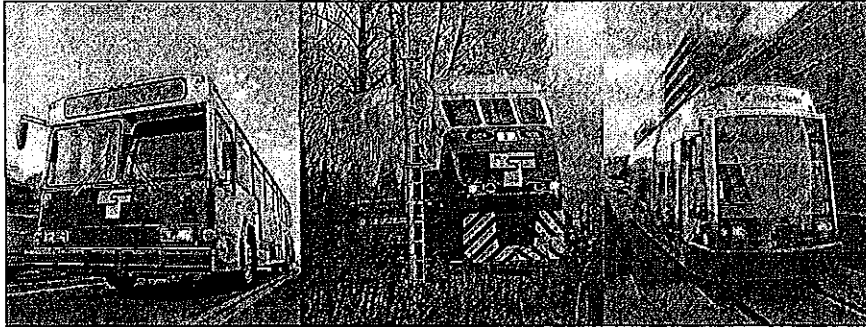


Sound Transit 2 & subarea equity



Board of Directors
May 25, 2006

Planning overview

Past discussions:

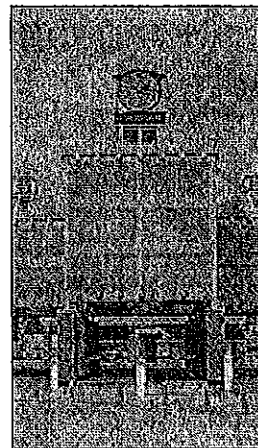
- Long Range Plan
- Candidate project evaluation
- Public input
- Discussions w/ jurisdictions
- Updates to scopes, cost estimates
- Template updates

Today:

- Board policy discussion

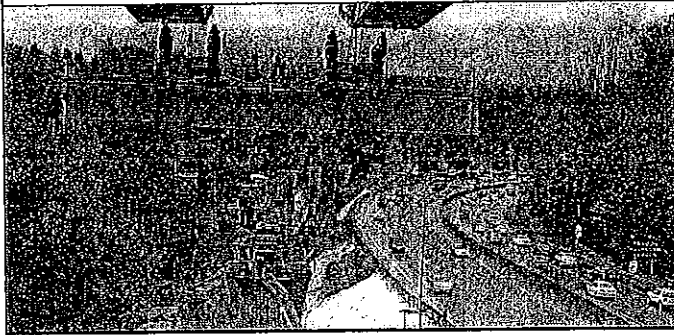
June 8:

- Investment scenarios
- Financial modeling



Purpose of today's discussion

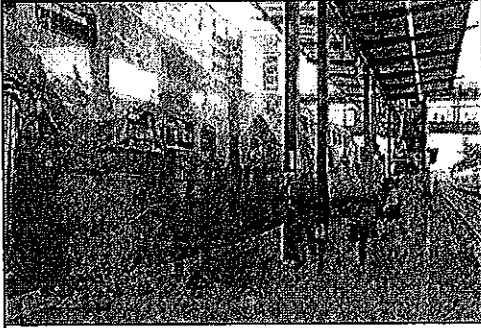
Should staff assume the Board plans to continue to follow the current framework for subarea equity as we develop the investment scenarios?



Statutory basis

'...the system approved by the authority's board before the submittal of a proposition to the voters shall contain an equity element which:

- a) Identifies revenues anticipated to be generated by corridor and by county within the authority's boundaries;*
- b) Identifies the phasing of construction and operation of high capacity system facilities, services and benefits in each corridor ...; and*
- c) Identifies the degree to which revenues generated within each county will benefit the residents of that county, and identifies when such benefits will accrue.' [RCW 81.112]*



Definition of subarea equity

'The local tax revenues generated in each of these areas will be spent on the investments that benefit those areas.'

(Long Range Plan, July 2005,
& Long Range Vision, 1996)

Subarea tax resources

- Sales Tax
 - Tax collected at the point of sale
 - 78% of total Phase I (1997-2009) tax revenue
- MVET
 - Tax assessed and collected based on physical address
 - 21% of total Phase I (1997-2009) tax revenue
- Rental Car
 - Tax collected at the point of sale
 - < 1% of total Phase I (1997-2009) tax revenue

Subarea tax revenue: What we have learned

- Tax base has performed well
- RTA District is part of an integrated regional economy
- Each subarea has unique economic drivers
 - Tax base makeup, e.g., high tech, freight, retail
 - Population centers – daytime vs. official population
- Taxes collected in a subarea are not generated by only those living in the subarea



Options considered for calculating subarea equity in *Sound Move*

Ridership

- Point of origin, point of destination, or both?
- Forecasted or actual?

Vehicle miles or vehicle hours traveled

Which subarea wants the service?



Board direction in 1996 on subarea equity

- Abandoned quest for formula
- Proceeded with negotiated approach



Planning process

- Subarea delegations developed lists of best projects for their areas
- For services across subareas, negotiations for cost allocations occurred
- Cost assignments in *Sound Move* determined after much negotiation

Negotiated agreements within *Sound Move*

- ST Express: Everett-to-Bellevue & Tacoma-to-Seattle routes
- Bothell's Canyon Park project
- Sounder North: track and signal, Ballard Station
- Sounder South: track and signal, King Street Station & 'last logical station' concept
- Link: Downtown Seattle Transit Tunnel retrofit & maintenance base and control center

Financial policies

'Equity will be defined as utilizing local tax revenues and related debt for projects and services which benefit the subareas generally in proportion to the level of revenues each subarea generates. This equity principle will apply to the ten-year system plan as well as all future phases.'

'The RTA Board agrees, therefore, that the facilities, projects and services identified in the adopted Ten-Year System Plan represent a reasonable definition of equity for purposes of satisfying both public policy concerns and statutory requirements.'

(Financial Policies, Appendix B to Sound Move, May 1996)

Rationale & results of subarea equity agreements

Rationale:

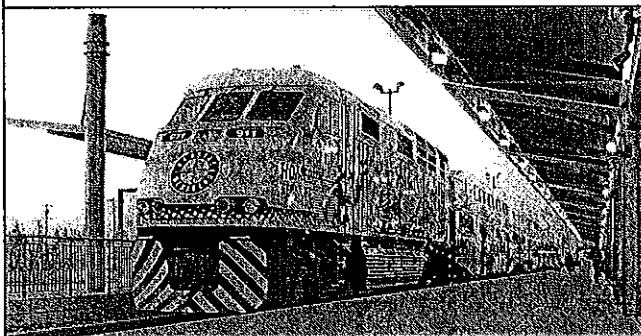
- Flexible & fair
- Based on Board judgment, not complex formula
- Instills trust that plan is equitable

Results:

- Annual independent review
- 10-year track record

Next steps & direction

Should staff assume the Board plans to continue to follow this framework for subarea equity as we develop the investment scenarios?



Schedule update

- June 1 Joint ST/RTID Executive Committee
- June 8 Investment scenarios presented
- June 22 Board discussion of key issues
- June 29? Special meeting (if needed)
- July 13 Possible decision: Draft investment packages released for public review

