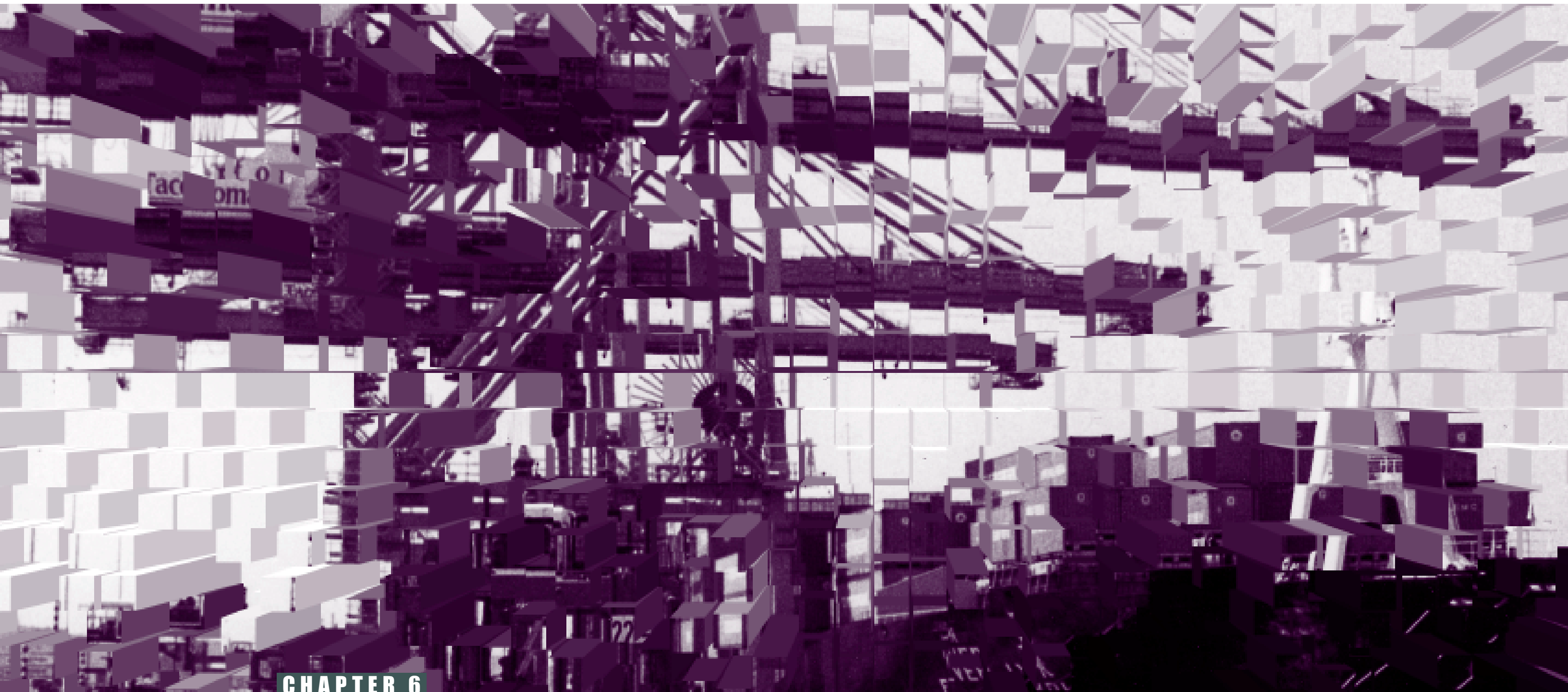


CHAPTER 6

finance

Under federal law, the regional transportation plan must make reasonable financing assumptions, accounting for existing or new revenue sources which can be expected to be available over the life of the plan (Title 23 USC 134). This chapter of *Destination 2030* outlines a set of financial principles, conditions and assumptions that constitute a financial strategy for plan implementation. The principal transportation tax bases traditionally have been retail sales, registered motor vehicles, taxable motor fuel consumption, and the taxable value of motor vehicles. The allowable uses of nearly all existing transportation funding sources in the region are restricted to specific uses, by source, by expenditure, and often by geography or jurisdiction. Transportation infrastructure costs have been on the rise over the last few decades because of increases in material and labor costs, the costs of mitigating environmental impacts, and increased urban land values. Insufficient public resources have led to an increase in the unfunded backlog of maintenance projects, leading to higher overall costs in the future, and raising safety concerns. Meanwhile, existing transportation revenues are not keeping pace with travel demand, and the infrastructure investments needed to support this growing demand.

