



CITY OF KIRKLAND

City Manager's Office

123 Fifth Avenue, Kirkland, WA 98033 425.587.3001
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MEMORANDUM

To: Kurt Triplett, City Manager
From: Lorrie McKay, Intergovernmental Relations Manager
Date: January 27, 2012
Subject: 2012 LEGISLATIVE UPDATE No. 1

RECOMMENDATION:

Council should receive its first update on the 2012 legislative session.

BACKGROUND DISCUSSION:

The 2012 State Legislative Session opened on Monday, January 9 and at the writing of this memo, is completing its third week. The 2012 Session is a short session, lasting only nine weeks and is scheduled to conclude on March 8, 2012.

As of January 30, the cutoff calendar for the 2012 regular session had not yet been approved. However, unofficial session planners suggest that the last day to read in committee reports in the house of origin, except fiscal committees and Senate Ways and Means and Transportation committees appears to be Friday, February 3. The last day to read in committee reports from House fiscal committees and Senate Ways and Means and Transportation committees appears to be Tuesday, February 7. And February 14 appears to be the last day to consider bills in their house of origin.

This is an update on the City's legislative interests as of January 27.

COUNCIL LEGISLATIVE SUBCOMMITTEE:

The Council's Legislative Subcommittee meets weekly on Friday's at 3pm (Mayor McBride, Deputy Mayor Marchione and Council Member Asher).

The Council's Legislative Subcommittee met on January 27 to discuss the status of the city's 2012 legislative priorities (Attachment A), other bills of interest to the City (Attachment B), as well as the recent AWC 2012 Legislative Action Conference held on January 25 and 26 in Olympia.

Week 1 (1/9 – 1/15)

The focus in week 1 had several tracks.

1. Remain focused on the status of proposed cuts to the Annexation Sales Tax Credit (ASTC) and continue to identify avenues to communicate the impacts to Kirkland. Identify allies to add the preservation of the ASTC to their legislative agendas.
2. Identify legislative advocates and vehicles for Kirkland's jobs and transportation related projects (Attachment C).
3. Finalize bill language and identify sponsors for Kirkland's Fire Benefit Charge bill (Attachment D) and Fire Hydrant bill.
4. Identify status and strategies for moving the bill exempting cities from impact fees for low-income housing.
5. Staff analysis of proposed legislation introduced that the city may have interest in.

Week 2 (1/16 – 1/22)

The primary focus in week 2 of the session, the week of the snowstorm, was to continue analysis of proposed legislation introduced that the city may have interest in. In addition, staff identified materials needed for hearing scheduled on priority bills for the following week, as well as materials for the upcoming AWC Legislative Action Conference and Lobby Day.

Week 3 (1/23 – 1/29)

Staff focus in week 2 was on the ground in Olympia. Mayor McBride participated in a “Mayors’ Transportation Forum” hosted by Mayor McGinn, Mayor Priest and Mayor Strickland. Mayor McBride also testified in support of HB 2641, an Omnibus Cost Savings bill sponsored by Representative Springer. Mayor McBride, Deputy Mayor Marchione and Councilmembers Walen, Sweet and Nixon all participated in the AWC’s Legislative Action Conference on Wednesday. Further, Mayor McBride and Councilmembers Sweet and Nixon met with nearly every member of the 45th, 48th, 32nd and the 1st advocating for the City’s legislative priorities.

2011 LEGISLATIVE PRIORITIES:

A detailed matrix tracking the status (as of January 27) of Kirkland’s legislative priorities is attached to this memorandum. Below is an at a glance summary:

2012 Legislative Priority	Bill Number	Hearing Status
State Annexation Sales Tax Credit	HB 2146	1/9 - retained in House Ways and Means
Oppose new mandates and cost shifting		See bill tracker – monitoring status of all bills.
Financial assistance for the construction of the Public Safety Building	<i>Several vehicles</i>	
Preserve all options for future use of the BNSF corridor and state financial assistance to implement multiple uses	<i>Several vehicles</i>	
Transfer fire hydrant-related costs from the City’s General Fund to other more appropriate sources	HB 2591	1/25 – 1:30PM Heard in Local Government
Financing options to support public/private partnerships (including flexibility in the use of existing tax sources)	HB 1881 (AWC) SB 5705	1/9 –Retained in present status
Amend RCW 82.02.060 to eliminate cities’ obligation to pay impact fees when exempting low-income housing from impact fee requirements.	HB 1398 SB 5524	1/20 – Placed on third reading by Rules Committee
Allow cities the same Fire Benefit Charge authority that fire districts receive under RCW 52.18.010.	HB 2615	1/25 – 1:30PM Heard Local Government 1/31 – 10 AM scheduled for Executive Session
State funding mitigation to communities impacted by diversion caused by tolling of state facilities.	<i>Several vehicles</i>	

