
$4, 000
$3, 500
$3, 000
$2, 500
$2, 000
$1, 500
$1, 000
$500
$0
1980
1982
1984
1986
1988
1990
OPERATING EXPENSES
CAPITAL EXPENSES

Figure 1

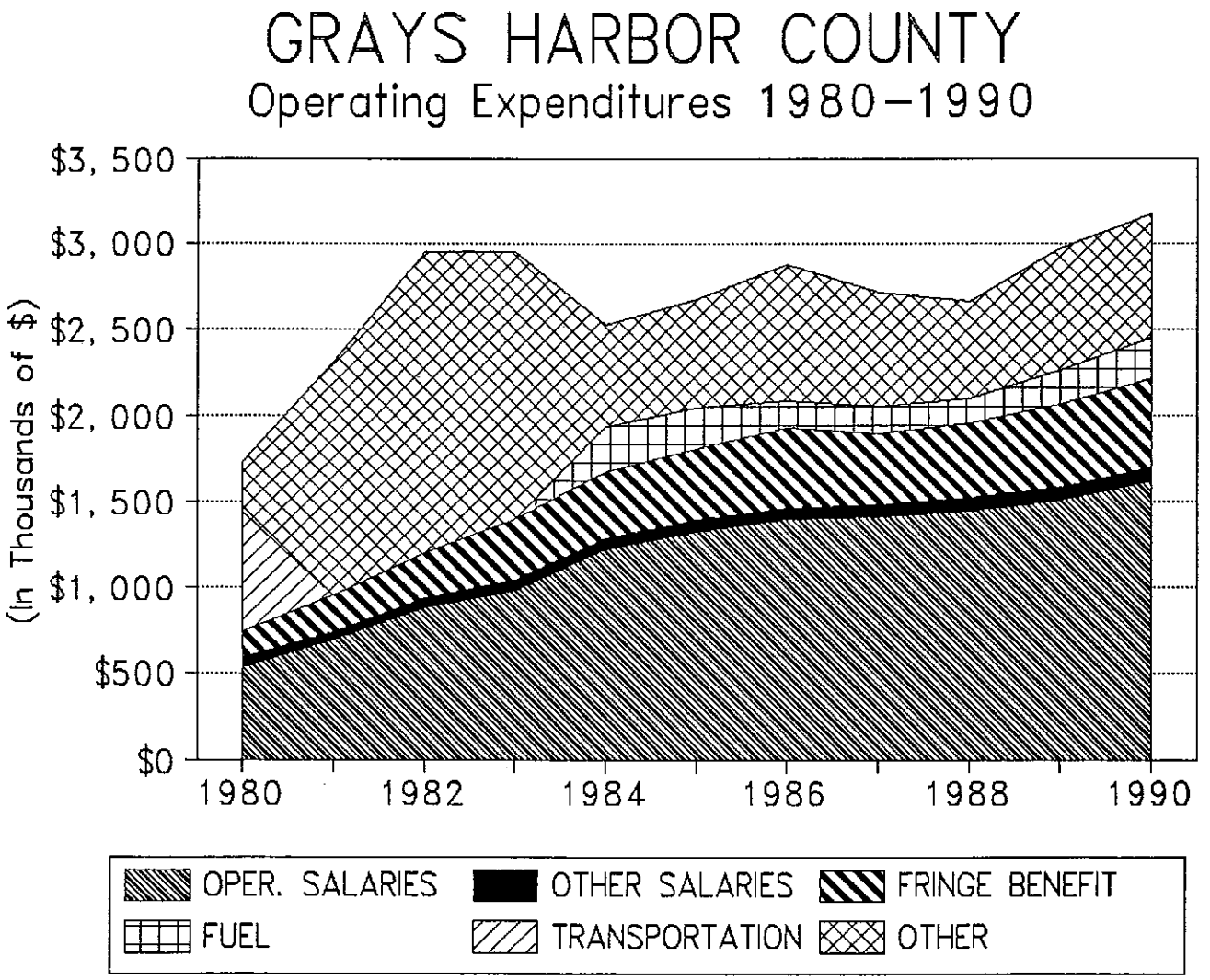

GRAYS HARBOR COUNTY
Operating Expenditures 1980–1990
(In Thousands of $)
$3, 500
$3, 000
$2, 500
$2, 000
$1, 500
$1, 000
$500
$0
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 2

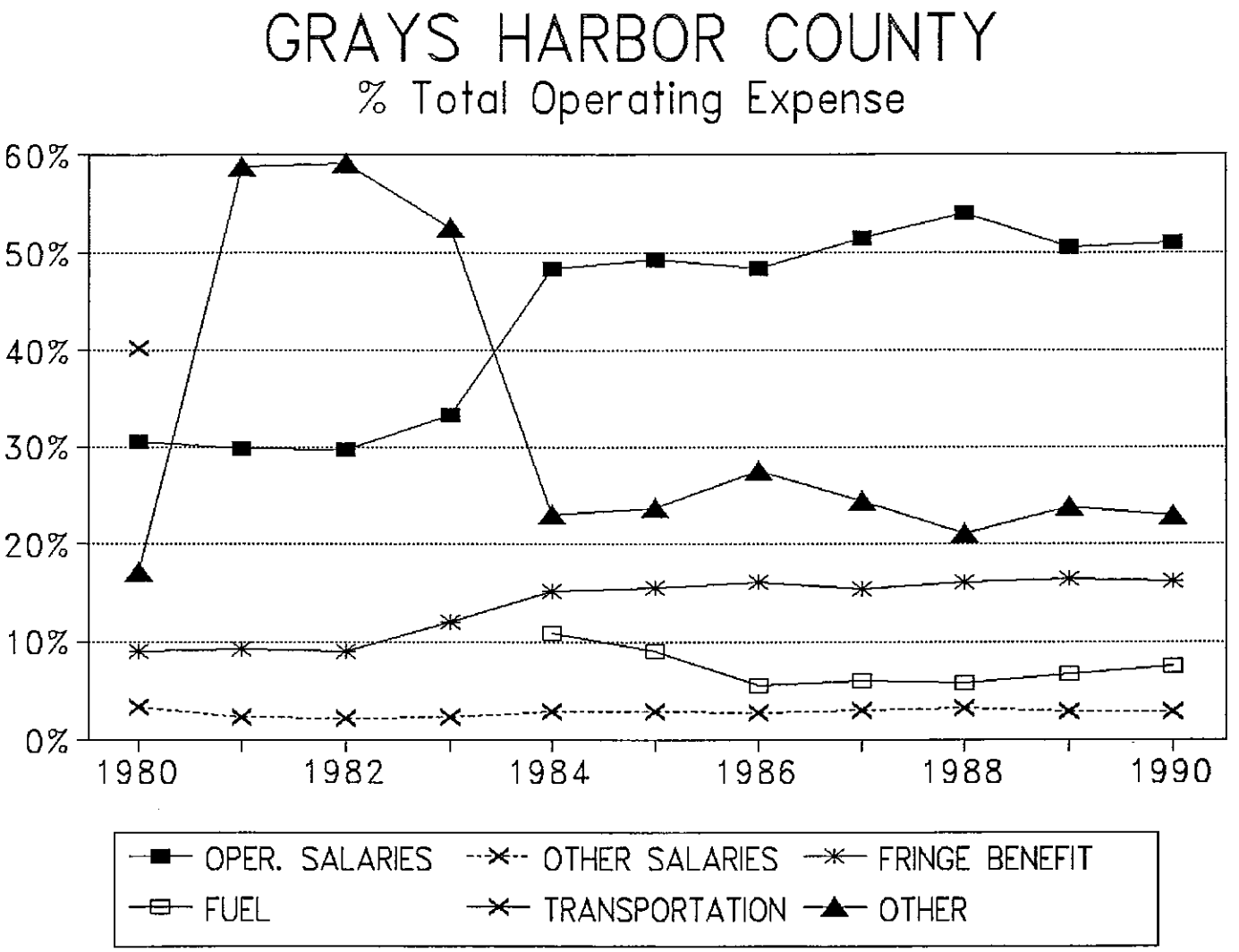

GRAYS HARBOR COUNTY
% Total Operating Expense
60%
50%
40%
30%
20%
10%
0%
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 3

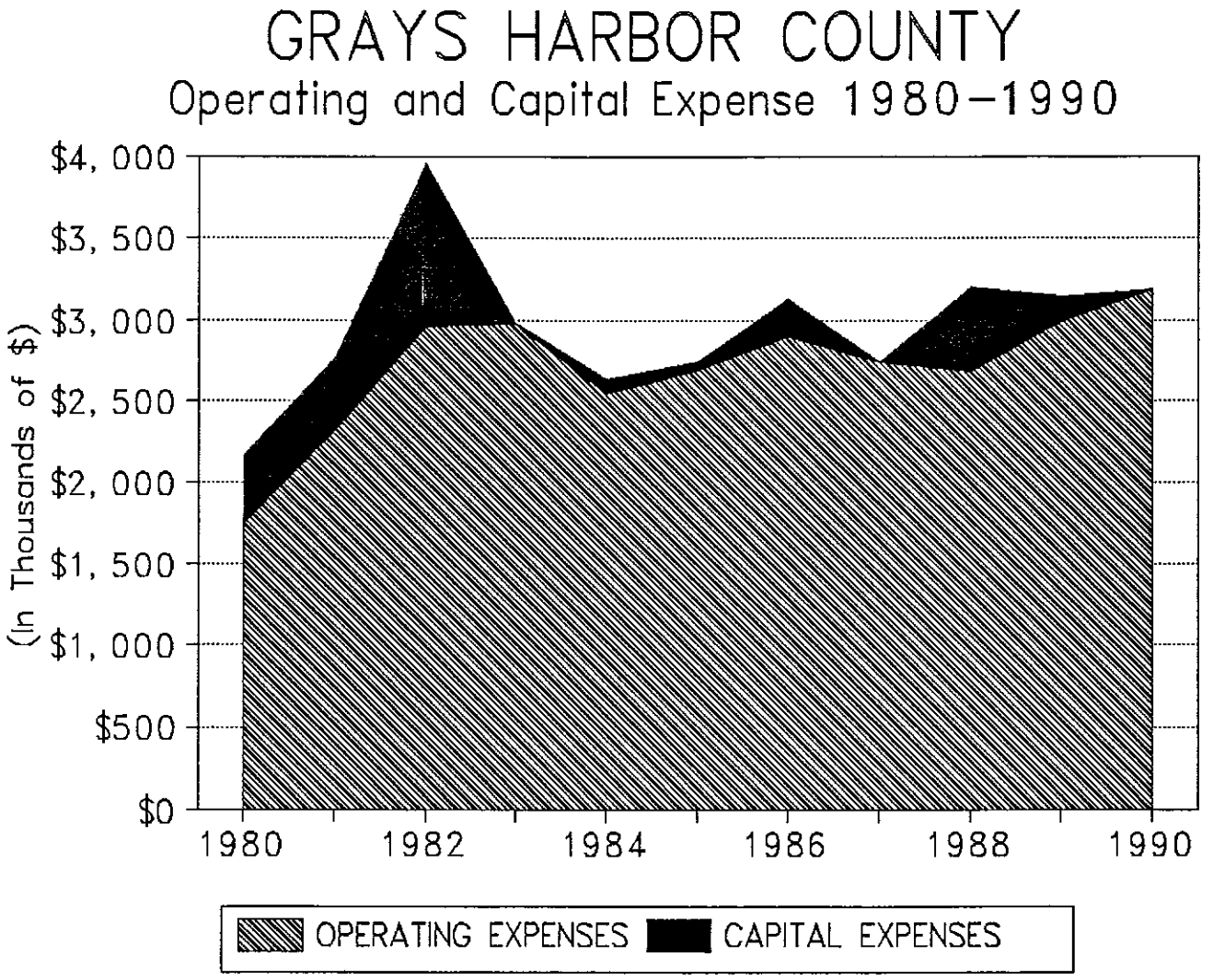

GRAYS HARBOR COUNTY
Operating and Capital Expense 1980–1990
(In Thousands of $)
$4, 000
$3, 500
$3, 000
$2, 500
$2, 000
$1, 500
$1, 000
$500
$0
1980
1982
1984
1986
1988
1990
OPERATING EXPENSES
CAPITAL EXPENSES

Figure 1

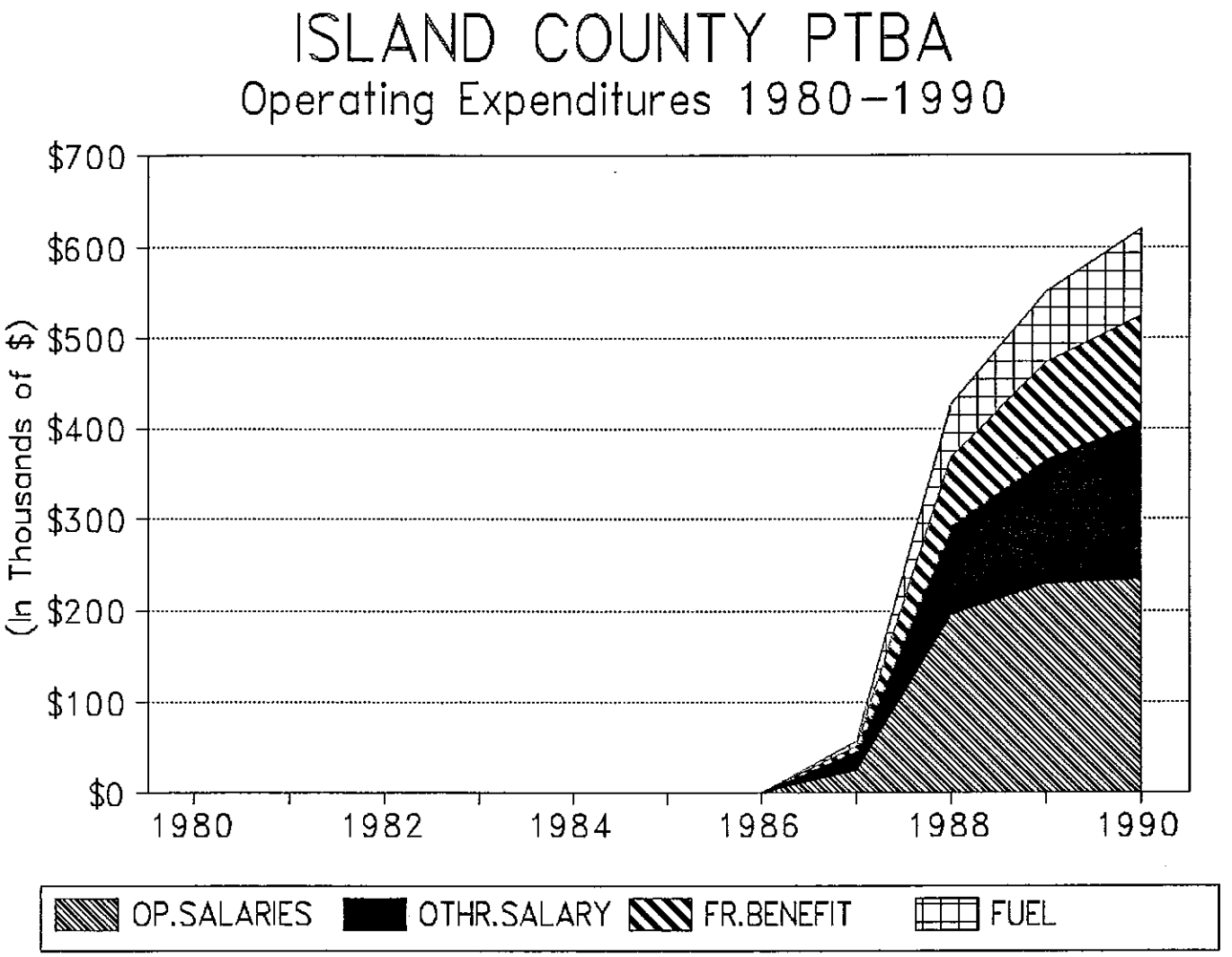

ISLAND COUNTY PTBA
Operating Expenditures 1980–1990
(In Thousands of $)
$700
$600
$500
$400
$300
$200
$100
$0
1980
1982
1984
1986
1988
1990
OP.SALARIES
OTHR.SALARY
FR.BENEFIT
FUEL

Figure 2

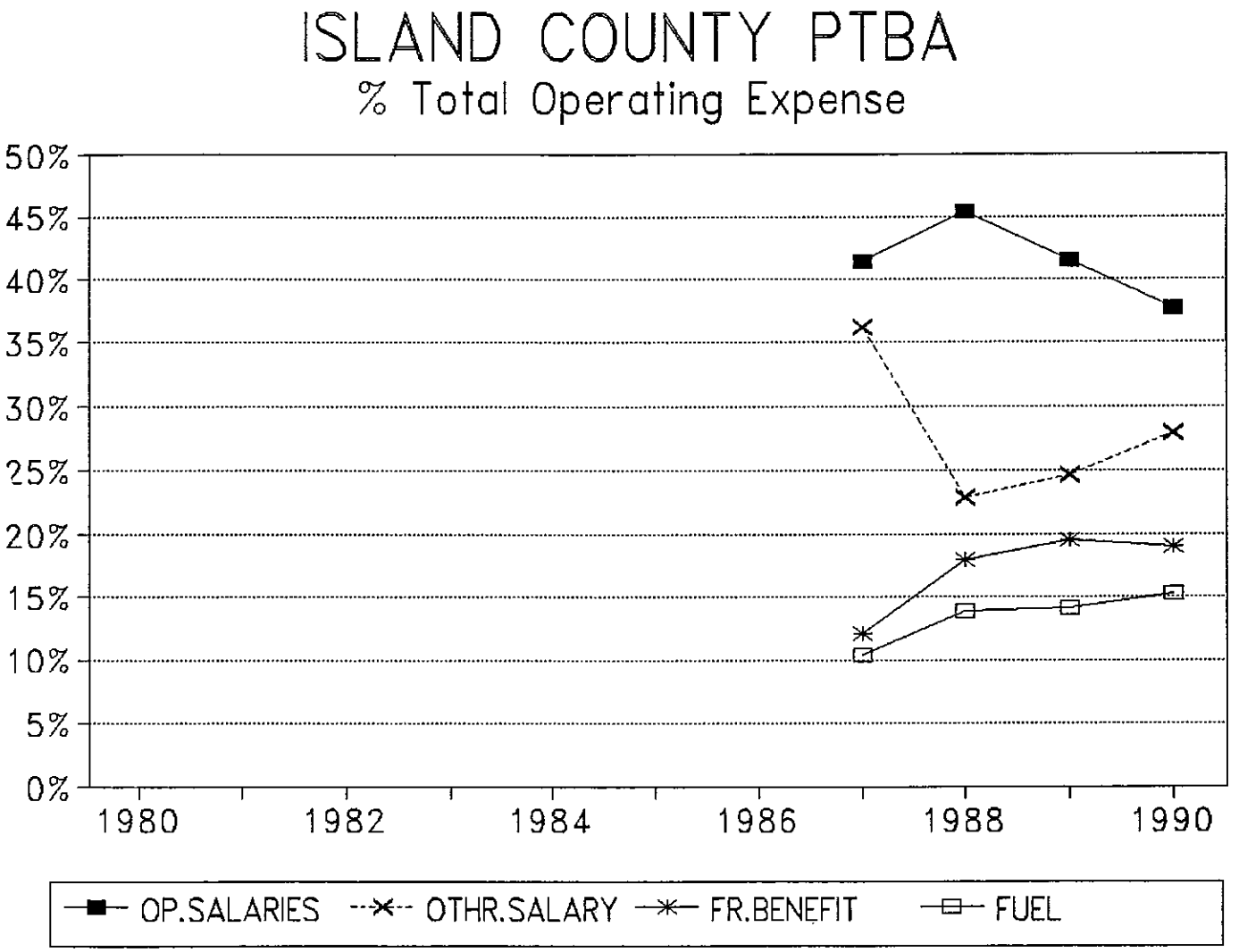

ISLAND COUNTY PTBA
% Total Operating Expense
50%
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
1980
1982
1984
1986
1988
1990
OP.SALARIES
OTHR.SALARY
FR.BENEFIT
FUEL

Figure 3

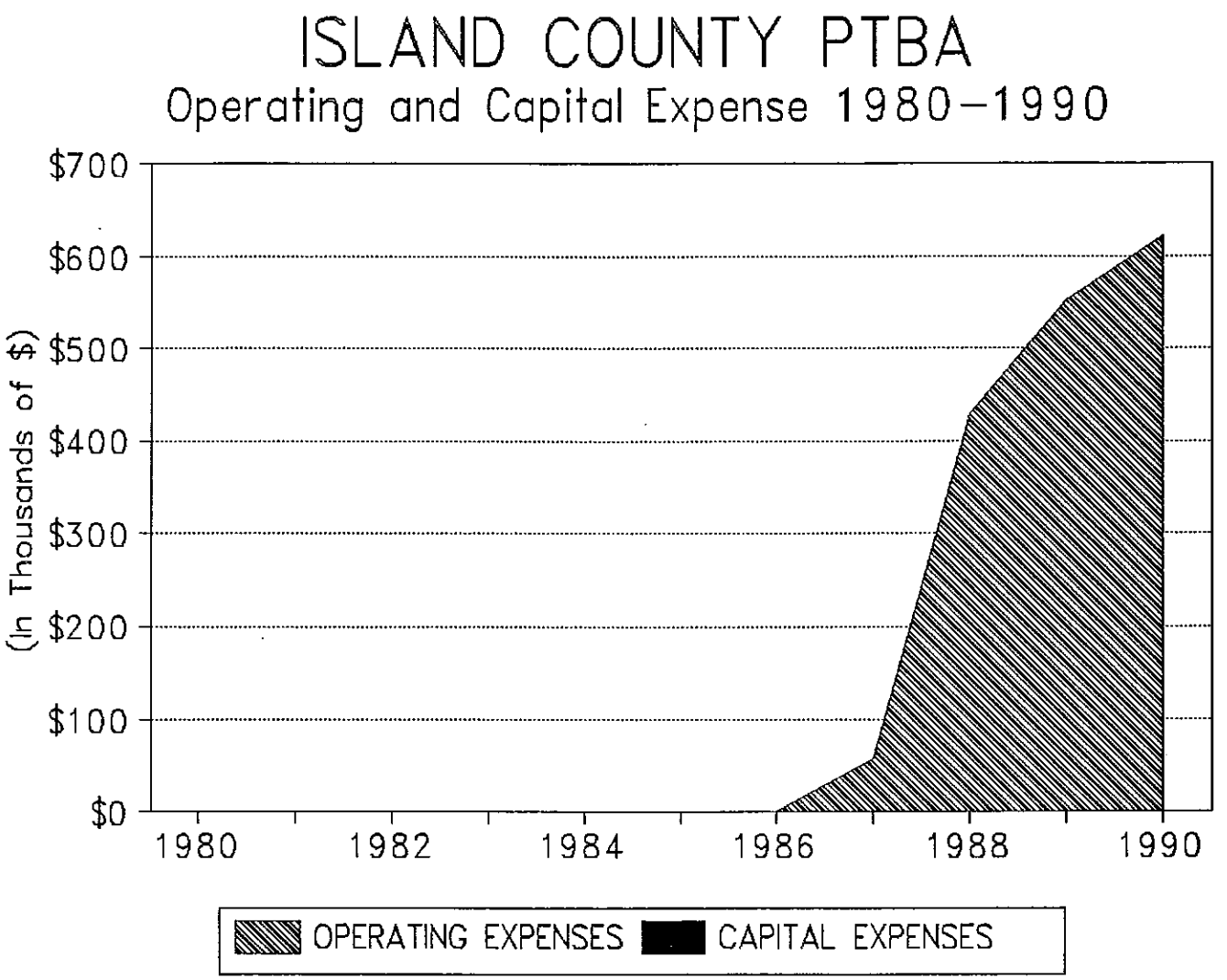

ISLAND COUNTY PTBA
Operating and Capital Expense 1980–1990
(In Thousands of $)
$700
$600
$500
$400
$300
$200
$100
$0
1980
1982
1984
1986
1988
1990
OPERATING EXPENSES
CAPITAL EXPENSES

Figure 1

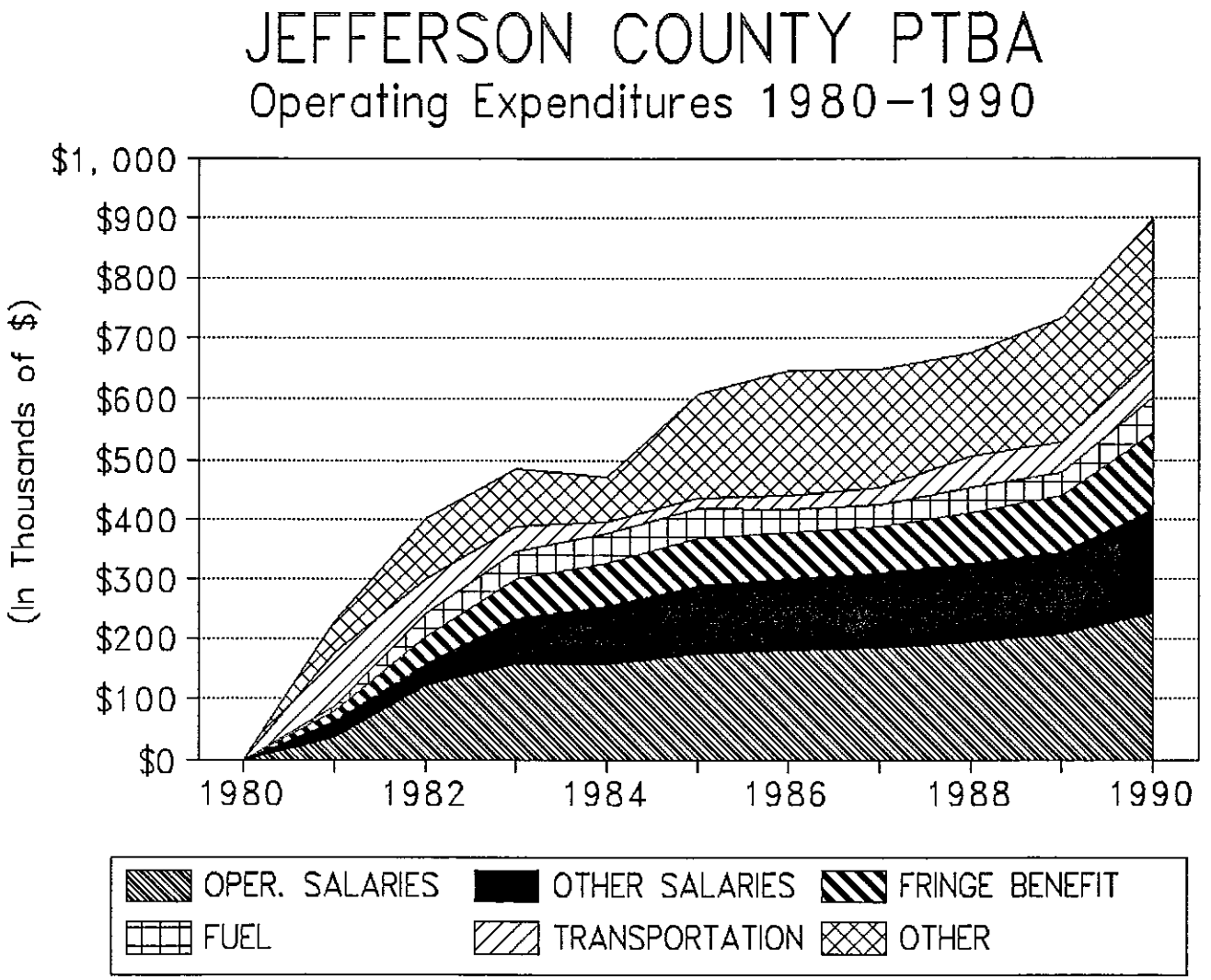

JEFFERSON COUNTY PTBA
Operating Expenditures 1980–1990
(In Thousands of $)
$1,000
$900
$800
$700
$600
$500
$400
$300
$200
$100
$0
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 2