In 1998, the state Legislature and Governor created a Blue Ribbon Commission on Transportation (BRCT) to conduct a comprehensive analysis of statewide transportation needs and priorities. The Commission, which was comprised of public and private sector representatives, was charged with developing recommendations for identifying, funding and delivering key transportation services and projects. The Blue Ribbon Commission *Final Report* recommends that existing statewide revenue sources be enhanced, and new sources found. These funds will be used to help address deficiencies in basic transportation needs, new capacity investments in state programs, and for regional and local transportation systems. The Final Report makes strong statements about the need for a regional approach to transportation planning and programming.

An important part of the investment strategy for *Destination 2030* are principles to guide the development of financing strategies and revenue sources. The past decade has clearly demonstrated that the state and the region need a new approach — one that benefits all our communities and helps create a stable and sustainable fiscal future. The guiding principles listed below are consistent with the recommendations of the BRCT and build on the adopted *Destination 2030* plan policies.

FINANCE PRINCIPLES

1. **Additional revenues must address local, regional and state transportation plan needs.** Financial solutions need to relate to a full range of transportation needs and not merely address a single facility, mode or level of government.

2. **New revenue sources must bear a relationship to system cost and system use.** Transportation has a history of use-based financing but has strayed from such over the past several decades. Use-based financing ensures that investments can efficiently respond to demand, improve funding predictability, and be more equitable.

3. **The financial structure should support multi-modal mobility.** The finance structure should support multi-modal investments that improve the availability of mobility options where and when they are needed.

4. **System financing must be sustainable.** Predictability over time is a critical element of a sound financial plan. Our region must be confident that our transportation financing tools will not be eroded from one year to the next and that existing systems can have predictable dedicated resources for basic maintenance and preservation needs.

5. **New financing tools or changes to the financing structure should strive to simplify and add flexibility to the overall structure.** The transportation finance structure is immensely complex, fragmented, and restrictive. It is almost impossible to explain the current process to the public to enable greater accountability. Changes to this system should improve the understandability and responsiveness of our finance mechanisms.

6. **Ensure a reasonable rate of return on revenues raised within a region, for investments within the region.** Most state and federal transportation funds are allocated to the Puget Sound region based on legislative formulas, actions of the Legislature, and programmatic priorities. Collectively, this structure results in an export of funds from the Puget Sound region to other areas in the state.

Regional Investments Require Multiple Funding Sources

Funding availability for transportation investments must match implementation responsibility. The state's Blue Ribbon Commission on Transportation has suggested that regional transportation planning, funding, and implementation need to be better integrated, and that it should be made clear what are regionally significant projects and programs. The *Destination 2030* investment strategy is in many ways dependent upon the successful development of more state funding along with new regional funding mechanisms that are flexible enough to allow investment in the full array of regional transportation priorities. Regional systems cannot be managed effectively without some significant ability to plan, prioritize, and implement change in a coordinated manner at a regional scale. *Destination 2030* builds upon the Blue Ribbon Commission on Transportation recommendations relating to the development of a regionally managed transportation fund. "The region would have responsibility to program and prioritize, with selected state and federal matching funds, state and regional roadway projects and regionally significant transit projects within the region." While many of the details of such a set of proposals remain to be worked out, a major implementation strategy for *Destination 2030* is the development of a regional fund that would include regionally approved revenue sources, and potentially, some state pass-through funds to be utilized for investments on the state-owned systems.