HEARINGS AND CORRESPONDENCE:

<u>Bill</u>	<u>Cmte</u>	<u>Dt/Time</u>	<u>City Rep.</u>	<u>SME</u>
HB 2641 Omnibus Cost Savings bill	LG	1/24 10am	Mayor McBride	
HB 2591 Transfer fire hydrant-related costs	LG	1/25 1:30pm	Kurt Triplett	
HB 2615 Fire Benefit Charge authority	LG	1/25 1:30pm	Kurt Triplett	

Cmte (Committee) Legend

LG = House Committee on Local Government

BILL TRACKING:

Waypoint Consulting is tracking other bills of interest to the City. To date, Waypoint has identified over 160 bills as having potential impact on or interest to the City of Kirkland and has sought the City's analysis and position on these bills. City staff are actively reviewing these bills, measuring them against our 2012 legislative agenda and providing recommended positions to the Legislative Subcommittee A bill tracker from January 27 is attached to this memorandum.

Legislative Committee Highlighted Bills - Cost Savings; Transportation Funding; Tax Simplification and Community Municipal Corporations

1. [HB 2641](#) - Reducing nontax administration costs associated with the conduct of city and county operations (Omnibus Cost Savings bill).
2. [HB 2660](#) / SB 6455- Addressing Transportation Revenue (Governor's related information in Attachment E)
3. [HB 2490](#) - Improving the business climate in this state by simplifying state and local tax and licensing systems
4. [HB 2610](#) - Repealing provisions governing community municipal corporations

Matrices updated February 3, for both Kirkland's legislative priorities and an updated bill tracker will be emailed to Council in advance of the meeting on February 7

LATE BREAKING NEWS ON FIRE HYDRANTS

Last week the State Supreme Court issued a decision on a Tacoma case related to charging for fire hydrants. Attorneys from cities around the state (including our own City Attorney) and from water and sewer utilities are analyzing the impacts of this decision. Preliminary analysis indicates that the decision says that utility districts are responsible for paying for the cost of fire hydrants when they provide service to a city. If this analysis holds, it most likely means that Kirkland would not have to pay for fire hydrant costs for the Northshore Utility District. If so, the main reason for the bill may be rendered moot. Regardless of the ultimate outcome of the issue, the Supreme Court decision has introduced sufficient complexity that action on Kirkland's fire hydrant bills has been suspended.

Attachments: Status of city's 2012 legislative priorities
List of bills the City is tracking and positions
Discussion Paper on Kirkland Projects
Discussion Paper on Fire Benefit Charge authority bill
Governor's Transportation Critical Needs

City of Kirkland Legislative Priorities and Status: 2012 Legislative Session

Attachment A

Updated 1.27.12

	Legislative Priority	Bill #	Prime Sponsor	Status
	State Annexation Sales Tax Credit	HB 2146	Hunter/Gov	1/9 - By resolution, reintroduced & retained in present position
1	Oppose new mandates and cost shifting			See bill tracker – monitoring status of all bills.
2	Financial assistance for the construction of the Public Safety Building			
3	Preserve all options for future use of the BNSF corridor and state financial assistance to implement multiple uses	HB 2190 SB 5992		1/9 – Read into Transportation 1/9 - By resolution, reintroduced & retained in present status
4	Transfer fire hydrant-related costs from the City’s General Fund to other more appropriate sources	HB 2591	Rep. Eddy Sen. Hill	1/25 – 1:30PM Heard in Local Government 1/31 - Scheduled for Executive Session in Local Government.
5	Financing options to support public/private partnerships (including flexibility in the use of existing tax sources)	HB 1881 (AWC) SB 5705	Rep. Springer Sen. Kilmer	1/9 - By resolution, reintroduced & retained in present status 1/9 - By resolution, reintroduced & retained in present status
6	Amend RCW 82.02.060 to eliminate cities’ obligation to pay impact fees when exempting low-income housing from impact fee requirements.	HB 1398 SB 5524	Rep. Fitzgibbon <i>(Sen White)</i>	1/20 – Placed on third reading by Rules Committee 1/9 - By resolution, reintroduced & retained in present status
7	Allow cities the same Fire Benefit Charge authority that fire districts receive under RCW 52.18.010.	HB 2615	Rep. Goodman Sen. McAulliffe	1/25 – 1:30PM Heard in Local Government 1/31 - Scheduled for Executive Session in Local Government.
8	State funding mitigation to communities impacted by diversion caused by tolling of state facilities	HB 2190 SB 5992		1/9 – Referred into Transportation 1/9 - By resolution, reintroduced & retained in present status