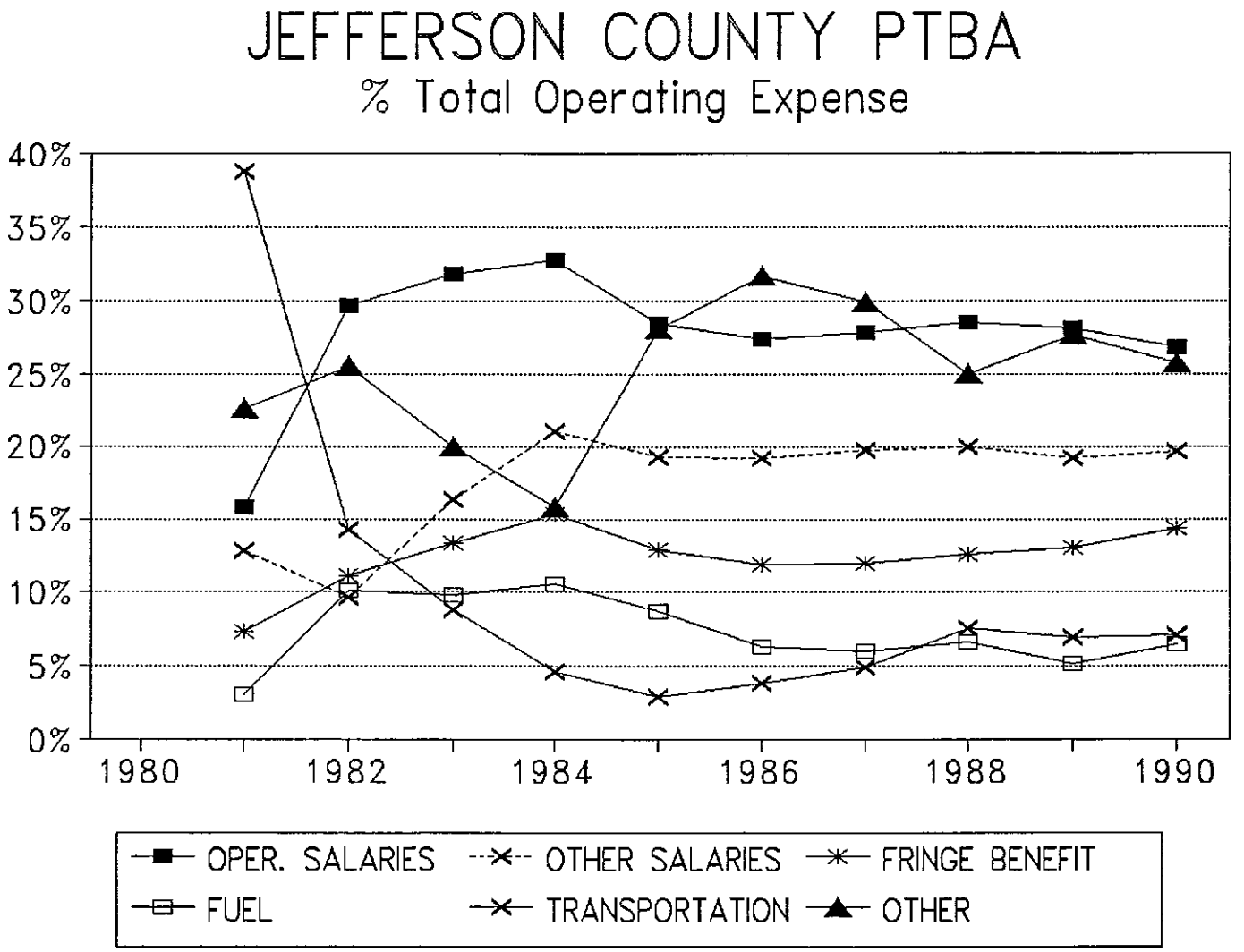

JEFFERSON COUNTY PTBA
% Total Operating Expense
40%
35%
30%
25%
20%
15%
10%
5%
0%
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 3

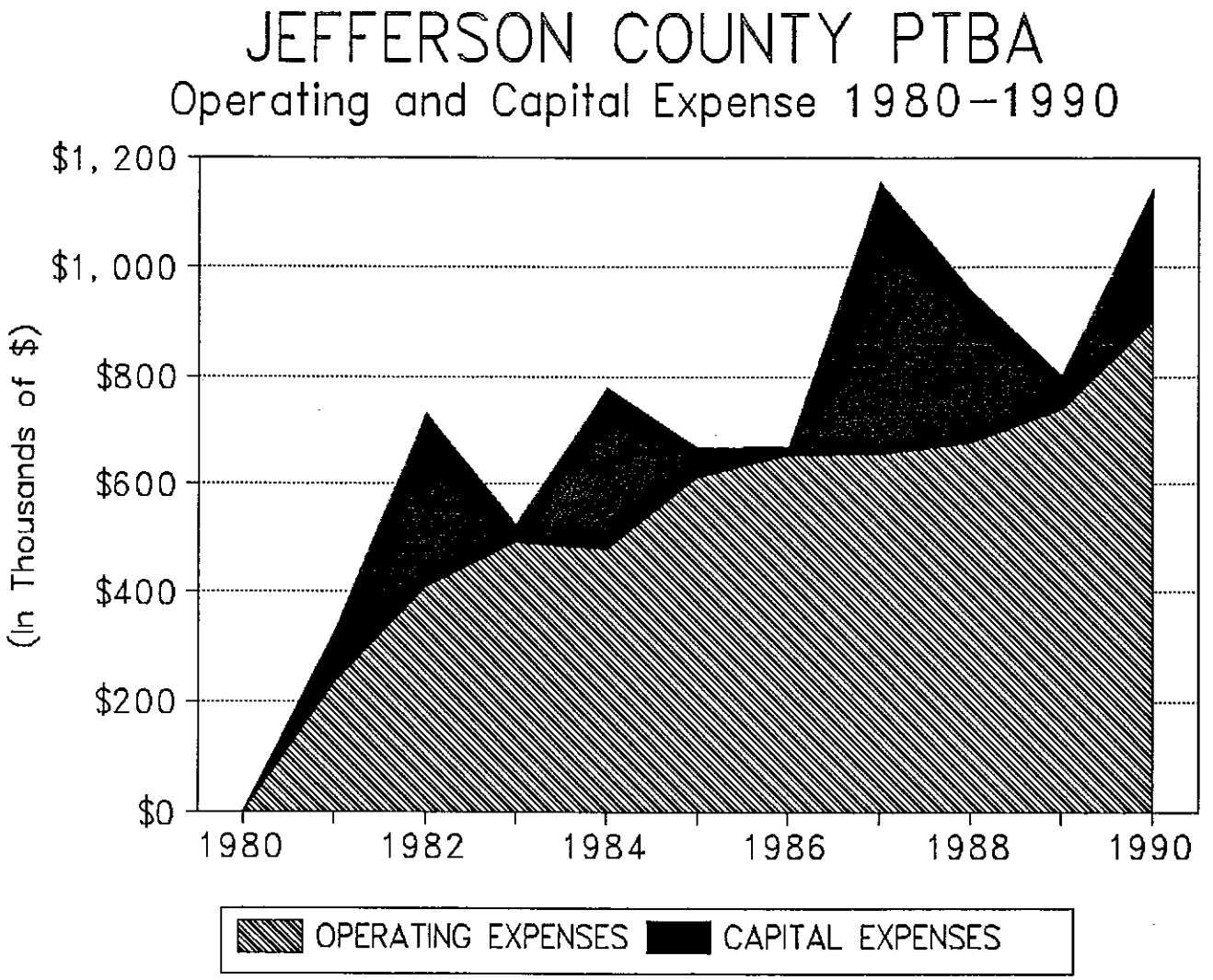

JEFFERSON COUNTY PTBA
Operating and Capital Expense 1980–1990
(In Thousands of $)
$1,200
$1,000
$800
$600
$400
$200
$0
1980
1982
1984
1986
1988
1990
OPERATING EXPENSES
CAPITAL EXPENSES

Figure 1

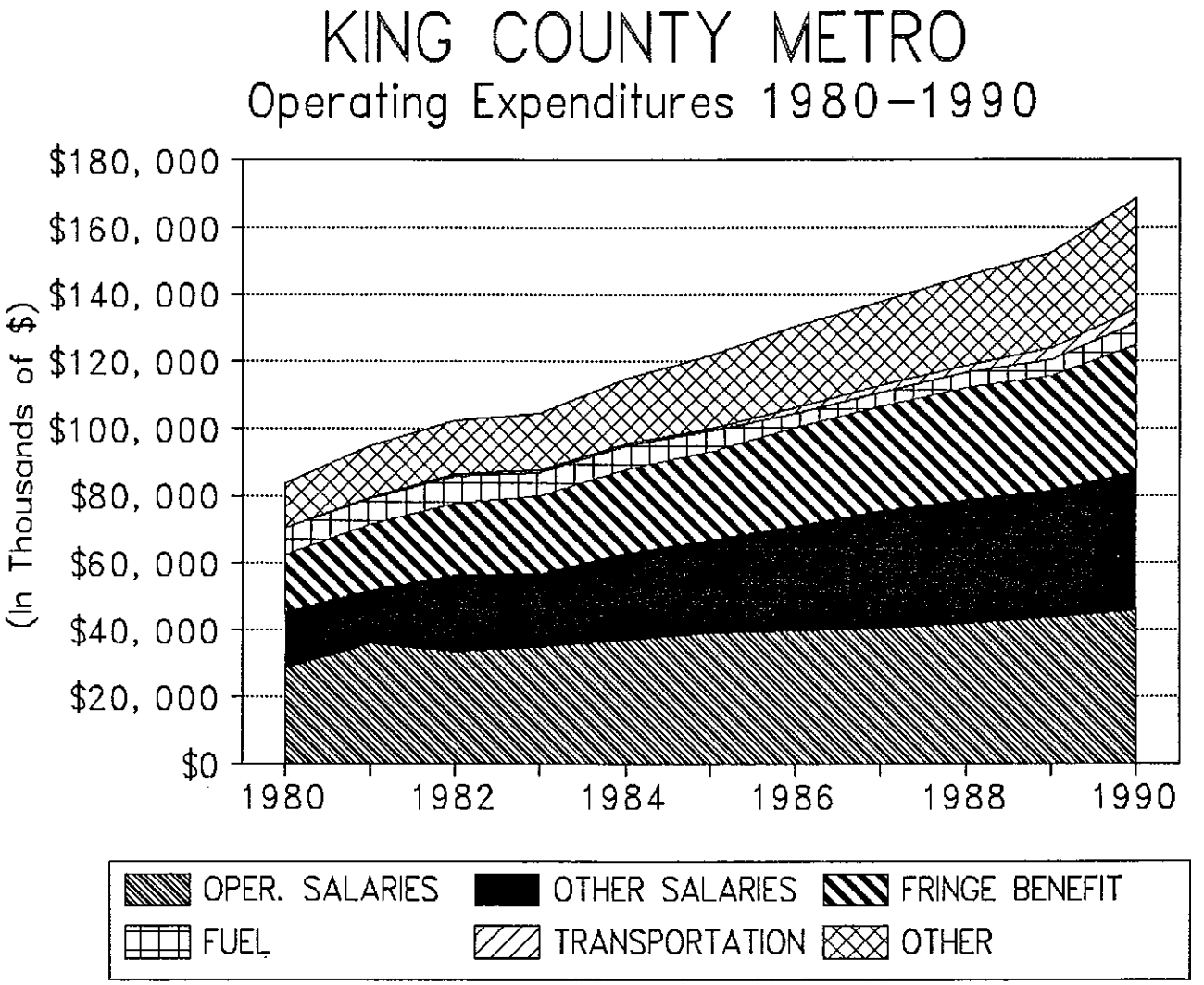

KING COUNTY METRO
Operating Expenditures 1980–1990
(In Thousands of $)
$180,000
$160,000
$140,000
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$0
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 2

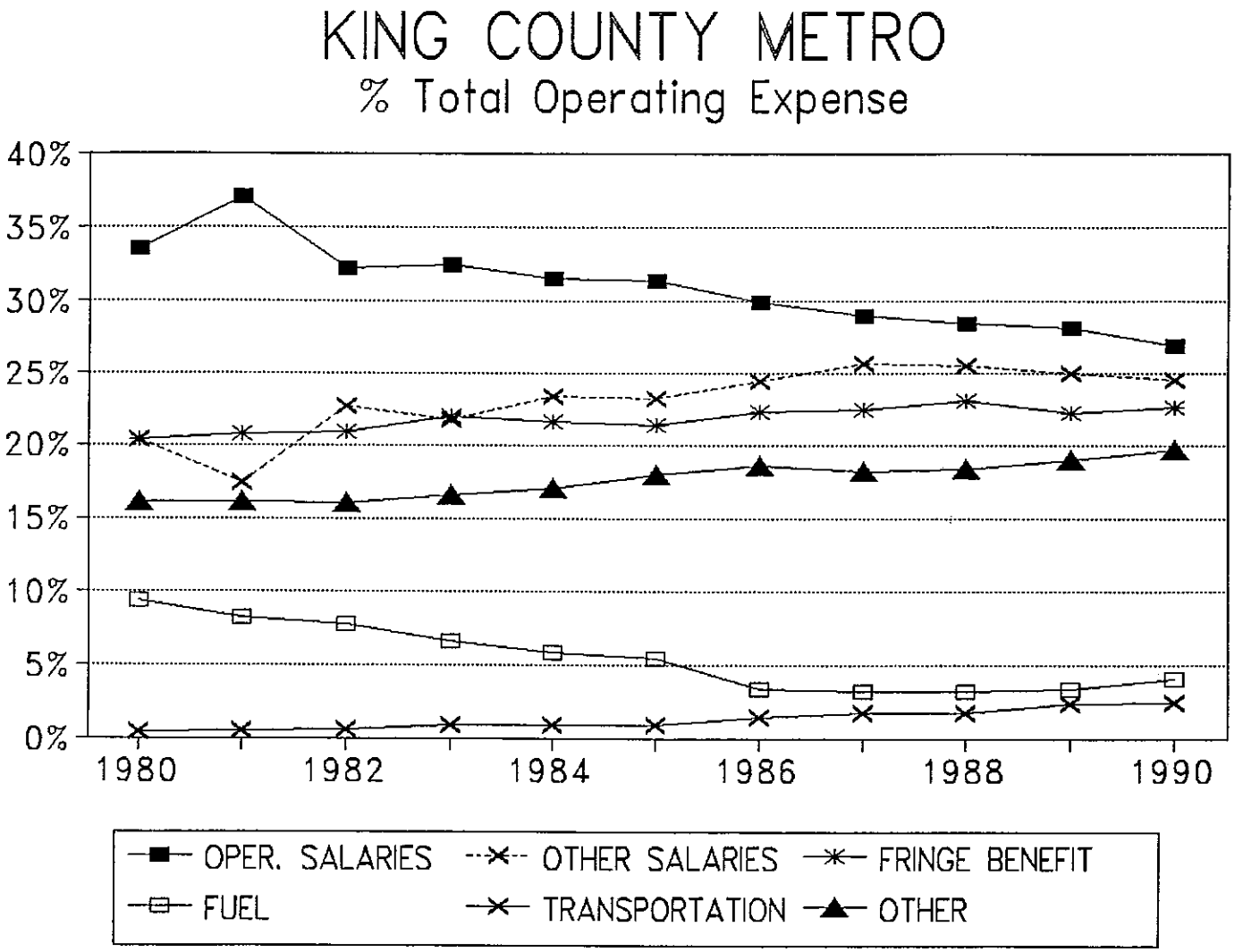

KING COUNTY METRO
% Total Operating Expense
40%
35%
30%
25%
20%
15%
10%
5%
0%
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 3

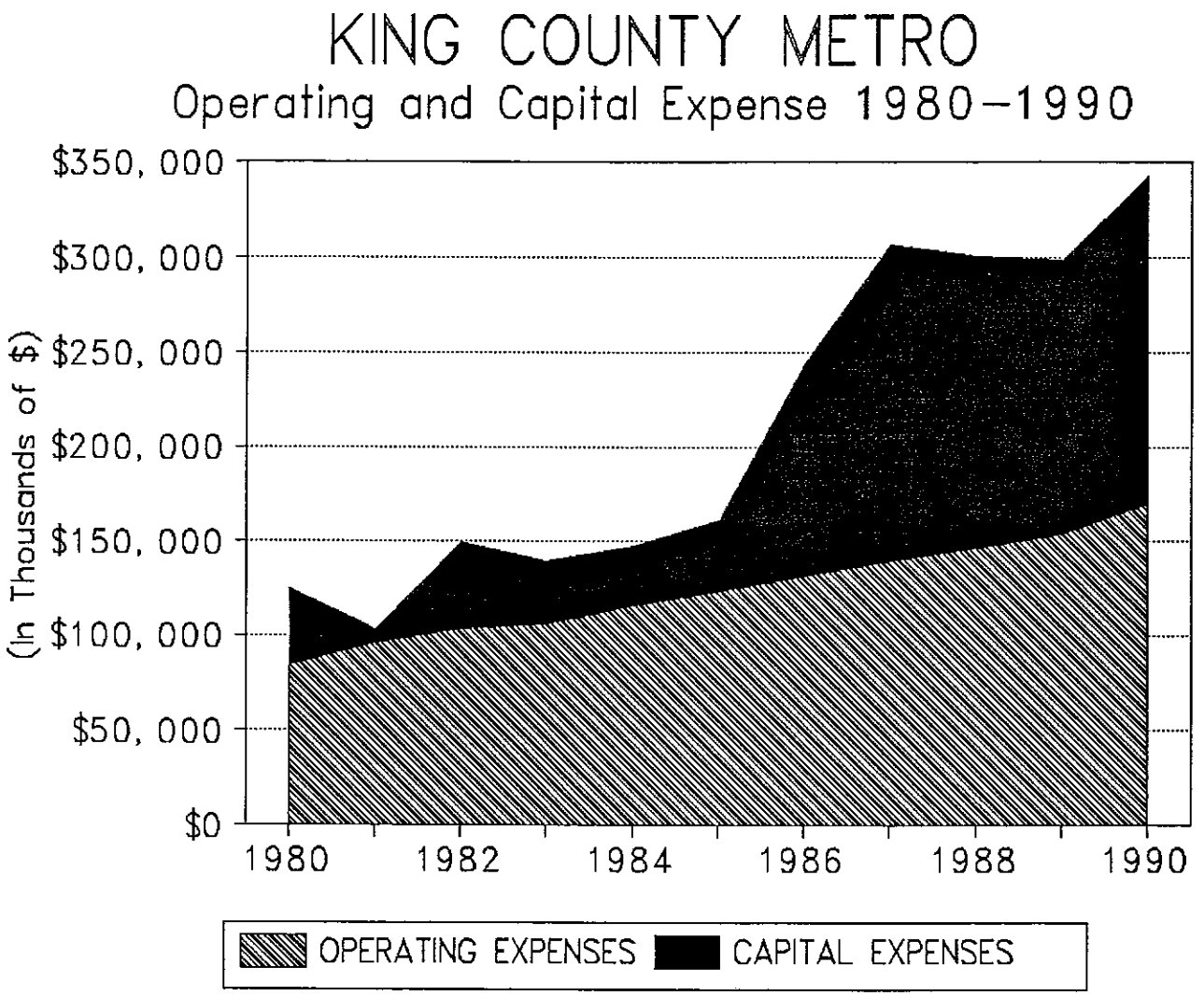

KING COUNTY METRO
Operating and Capital Expense 1980–1990
(In Thousands of $)
$350, 000
$300, 000
$250, 000
$200, 000
$150, 000
$100, 000
$50, 000
$0
1980
1982
1984
1986
1988
1990
OPERATING EXPENSES
CAPITAL EXPENSES

Figure 1

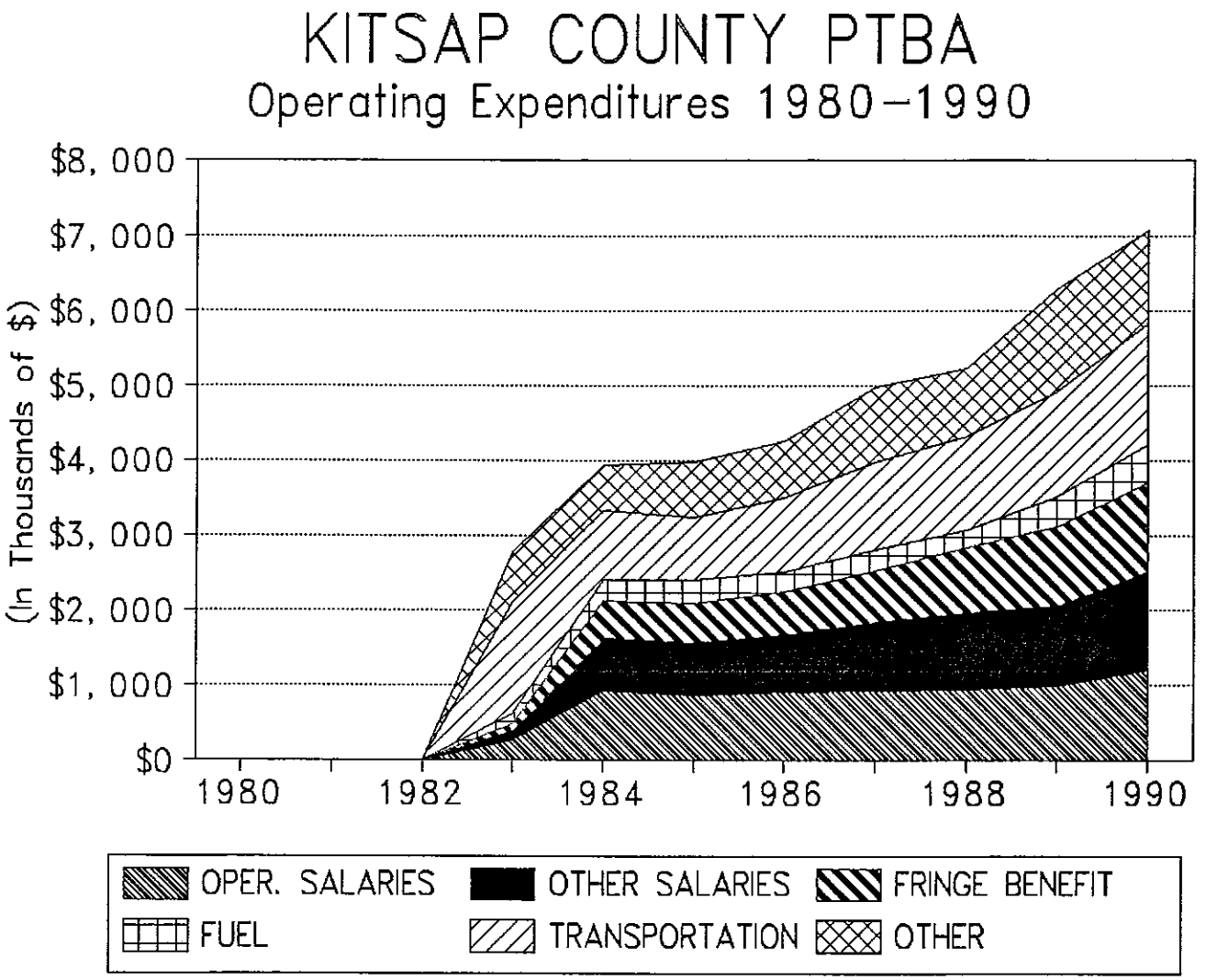

KITSAP COUNTY PTBA
Operating Expenditures 1980–1990
(In Thousands of $)
$8,000
$7,000
$6,000
$5,000
$4,000
$3,000
$2,000
$1,000
$0
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 2

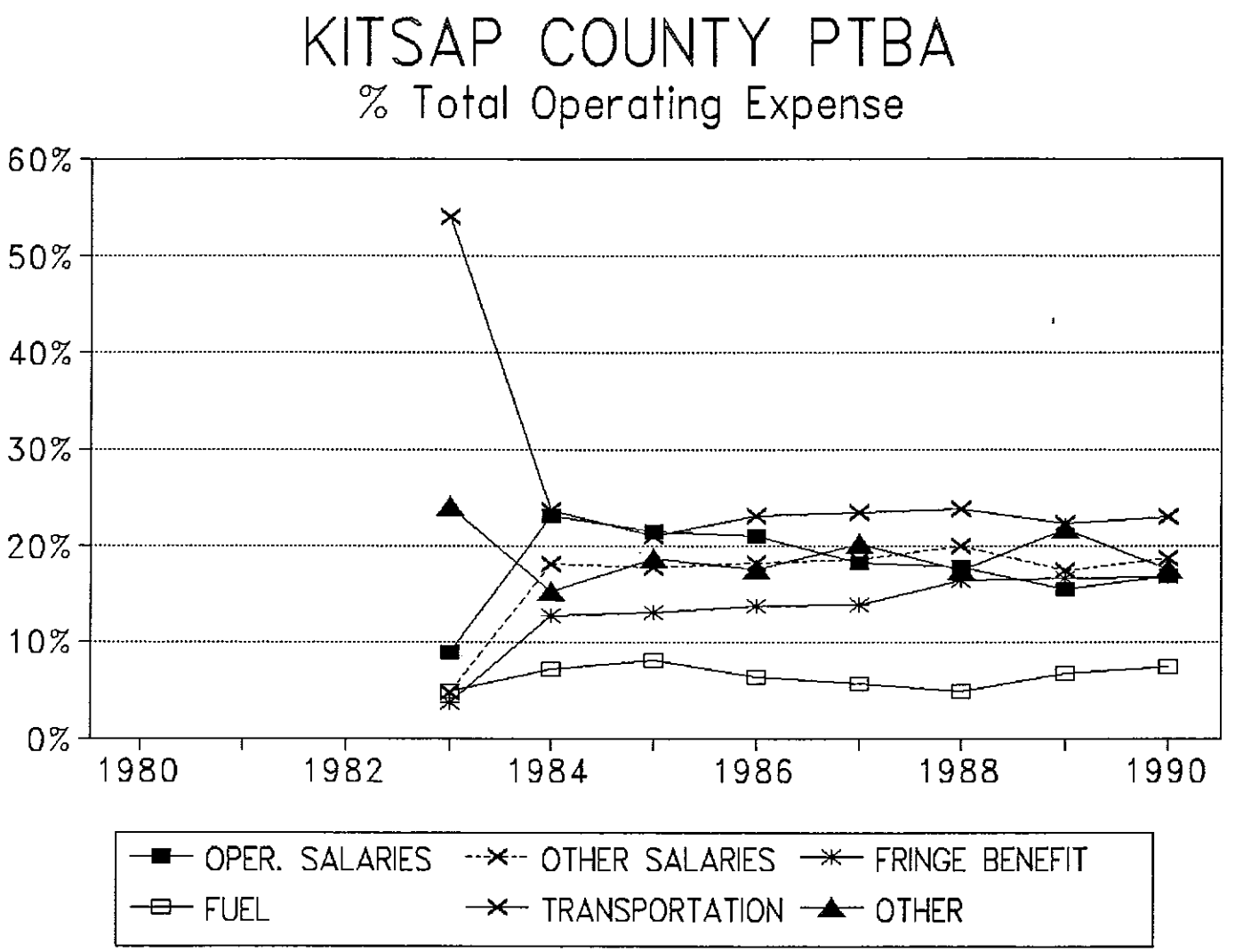

KITSAP COUNTY PTBA
% Total Operating Expense
60%
50%
40%
30%
20%
10%
0%
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 3

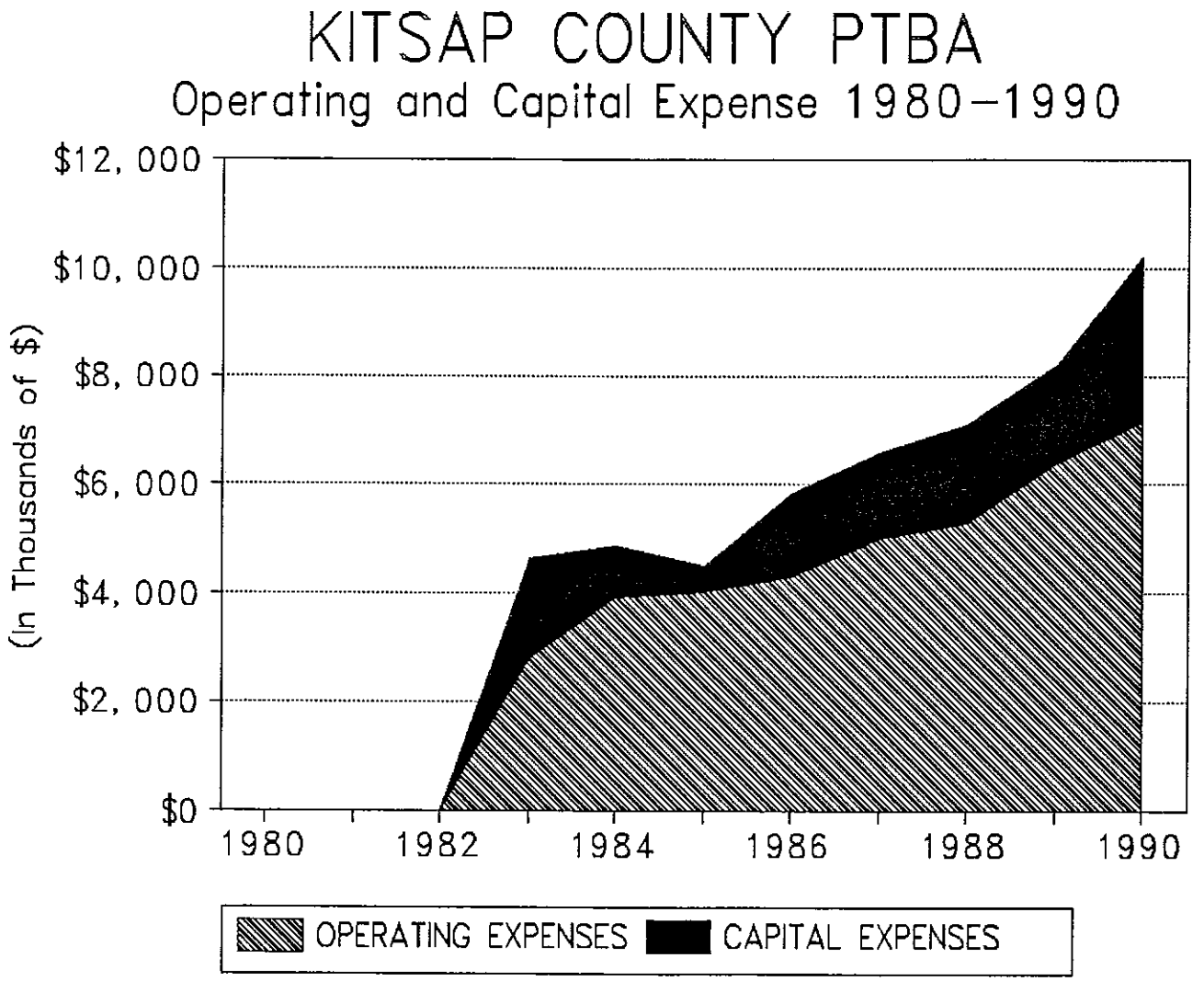

KITSAP COUNTY PTBA
Operating and Capital Expense 1980–1990
(In Thousands of $)
$12, 000
$10, 000
$8, 000
$6, 000
$4, 000
$2, 000
$0
1980
1982
1984
1986
1988
1990
OPERATING EXPENSES
CAPITAL EXPENSES