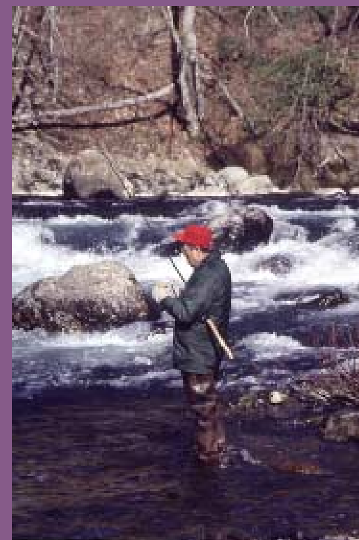
Clearly articulated governmental roles and responsibilities, as well as greater performance accountability and decision-making transparency, are important elements of, and products resulting from, a regionally managed fund that is focused on ensuring that transportation improvements will be made. Basic maintenance, preservation and operation ultimately remain the responsibilities of the governmental authority owning the facility. But, consistent with Blue Ribbon recommendations, there is an understanding that basic transportation needs (maintenance, preservation, safety, operation) for all levels of government should be funded through dedicated, predictable, and sustainable sources whenever possible. The Regional Council will continue to work with local jurisdictions to pursue new and restructured transportation finance methods to implement *Destination 2030* that will not be eroded from one year to the next and that dedicate resources for basic maintenance and preservation needs. Mobility projects and programs that are focused on the Metropolitan Transportation System (regionally significant), however, should be eligible for regional funding as it is available. State system investments may be of both regional and state-wide significance, and could appropriately look to both a regional fund and to state support for financing of projects and programs.

Long-term Investment Decisions are Influenced by Financing and Prices

Investment decisions are very much tied to questions of finance and pricing. This is true for private businesses and for government investment as well. Rational investment decision-making addresses issues of finance, or price structure, prior to determining the specific magnitude and nature of capital investment. The Regional Council created a Transportation Pricing Task Force in 1995 to contribute to public dialogue, educate and inform, and provide public and elected officials with a framework for discussing the long-range financing and pricing of transportation investments. The Task Force concluded that a transportation financing structure based on use, especially in the form of variable roadway charging, could provide significant benefits to society. The Task Force suggests it is possible to better balance transportation supply and demand through price, much as is done in most other areas of our economic lives. It is specifically possible to devise a pricing system to:

- Optimize vehicle throughput on priced transportation facilities.
- Minimize delay along otherwise congested corridors.
- Raise substantial revenues for reinvestment in the transportation system.

Palmer State Park, King County



TO IMPLEMENT THE RECOMMENDATIONS OF THE TRANSPORTATION PRICING TASK FORCE, THE REGIONAL COUNCIL WILL:

- Promote transportation financing methods that are based on use, and help optimize system efficiency with the long-term goal of introducing variable roadway pricing.
- Continue to explore and adopt transportation demand modeling improvements and other analytical tools that better assess traffic management strategies.
- Work with communities, WSDOT, and local authorities to plan, design and implement a demonstration program prior to 2006.
- Develop and help fund a detailed outreach effort which seeks to inform, engage and build regional consensus around implementation of transportation pricing alternatives.

- Help achieve environmental objectives through reduced vehicle emissions.
- Improve the fairness and predictability of transportation finance.

Transportation alternatives must be in place prior to implementation of transportation pricing programs. For market incentives to work, people must be presented with viable travel options from which to choose. If motorists face charges to use roadway facilities there should be high quality transit alternatives available. Motorists must also be able to avoid or reduce the charge they experience by altering when they travel, through ride-sharing, and route alteration. If transportation alternatives are not adequate, pricing will be punitive, penalizing travel without offering substantially improved mobility. All of these considerations dictate that defining and implementing an optimal price management program will be a long-term, and evolutionary, process.

The *Destination 2030* long-term finance and investment goal is to introduce variable roadway pricing where, when, and if it is appropriate. A framework for a phased approach to implementing use-based financing includes: (1) employing broad use-based financing mechanisms to fund basic transportation needs, (2) considering self-financing for major new infrastructure investments through marginal pricing, (3) considering the use of prices to improve the efficient operation of transportation systems by better balancing roadway supply and travel demand. These long-term objectives clearly require that a number of prior investment actions occur. Motorists should be presented with a much higher level of transit service, significantly enhanced traveler information (ITS technology applications), and greater flexibility in traveling choices (flextime at work) where they face higher direct travel costs. These examples require early investment in infrastructure and programs to support more efficient system management.