Bill	Title	Position	Status
<i>Support</i>			
HB 1018	Bicyclists and motorists	2011 - Support	
HB 1033	Court actions/RCW 42.566.550	2011 - Support	
HB 1234	Security alarms, crime watch	2011 - Support	1/16 - Passed (90 yeas, 0 nays, 8 excused). 1/17 GOTRE
HB 1377	Interest arbitration panels	2011 - Support	
HB 1398	Low income housing/fee ex.	2011 - Support	1/20 Placed on 3rd reading by Rules
HB 1469	Landscape conservation	2011 - Support	1/12 Referred to W&M.
HB 1598	Additional REET authority	2011 - Support	
HB 1735	Clean water jobs	2011 - Support	
HB 1881	Community redevelopment financing - TIF	2011 - Support	
HB 2128	Clarifies sales tax exemption for local phone srvc	Support	
HB 2162	Appeal and permit procedures under SMA	Support w/concerns	1/27 - Scheduled for Exec Session LG.
HB 2191	Police Dogs	Support	1/27 - Scheduled for Exec Session PS&EP.
HB 2201	Use and governance of hearing examiners	Support	1/25 - Exec Action LG
HB 2216	Vehicular homicide & assault	Support	1/18 - Hearing in Judiciary. 1/30 Scheduled for Exec Sess
HB 2253	Modernizing the functionality of the state environmental policy act	Support	1/13 - Hearing in Environment. 1/27 - Schedule Exec
HB 2302	Being under the influence w/ child in the vehicle	Support	1/19 - Exec Action Judiciary. 1/24 - Referred to GAO
HB 2417	Increasing \$ amount for construction of a dock that doesn't qualify as a substantial development under SMA	Support	1/26 - Placed on 2nd Reading by Rules
HB 2465	Modifying the property tax revenue limit	Support	1/26 - Referred to HWM
HB 2591	Regulating fire hydrant services provided by local governments	Support	1/25 - Heard in LG. 1/31 Scheduled for Exec Session
HB 2615	Authorizing benefit charges for the enhancement of fire protection services	Support	1/25 - Heard in LG. 1/31 Scheduled for Exec Session
<i>Neutral</i>			
HB 1230	Public Safety Authorities	2011 - Neutral	
HB 1702	impact fees/convenants	2011 - Neutral	1/20 - Placed on 3rd reading by Rules
HB 1812	Relating to community municipal corporations	2011 - Neutral	1/12 Referred to LG.
HB 1462	Affordable housing	Neutral	
HB 2178	Intrastate mutual aid system	Neutral	
HB 2179	Liquor license objections	Neutral	1/17-Hearing in LG 10am.
HB 2183	Mobile home property tax	Neutral	
HB 2194	Manu & Mobile Home landlords	Neutral	1/23 - Passed 94 yeas, 1 nay, 3 excused. 1/24 ref FIHI
HB 2260	Increasing the penalties for littering	Neutral	1/27 - Scheduled Exec Session Environment
HB 2307	Claims against the state & governmental entities arising out of tortious conduct	Neutral	
HB 2134	Reimbursing CJ training commission for training \$	Neutral	
HB 1474	Electronic filing & disclosure of campaign finance	Neutral	1/12 Exec Action SGTA. 2/2 - Hearing GGAO
HB 1920	Creating a county utility tax option	Neutral	
HB 2290	Limiting the number of tax rate changes	Neutral	
HB 2295	Regarding the Discover Pass	Neutral	2/2 - Hearing in GGAO
HB 2307	Claims against the state and governmental entities arising out of tortious conduct	Neutral	
HB 2458	Concerning existing authority to impose a sales & use tax for PFD's by providing flexibility in the submittal of the sales & use tax to voters by distressed PFD's	Neutral	1/24 - Hearing HWM
HB 2487	Clarifying procedures for appealing the adoption of a local SMP	Neutral	1/27 - Hearing in LG
<i>Oppose</i>			
HB 2146	Reducing certain local sales & use tax provsns	2012 - Oppose	
HB 1082	Shoreline & growth mngmnt acts	2011 - Oppose	
HB 1088	Cty/city moratoria authority	2011 - Oppose	
HB 1300	Public Records copying costs	2011 - Oppose	
HB 2140	Concerning liquor revenue	Oppose	
HB 2143	Modifying community supervision provisions	Oppose	1/11 Heard W&M.
HB 2144	Modifying offender release provisions	Oppose	1/11 Heard W&M.
HB 2403	Exempting industrial development sites from specified land use regulations	Oppose	1/13 - Read Environment
HB 2480	Regulating the documents used in complying with the growth management act	Oppose	1/16 - Referred to LG
HB 2490	Simplifying state & local tax & licensing systems	Oppose	1/16 - Referred to HWM
<i>Undecided</i>			
HB 2610	Repealing provisions governing community municipal corporations	No staff recommendation	1/24 - Hearing in LG 10 AM 1/31 - Scheduled for Exec Session