Figure 1

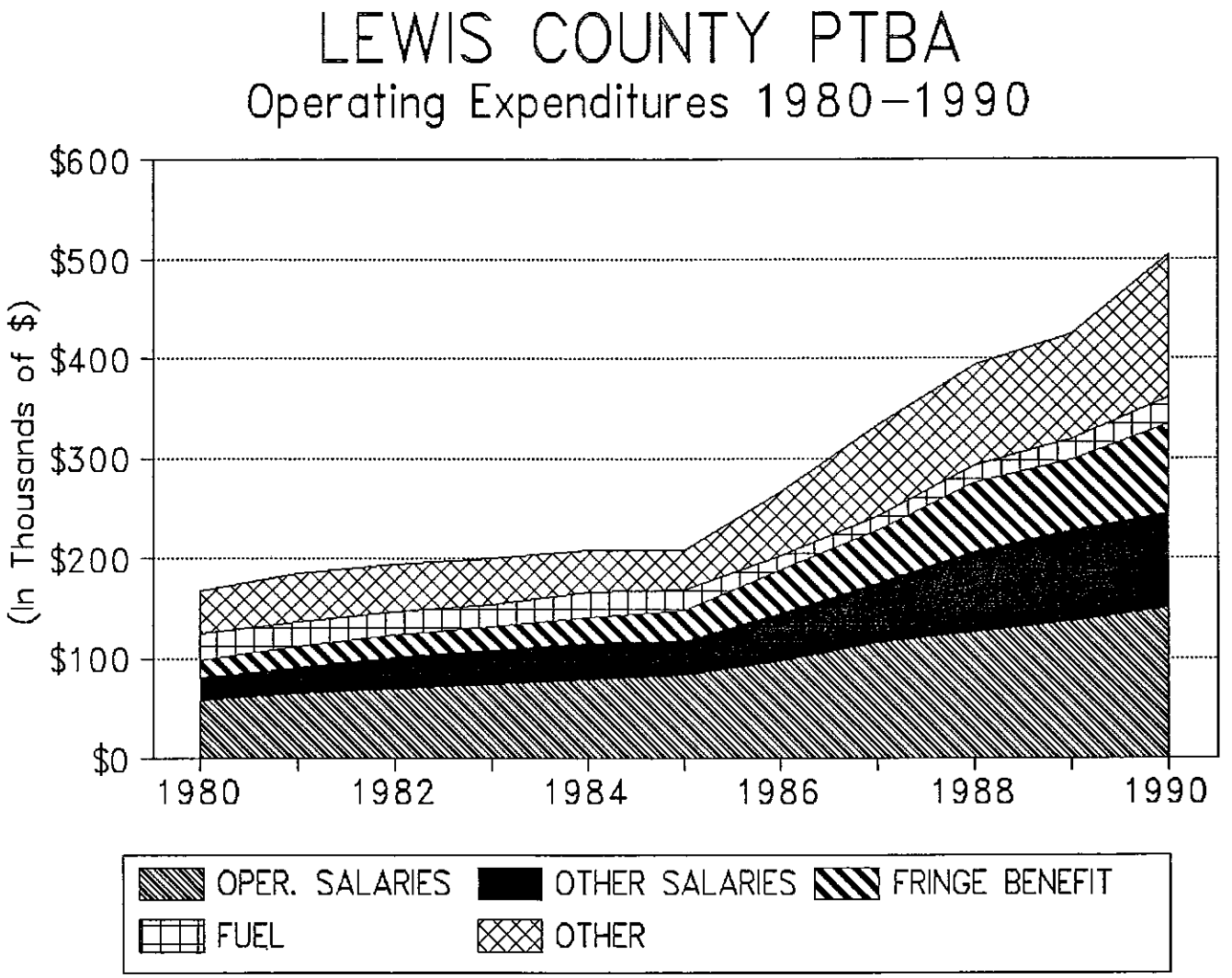

LEWIS COUNTY PTBA
Operating Expenditures 1980–1990
(In Thousands of $)
$600
$500
$400
$300
$200
$100
$0
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
OTHER

Figure 2

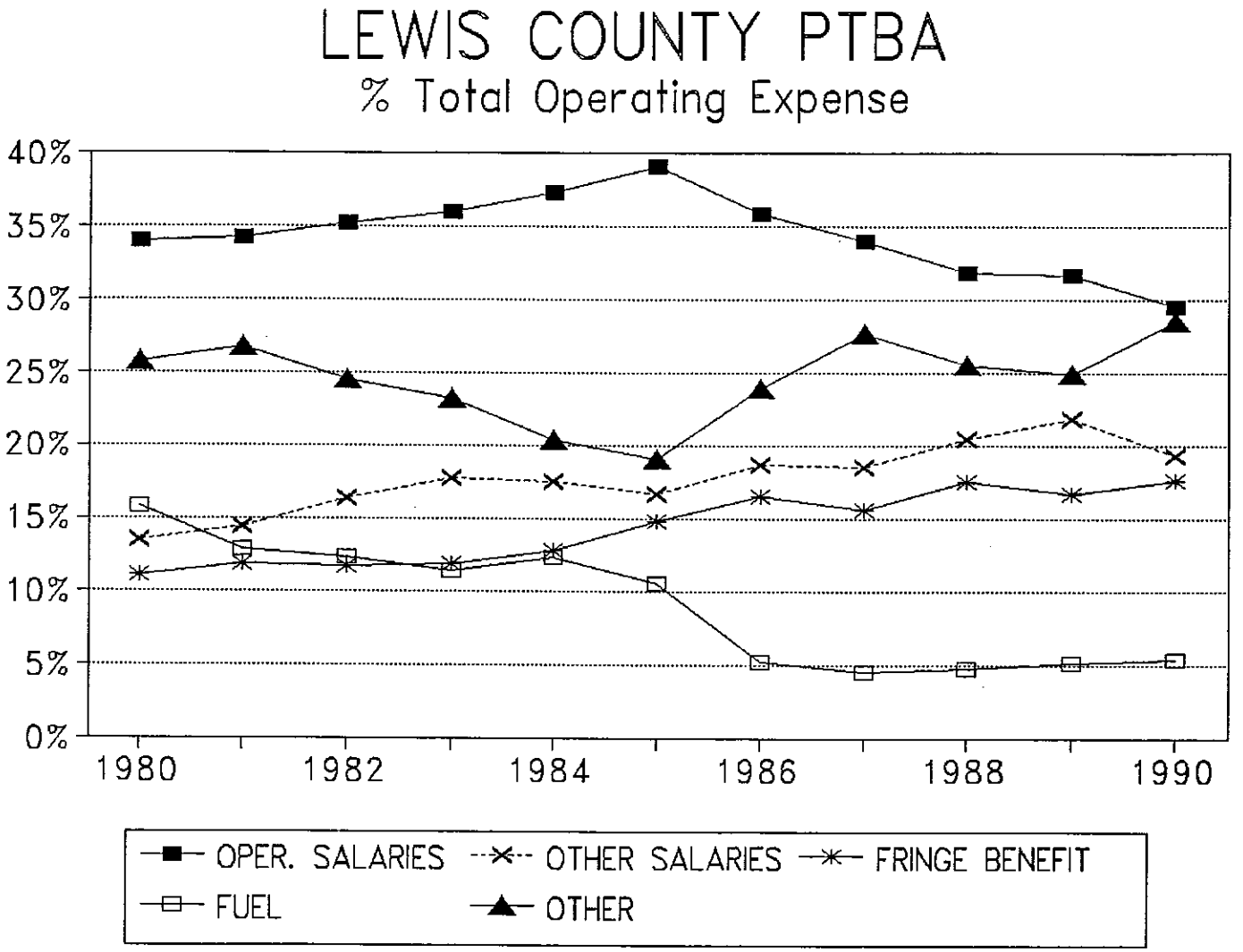

LEWIS COUNTY PTBA
% Total Operating Expense
40%
35%
30%
25%
20%
15%
10%
5%
0%
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
OTHER

Figure 3

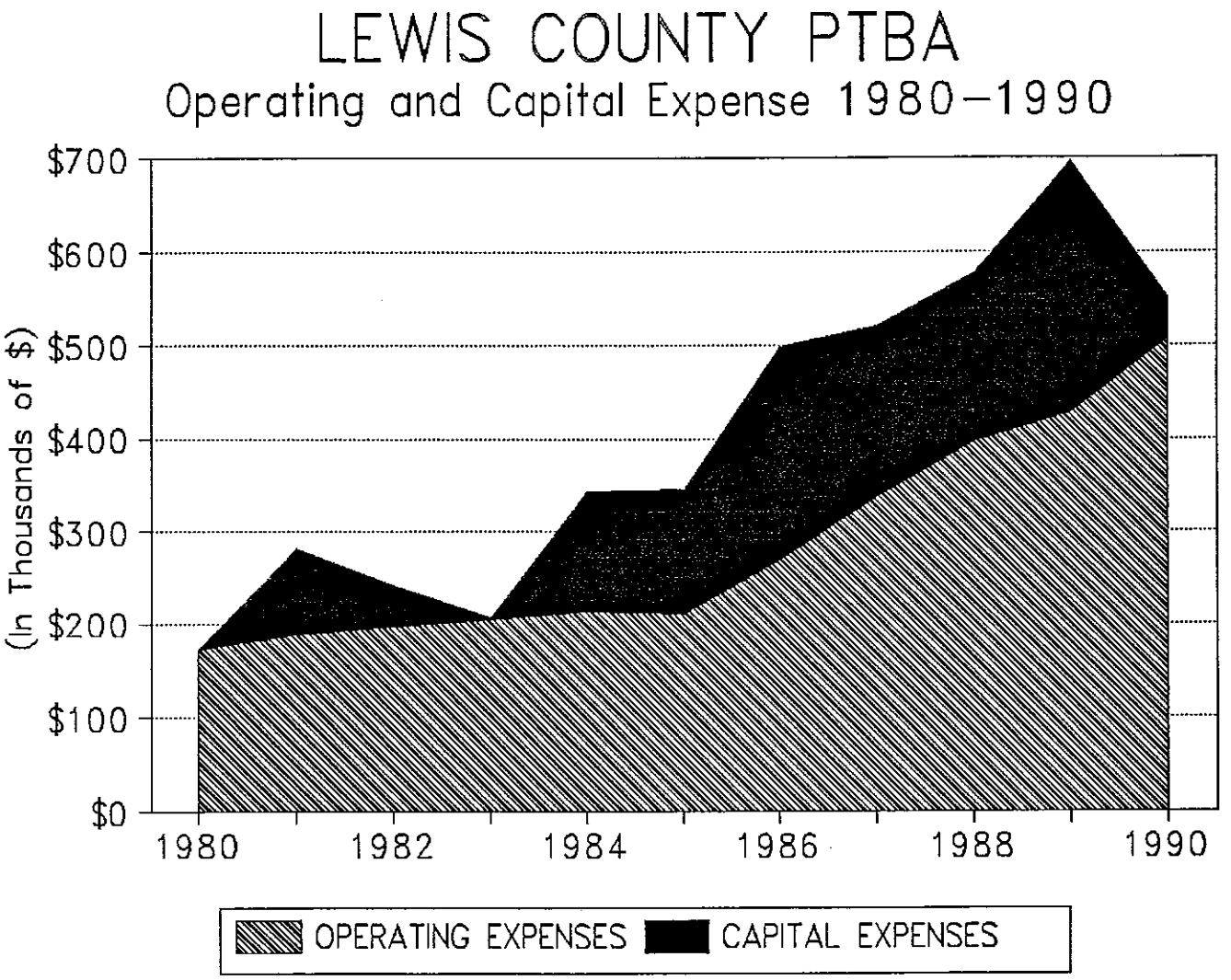

LEWIS COUNTY PTBA
Operating and Capital Expense 1980–1990
(In Thousands of $)
$700
$600
$500
$400
$300
$200
$100
$0
1980
1982
1984
1986
1988
1990
OPERATING EXPENSES
CAPITAL EXPENSES

Figure 1

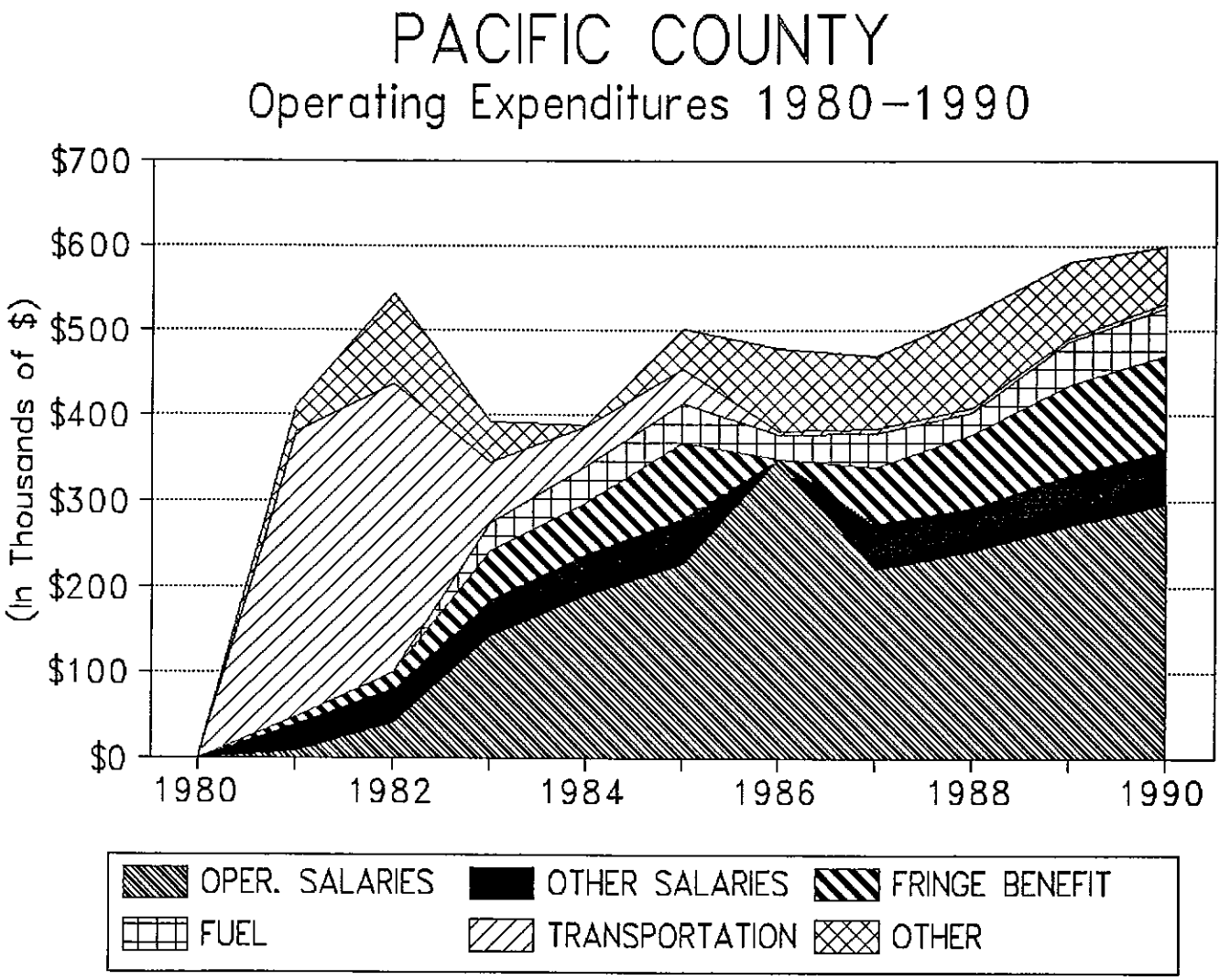

PACIFIC COUNTY
Operating Expenditures 1980–1990
(In Thousands of $)
$700
$600
$500
$400
$300
$200
$100
$0
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 2

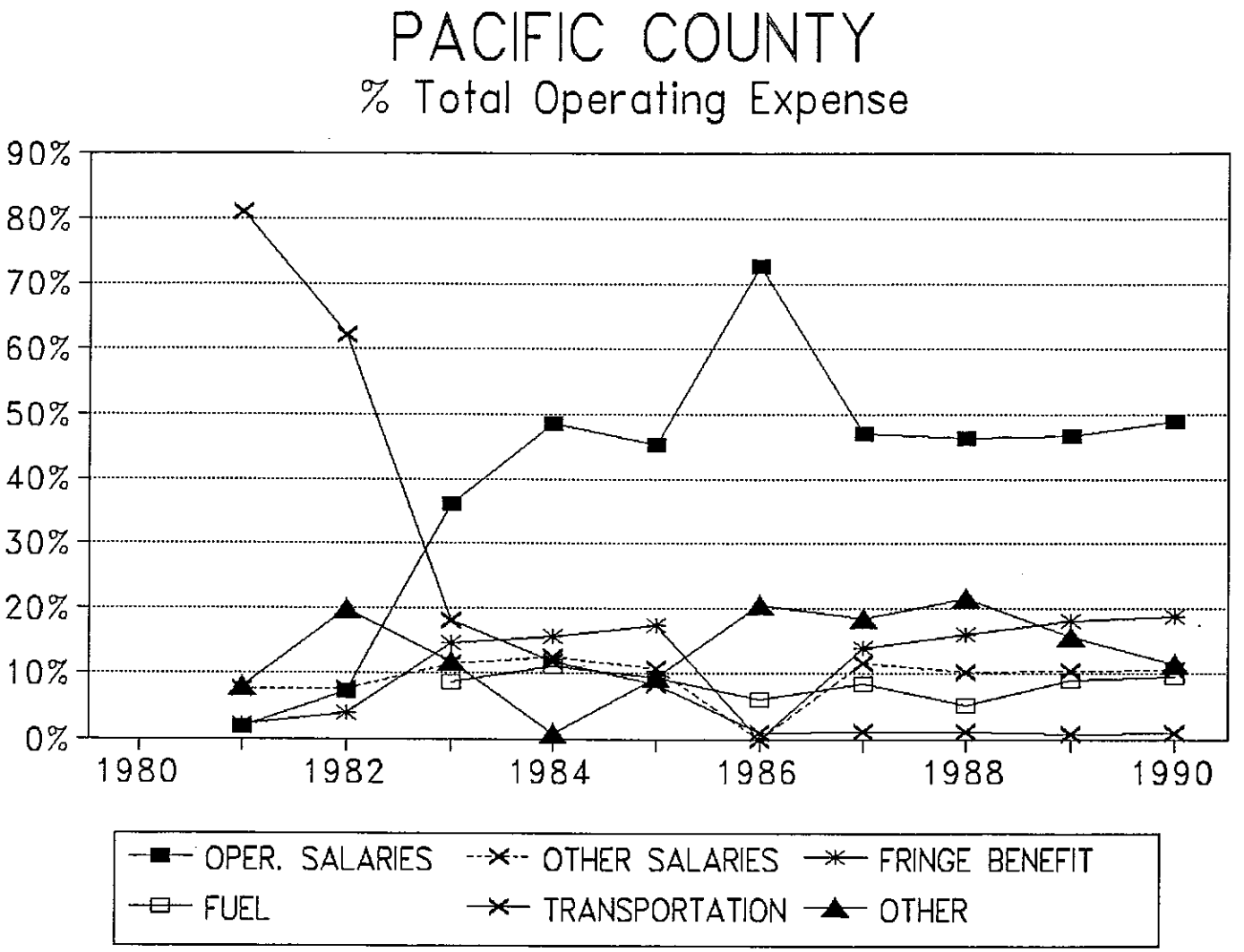

PACIFIC COUNTY
% Total Operating Expense
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 3

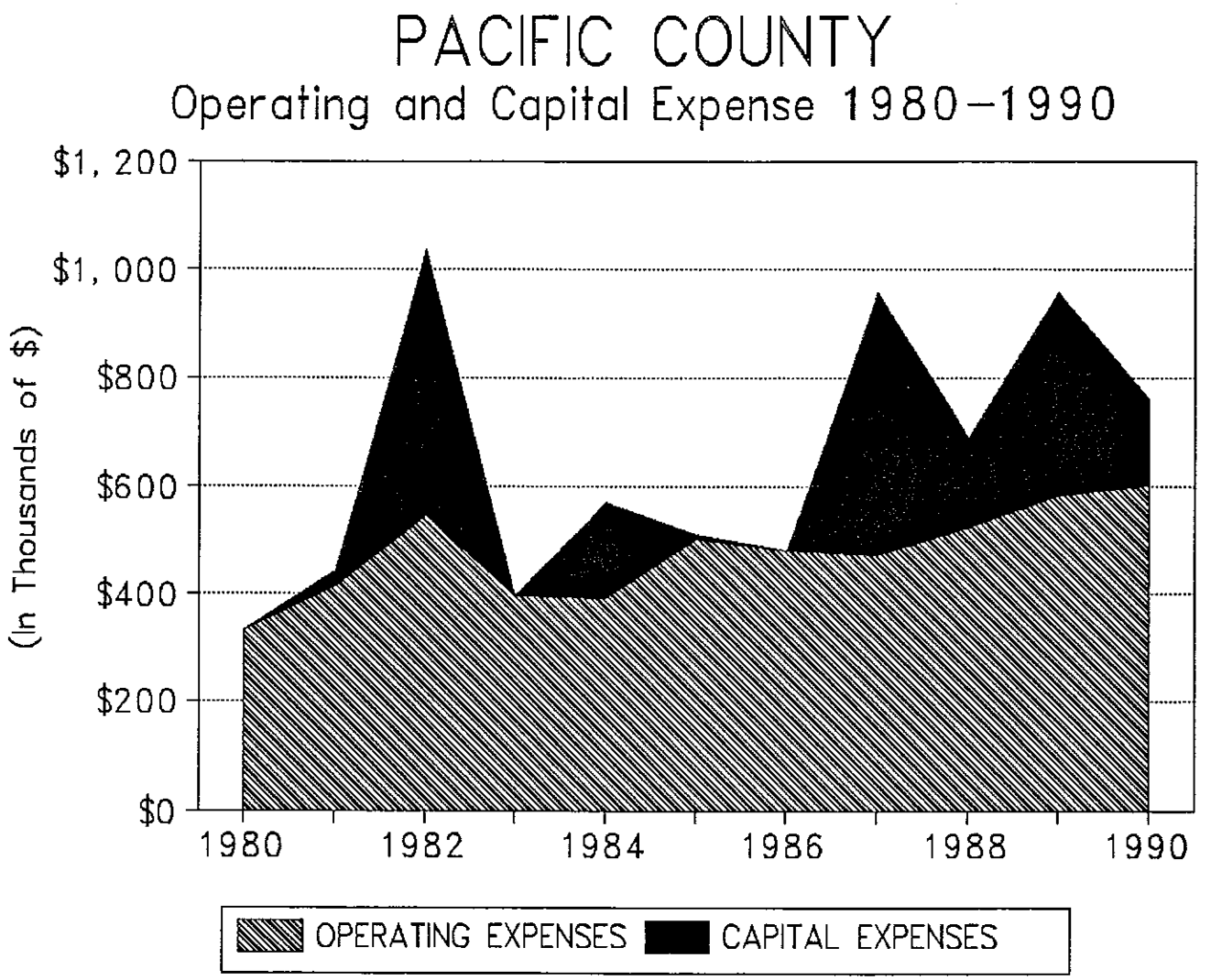

PACIFIC COUNTY
Operating and Capital Expense 1980–1990
(In Thousands of $)
$1,200
$1,000
$800
$600
$400
$200
$0
1980
1982
1984
1986
1988
1990
OPERATING EXPENSES
CAPITAL EXPENSES

Figure 1

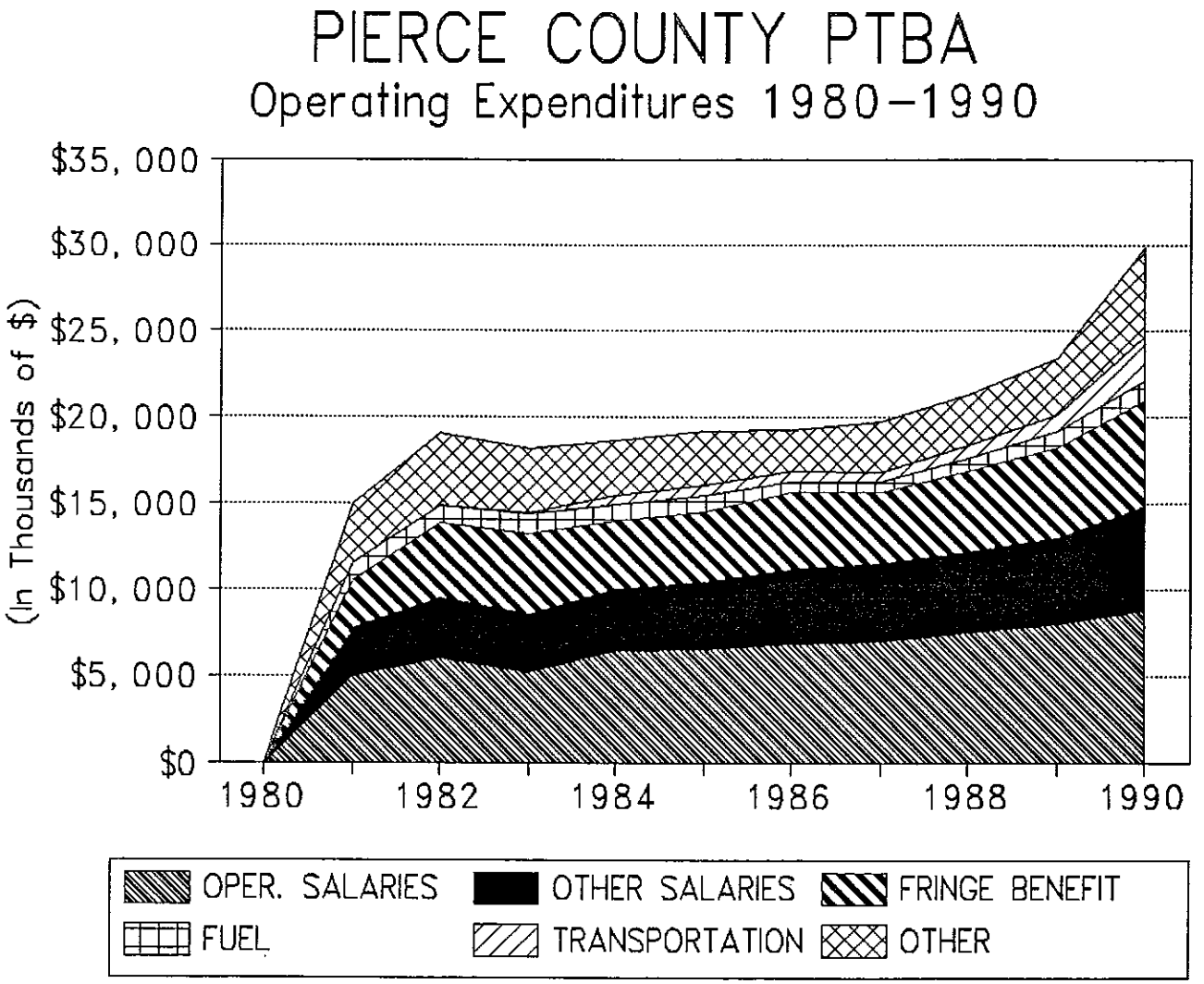

PIERCE COUNTY PTBA
Operating Expenditures 1980–1990
(In Thousands of $)
$35, 000
$30, 000
$25, 000
$20, 000
$15, 000
$10, 000
$5, 000
$0
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 2