New Transportation Revenues

The Blue Ribbon Commission revenue recommendations, combined with the *Destination 2030* finance principles, provide a reasonable basis for estimating new transportation revenues that constitute a *Destination 2030* financial plan. New transportation revenues include new statewide sources, regional option revenue sources, local options sources, and additional utilization of existing revenue authority. The implementation of new revenue sources will clearly require that action be taken within a number of decision-making arenas, in the state legislature, within the region, and ultimately at the polls. Developing new funding sources also suggests that existing funding authority be utilized when possible. Table 5, below, displays some examples of potential new revenues that are proposed to help finance the projects and program services in *Destination 2030*. These sources are consistent with recommendations made by the Blue Ribbon Commission on Transportation, and are intended for illustrative purposes to demonstrate the magnitude of financial needs. Other sources not specified in these examples could also be proposed and secured in the future to satisfy the region's needs for new transportation revenues. Table 5 also includes some authorized but as yet unused existing revenue sources, new local and regional revenue sources, as well as the region's share of statewide sources recommended by the Blue Ribbon Commission.

NEW STATE FUNDS

The Blue Ribbon Commission Final Report recommends that various statewide revenue sources be increased or developed. These include increasing the motor fuel tax, applying the sales tax to the commodity price of fuels, applying a surcharge on transportation goods, and a flat charge on passenger vehicles. Statewide funds might come directly to the region in the form of pass-through funds to be administered regionally, or might be retained by the state for regional application.

NEW REGIONAL FUNDS

Urban regions with diverse communities and land uses require a wide range of transportation investments. Regional transportation funding alternatives discussed by the Blue Ribbon Commission on Transportation involve flexible funding sources that could be broadly utilized to support diverse regional transportation objectives. Regional revenue sources may include authorization to pursue a local option mileage charge, a local option sales tax for transportation purposes, bond financing of transportation investments, and direct infrastructure user fees in the form of value pricing.

NEW LOCAL FUNDING

In addition to recommending the development of regional sources of transportation revenue, the Blue Ribbon Commission on Transportation recommends additional local option taxing authority. Local sources, such as an increase to the local option vehicle license fee, and increased direct funding distributions to local jurisdictions would help to fund locally identified transportation needs that otherwise would require funding from local jurisdictions' general funds.

UTILIZING EXISTING REVENUE AUTHORITY

Many public agencies have additional revenue authority beyond the level currently utilized. For example, all transit districts in the central Puget Sound region have unused sales tax authority under current state law. Having additional authority does not mean that raising the additional revenue is a trivial matter. In the case of transit districts using the sales tax authority still requires a vote of the residents of the district. Even as additional statewide and regional revenue sources are implemented over the coming years, it will be necessary for transportation implementation agencies, within the region, to utilize existing revenue authority to the extent possible.

TABLE 5. Examples of Potential Additional Revenue From New and Existing Sources

REVENUE SOURCES	2001–2010	2001–2030
Blue Ribbon Commission on Transportation Revenue Recommendations		
Statewide Sources		
State Wide Flexible (subtotal)	2,420	9,045
State Restricted by 18th Amendment (subtotal)	2,030	7,205
Bonding less debt service	650	-325
Regional return on existing revenue (85%)	500	4,275
Total Statewide Sources (available to the region)	$5,600	$20,200
Regional and Local Sources		
Local option regional sales tax (0.2%)	1,120	3,995
Local option VMT charge (1 cent/vmt, 5,000 mi. exempt)	1,405	5,535
Local option vehicle license fee ($50)	720	1,810
Sales tax on fuel (local portion)	135	435
Bonding less debt service (value pricing)	tbd	tbd
Total Regional Sources	$3,380	$11,775
Total BRCT Sources	**$8,980**	**$31,975**
Existing Authority/Additional Funding Assumptions		
Transit Sales Tax Authority Utilized	430	2,075
HCT New Financial Plan/New Federal Grants	715	6,598
Additional Transit, Ferry, and Vanpool Operating Revenues	535	2,490
Seattle ICT Funding	tbd	tbd
Total Additional Revenues	**$1,680**	**$11,163**
Total New Revenue	**$10,660**	**$43,138**

All figures in millions of year 2000 dollars.

