City of Seattle
Mayor Edward B. Murray

May 15, 2015

Council Member Nick Licata
Seattle City Council
600 Fourth Avenue
Seattle, WA 98104

Dear Honorable Council Member Licata –

Thank you for your letter dated April 20, 2015, on the $900 million Transportation Levy to Move Seattle. I appreciate your desire to explore moving forward with a diversified funding package for the transportation levy and want to respond to your specific question on transportation impact fees. As a starting point, it is important to remember two things. First, we have heard from public polling, targeted meetings, community outreach and on-line engagement that there is strong support for a robust transportation package of this scale with this funding. Second, as you state, our 10-year Strategic Vision calls for $2.9 billion in funding, and our current levy proposal and current level of general funds – even with leveraging additional state and federal dollars – will not meet that entire need. For this reason, we believe that while the other funds you mention – impact fees, parking tax and head tax – are important, they ultimately may serve as complements rather than replacements for the levy.

As you know, Seattle's growth has resulted in a robust economy, but it also has led to greater traffic congestion and constraints on our resources. Today, there are more people utilizing our city's parks, roads, and streets – all of which require greater capacity, funding, and maintenance from our city. We agree that the City needs to explore whether transportation impact fees are a useful source of revenue to meet the new needs created by this new growth.

Since your letter on April 28, at my direction, city departments responded to Council's Green Sheet 106-1-A-2 with a work plan to develop impact fees for transportation (the work plan also includes evaluating whether park impact fees could fund new park land acquisition because the parks district primarily funds maintenance, as well as working with the school district to determine if impact fees can help meet new demands on schools). As part of the transportation impact fee proposal, the City will develop estimates for how much it may collect in impact fees.

In developing the work plan, we learned there are important limits to how much funding may be available from transportation impact fees. First, under Washington State law, local jurisdictions may only charge transportation impact fees to pay for the proportionate cost of facilities serving new development and not existing deficiencies. Given that Seattle is more "built-out" than other Washington cities and that a sizable share of our city's transportation needs come from existing deficiencies, we believe that a smaller share of the total costs for system improvements would come from impact fee revenue relative to other cities.

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In addition, impact fees are restricted to capital investments in roads and streets, so they cannot be used to fund many of our 10-year strategic priorities. For example, impact fees cannot be used for operations or maintenance programs, such as safety programs, education and encouragement programs to promote travel options, or expansion of the Traffic Management Center. Given these factors, we believe that, while it is essential to develop transportation impact fees, they will be a complement to the levy rather than replace part of it.

Similarly, I believe adjusting the commercial parking tax could be a crucial tool in meeting the city's transportation needs, especially as a funding stream against which to bond. Thus, I believe we need to preserve this funding stream for other major capital projects such as replacing the Ballard Bridge or building the City Center Connector.

A renewed head tax would be a new burden on businesses that are contributing to the economy through city-mandated increased minimum wage. While such a revenue source may be a tool to consider at some point in the future, I don't believe that it makes sense to implement in the first years of our bold move for increased wage equity.

Fundamentally, we need a robust set of tools to meet the growing transportation needs of this city across all modes and to ensure safety and accessibility for all people, all communities and all ages. I believe the combination of the proposed property-tax levy and exploring these other revenue sources will do most to ensure that we can meet Seattle's transportation needs of today and for the future.

We, like you, want to be responsive to the growing demands of our city, and we appreciate your continued support for the transportation levy to fund our future transportation needs.

Sincerely,

Mayor Edward B. Murray

Cc: City Council Members
Kirstan Arestad, Director, Council Central Staff

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