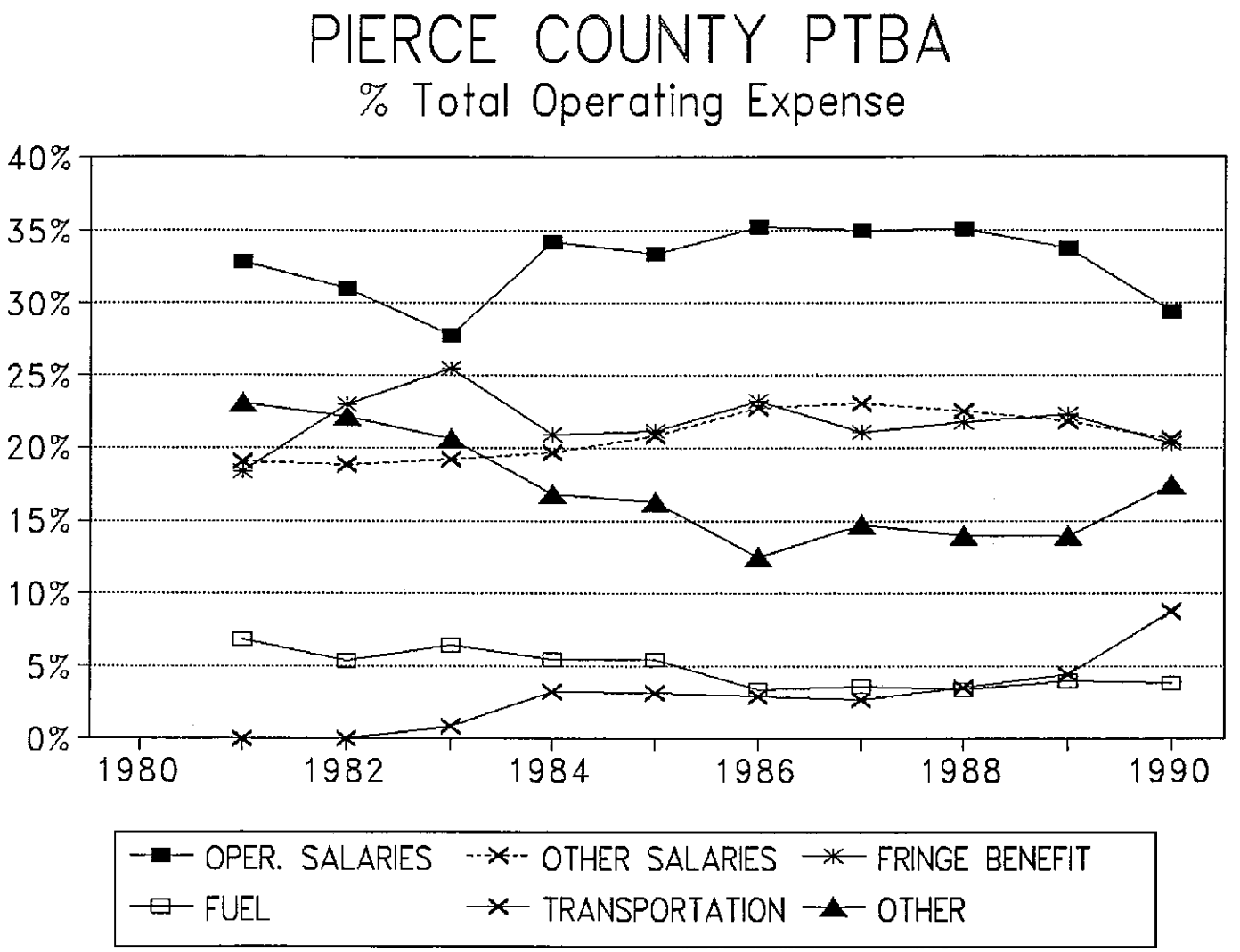

PIERCE COUNTY PTBA
% Total Operating Expense
40%
35%
30%
25%
20%
15%
10%
5%
0%
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 3

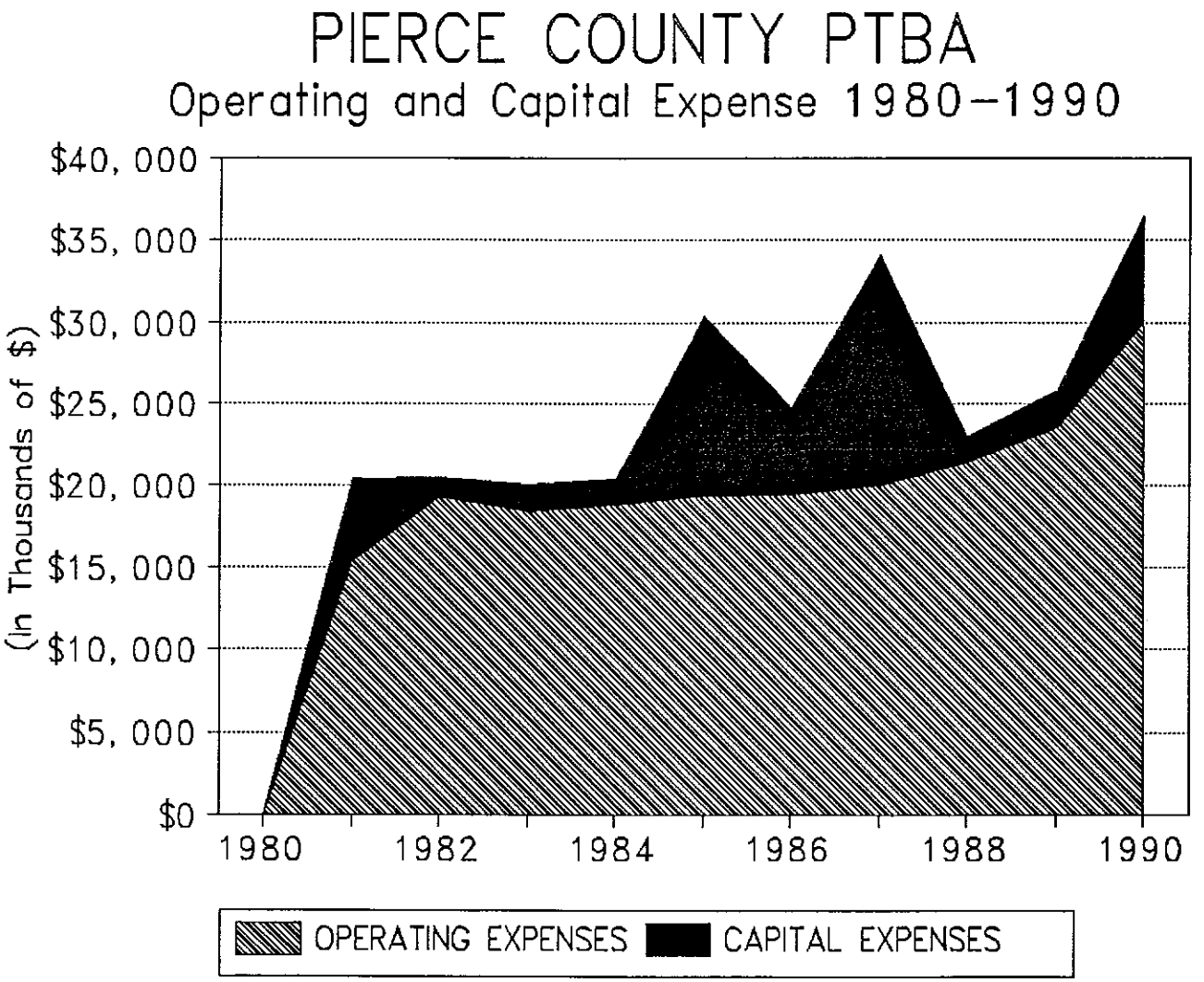

PIERCE COUNTY PTBA
Operating and Capital Expense 1980–1990
(In Thousands of $)
$40,000
$35,000
$30,000
$25,000
$20,000
$15,000
$10,000
$5,000
$0
1980
1982
1984
1986
1988
1990
OPERATING EXPENSES
CAPITAL EXPENSES

Figure 1

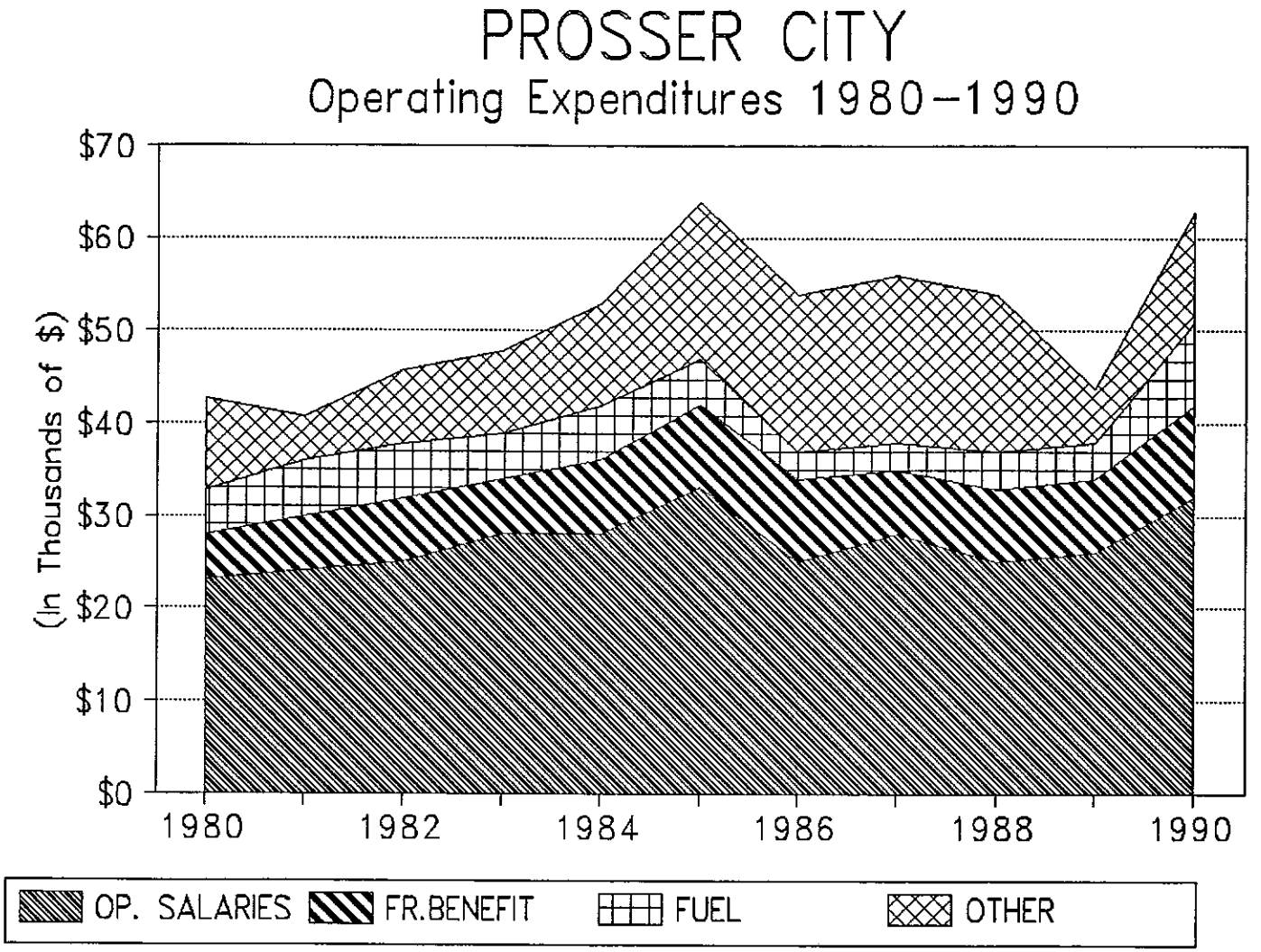

PROSSER CITY
Operating Expenditures 1980–1990
(In Thousands of $)
$70
$60
$50
$40
$30
$20
$10
$0
1980
1982
1984
1986
1988
1990
OP. SALARIES
FR.BENEFIT
FUEL
OTHER

Figure 2

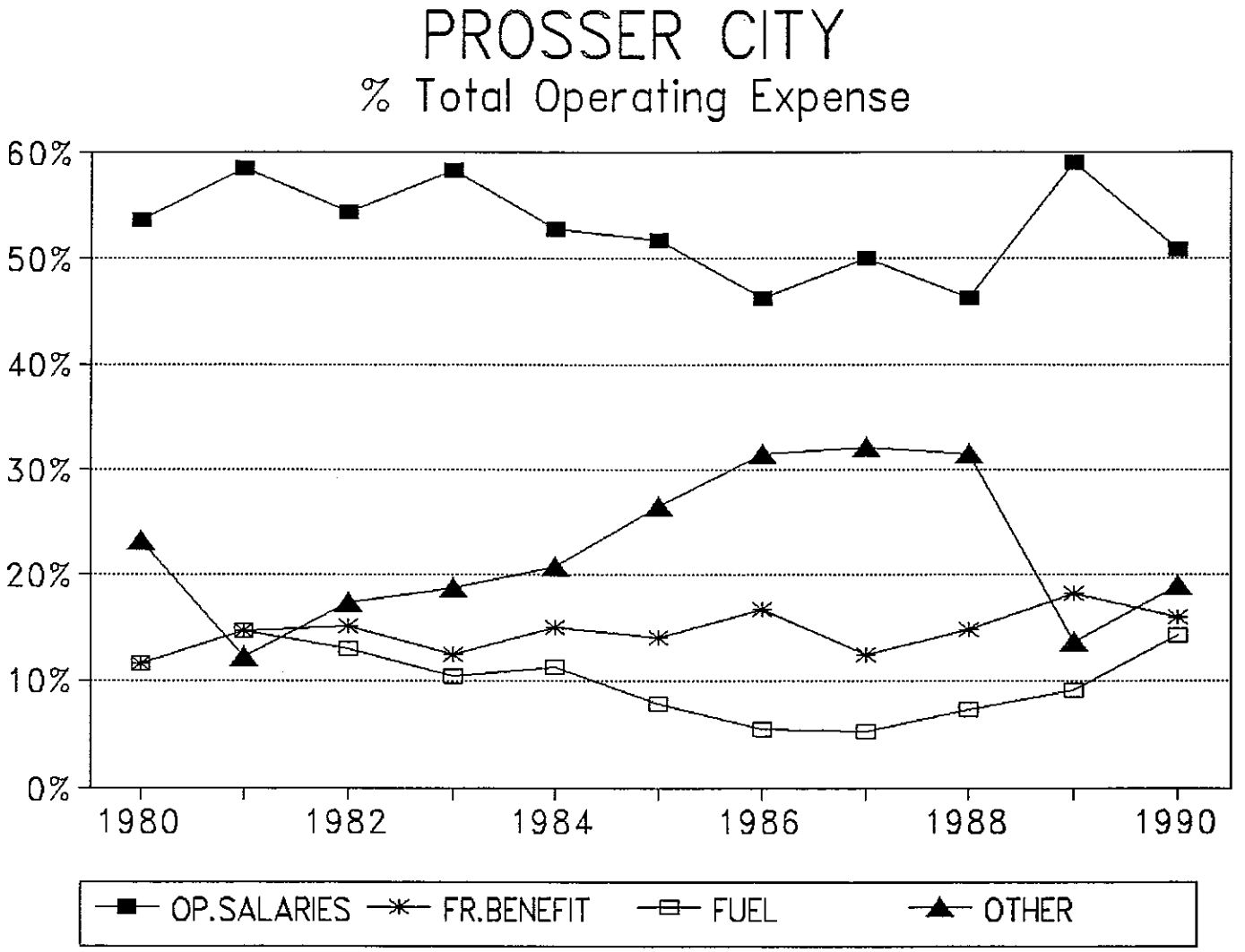

PROSSER CITY
% Total Operating Expense
60%
50%
40%
30%
20%
10%
0%
1980
1982
1984
1986
1988
1990
OP.SALARIES
FR.BENEFIT
FUEL
OTHER

Figure 3

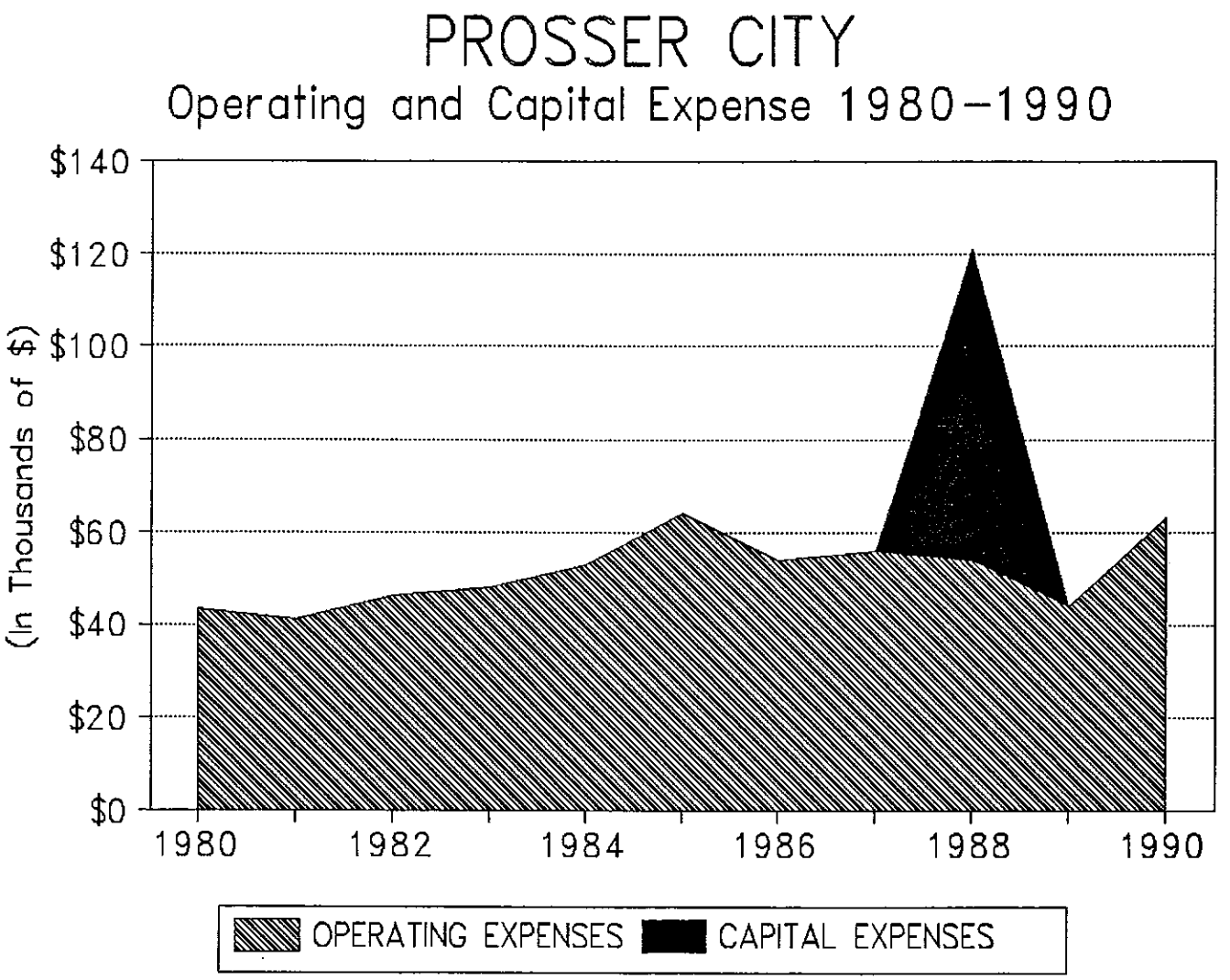

PROSSER CITY
Operating and Capital Expense 1980–1990
(In Thousands of $)
$140
$120
$100
$80
$60
$40
$20
$0
1980
1982
1984
1986
1988
1990
OPERATING EXPENSES
CAPITAL EXPENSES

Figure 1

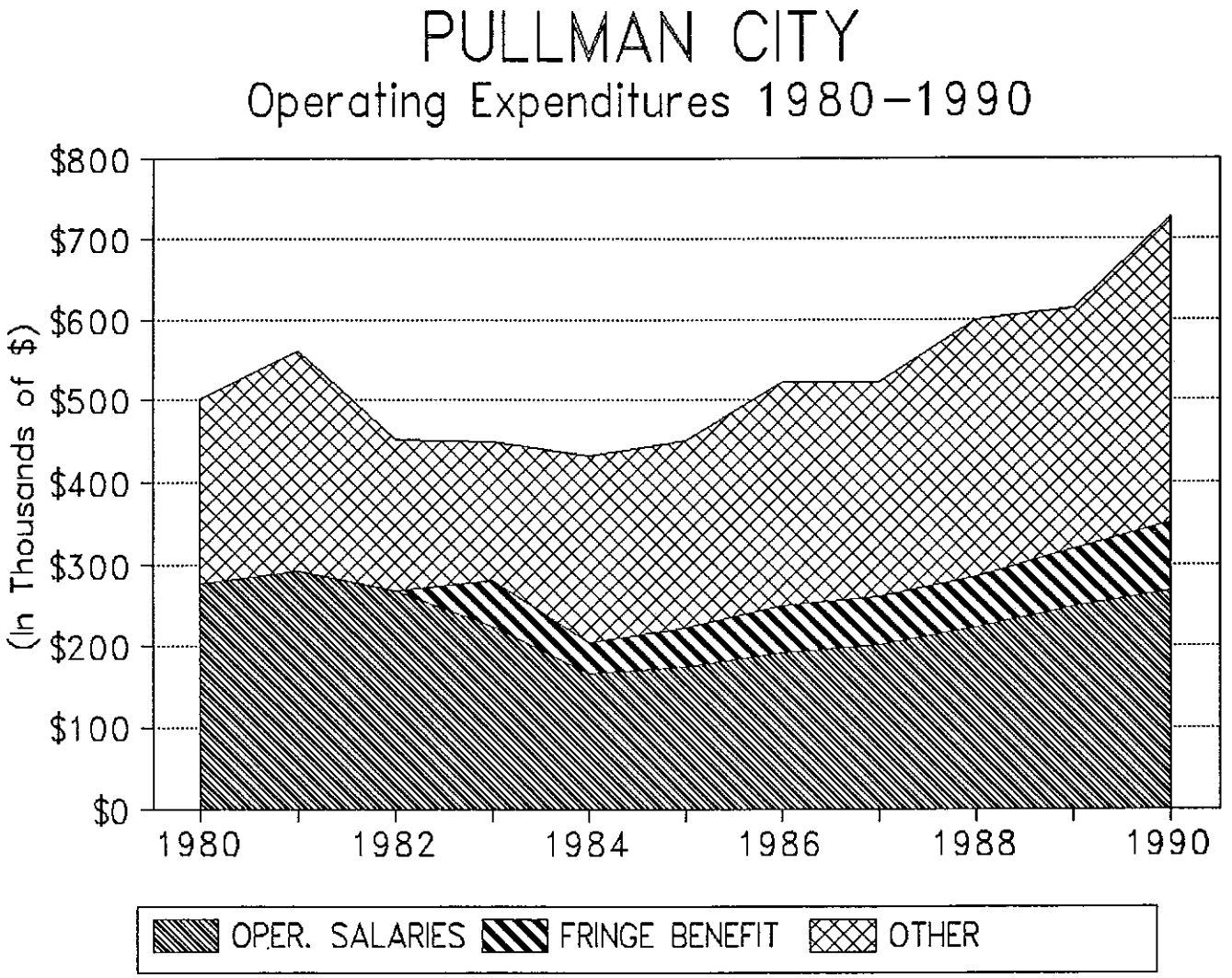

PULLMAN CITY
Operating Expenditures 1980–1990
(In Thousands of $)
$800
$700
$600
$500
$400
$300
$200
$100
$0
1980
1982
1984
1986
1988
1990
OPER. SALARIES
FRINGE BENEFIT
OTHER

Figure 2

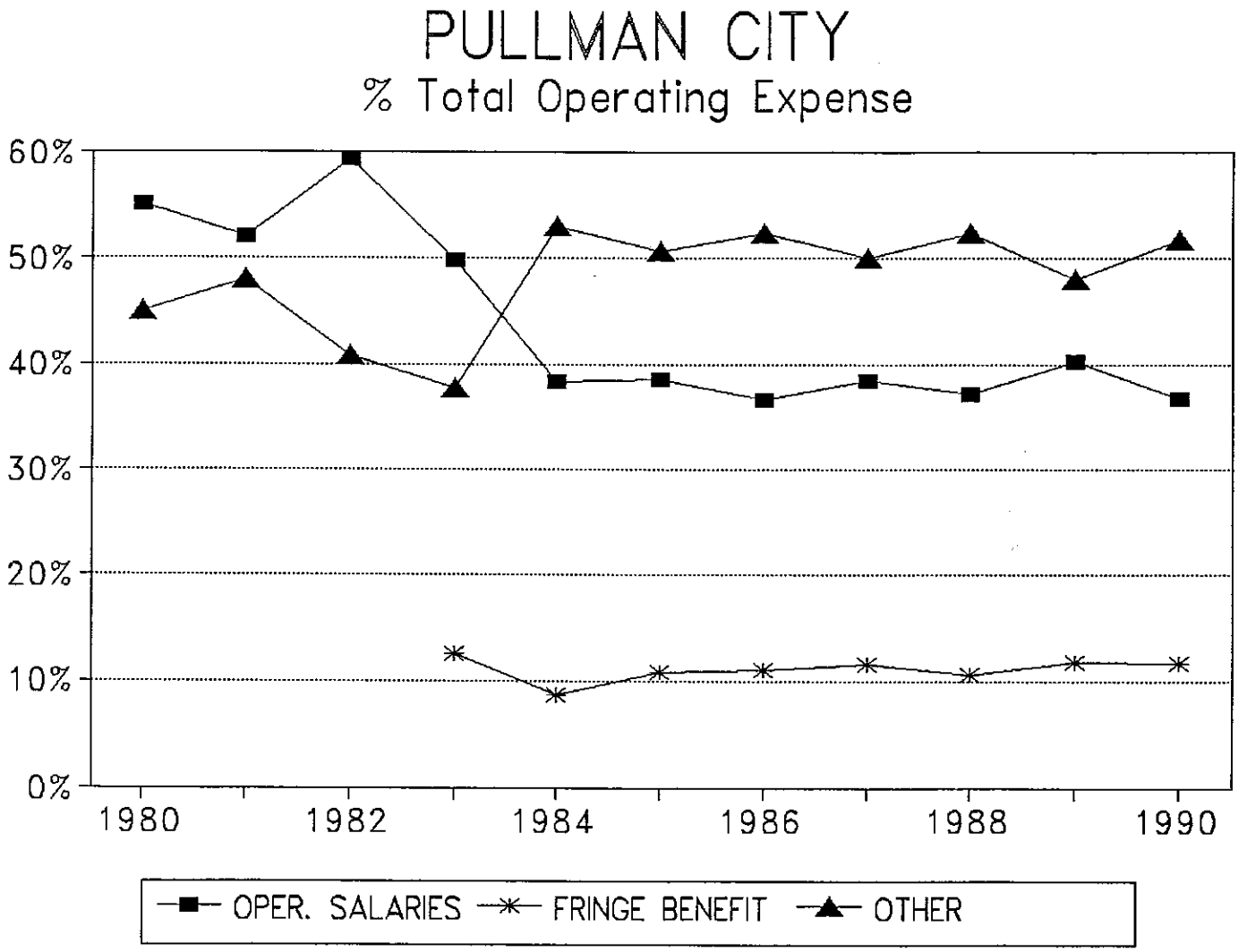

PULLMAN CITY
% Total Operating Expense
60%
50%
40%
30%
20%
10%
0%
1980
1982
1984
1986
1988
1990
OPER. SALARIES
FRINGE BENEFIT
OTHER

Figure 3

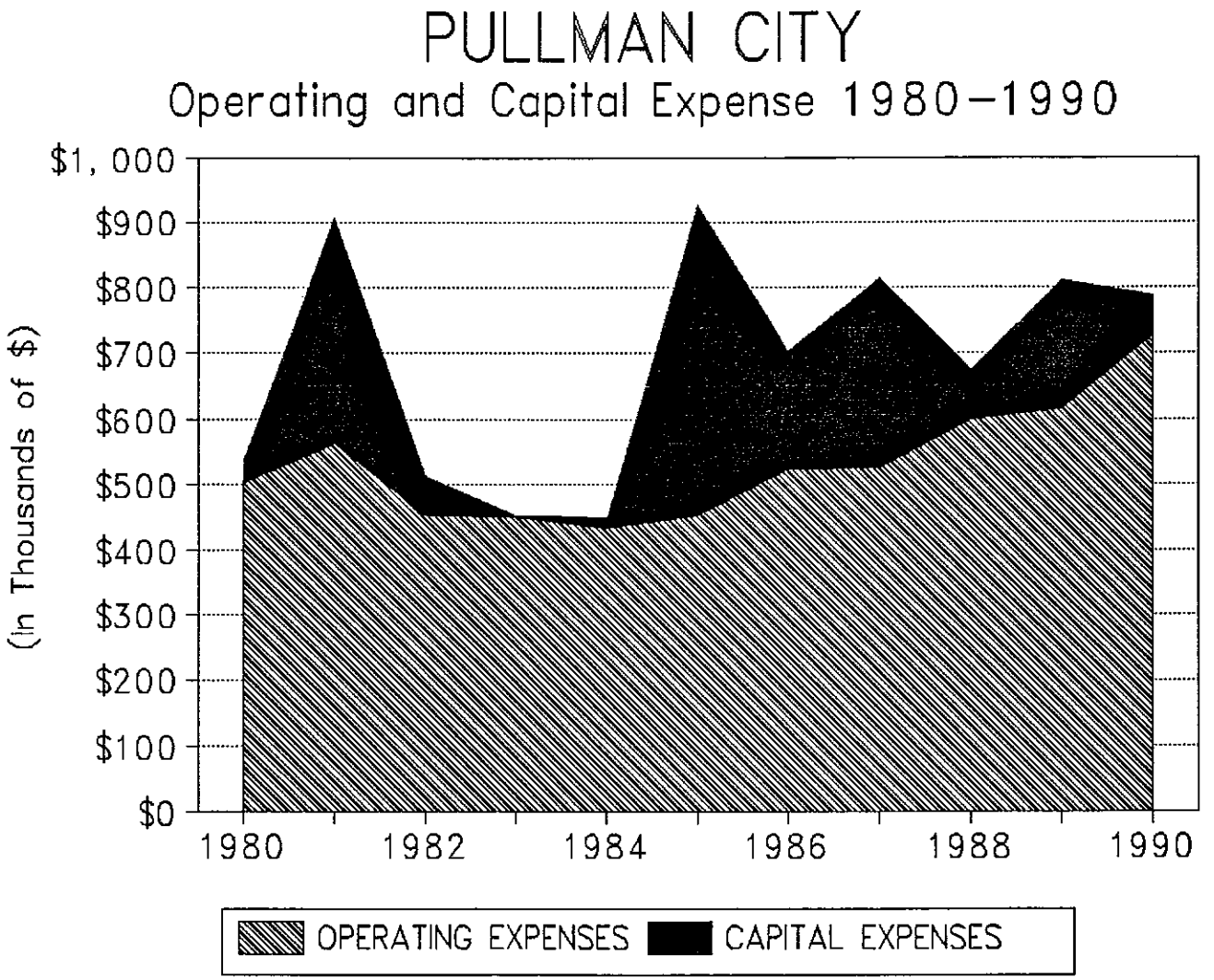

PULLMAN CITY
Operating and Capital Expense 1980–1990
(In Thousands of $)
$1,000
$900
$800
$700
$600
$500
$400
$300
$200
$100
$0
1980
1982
1984
1986
1988
1990
OPERATING EXPENSES
CAPITAL EXPENSES