City of Bellevue

Regional Fund Uses

A major implementation strategy for *Destination 2030* is the development of a regional fund that would include regionally approved revenue sources, and potentially, some state pass-through funds to be utilized for investments on the state-owned systems. The *Destination 2030* investment strategy is in many ways dependent upon the successful development of new regional funding mechanisms that are flexible enough to allow investment in the full array of regional transportation priorities.

Destination 2030 builds upon the Blue Ribbon Commission on Transportation recommendations relating to the development of a regionally managed transportation fund. "The region would have responsibility to program and prioritize, with selected state and federal matching funds, state and regional roadway projects and regionally significant transit projects within the region."

PROPOSED REGIONAL FUND USES

Regional Arterial Investments. Capital projects occurring on regionally significant facilities (Metropolitan Transportation System) would qualify for regional capital funding.

State Highways of Regional and Statewide Significance. Investments in new or expanded state highways could in part be financed through users fees other than the statewide gas tax. This is a finding supported by the Blue Ribbon Commission Final Report. Use-based financing of new capacity will require regional implementation of these new financing tools.

Regional Transit Capital Facilities. Capital projects that support regional transit services, such as transit centers in Urban Centers, rail improvements, rights-of-way acquisition, etc., could qualify for capital funding. Joint funding responsibilities might include the "regional fund", local transit providers, and Sound Transit.

Local Transit Capital Grant. Local transit operators could qualify for grants to make capital investments in rolling stock, transit facilities, park-and-ride facilities, and operational efficiency investments. Regional grants might supplement state contributions to capital investment.

Regional Non-motorized Network. Local jurisdictions could qualify for grants to construct portions of the regional non-motorized network. Maintenance and preservation would remain the responsibility of the implementing authority.

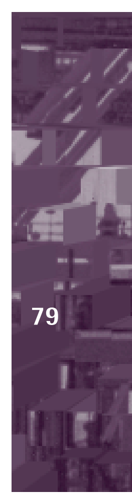
Regional Trip Reduction Programs. The regional TDM Action Committee has established a set of priority TDM programs. Regional programs, such as education and marketing efforts, TDM programs that are part of major corridor agreements, capital investments in vanpool programs, employee incentive programs, and the demonstration of emerging strategies, could be eligible for funding through a regional fund.

Regional ITS Infrastructure. The implementation of traveler information and management technology requires a regional architecture to ensure interoperability of applications. The development and deployment of a regional ITS infrastructure could qualify for capital funding. ITS applications are often part of other projects implemented by various transportation agencies.

Regional Urban Center Development Fund. A major policy focus of VISION 2020 calls for "coordinating transportation and land use decisions to support transit and pedestrian-oriented land use patterns." Investments in designated Urban Centers and high capacity transit station areas, that reinforce urban design characteristics that promote mobility and access, are high regional priorities. Transportation investments that are particularly important to these regionally significant places include: sufficient street density and layout, high quality, frequent transit service and station area transit facilities, and clearly marked, safe, and convenient bicycle and pedestrian trails and routes, particularly those that link to regional transit systems.

Passenger Ferry Service. The public operational support for passenger-only ferry service is higher than for vehicle/passenger service, yet passenger-only service supports regional land use and demand management objectives. Passenger-only ferry service could be eligible for regional funds, but might require a funding partner in a local jurisdiction or transit operator.

Fast Corridor Investments. These freight corridor projects are part of various program areas (implementing agencies). As regionally significant improvements that support the economic competitiveness of the region as a whole they could be eligible for regional funding.




City of Seattle

Financial Summary

Destination 2030 plan financing begins with an understanding of existing revenues available for transportation purposes under current law. Plan financing then builds upon recommendations for new funding as proposed by the state's Blue Ribbon Commission on Transportation, as well as assumptions that follow from regionally adopted financial principles. These financial forecasts reveal gaps in plan financing, where they exist, in different transportation programs. The programmatic financing details are explained in the text below. Table 6 displays a summary of how existing and new or expanded revenues are assumed to support the various modal programs. Table 7 displays program needs, current revenues, potential new revenues, and resulting shortfalls for the first ten years of the plan and for the total thirty year period.