Bill	Title	Position	Status
<i>Support</i>			
SB 5022	Court actions/42.56.550	2011 - Support	
SB 5143	Annexation/fire prot. Dists.	2011 - Support	
SB 5154	Modifying vehicle prowling prov	2011 - Support	1/25 - Moved to Rules White sheet
SB 5198	Utility services joint mgmt.	2011 - Support	
SB 5243	Growth mgmt/local progress	2011 - Support	
SB 5244	security alarms, crime watch	2011 - Support	1/13 - Rules for 2nd reading
SB 5360	Cities & towns fiscal relief	2011 - Support	
SB 5420	Intrastate mutual aid system	2011 - Support	
SB 5524	Low-income housing/fee exemptio	2011 - Support	
SB 5604	Clean water jobs	2011 - Support	
SB 5705	Community redev financing - TIF	2011 - Support	
SB 5755	Additional REET authority	2011 - Support	
SB 6001	Extend time to enforce civil judgments for damages caused by impaired drivers	Support	
SB 6008	Criminal street gangs	Support	
SB 6109	Exempting video & audio recordings of closed executive session mtgs from public inspection	Support	1/31 - Scheduled for hearing GOTRE
SB 6146	Clarifying restrictions on the use of the PRA for purpose of obtaining records for commercial or	Support	1/31 - Scheduled for hearing GOTRE
SB 5922	Concerning taxpayer accountability by requiring a net benefit to the state in order to claim the benefit of a tax expenditure	Support	
SB 6130	Modernizing the functionality of the state environmental policy act	Support	1/17 - Hearing Environment
SB 6140	Concerning local economic development financing	Support	1/18 - Hearing EDTI
SB 6190	The designation of urban growth areas	Support	1/30 - Hearing GOTRE
SB 6192	Defining sprawl and low-density sprawl under the growth management act	Support	1/30 - Hearing GOTRE
<i>Neutral</i>			
SB 5607	impact fees/covenants	2011 - Neutral	
SB 5155	Public safety authorities	2011 - Neutral	
SB 5188	Traffic control signals	Neutral	1/25 - Passed to Rules 2nd Reading
SB 5214	Affordable housing	Neutral	
SB 5441	Creating a county utility tax option	Neutral	
SB 6188	Clarifying procedures for appealing the adoption of a local SMP	Neutral	1/25 - Heard ENRMW
SB 6187	Claims against state & governmental entities arising out of tortious conduct	Neutral	1/25 - Heard Judiciary
<i>Oppose</i>			
SB 5013	Land use permit process	2011 - Oppose	
SB 5995	Urban growth area boundaries	Oppose	1/30 - Scheduled exec sess GOTRE
SB 6176	Simplifying state & local tax & licensing systems	Oppose	
<i>Undecided</i>			
SJR 8218	limit certain initiatives placed on ballot		1/9 read GOTRE. 12/15 prefled

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Job Creation Projects in the City of Kirkland**BNSF Interim Trail - \$3 million**

Kirkland needs \$3 million dollars for the development of an interim trail along the BNSF Eastside Rail Corridor in Kirkland. Kirkland would be grateful to receive any amount of assistance from the State on this project.