Figure 1

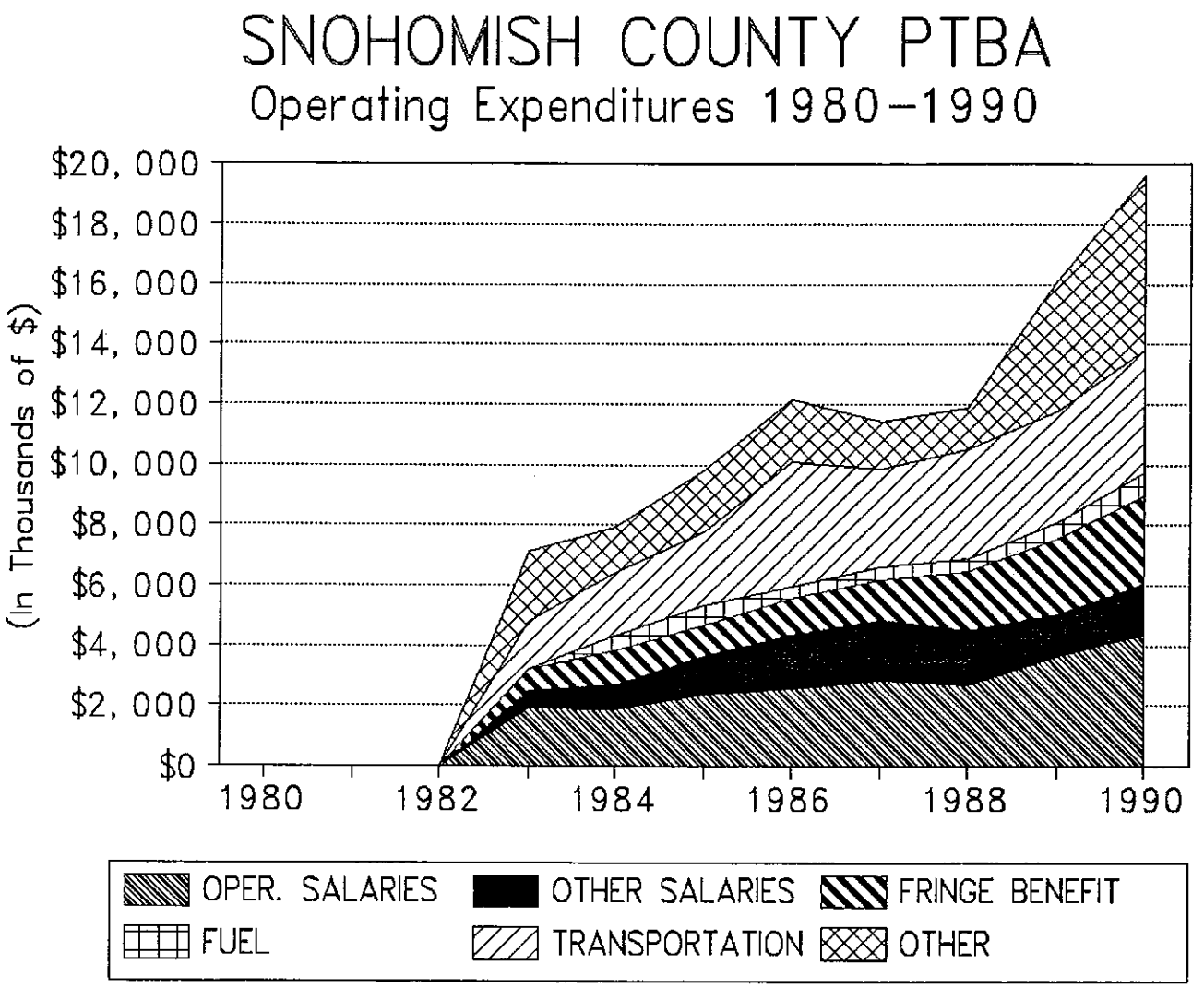

SNOHOMISH COUNTY PTBA
Operating Expenditures 1980–1990
(In Thousands of $)
$20, 000
$18, 000
$16, 000
$14, 000
$12, 000
$10, 000
$8, 000
$6, 000
$4, 000
$2, 000
$0
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 2

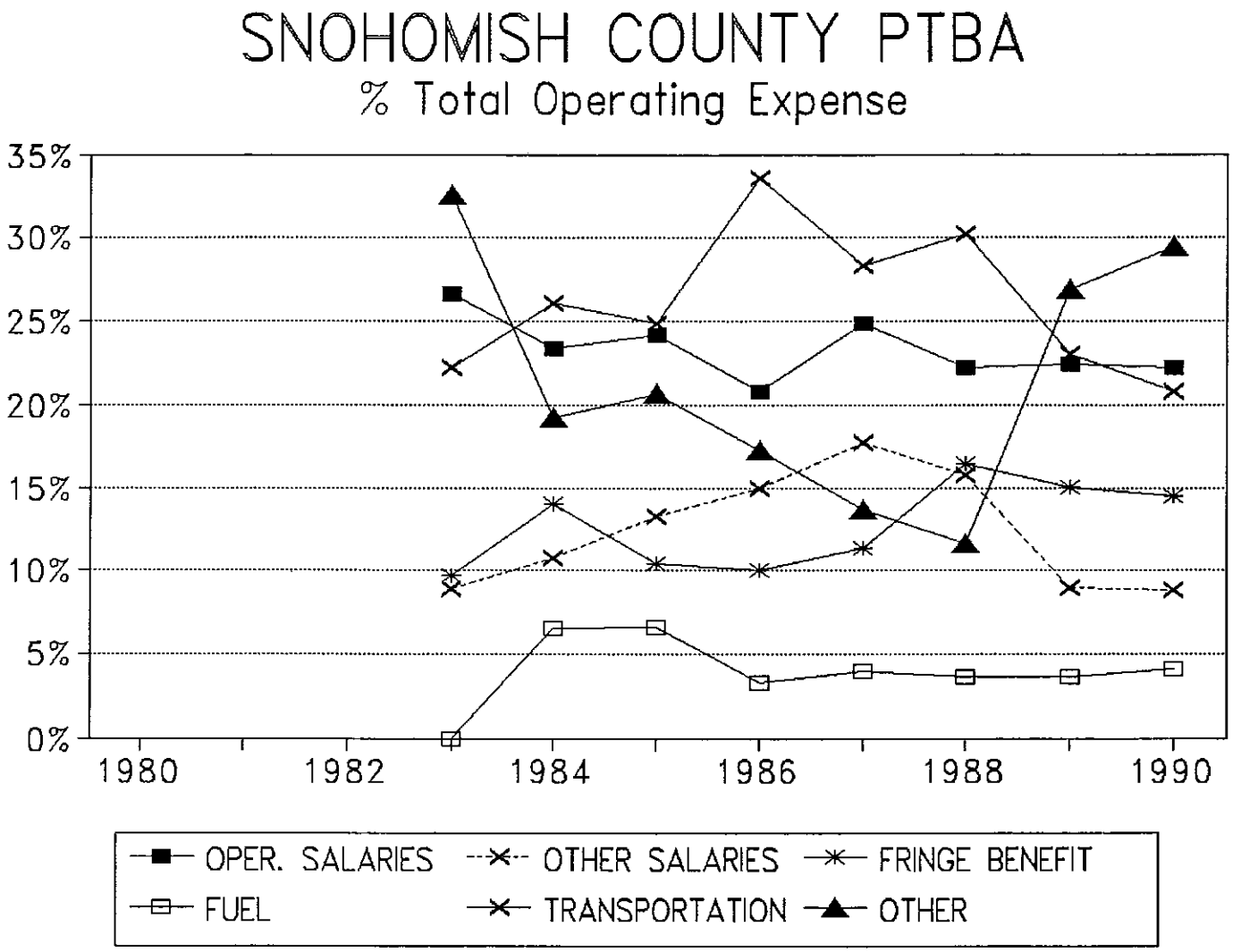

SNOHOMISH COUNTY PTBA
% Total Operating Expense
35%
30%
25%
20%
15%
10%
5%
0%
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 3

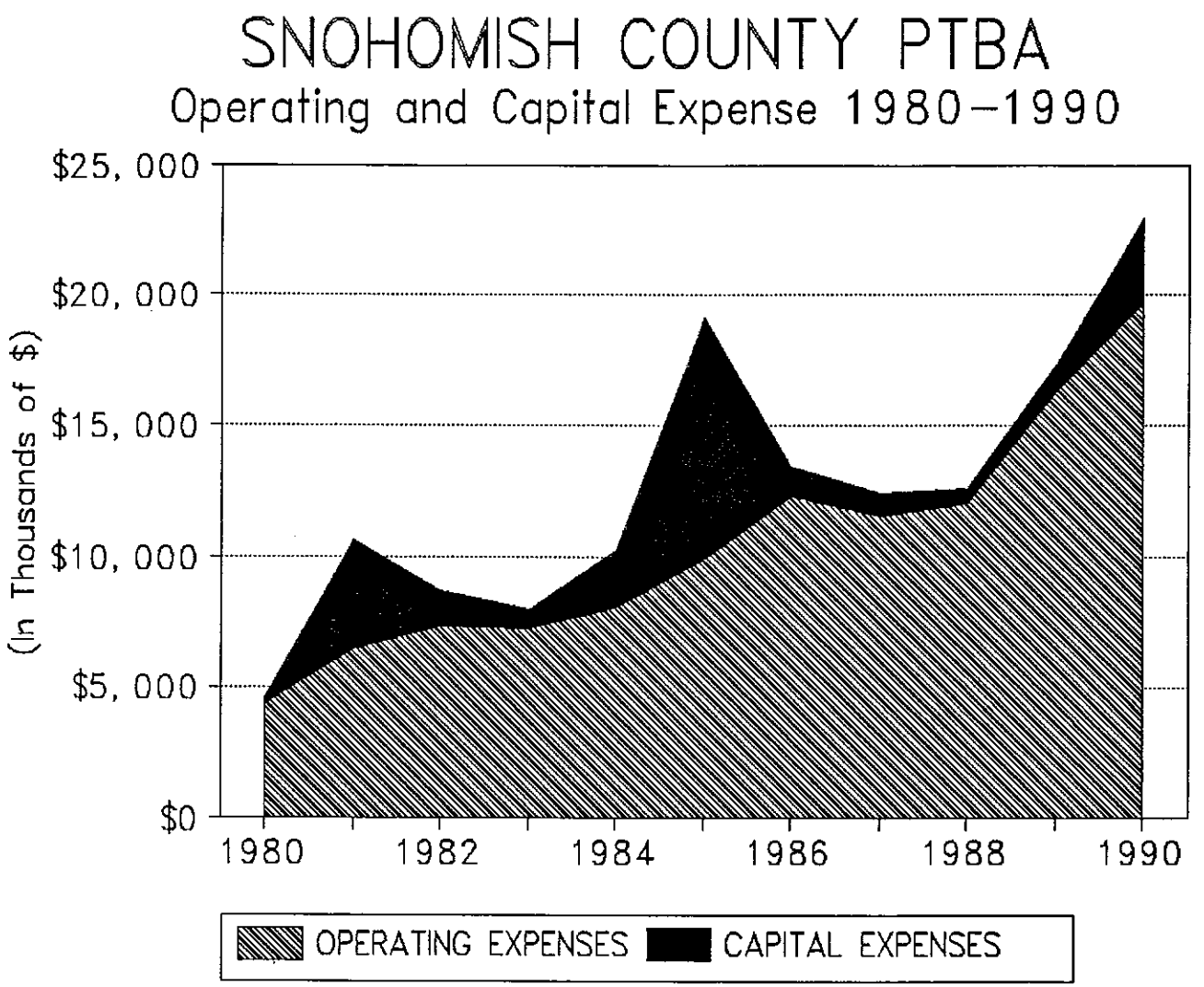

SNOHOMISH COUNTY PTBA
Operating and Capital Expense 1980–1990
(In Thousands of $)
$25, 000
$20, 000
$15, 000
$10, 000
$5, 000
$0
1980
1982
1984
1986
1988
1990
OPERATING EXPENSES
CAPITAL EXPENSES

Figure 1

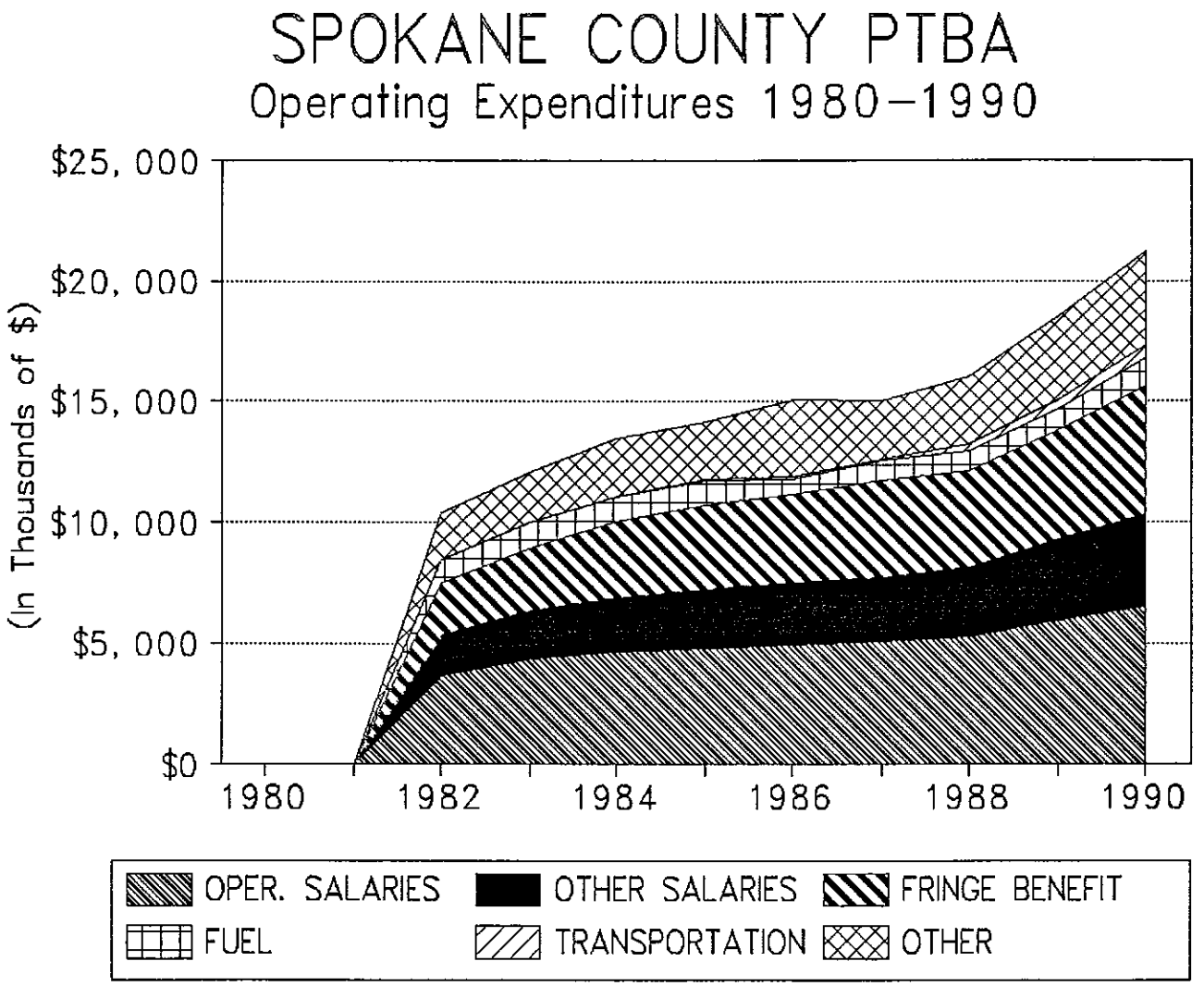

SPOKANE COUNTY PTBA
Operating Expenditures 1980–1990
(In Thousands of $)
$25,000
$20,000
$15,000
$10,000
$5,000
$0
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 2

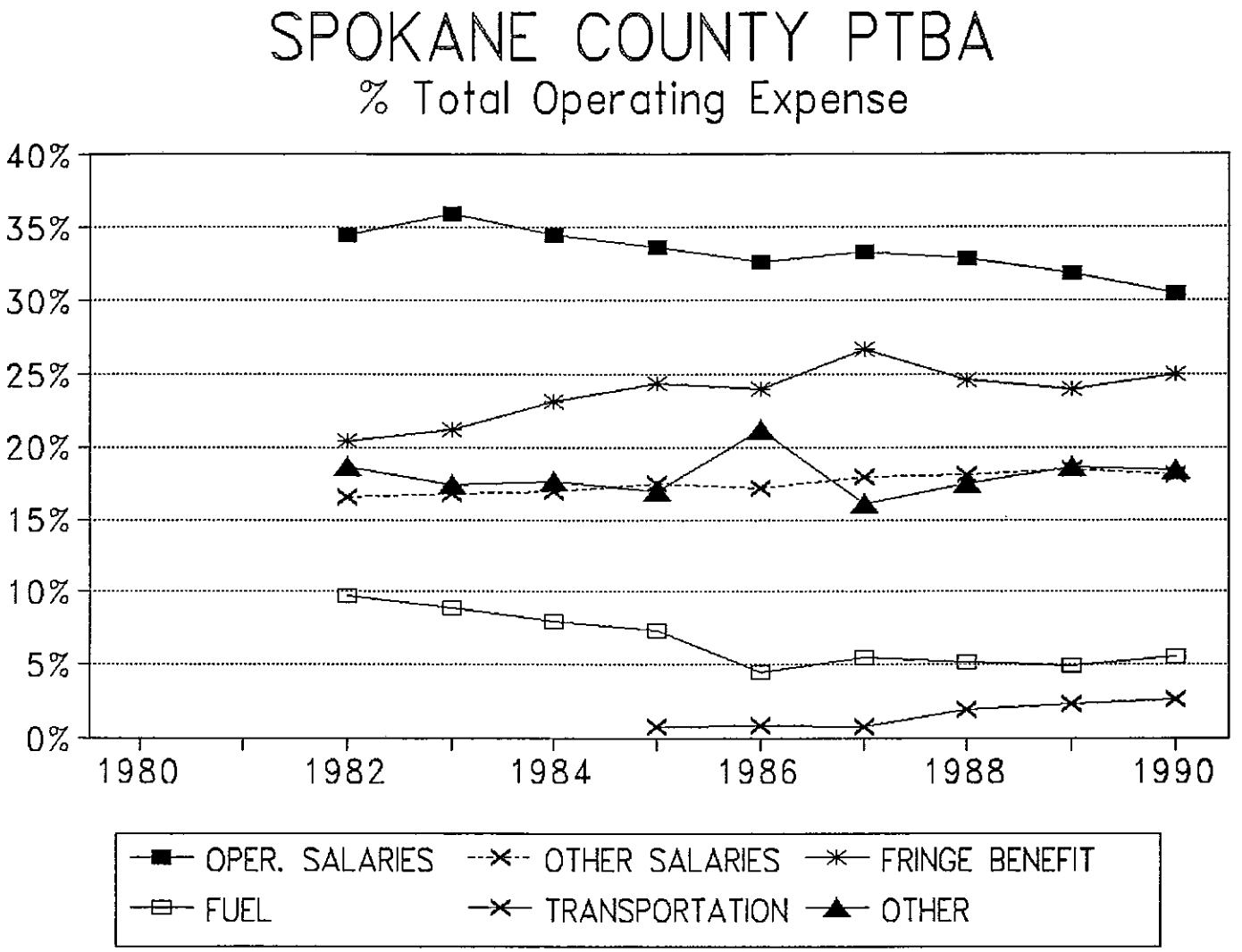

SPOKANE COUNTY PTBA
% Total Operating Expense
40%
35%
30%
25%
20%
15%
10%
5%
0%
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 3

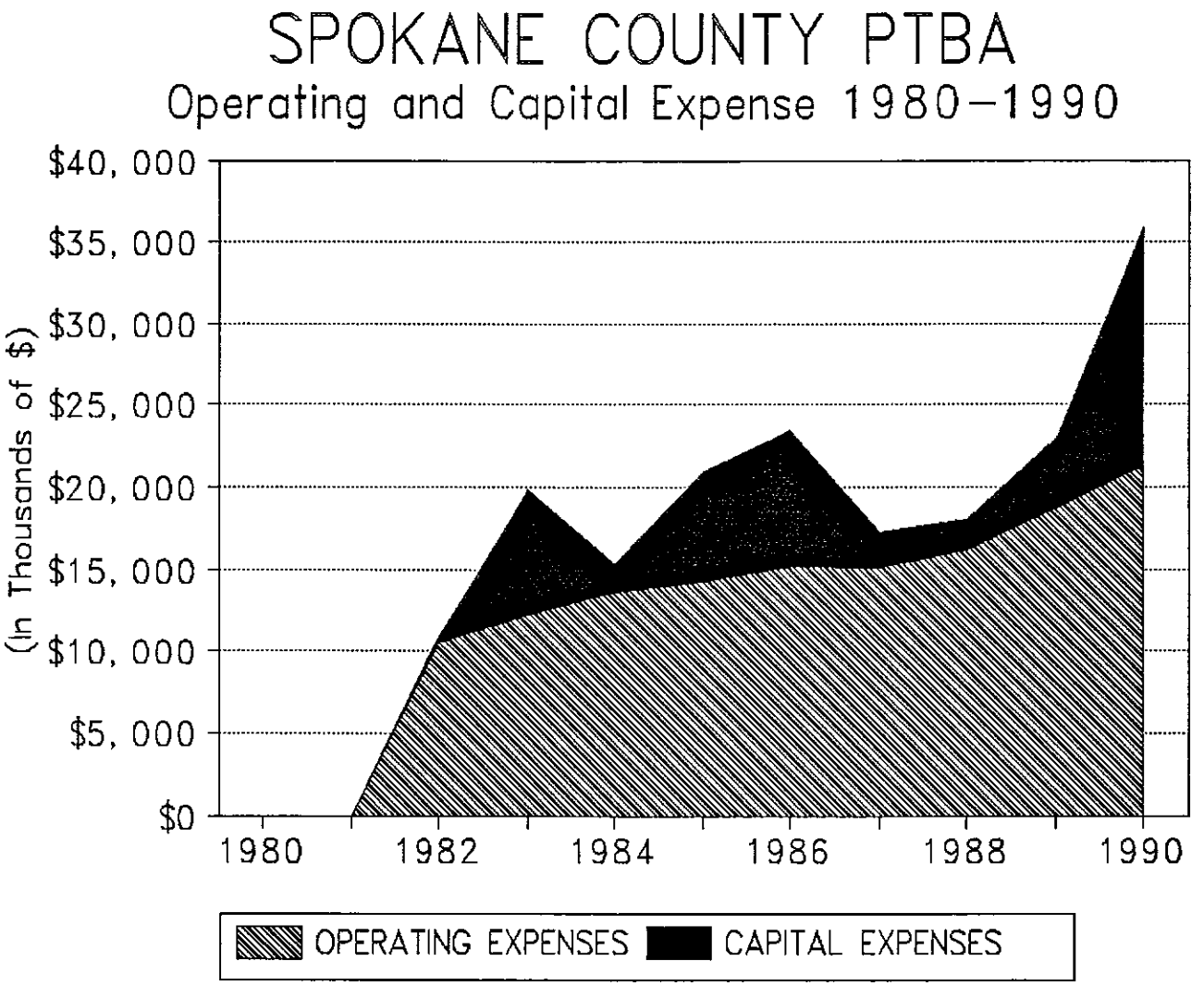

SPOKANE COUNTY PTBA
Operating and Capital Expense 1980–1990
(In Thousands of $)
$40,000
$35,000
$30,000
$25,000
$20,000
$15,000
$10,000
$5,000
$0
1980
1982
1984
1986
1988
1990
OPERATING EXPENSES
CAPITAL EXPENSES

Figure 1

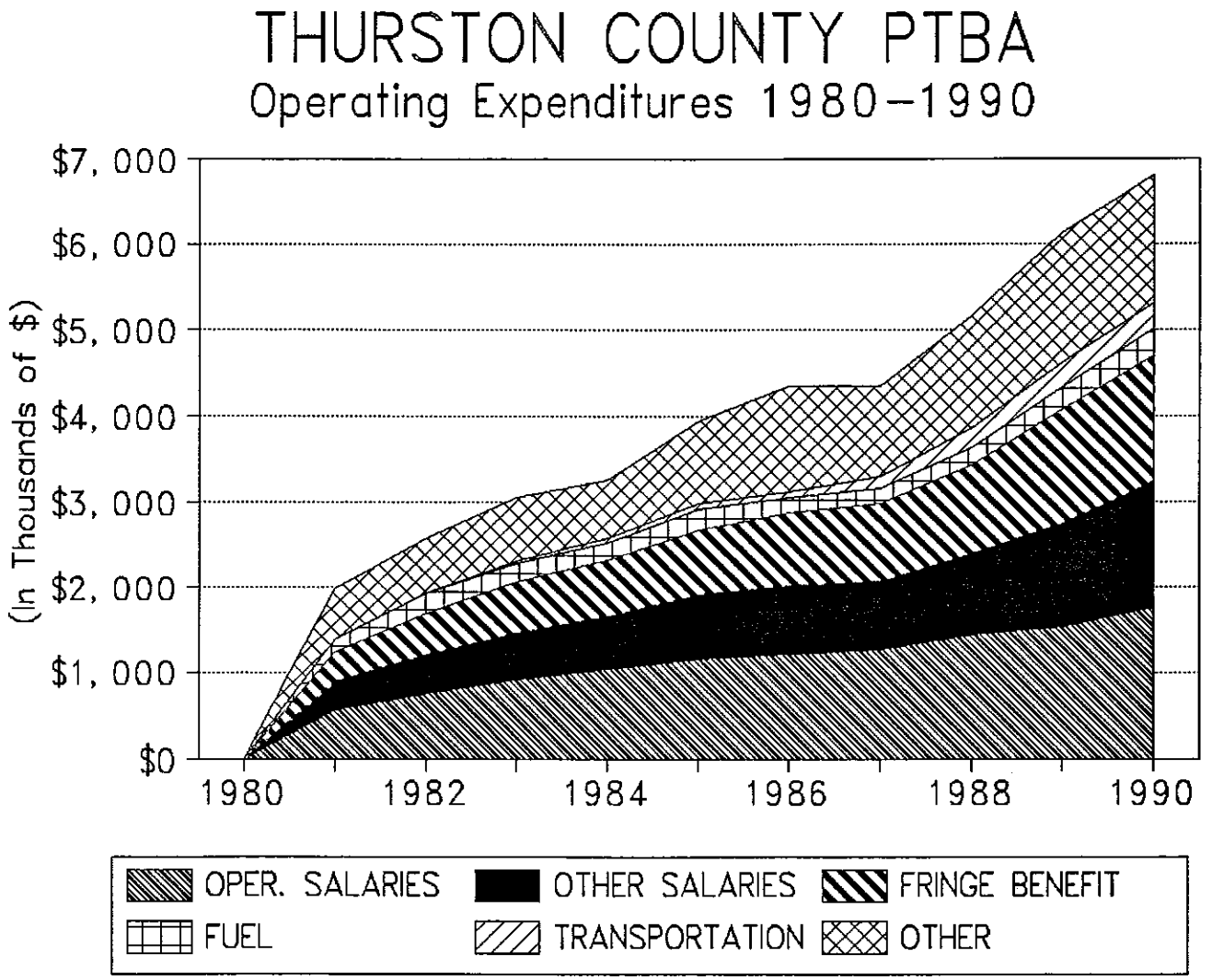

THURSTON COUNTY PTBA
Operating Expenditures 1980–1990
(In Thousands of $)
$7, 000
$6, 000
$5, 000
$4, 000
$3, 000
$2, 000
$1, 000
$0
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 2