Current Law Revenues represent funds that are anticipated to be available for transportation expenditures without some additional action taken by a number of parties. New funds represent an estimate of funds that could be available if the state legislature authorizes new sources consistent with Blue Ribbon Commission recommendations, and if the region and its residents approve new taxing authority. The allocation of these funds, in Table 7, to various programs result from any restrictions on the use of particular funds and regional policy direction summarized in Table 6. The program shortfalls contained in Table 7 remain after the successful implementation of the plan's financial strategy. If the financial strategy is not implemented program shortfalls will be considerably larger. Additional strategies to address any remaining long-term shortfalls are described toward the end of Chapter 6.

The central Puget Sound region and Washington state have made serious efforts to begin exploring innovative transportation financing approaches. Not all of the approaches will lead to new or restructured sources of revenue for implementing in the region's transportation plan. Yet, there is consensus that business as usual is not an acceptable strategy for financing transportation systems. The Regional Council will continue to examine opportunities for market-based financing, developing financial partnerships, and other inventive means of recovering costs and addressing the financial shortfalls for transportation investments that will improve personal and freight mobility.

The region has identified a number of significant transportation deficiencies, such as those identified within the I-405 and TransLake corridors, that will require major investment. Limited existing financial resources will require the development of new financial tools. Within the region, there is agreement that these major investments are greatly needed, and that substantial effort will be made to accelerate the implementation of projects, to meet the region's priorities, as financial strategies are developed.

TABLE 6. Program Financing Assumptions

PROGRAM AREAS	LOCAL REVENUE SOURCE: EXISTING AUTHORITY	LOCAL REVENUE SOURCE: NEW/EXPANDED AUTHORITY	NEW REGIONAL FUNDS	STATE REVENUE SOURCE: EXISTING AUTHORITY	STATE REVENUE SOURCE: NEW/EXPANDED AUTHORITY
Highways/Roads					
Highways of Statewide Significance (HSS)					
Basic Needs				**P**	
System Expansion			**S**		**P**
Highways of Non-Statewide Significance					
Basic Needs				**P**	
System Expansion			**S**		**P**
Core HOV					
Basic Needs				**P**	
System Expansion					**P**
Other State HOV					
Basic Needs				**P**	
System Expansion			**S**		**P**
City Streets and County Roads					
Basic Needs	**P**	**P**			
System Expansion					
On MTS		**P**	**S**		
Non-MTS		**P**			
State Ferries					
Basic Needs				**P**	
System Expansion					
Auto/Passenger Boats (capital only)					**P**
Passenger-only Boats (capital only)			**S**		**S**
Transit					
Regional High Capacity Transit					
Basic Needs	**P**	**P**			
System Expansion (capital only)	**P**		**S**		**S**
Local Transit					
Basic Needs	**P**	**S**			**S** (1)
System Expansion (capital only)					
Park-and-Ride Facilities					
Basic Needs	**P**				
System Expansion			**S**		**S**
Non-Motorized Transportation					
Bike Facilities					
Basic Needs	**P**				
System Expansion (capital only)					
MTS Routes	**P**		**S**		**S**
Other Routes		**P**			
Pedestrian Facilities					
Basic Needs	**P**				
System Expansion					
MTS or Center/Station Area		**P**	**S**		
Other	**P**	**P**			
Vehicle Trip Reduction					
Basic Needs	**P**			**P**	
Regional Program Expansion			**S**		**S**

Lengend: **P**rimary Responsibility / **S**hared Responsibility

(1) Assumes state flexible funds would provide 25% match for locally secured sales tax for local transit.

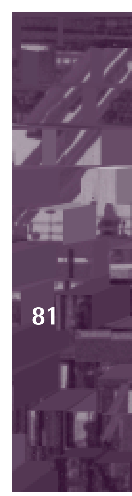


TABLE 7. Financial Strategy Summary

PROGRAMMATIC AREAS	SYSTEM EXPANSION	BASIC NEEDS	PLANNED INVESTMENTS	CURRENT LAW REVENUE	NEW REVENUES	FUNDING SHORTFALL
2001–2010						
City Streets and County Roads	4,775	4,850	9,625	7,000	2,150	475
Public Transit						
HCT Transit	4,225	1,925	6,150	4,875	725	550
Local Transit	1,525	6,300	7,825	5,425	1,700	700
State Ferries	450	2,375	2,825	1,000	1,750	75
State Highways[1]	5,525	2,300	7,825	2,200	4,150	1,475
Regional Needs Not Included Above						
Vehicle Trip Reduction/TDM[2]			100		100	-
Regional Bike and Pedestrian Needs[3]			75		75	-
Regional Park-and-Ride Facilities			350		-	350
ITS Applications			-		-	-
Total	**$16,500**	**$17,750**	**$34,775**	**$20,500**	**$10,650**	**$3,625**
2001–2030						
City Streets and County Roads	12,125	12,575	24,700	21,225		
Public Transit			-			
HCT Transit	11,000	8,400	19,400	11,800		
Local Transit	5,150	20,275	25,425	18,375		
State Ferries	825	6,550	7,375	2,800		
State Highways[1]	20,400	6,050	26,450	2,975		
Regional Needs Not Included Above						
VehicleTrip Reduction/TDM[2]			850			
Regional Bike and Pedestrian Needs[3]			100			
Regional Park-and-Ride Facilities			950			
ITS Applications			200			
Total	**$49,500**	**$53,850**	**$105,450**	**$57,175**	**$40-45,000**	**(+/-)$5,000**

All figures in millions of 2000 dollars. Basic Needs = Maintenance, preservation, operation, safety and debt service.

1 Includes completion of core HOV system

2 Additional Trip Reduction/TDM needs are included in other program areas listed above: $450 m. by 2010; $1500 m. by 2030.

3 Additional non-motorized needs are included in program areas listed above: $1,250 m. by 2010; $3,400 m. by 2030.

CITY STREETS AND COUNTY ROADS

Investments in city streets and county roads included in *Destination 2030* fully utilize current levels of existing revenue sources. Regionally available funds would also contribute to capacity investments on regionally significant (Metropolitan Transportation System) local facilities. Additional revenue sources needed to cover basic needs and capacity investments include:

- Some portion of any new statewide gas tax increase to be dedicated to maintenance and preservation of local streets and roads.
- An increase in the local option license fee to be from $15 to $50 for all counties, with some funds passed on to cities based on existing formula.
- The dedication of the local portion of any sales tax on gasoline to transportation purposes.

City of Auburn

City and county investments face a shortfall through 2010, but appear to have sufficient funds to cover needs through the 30 year life of the plan. It should be noted, however, that cities and counties have detailed capital facility plans for the early years of *Destination 2030*, with a lesser level of detail outlined in the later plan years. It is possible that Regional Council needs estimates under represent the city and county investment needs over the entire plan. Local transportation projects that help to implement growth plans may need creative financing solutions that accelerate their implementation. This problem may be critically important to certain local jurisdictions as they attempt to support managed growth and development. The Regional Council will continue to work to help local jurisdictions face these challenges and advocate for infrastructure financing reform as appropriate.

LOCAL TRANSIT

Investments in local transit included in *Destination 2030* fully utilize current levels of existing revenue sources. Additionally, local transit agencies would begin to utilize existing sales tax authority, where approved by vote of the people, as needed. *Destination 2030* includes an expectation that the state would begin to reinvest in local transit services through some type of fund matching program. Regionally available funds would be available for capital grants to local transit operators. Intermediate capacity investments in transit service within the city of Seattle are currently under study and considered unfunded. As these investments are more fully identified they will include an associated finance package as well.

To fund local transit development plans, transit agencies must begin to rely upon unutilized sales tax authority. Some transit agencies would need to levy up to .8 percent sales tax by 2010 and even as much as .9 percent after 2010. If the state is to match some portion of local transit agency sales tax revenue this would provide additional incentive to utilize existing taxing authority. Even assuming these revenue sources are available for transit services, individual agencies may still face a financial shortfall through 2010 and through the 30 year period covered by *Destination 2030*. In addition, the city of Seattle may need to identify up to $660 million of transit funding by 2010 and up to $2.5 billion by 2030 for investments in its intermediate capacity transit services.