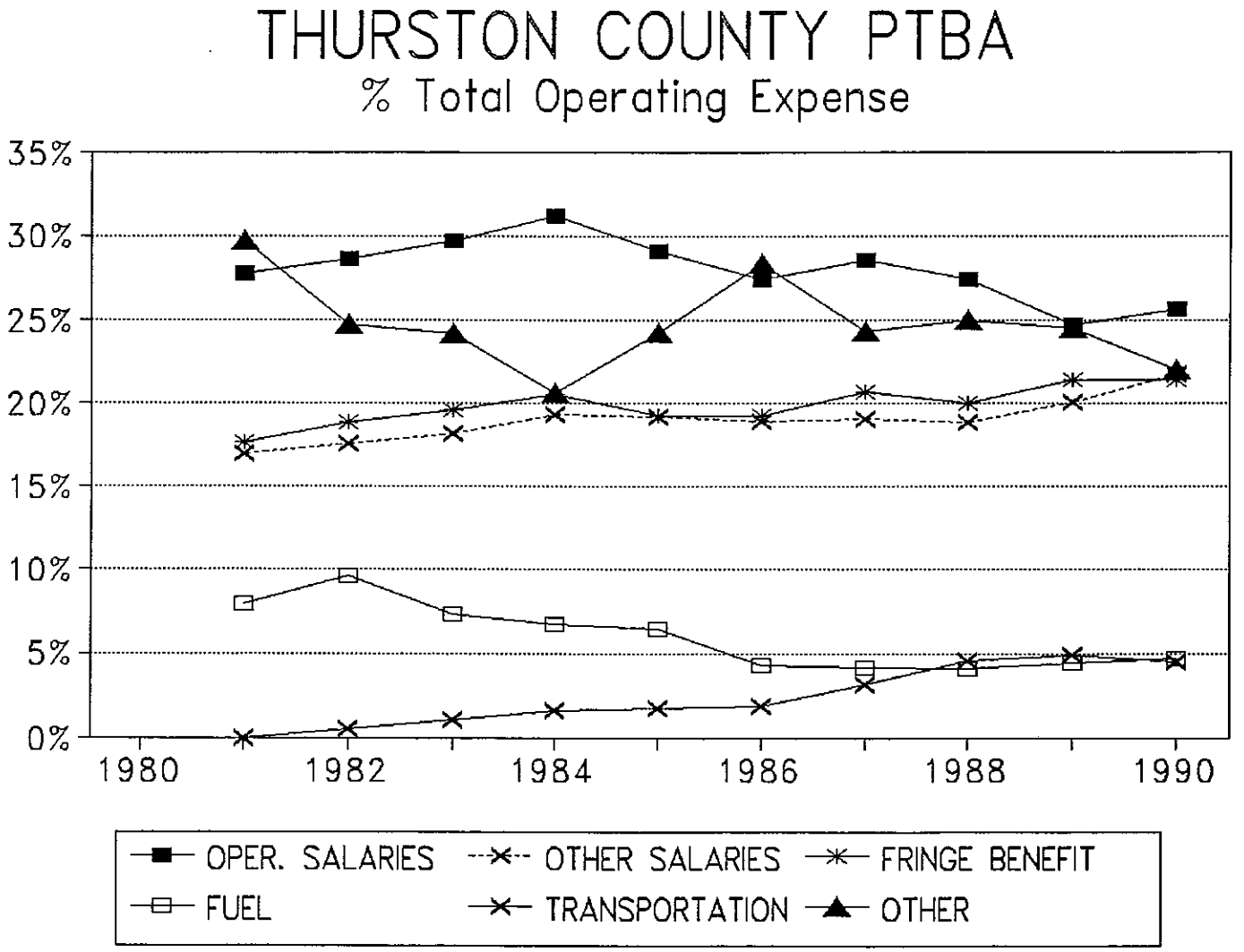

THURSTON COUNTY PTBA
% Total Operating Expense
35%
30%
25%
20%
15%
10%
5%
0%
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 3

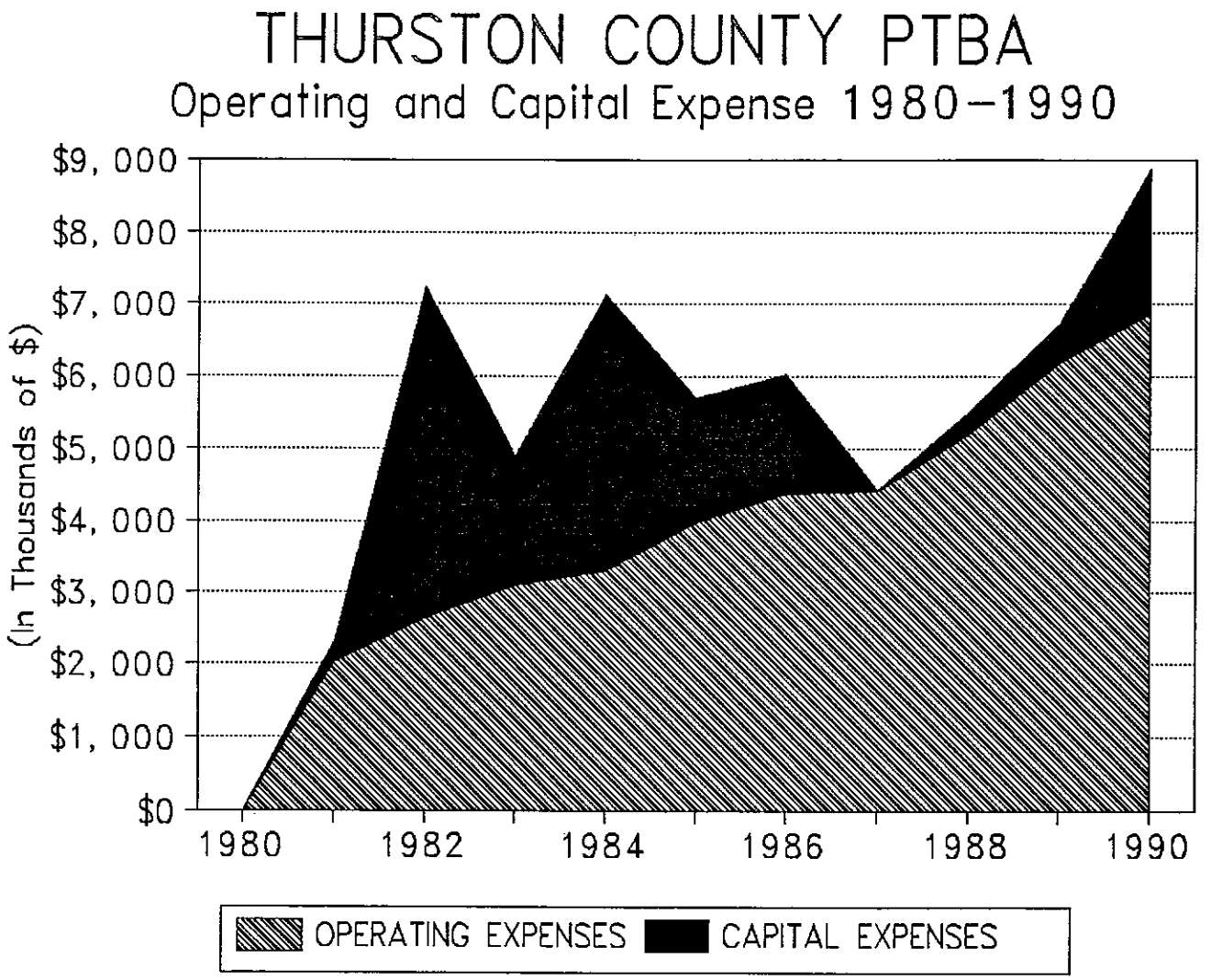

THURSTON COUNTY PTBA
Operating and Capital Expense 1980–1990
(In Thousands of $)
$9, 000
$8, 000
$7, 000
$6, 000
$5, 000
$4, 000
$3, 000
$2, 000
$1, 000
$0
1980
1982
1984
1986
1988
1990
OPERATING EXPENSES
CAPITAL EXPENSES

Figure 1

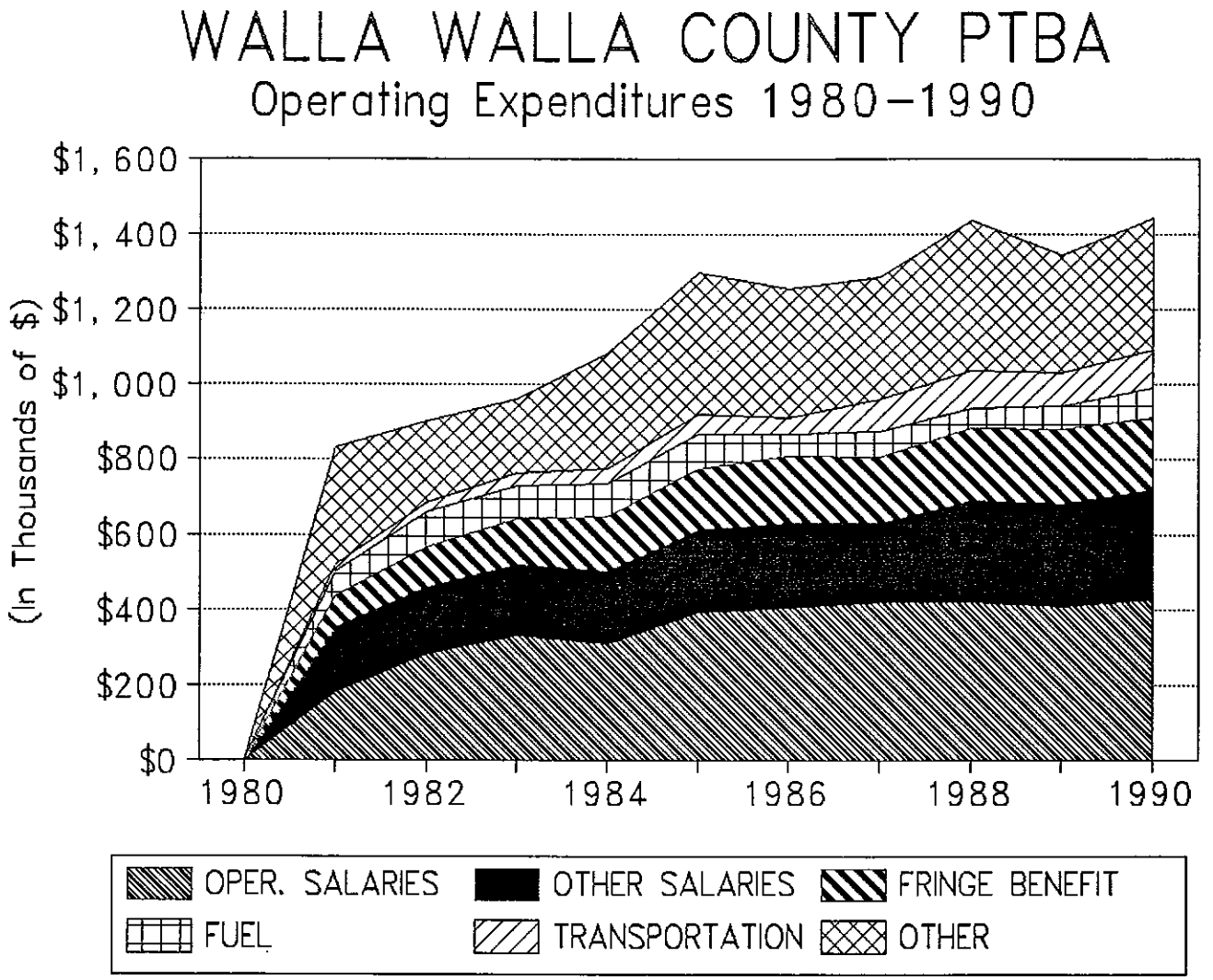

WALLA WALLA COUNTY PTBA
Operating Expenditures 1980–1990
(In Thousands of $)
$1,600
$1,400
$1,200
$1,000
$800
$600
$400
$200
$0
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 2

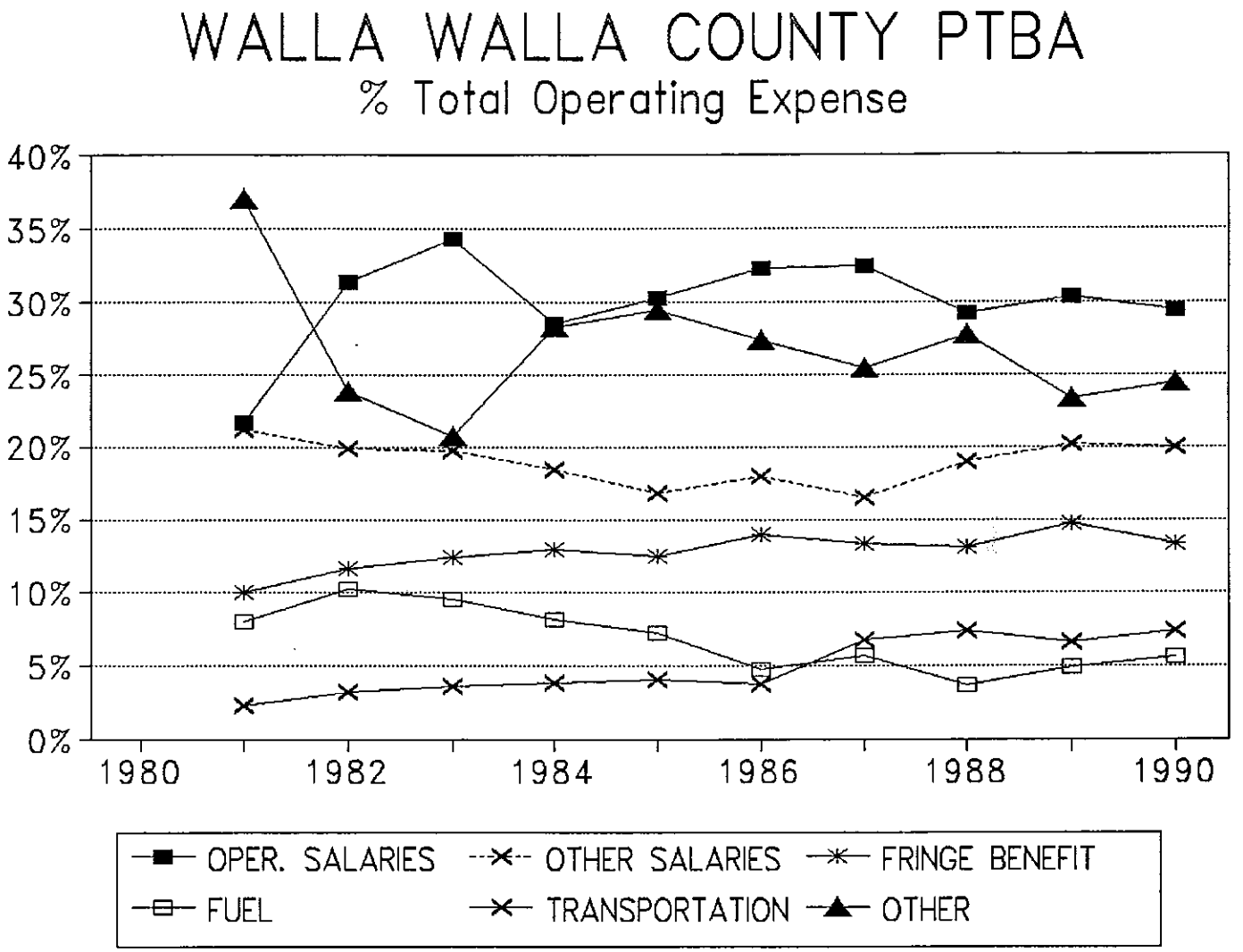

WALLA WALLA COUNTY PTBA
% Total Operating Expense
40%
35%
30%
25%
20%
15%
10%
5%
0%
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 3

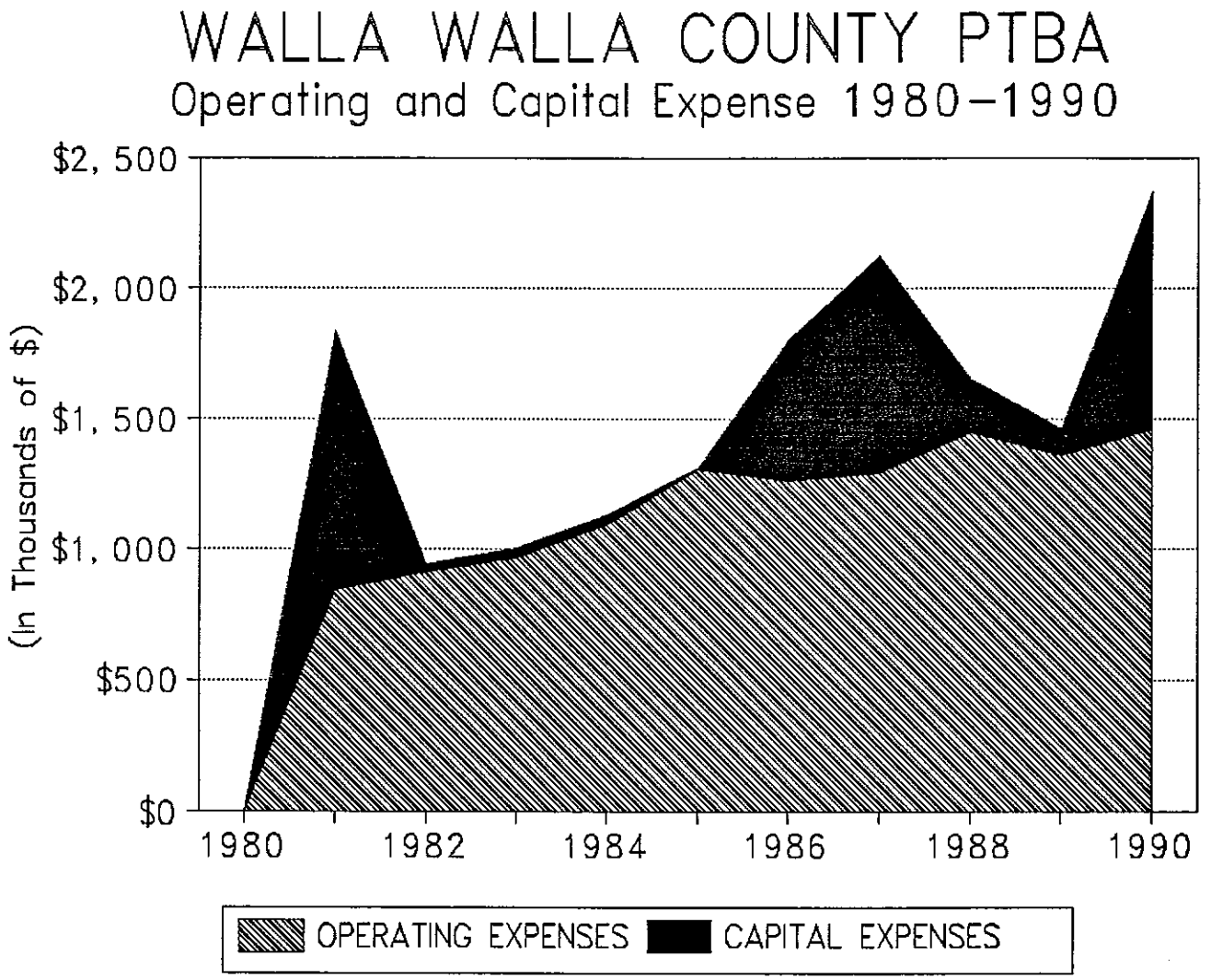

WALLA WALLA COUNTY PTBA
Operating and Capital Expense 1980–1990
(In Thousands of $)
$2, 500
$2, 000
$1, 500
$1, 000
$500
$0
1980
1982
1984
1986
1988
1990
OPERATING EXPENSES
CAPITAL EXPENSES

Figure 1

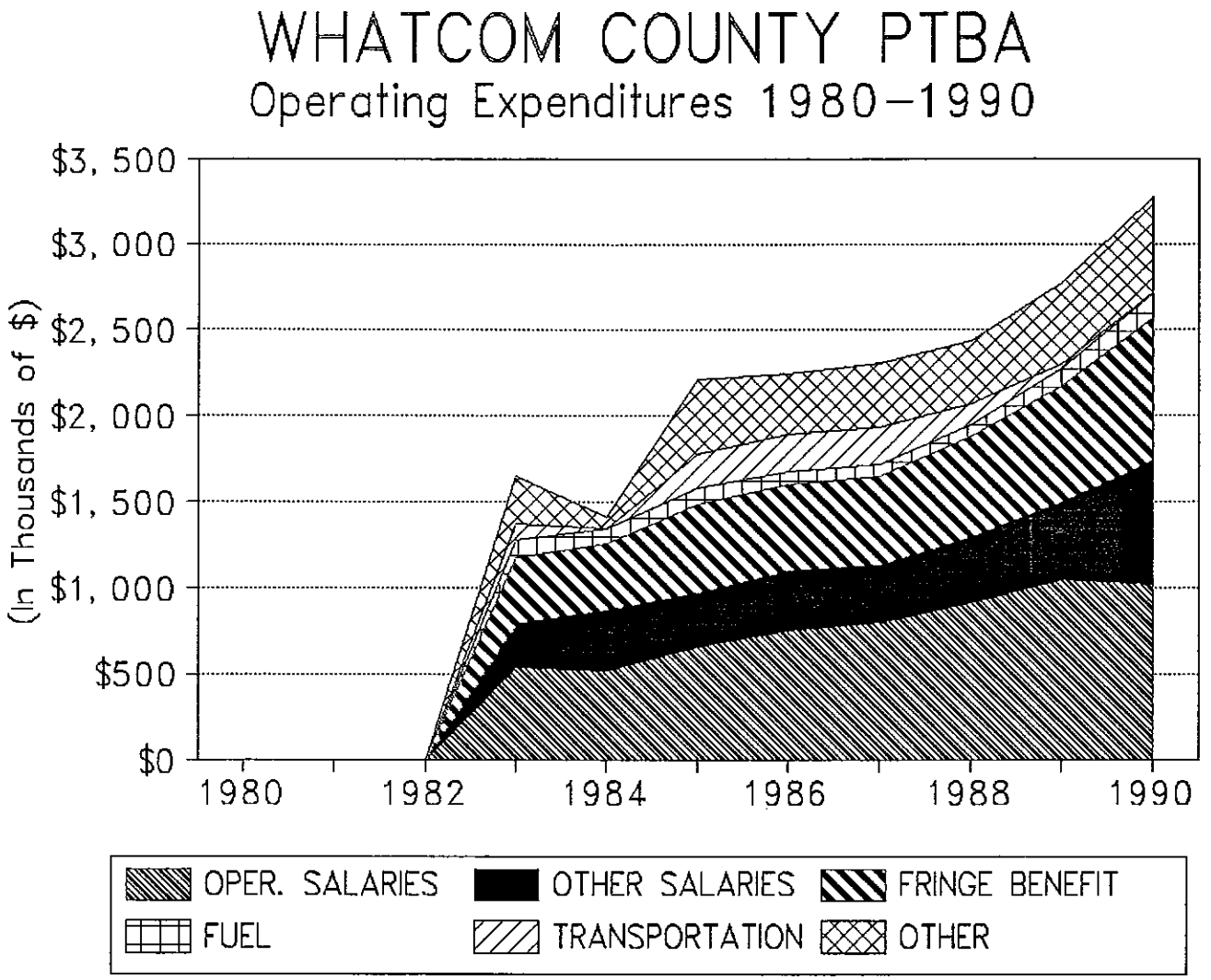

WHATCOM COUNTY PTBA
Operating Expenditures 1980–1990
(In Thousands of $)
$3, 500
$3, 000
$2, 500
$2, 000
$1, 500
$1, 000
$500
$0
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 2

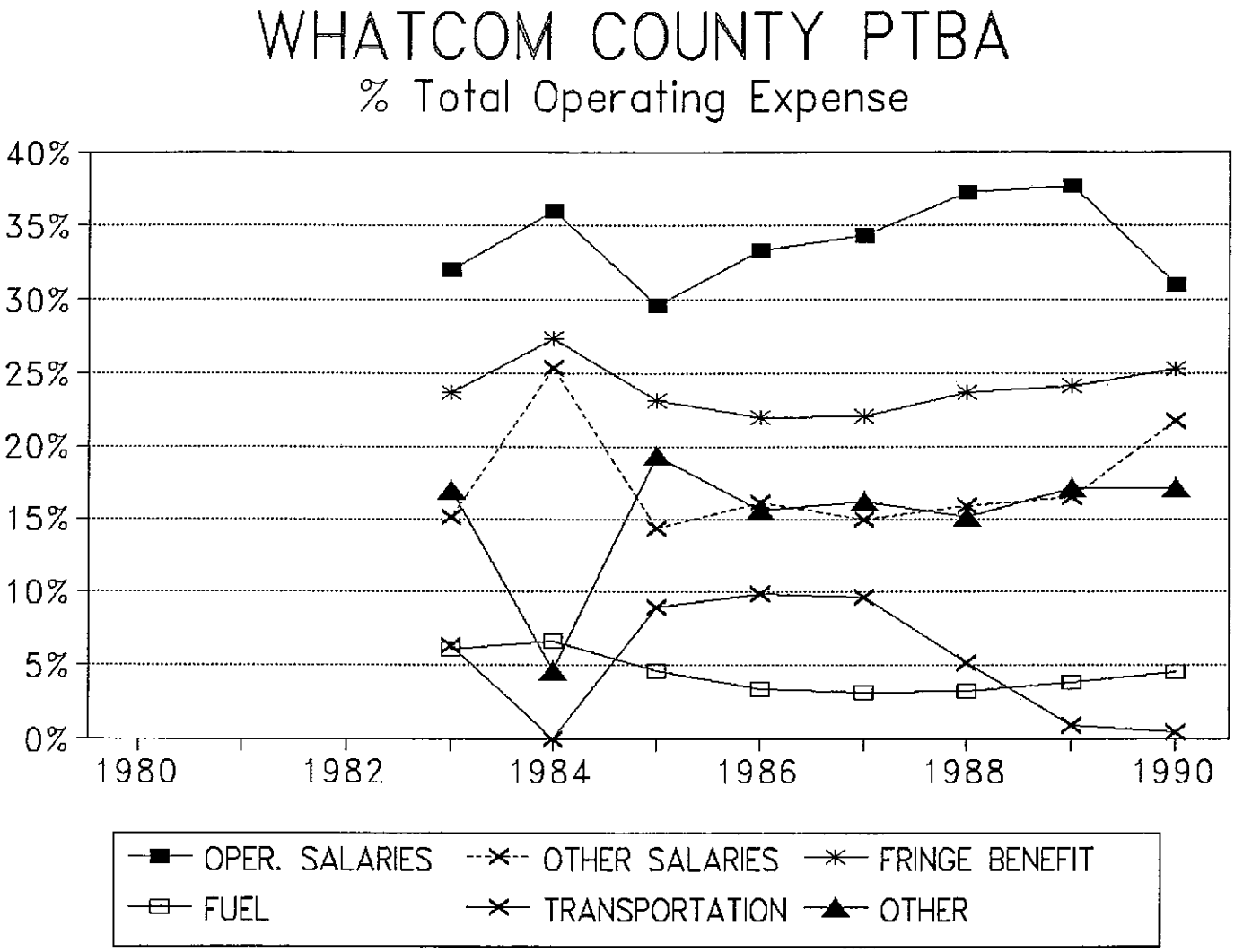

WHATCOM COUNTY PTBA
% Total Operating Expense
40%
35%
30%
25%
20%
15%
10%
5%
0%
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 3