REGIONAL HIGH CAPACITY TRANSIT

The region's high capacity transit system is designated as a system of statewide significance. Today, high capacity transit service investments are primarily made by Sound Transit, the regional transit authority. New Sound Transit financial assumptions are that the Sound Move plan can be financed through existing and anticipated sources and through the adoption of a new implementation schedule for the light rail project. The new light rail schedule plans for revenue service to begin in 2009. This schedule leaves unanswered the question of whether the Northgate segment of the system will be implemented prior to, or after, 2010. Funding for the University to Northgate light rail segment, if implemented prior to 2010, could be achieved through a combination of cost savings and additional federal, state, and/or regional commitments. In the long run, Sound Transit has revenue authority to fully fund the long range vision plan, but would require voter approval to utilize this remaining authority.

STATE FERRIES

The state has the responsibility of funding the basic needs and planned expansions for the auto ferry system included in *Destination 2030*. As per Blue Ribbon Commission recommendations it is assumed that ferry service fare box recovery increases to 80 percent by 2006, with further improvements in fare box recovery to follow. Passenger only ferries serve a particular regionally important travel market. In the future, passenger ferry service may be in part funded through regionally available funds and/or through local transit agency financial support.

STATE HIGHWAYS

The state has the responsibility of funding the basic needs and planned expansions for the state highway facilities included in *Destination 2030*. Funding for basic highway needs, such as maintenance, preservation, and investments in safety, is a state commitment. New statewide revenues to support highway investment may include new statewide dedicated and flexible sources and a guarantee of statewide revenue raised within the region invested in the region. Even assuming new statewide revenue sources are developed (consistent with the Blue Ribbon Commission recommendations), the state highway investment program faces a financial shortfall in the first ten years of *Destination 2030*. The financial shortfall continues to increase throughout the 30 years of the plan.

City of Bellevue

All state highways are regionally significant facilities. In the future, regional funds may be raised to make state highway improvements within the region. The Blue Ribbon Commission on Transportation recommends that value pricing and bonding be authorized for use by regions for investments in, and management of, transportation facilities. This recommendation is consistent with findings and recommendations of the Regional Council's Transportation Pricing Task Force. Facility-specific financing mechanisms are most appropriate on controlled facilities, where access and egress can be managed and a financial transaction (manual or electronic) can take place. And within transportation corridors that will have self-financed facilities, travel alternatives should be available, in the form of alternative modes and/or routes, to ensure that travelers can make choices that best fit their needs. In the long run, value pricing of transportation may be administered on a system-wide level to improve travel speeds, to recover infrastructure maintenance costs, and to finance capacity investments in a reliable and efficient manner. Yet, because of the complexity of defining a regional value pricing program, and due to the need for additional analysis of the consequences of implementing value pricing, specific revenues associated with facility pricing are not included in the financial strategy for *Destination 2030*.

Value pricing, bond financing, and other non-traditional financing tools will be examined for potential use in addressing the financial shortfall within the highway program. In addition, new financing tools might even reduce the need for long-term roadway capacity if financial tools help to manage facilities more efficiently. In the end, many highway projects will require the use of innovative financing that may include market-oriented finance tools. In this way, projects that are otherwise not funded through traditional highway taxing sources could demonstrate the means by which they will be funded through self-financing or other methods to be determined.

ADDITIONAL REGIONAL NEEDS

Town of Index

Other regional transportation needs, such as regional pedestrian and bicycle facility investments, trip reduction programs, and investments in intelligent transportation systems technology, are often included in other transportation programs. These investments are often part of road or transit projects, major investments in corridors, or otherwise covered by public transportation agency budgets. *Destination 2030* also includes investments in these regionally significant programs that are not elsewhere counted in programmatic cost estimates, which are displayed in the financial summary table below. Cost estimates for total planned non-motorized facilities are approximately $1.3 billion through 2010 and $3.5 billion through 2030, cost estimates for total planned vehicle trip reduction programs are approximately $550 million through 2010 and $2.3 billion through 2030. Projects and programs that are regionally significant would be eligible for regional funding as available.