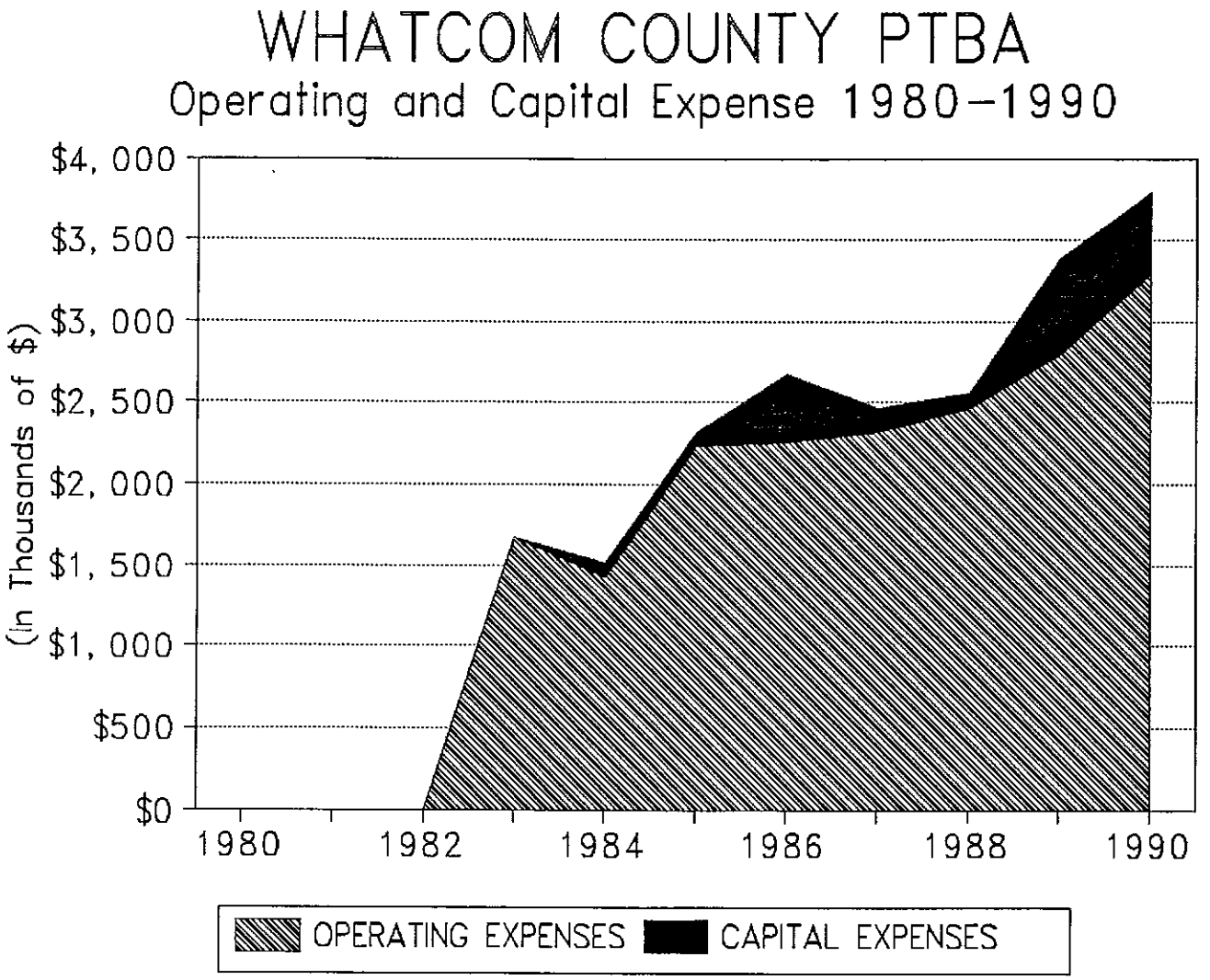

WHATCOM COUNTY PTBA
Operating and Capital Expense 1980–1990
(In Thousands of $)
$4,000
$3,500
$3,000
$2,500
$2,000
$1,500
$1,000
$500
$0
1980
1982
1984
1986
1988
1990
OPERATING EXPENSES
CAPITAL EXPENSES

Figure 1

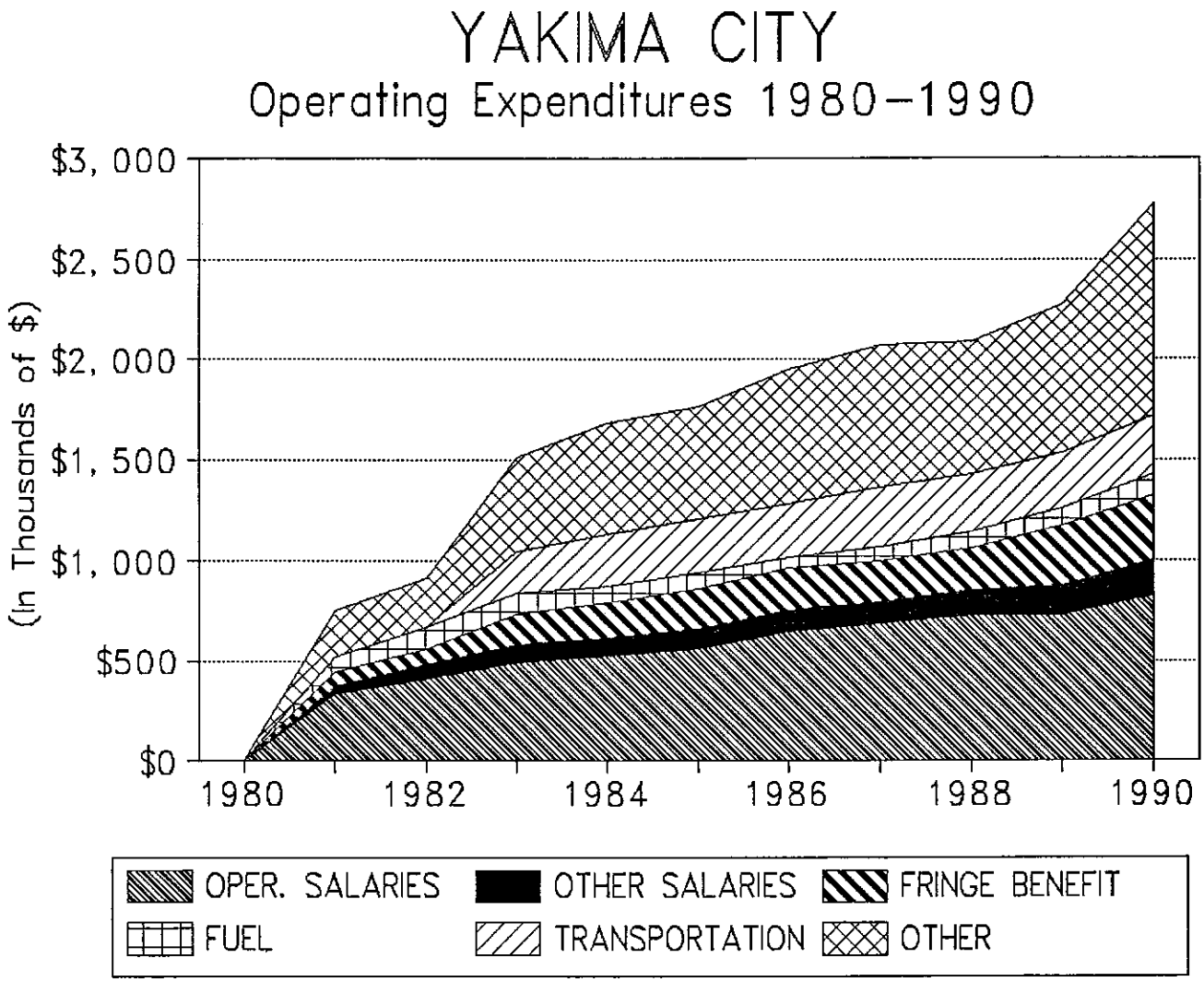

YAKIMA CITY
Operating Expenditures 1980–1990
(In Thousands of $)
$3, 000
$2, 500
$2, 000
$1, 500
$1, 000
$500
$0
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 2

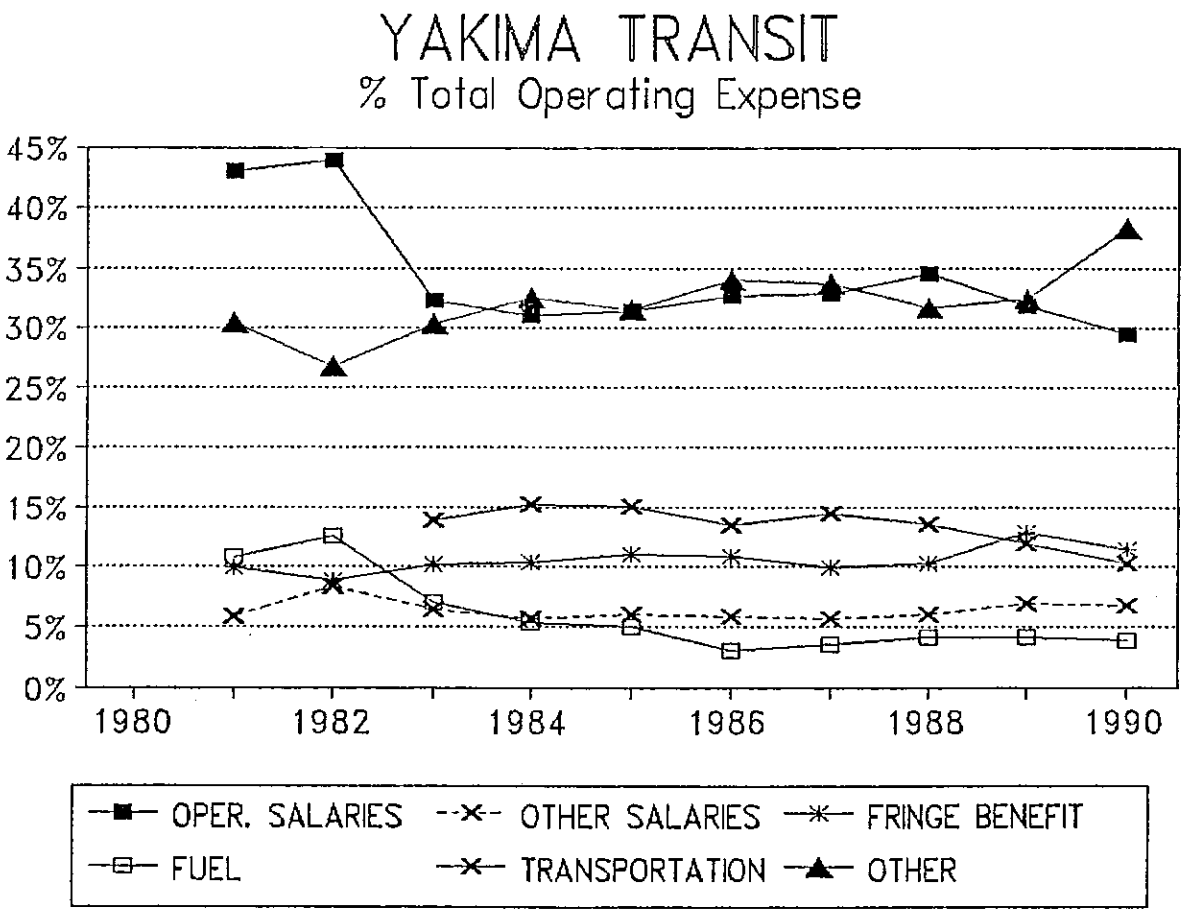
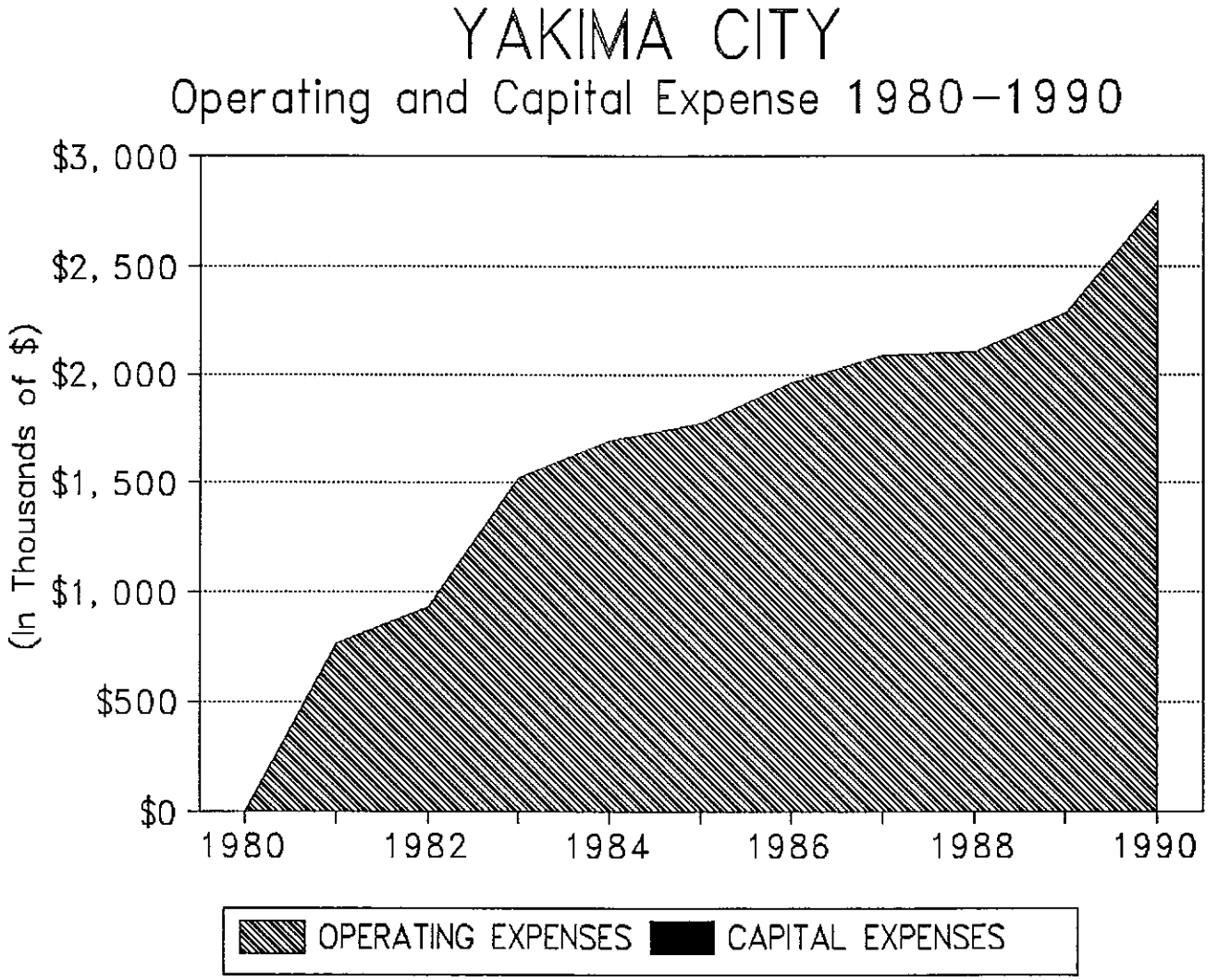

YAKIMA TRANSIT
% Total Operating Expense
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

Figure 3


YAKIMA CITY
Operating and Capital Expense 1980–1990
(In Thousands of $)
$3,000
$2,500
$2,000
$1,500
$1,000
$500
$0
1980
1982
1984
1986
1988
1990
OPERATING EXPENSES
CAPITAL EXPENSES

PUBLIC TRANSPORTATION STUDY

Task 4C

RELATIONSHIP OF LOCAL TRANSIT REVENUES TO COSTS

Prepared for:

STATE of WASHINGTON

The Legislative Transportation Committee

Prepared by:
Gannett Fleming

in association with:

Moss Adams (Management Design Associates)
Mr. William H. Ostenson
Booz·Allen & Hamilton
Berk and Associates

September 5, 1991

RELATIONSHIP OF LOCAL TRANSIT REVENUES TO COSTS

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Appendix

Abstract - Local Revenue/Cost

The Washington State Public Transportation Study, Task 4C, addresses the factors that affect the relationship between local revenues and the cost of providing service. There are policies at the federal, state, and local levels which do affect the income that is collected by the transit authorities in the state. The policies which affect locally generated revenue are reviewed. A discussion of the fare collection policies of the transit systems is also included. In addition, this paper examines the relationship between revenues and expenditures for the transit systems in the state.

I. Relationship of Local Transit Revenues to Costs

A. Federal Revenue Policies

The Federal Government, within the parameters of the Urban Mass Transportation Administration Act (now the Federal Transit Administration), imposes financial policies on transit authorities in Washington State. Most federal policies affect the expenditure of funds more than they affect the revenue that is generated. For example, federal policies require a competitive bidding process for any item procured using federal funds. This is not an onerous requirement in that it does not affect revenue that is generated at the local level. However, if there is any federal money in a project the federal restrictions apply to the full value of the project.

Another policy which affects expenditures is a labor standards provision in the UMTA Act. Section 13 of the UMTA Act was originally intended to protect transit labor by assuring that they would not lose their jobs. The extent of labor protection has grown and developed. However, once again these provisions do not affect revenue collection but rather revenue expenditures.

Federal requirements exist for the protection of the environment, for transit financial and operating data reporting, for the engagement of disadvantaged and minority business enterprises and also for Buy America provisions. Again, none of these policies affect the generation of revenues, only their expenditure. There are, however, federal policies which do influence the generation of revenue.

Section 3(e) of the UMTA Act requires "participation of private mass transportation companies...to the maximum extent feasible". Since the early 1980's, UMTA grant recipients have been required to show their attempted inclusion of private transportation providers in the planning and operation of transit services at the local level. Philosophically, the administration in the early 1980's felt that, in most cases, private providers could provide service more cheaply and more efficiently than public authorities. Whether or not this is the case, the policy has meant that the revenues from providing such service may not have gone to the public body depending upon how the contract with the private provider was structured. In the State of Washington, there are

contracts to provide paratransit service with private providers and the provider collects and does not even report the income generated. In effect, this service does not add to an authority's income or revenue. True, it theoretically costs an authority less for the contract, but the full financial effect is not clear. The Federal Government has in other ways directly limited the income and revenues capable of generation by public transit authorities in the state.

Section 3(f) of the UMTA Act states that transit authorities "will not engage in charter bus operations outside the urban area in which it (they) provides regularly scheduled service." The original intent of this part of the Act was to protect private charter bus operators from unfair competition from publicly funded mass transportation authorities. For most public providers, Charter business was inexpensive to provide, especially in the middle of the day, between peak transit service. What the policy has done is to eliminate that expanded source of revenue for public transportation agencies. Some public transit vehicles sit unused, mid-day, late in the evening, and on weekends. These vehicles could be used for charter operations outside the regular service area of the authority and thus produce additional revenue. UMTA regulation does permit public authorities to provide such service within their service area (UMTA has defined "service area" to include an area not to exceed fifty miles beyond existing public authority boundaries). Revenue can, therefore, be generated by provision of that service. As might be expected, the provision of this type of service by transit authorities also generates goodwill with the community and provides a public benefit.

Section 3(g) of the UMTA Act prohibits transit authorities from providing "school bus operation exclusively for the transportation of students and personnel" unless agreed to by the Secretary of the U.S. Department Transportation. Some transit authorities in Washington, and other states, provided that service prior to the receipt of federal funds. As such, their school service has been "grandfathered" in and they are exempt from this prohibition. Many authorities in this state and elsewhere have managed to get around this prohibition by establishing such service as part of a regularly scheduled route. In effect, the route provides service for school children but the service is open to any other citizen who wishes to pay the fare and travel the scheduled route. School bus route revenues have proven to be a source of significant revenues for some authorities.

Another significant restriction on local systems revenue was imposed as a result of Section 504 of the Federal Rehabilitation Act of 1973 which required local transit authorities to charge the elderly and handicapped only no more than half that of regularly scheduled transit service. It should be noted that under present ADA regulations, transit authorities, may now charge up to twice the regular fare for paratransit service (State judicial precedence may not allow twice the regular fare to be charged in Washington).

Section 9(k)1 of the Federal Transit Act indicates that "The Federal grant for any project for operating expenses shall not exceed 50 percent of the net project cost of such project. The remainder shall be provided in cash from sources other than federal funds or revenues from the operation of public mass transportation systems. As indicated in the Act:

> "Revenues from the operation of a public mass transportation system shall not include the amount of any revenues derived by such system from the sale of advertising and concessions which is in excess of the amount of such revenues derived by such system from the sale of advertising and concessions in fiscal year 1985. Any public or private transit system funds so provided shall be solely from undistributed cash surpluses, replacement or depreciation funds or reserves available in cash, or new capital."

In effect, this portion of the Act discourages advertising and concession revenues though not prohibiting them. Additionally, the Act does not give a system official credit for collecting such revenues in the computation of their local share of matching funds.

Revenues that have been foregone because of the existence of these federal policies are not significant in the case of most Washington State systems. All of the policies have been put into effect after extensive national debate and most are long-standing statutes.

B. State Policies

The State of Washington does not have a state policy concerning fares or farebox revenues. However, all taxing authority is given to local transit authorities by the state legislature. Both MVET and the sales tax are limited in their rate by state legislative action and in the case of the sales tax, no rate increase may be enacted except by action of the voters. In addition, the Business and Occupation (B&O) and household tax is also available only through action of the state legislature. In other words, those tax sources could be taken away from transit authorities. A complete discussion of these revenue sources is included in the Task 2A Report.

Generally, state policies do not infringe upon the revenue generating capabilities of Washington State's transit authorities. There are, however, some state policies which indirectly affect the revenue of the systems. For example, transit authorities in the state, except for Metro, must pay a B&O tax on the fare income they receive. Metro, under the provisions of RCW35.58.560, may receive a credit against their taxes, and in effect, does not pay the B&O tax. For authorities like Pierce and Spokane Transit, this

results in a loss of $40,000 to $60,000 per year, which is taken out of their farebox income and returned to the state.

C. Local Policies

Local transit authorities have the greatest control over both operating and non-operating revenue. It is the local districts that have authority to pass the B&O or household tax to provide a new revenue or to place initiatives on the ballot to adjust the local option sales tax (so long as it is below 0.6%). Most importantly, it is the local districts who set the fare policies which control the operating revenue capabilities of transit systems. Table 1 summarizes by district the policies regarding the percent that farebox revenues are intended to constitute of total revenues. Of the 22 districts in the state, ten have no policy regarding how much of total revenue or expenses farebox should be expected to cover. Two districts, Island County PTBA and Chelan-Douglas have a stated and adopted policy of prepaid fares; in effect no fare is collected at the point of service. A memo from the General Manager of the Chelan-Douglas PTBA is included outlining their philosophy that was taken to the voters for approval in establishing the prepaid fare. Of the remaining ten systems that do have some type of fare policy, only two seem to have a formal board resolution. Several others indicate that their transportation development plan includes a policy on fares. Since the transit boards vote on these plans, they can be considered to be a formal stated policy. A small number of the ten that do not have policies, indicate that there are informal goals which they try to achieve on an annual basis. Many of the districts with fare policies do not achieve, on a consistent basis, their goal. In effect, they use the policy to evaluate where they are and adjust fares on an annual basis.

Figure 1, depicts total revenue, both capital and operating. As a percentage of total revenues, transit fares have generally declined over the past decade from the upper to the mid and lower teens, averaging somewhere in the neighborhood of 14. It should be remembered that total revenues also include those used for capital purposes. In 1990, the farebox covered approximately 19 percent of total operating expenses for all transit systems in the state.

Several of the authorities have some interesting and unique farebox policies. For instance, Table 1 shows that Community Transit has chosen to address transit service and commensurate fares by disaggregating by type of service (e.g., 15 percent return policy for local service, 40 percent return policy for U.W. express service, and 60 percent return policy for commuter service). This policy implies that their local service does not need to return the same farebox level as does their commuter service. It should be noted that commuter service runs in the peak times of the day. Thus, the ridership is

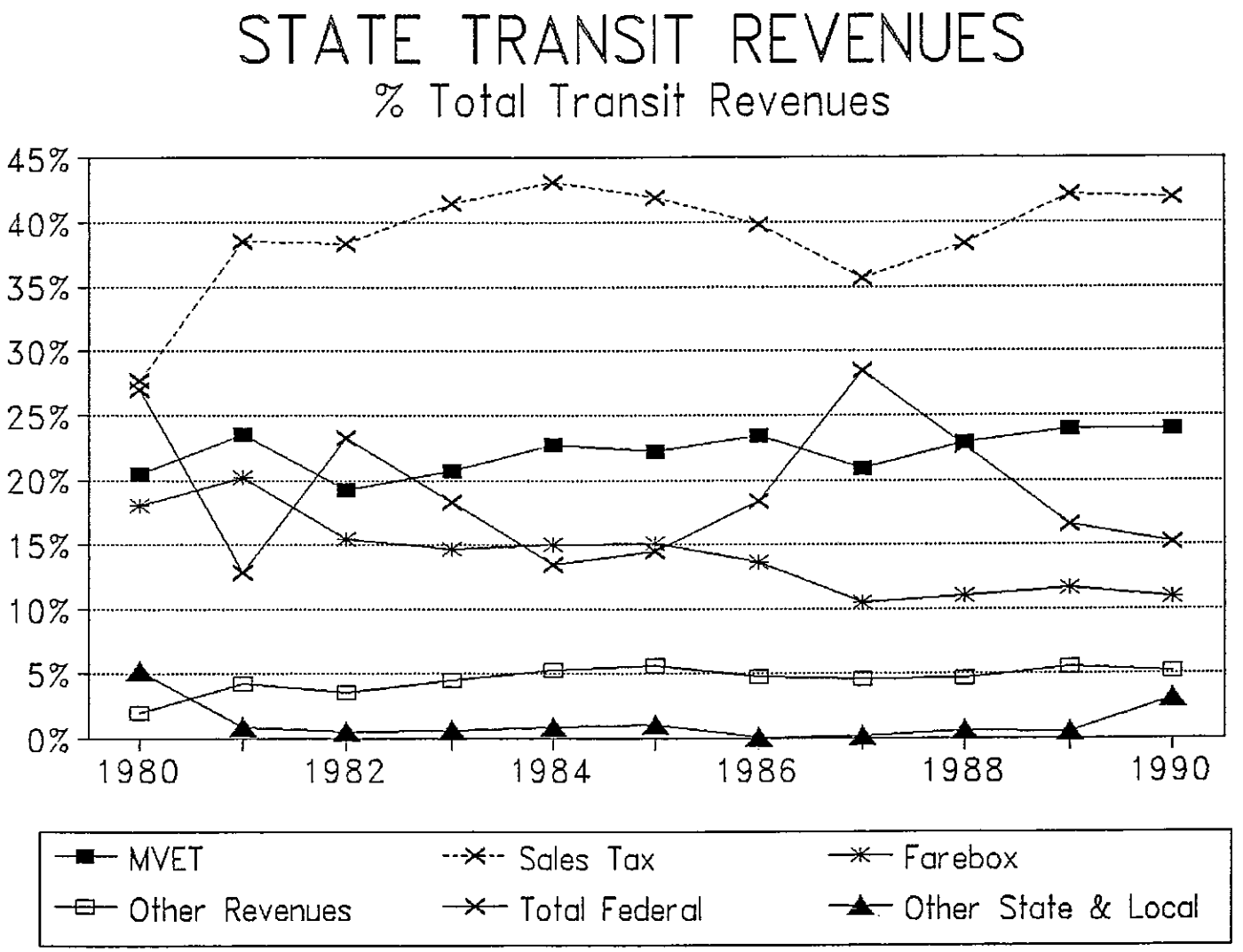
TABLE 1
WASHINGTON STATE TRANSIT SYSTEM
"FAREBOX RETURN" POLICIES

AUTHORITY	EXISTING POLICY	% MANDATE
Benton-Franklin PTBA	No Policy	-
Clallam County PTBA	Yes, by Board Resolution	12% *
Clark County PTBA	Planning Goal - Not Formal	10%
Snohomish County PTBA	In Planning Process - Percent Varies	Local Service 15% UW Express 40% Commuter 60%
Cowlitz PTBA	In 1987 Transportation Development Plan	15%
Everett City	No Policy	-
Grays Harbor County	No Policy	-
Thurston County PTBA	No Policy	-
Island County PTBA	No Policy	-
Jefferson County PTBA	No Policy	-
Kitsap County PTBA	No Policy	-
King County Metro	Adopted by Board	25% **
Pacific County	No Policy	-
Pierce County PTBA	No Policy	-
Prosser City	No Formal Policy Planning Guidance	50%
Pullman City	Planning Goal	25%
Spokane County PTBA	Informal Goal (Fixed Route) (No Goal for Demand Responsive)	20%
Lewis County PTBA	No Policy	-
Walla Walla County PTBA	No Policy	-
Whatcom County PTBA	1985 Transportation Development Plan	12%
Yakima City	Transportation Development Plan	12-15%
Chelan-Douglas PTBA	No Fare	-

* Definition includes Charter and Advertizing in Revenue and excludes administration, marketing and planning from expenses.

** Operating Revenues/Operating Expense, revenues include advertising and other.

Figure 1


STATE TRANSIT REVENUES
% Total Transit Revenues
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
1980
1982
1984
1986
1988
1990
MVET
Sales Tax
Farebox
Other Revenues
Total Federal
Other State & Local

more captive and concentrated than is the local service provided. Hence, a higher percent farebox return policy was established for commuter services than for local services. Assuming that the commuter and express type services are for students or white collar workers, and local service serves the elderly, younger students, disabled, and economically disadvantaged persons, then the farebox policy suggests that the different farebox ratios were established as goals corresponding to the ability of the ridership to pay the fare.

Also unique is that the highest stated and formally adopted farebox return policy is that of Metro at 25 percent. Though both Prosser and Pullman equal or exceed that stated percentage, neither is a formally adopted farebox goal.

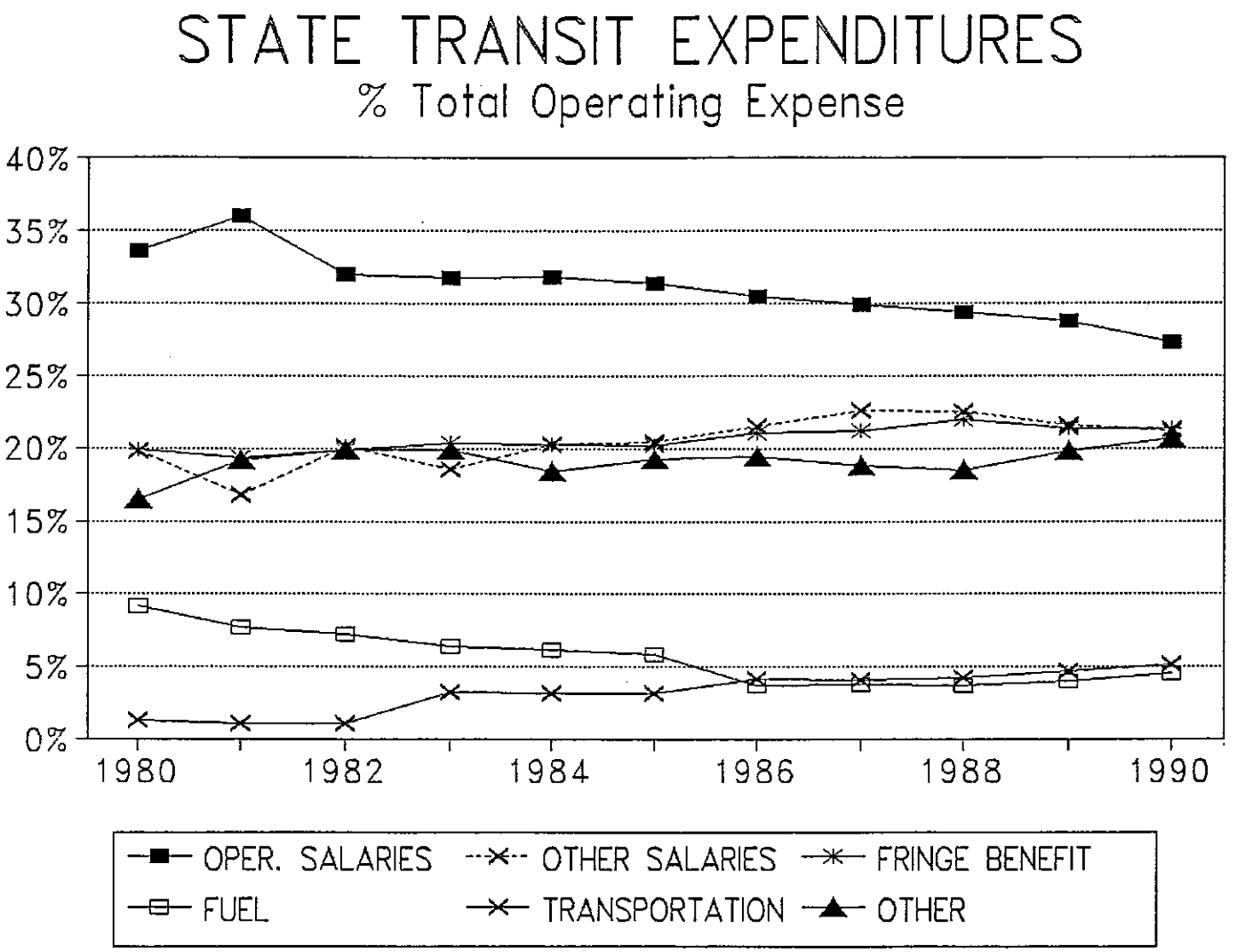
D. Historical Relationship Between Revenues and Expenditures

Figures 1 and 2 and Tables 2 and 3, depict the trend in total transit district revenues and expenditures from 1980 to 1990. Table 2 shows total revenues and Table 3 shows total expenditures. These tables indicate that in 1990, fare revenues ($55 Million) represented 19 percent of total revenues ($291 Million). Figure 1, which shows the trend of revenues across the state, indicates that in 1990 the sales tax provided the largest and most significant percentage (over 40 percent) of total revenues. Over the past decade, the sales tax percentage has varied only slightly and still is the largest revenue source. MVET revenue has remained fairly constant at between 20 and 25 percent of total revenue. Farebox revenue has declined somewhat, averaging about 14 percent of total revenue over the past decade, and about 11 or 12 percent in 1990.

The variability in federal revenues is mostly due to the variability in capital grant revenues provided to the State's transit systems. It is also this variability in federal capital revenues that causes the peaks and valleys of other revenue sources shown on this chart. In other words, high federal capital funding decreases the total percentage of other revenue sources, as occurred in 1987 due to the federal capital grant for the Metro bus tunnel.

Table 3 depicts the expenditure history of transit systems in the state. The relationship between these categories of expenses is shown in Figure 2. The trends illustrated by Figure 2 are fully consistent with the rest of the country. Operating salaries remain the highest category of expenditures and although declining over the past decade, they still average between 25 and 30 percent of total expenditures. One reason for the decline in operating salaries could be the rise in other transportation costs (including purchased transportation from private providers) which have risen over the decade to about 5 percent of total costs. In this case, the 5 percent rise in transportation costs is directly attributable to a 5 percent decrease in operating salaries. However, this does show that there has not been a significant savings difference in turning to the private sector to provide transportation service.

Figure 2


STATE TRANSIT EXPENDITURES
% Total Operating Expense
40%
35%
30%
25%
20%
15%
10%
5%
0%
1980
1982
1984
1986
1988
1990
OPER. SALARIES
OTHER SALARIES
FRINGE BENEFIT
FUEL
TRANSPORTATION
OTHER

STATE, LOCAL, AND FEDERAL REVENUES 1980-1990

TABLE 2

ITEM	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
STATE & LOCAL(in 000's)											
MVET	32847	40502	50530	55510	63157	67256	80521	87378	93854	105736	121133
Sales Tax	44318	66392	100314	111418	119870	127158	137145	148524	157405	186222	212122
Farebox	28829	34803	40166	39457	41627	45701	46973	43572	45330	51112	55226
Other State&Local Re	8213	1419	1215	1439	2155	3115	256	799	2343	2049	15668
Other Revenues	3094	7183	9193	12044	14517	16905	16373	18924	19137	23971	26103
Total State & Local:	117301	150299	201418	219868	241326	260135	281268	299197	318069	369090	430252
FEDERAL (in 000's)											
Sec. 3 Capital	26396	4,430	37810	28981	8857	10230	4948	77007	72601	36033	6164
Sec. 5, 6, 9 Capital	5225	1,591	4576	4858	14755	19427	29165	29459	9695	25198	59497
Sec. 5, 6, 9 Oper.	11105	14939	16462	13798	12420	11240	11065	10567	9693	10562	9778
Sec. 16, 18, Other Cap.	193	296	742	1122	548	2714	17868	647	204	231	772
Sec. 16, 18, Other Oper	57	226	242	203	302	163	134	216	99	252	413
Other Federal	220	485	999	212	392	210	304	787	299	622	70
Total Capital	31814	6317	43128	34961	24160	32371	51981	107113	82500	61462	66433
Total Operating	11162	15165	16704	14001	12722	11403	11199	10783	9792	10814	10191
Total Federal:	43196	21967	60831	49174	37274	43984	63484	118683	92591	72898	76694
TOTAL REVENUES	160497	172266	262249	269042	278600	304119	344752	417880	410660	441988	506946

WASHINGTON STATEWIDE TRANSIT DISTRICT EXPENSES - YEARS 1980-1990
All dollars are expressed in thousands

Table 3

Operating Expenditures

ITEM	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Salaries	29,190	44,482	48,651	54,231	59,089	63,042	65,114	66,722	69,334	73,833	79,487
Salaries, Other	17,228	20,755	30,569	31,811	37,602	40,939	45,835	50,342	52,968	55,406	61,553
Fringe Benefits	17,290	23,898	30,172	34,782	37,607	40,461	44,778	47,339	51,667	54,897	62,176
Fuel	7,955	9,427	10,944	10,857	11,407	11,677	7,907	8,371	8,615	10,170	12,988
Purchased Transportation	1,088	1,331	1,646	5,503	5,813	6,148	8,849	8,935	9,982	11,902	14,834
Other	14,297	23,644	30,242	34,047	34,042	38,597	41,427	41,922	43,732	50,824	59,996
Total Operating Expenses	87,048	123,537	152,224	171,231	185,560	200,864	213,910	223,631	236,298	257,032	291,034

Capital Expenditures

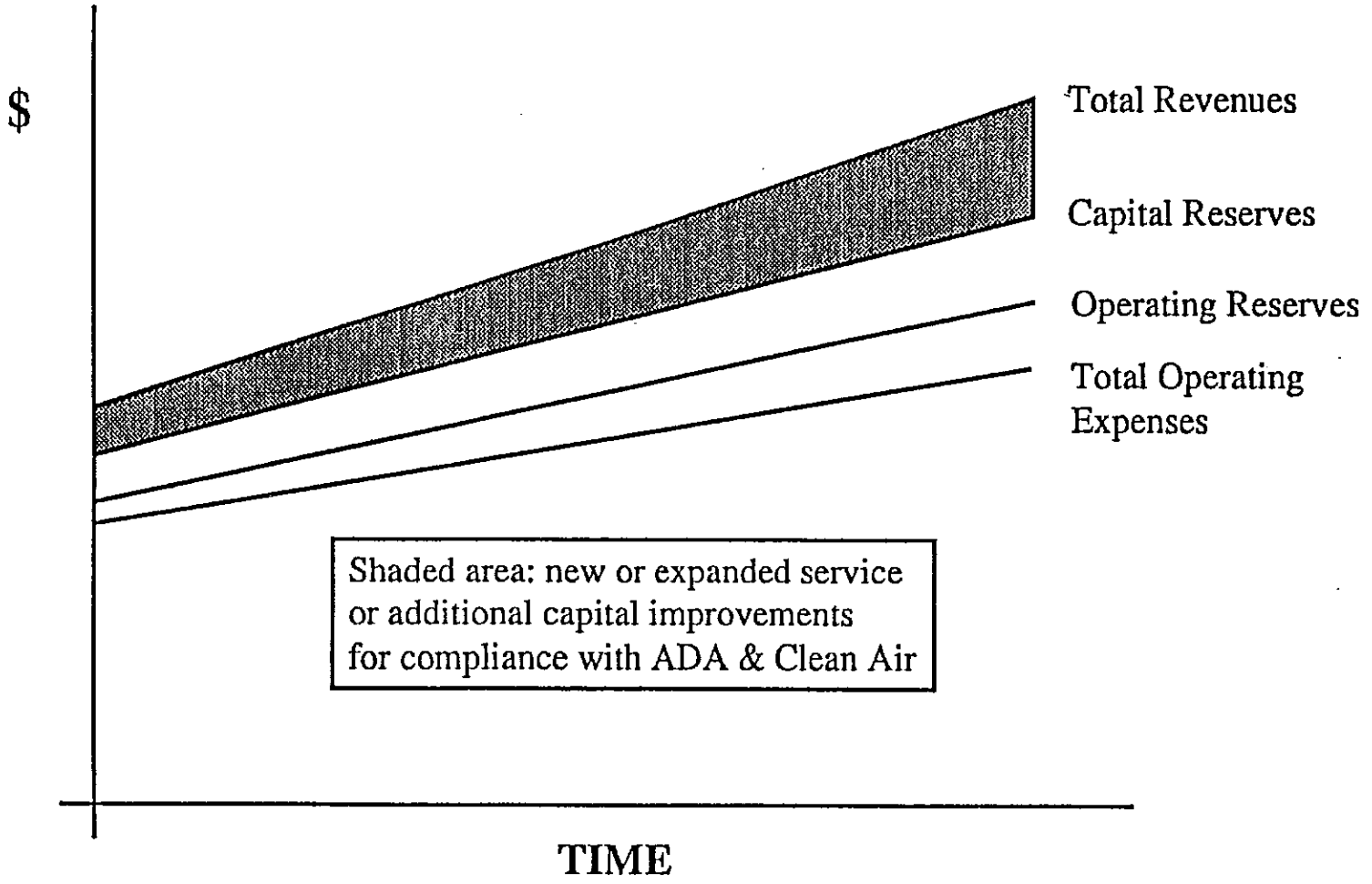
ITEM	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Fleet replacement/expansion	32,249	10,319	48,667	29,371	4,762	10,489	34,560	31,622	9,895	12,560	89,845
Other	9,640	10,615	15,461	25,638	43,135	61,334	105,563	158,646	158,828	148,516	119,834
Total Capital Expenses	41,889	20,934	64,128	55,009	47,897	71,823	140,123	190,268	168,723	161,076	209,679
Total Annual Expenses	128,937	144,471	216,352	226,240	233,457	272,687	354,033	413,899	405,021	418,108	500,713

Another national trend is the decrease in the portion of total operating expenses attributable to fuel costs. As can be seen, the fuel cost percentage decreased over the past decade and is now at approximately 5 percent of total cost. It is important to note that drastic changes in fuel costs are not usually significant in terms of the total overall budget of a transit agency. The remaining categories of expenditure, which include other salaries, other expenses, and fringe benefits, have remained fairly constant at about 20 percent each over the past decade.

The expenditure and revenue tables show that expenditures and revenues have both risen about threefold over the past decade. With the exception of 1986, revenues exceeded expenses for each year during that period. When revenues have exceeded costs, the difference has generally been put into capital reserves, operating reserves, or other sinking funds.

Figure 3 depicts this practice. In addition to operating expenses, money is allocated to: 1) operating reserves; 2) capital reserves in the form of either a sinking fund or depreciation; and 3) new or expanded service. Systems in the state now are faced with ADA and/or the Clean Air Act requirements, improvements which may require the use of revenues that would have been dedicated to new or expanded service, the reserve funds, and even possibly existing operating expenses. Several authorities in the state have also indicated that to maintain services at current levels may require more than just adjustments for inflation in cost.

Figure 3


$
Total Revenues
Capital Reserves
Operating Reserves
Total Operating Expenses
Shaded area: new or expanded service or additional capital improvements for compliance with ADA & Clean Air
TIME

II. Relating Cost and Benefits of Public Transit in the State of Washington

Due to the support and encouragement of both state and local governments, Washington State transit systems were able to increase service, facilities, and equipment during the 1980's. The Tasks 3B and 4B Report, (Qualitative and Quantitative Benefits of Public Transportation) demonstrated that there are numerous derivative community benefits from the provision of public transportation services. As ridership increases, so do the benefits. Examples include increased labor pool from which businesses can draw prospective employees, infrastructure (highways) cost avoidance, energy savings, and improved air quality. Not surprisingly, however, increases in expenditures are needed to provide increased service. Accordingly, both capital and operating expenses also increased during the 1980's. A look at costs and service levels will illustrate this relationship.

Table 4 summarizes the trend in national transit ridership over the past decade. Table 4 shows that in the larger urbanized areas of the country (i.e., those areas larger than 100,000 in population) transit ridership declined over the decade. This can be attributed, in part, to several factors including the increase in national economic vitality over the decade, which created additional disposable income which could be spent on automobiles and personal travel. Another factor is the decline in the cost of automotive fuel, and the corresponding decrease in the marginal cost of operating an automobile and since the use of transit is inversely related to the cost of substitute modes these two factors combined to discourage transit usage. A third major factor in the national trend of declining ridership over the past decade was the continued suburbanization of most American cities, which served to move increasingly more residents and employment outside of the traditional transit service areas. This increased dispersion in the population reduced the effectiveness of the service delivery capabilities of many transit systems which thrive within an urban form where more of the jobs and residents are located in smaller, more densely populated, areas.

Table 4 also shows that in the largest areas, a smaller decline in ridership was experienced (i.e., a 1 percent to 5 percent decline in areas over 500,000 population). Areas in the middle ranges (i.e., 100,000 to 500,000 population) experienced a greater ridership decline than the largest populated areas. In the smallest urbanized areas (those from 50,000 to 100,000 in population) and for areas less than 50,000 in population, ridership increased. In fact, in the smallest areas ridership increases were quite dramatic (from 12 percent to 97 percent). Nationwide, a 2 percent decrease in ridership occurred over the past decade.

These national trends are an effective reference point in starting to analyze changes in Washington State transit ridership. Table 5 has been prepared to highlight Washington State ridership activity by system from 1980 to 1990. It should be noted

that in the early 1980's, transit data was either not kept, not uniformly defined or recorded but not reported. The first full year of consistent statewide transit ridership data collected from both Federal Section 15 reports and individual transit systems was 1983. It is important to note that in 1980, only 8 of the 22 existing systems in the state were recognized by the federal government as operating public entities. Eight others existed in some form but were not recording or reporting data to the federal or state government. Seven systems which exist today did not exist in 1980.

TABLE 4
U.S. NATIONAL TRANSIT RIDERSHIP
(Unlinked Trips)
For Motor Bus, Trolley Bus, and Demand Responsive Vehicles

1980 - 1990

URBANIZED AREA SIZE	1980 (Millions)	1990 (Millions)	PRELIMINARY PERCENT CHANGE
2 M >	3,324	3,289	-1%
500 K to 2 M	1,550	1,480	-5%
250 K to 500 K	408	327	-20%
100 K to 250 K	309	231	-25%
50 K to 100 K	91	102	+12%
< 50 K	155	305	+97%
TOTAL	5,837	5,734	-2%

SOURCE: "Transit Fact Book" 1990 Edition American Public Transit Association, September 1990.

Table 6 provides transit ridership by the system groupings utilized in the Task 2E Report, Appropriateness and Adequacy of Current Funding. The average urbanized area population for each Washington State group of systems is indicated to enable comparison with national ridership figures provided in Table 4.

Comparing the data contained in Tables 4 and 6 shows that transit ridership has increased significantly more, both by urbanized area size and in total, in Washington State than it has nationally during the 1980's. In fact, while total national ridership decreased 2 percent over the period 1980 to 1990, Washington State ridership increased just over 17 percent over the period 1983 to 1990. These

TABLE 5
WASHINGTON STATE
TRANSIT RIDERSHIP TRENDS
(000's)

TRANSIT SYSTEM	1980	1983	1990	1983-1990 PERCENT CHANGE
Benton-Franklin PTBA	-	2,105	2,785	+32.3%
Chelan-Douglas PTBA	-	-	-	-
Clallam County PTBA	41	461	615	+33%
Clark County PTBA	-	1,838	3,132	+70%
Cowlitz PTBA	-	48 (1)	287	+500%
Everett City	-	1,671	1,515	-9%
Grays Harbor County	783	1,147	1,257	+10%
Island County PTBA	-	-	370	-
Jefferson County PTBA	-	155	207	+34%
King County Metro	85,930	81,250	95,410	17.4%
Kitsap County PTBA	-	2,015	2,699	+34%
Lewis County PTBA	142	156	191	+22%
Pacific County	46	98	181	+85%
Pierce County PTBA	9,418	10,566	10,727	+1.5%
Prosser City	10	6	24	+300%
Pullman City	443	355	698	+97%
Snohomish County PTBA	-	3,095	4,413	+43%
Spokane County PTBA	-	7,496	7,293	-2.7%
Thurston County PTBA	-	2,112	2,620	+24%
Walla Walla County PTBA	-	816	769	-6%
Whatcom County PTBA	-	1,200	1,700	42%
Yakima City	-	969	1,308	+35%

(1) Possible Partial Year Data

increases in ridership occurred despite the previously cited external factors (increased disposable income, reduced fuel costs, increased suburbanization) which serve to discourage the shift from auto mode to transit mode.

To put the ridership in some context it is important to make some comparison to the levels of service provided over the period in question. Table 7, illustrates, by transit district, total revenue vehicle miles, a measure of local transit service levels, including percent changes from 1980, or the first available year of data.

TABLE 6
STATE OF WASHINGTON
1983-1990 TRANSIT RIDERSHIP

Transit System Grouping	1989 Average Urbanized Area Population ('000)	Table 4 Urbanized Area Size	1983 Ridership	1990 Ridership	1983-1990 Percent Change
A	1,414	500 K to 2 M	81,250	95,410	17.4%
B	411	250 K to 500 K	21,157	22,145	4.7%
C	143	100 K to 250 K	5,958	8,616	44.6%
D	60	50 K to 100 K	8,376	9,784	16.8%
E	22	< 50 K	818	1,958	139.4%
TOTAL			117,559	137,913	17.3%

Table 7 illustrates, in some cases, dramatic increases in the level of service provided by individual transit systems. Seven of the 17 systems reporting data in both the early 1980's and 1990 show revenue miles per capita increases of 50 percent or greater; four systems show increases of 100 percent or better. (The range of change statewide is from -20 percent to +232 percent.) Revenue miles per capita in the early 1980's ranged from 4.5 to 19.6, with a statewide total of 15.4 revenue miles per capita. In 1990, revenue miles per capita ranged from 4.9 to 26.2, or a total of 18.4 revenue miles per capita statewide. This represents an increase in revenue miles per capita statewide of 19 percent from the early 1980's to 1990. This accomplishment, along with the increase in ridership, is in contrast to service level reductions experienced by peer systems across the country.

Another useful illustration of increased levels of service throughout the State is the share of population within transit service areas relative to total State population. Based on information collected during the survey process and supplemental data from the Office of Financial Management, approximately 45 percent of the State population had access to transit in 1980 compared with almost 78 percent by the year 1990.

The conclusion that was drawn from the surveys and interviews of each transit authority, and in reviewing performance measures such as revenue miles per capita, was that the transit systems in this state have for the most part increased transit ridership. It appears that peer systems across the country have faced either stagnant or declining levels of service and ridership. In this state, systems have generally maintained or increased the levels of service and maintained or increased their ridership.

These increases in service (ridership and revenue miles per capita) were achieved by investing in facilities, equipment and service. The figures in Table 3 shows that total expenditures increased approximately 121 percent from 1983 to 1990. This increase includes the increased costs associated with inflation, expanded service levels within the existing eight districts, and the creation of several new transit districts and those associated start up costs.

As was explained in Tasks 3B and 4B Reports, the provision of transit service and an increase in transit ridership has positive benefits to the state and the community. The increase in ridership results in benefits to the state and community as indicated in the Tasks 3B and 4B Benefits Report.

TABLE 7
WASHINGTON STATE
TRANSIT SYSTEM REVENUE MILES PER CAPITA

TRANSIT SYSTEM	YEAR	1980's * REVENUE MILES/CAPITA	1990 REVENUE MILES/CAPITA	PERCENT CHANGE
Benton-Franklin	1982	7.9	26.2	+232%
Chelan-Douglas	N/A	N/A	N/A	-
Clallam	N/A	N/A	17.0	-
Clark	1981	4.6 **	13.5	+193%
Cowlitz	1983	4.5	4.9	+9%
Everett	1981	14.1	17.2	+22%
Grays Harbor	N/A	N/A	N/A	-
Island	N/A	N/A	17.4	-
Jefferson	1981	11.5 **	24.0	+109%
King County Metro	1983	19.6	21.5	+10%
Kitsap	1983	16.7	15.2	-9%
Lewis	1980	9.7	9.9	+2%
Pacific	1980	8.4	23.7	+182%
Pierce	1981	12.3	16.5	+34%
Prosser	N/A	N/A	N/A	-
Pullman	1980	9.0	7.2	-20%
Snohomish	1983	12.2	15.1	+24%
Spokane	1982	12.9	18.6	+44%
Thurston	1981	10.7	20.0	+87%
Walla Walla	1981	7.6	12.2	+61%
Whatcom	1983	11.3	11.0	-3%
Yakima	1981	8.8	13.2	+50%
STATEWIDE***		15.4	18.4	19%

* First data available varies between 1980, 1981, 1982, and 1983
** Possible Partial Year Data
*** Total revenue miles per capita on statewide basis; not an average of district numbers.

II. Conclusion

In conclusion, transit expenses in the State of Washington have increased. Those increases are not solely attributable to inflation and increases in uncontrolled costs, but are more properly attributed by increases in service offered to the public. That service has tended to attract a steady and, in many instances, an increasing level of patronage from the community.

Both the federal and state government have had little effect on the revenue policies of local transit authorities. If revenue is considered to be other grants and aid, then the shift in the 1980's from massive federal assistance to state assistance is evident. The primary driver of local revenue policies is the local transit board. The boards decide the relationship of local taxes and fares in the total revenue that the agencies collect.

There are several other conclusions that can be drawn about the relationship of costs, services, and benefits.

- In Washington State operating cost increases in the 1980's increased statewide from $171 million to $291 million from 1983 to 1990. There is every evidence, however, that these increases were not just inflationary, but were instead translated into direct service increases as the percentage of total state population with access to transit increased from 45 percent in 1980 to 78 percent in 1990.

- Washington State ridership has for the most part shown to be higher in 1990 than at the start of the decade compared to decreases in national ridership trends. In the 1980's, national ridership decreased by two percent, while Washington State's ridership increased by 17 percent.

- From the early 1980's until 1990, Washington State systems have also placed a great deal more service on the road evident in the increase in revenue miles per capita, which increased 19 percent over that period.

- Both increased ridership and levels of service can be said to have generated increased community benefits. (see also Tasks 3B and 4B Report)

Link
Chelan-Douglas
Public Transportation Benefit Area

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LINK MEMO

TO: Legislative Transportation Committee

FROM: Ken Hamm, General Manager
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SUBJECT: Sharing the Prepaid Philosophy

During the Legislative Transportation Study and recent related forums, there has been an increasing emphasis on the quantification of public transit systems, and tying that performance to future funding opportunities. The percent of operating cost recovered through fare box revenues appears to be the favorite method of measuring system efficiency or effectiveness. This emphasis ignores other transportation applications currently utilized in Washington State and would jeopardize funding for those organizations.

Specifically, this paper is intended to share the perspective and philosophy of "Fare Free" or "Prepaid" transportation services. The citizens of the Chelan/ Douglas PTBA (dba Link) have mandated policies related to the provision of public transportation services that embody the true spirit of public service. These progressive thinkers recognize that public transportation services, like public libraries, emergency services, and water/ sewage services, are a benefit to the communities beyond the cost of service. Those intangible benefits provide an improved quality of life; the value of which extends far beyond any financial benefit derived from a users fee.

For this region of the state, the philosophy adopted acknowledges the initial cost for start of new services and an ongoing need to fund continued delivery of that service. As it relates to the PTBA, this was legislated by our citizenry when they approved the sales tax initiative of four tenths of one percent in September of 1990. It was felt that an individual users fee, a fare collected for riding transportation services, double charges the user. It presents a barrier to citizens that is contrary to the PTBA's mission and goals. It works against the benefits derived from public transportation services.

The Chelan/ Douglas PTBA's decision makers, the board of directors and citizens advisory board, identified goals for this new transportation system that included:

1. To develop policies that provide quality services to all market segments of the PTBA. Recognizing that a significant percentage of users will be the elderly, youth, handicapped, and economically disadvantaged, policy makers did not want to put an additional use fee on services, thus further impacting some citizens.

2. To develop services that are responsive to the needs of the public. People want mobility to enhance their quality of life opportunities. Moving people by public transportation in these communities enhances economic development, improves air quality, reduces traffic, which fulfills some of the public service responsibility.

3. To develop prudent fiscal policies which are efficient in the utilization of public funds. The decision here is to commit to a local tax base that provides a reliable, predictable, and sufficient financial foundation. For small rural transportation applications, like Chelan/ Douglas PTBA , the capital outlay for fare collection, storage and counting equipment would be substantial, even if some services could be contracted. Added to the costs of accounting would also be the printing and distribution of fare and customer information materials. Weighed against the projected fare box revenue there would be limited benefit, if any, that could be derived from implementation of a fare structure.

4. To offer quality transportation services to the mobility disadvantaged. Use fares are more than economic barriers. It is difficult enough to interpret how to ride. The most fear and confusion comes from concern over how to pay, when to pay, exact fare, how much, and sometimes the embarrassment of being incorrect. This is magnified for people with disabilities. The no fare policy eliminates additional barriers by simplifying use and improving understanding.

5. To provide public transportation which is "affordable". Having a fare free system provides a market situation where the customer doesn't have to make a choice based on their pocketbook.

6. Finally, number six stipulates developing services that enhance the quality of life, community pride and image of the region as a desirable location to live, work and visit. Too many decision makers wait to make decisions about quality of life, community pride and regional image until a major problem presents itself. Facing the issues of our environment, including air quality, traffic congestion, growth management, infrastructure, mobility equality and others, is sharing a vision for the future and making a commitment to an improved tomorrow.

In general, there appears to be a mindset among a significant number of elected officials that tariffs are a must for organizations transporting goods and people. However, that is not consistently legislated. For example, this state taxes citizens for the construction and maintenance of highways, but there is no per trip user fee once the highway system is operable. Why are transit users any different? Other analogies can be drawn to demonstrate the disparate treatment of public transportation versus other public services. Sewer systems are constructed and maintained by assessment of the taxpayer as a quality of life issue. Once developed, there is no user fee for each time an individual utilizes the system. Why is one public service that addresses environmental concerns legislated so much differently than another. The decision at Chelan/ Douglas PTBA addresses the total benefit derived from public transportation services.

In conclusion, it is our hope that legislators will recognize the value of new public service philosophies as viable alternatives to traditional applications. The leaders in the Chelan/ Douglas area believe that the needs of the citizenry and visitors, the

quality of life, community pride and regional image, are best served by public transportation services through a prepaid or fare free philosophy. It is believed that innovative policies, like these, better solve the issues of growth and development for our communities. There should not be mandates thrown at these communities by state governance that potentially disadvantages them financially. Legislators must recognize that the measures of efficiency and effectiveness in one region can be quite different from those of another. It does not make sense, for example, to harness a small rural community with the same methodology or performance measures of a large metropolitan community.

Our hope is that each legislator will see the wisdom of local evaluation. As the Legislative Transportation Study consultants have already concluded, the transit systems of Washington State and their management, are far ahead of most states by comparisons of innovation, effectiveness and efficiency.

cc: Matrix Management Group
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