The Kirkland segment runs from the S. Kirkland Park and Ride just off SR 520 up to Totem Lake just off 405 near Sound Transit HOV ramps and a Metro Transit Center and Evergreen Hospital (which employs 3000 people.) The Kirkland City Council will be purchasing the Kirkland segment of the corridor at the December 12th Council meeting for 5 million dollars (our local match!) but does not have development money. This purchase is of particular interest to Google, which has approx. 1000 employees in Kirkland in buildings that are right on the current rail line. Google is evaluating its next expansion and has said that Kirkland is in the running for some of that expansion, although the competition is nationwide. Google could bring as many as 1000 to 5000 new jobs into Kirkland and Washington State if it ultimately decides to expand here. These are all high paying engineering and computer programming jobs, not temporary or contract workers. Google has told Kirkland that purchase and development of the corridor into a regional trail that links to Seattle and other parts of the region is a strong incentive for Google to remain and expand. They will be making their expansion decisions in the next few months. In addition the interim trail would extend up into the Totem Lake Business District. The TLBD is a designated urban center and is slotted under Kirkland's comprehensive plan to accommodate thousands of new jobs and thousands more in residential density. The TLBD currently provides substantial sales tax to the City and the State and a new mall is slated for development there in the next few years. This year Kirkland asked the Urban Land Institute (ULI) to evaluate the TLBD and recommend specific actions the City could take to "make it pop." The ULI top recommendation was to develop the BNSF corridor into a regional trail through the TLBD and turn Totem Lake into a destination park. ULI believes this would have an instant catalyzing affect on jobs and housing coming to the area. \$3 million dollars would allow the City to build 5.5 miles of interim, hard packed gravel trail along the entire length of the Kirkland segment within the next two years. This trail creates a strong opportunity to land Google expansion for Kirkland and the state and will also bring jobs and economic vitality to the TLBD which will benefit the city and the state.

South Kirkland Park and Ride Parking Structure Expansion - \$6 million

The second project is \$6 million dollars to add additional floors to a parking garage that will be built at the South Kirkland Park and Ride. Kirkland would be grateful to receive any amount of assistance from the State on this project.

The current project will be adding 200 more parking stalls to the existing P & R as part of a transit oriented development that contains both market rate, affordable and homeless transitional housing. The project will be permitted next year and completed by 2013. \$6 million will allow the project to add additional floors without slowing down the project. More construction jobs will be created instantly for this nearly shovel ready project and hundreds of new stalls will be created which will benefit Kirkland, Bellevue and the state as the S. Kirkland P & R is overflowing with cars

that stop there to catch buses into Seattle across the SR520 bridge. This will help mitigate the impact of tolling on Kirkland caused by the traffic diversion that will occur when tolling starts. This project is a partnership between King County Metro (who owns the land), Polygon and Imagine Housing, with Kirkland and Bellevue as the permitting entities.

6th & Central Project – \$3.2 million: Jobs Created: Short-Term 60, Long-Term over 7300

The total cost for the 6th & Central Project is \$3,200,000. Kirkland would be grateful to receive any amount of assistance from the State on this project.

Central Way corridor (NE 85th Street to the east, formerly known as State Route 908) provides access to and from Interstate 405 (I-405), the City of Redmond, and Downtown Kirkland. The district adjacent to the project area is designated as Kirkland's primary downtown employment center. Requested funding will create a "Gateway" to the Kirkland Downtown core and will complete intersection improvements at 6th Street & Central Way, and at 4th Avenue & 6th Street. The proposed Project is also adjacent to the Parkplace Mall and surrounding commercial area. Significant redevelopment of the Parkplace Mall and commercial area is currently proceeding through the City's permitting process. The redevelopment proposal includes 1.8 M square feet of office, retail, and hotel use (an increase of 1.5 M sq ft over existing) and creates more than 7300 long term new jobs. The Central Way corridor is congested especially during peak hours and during events taking place in the Downtown area. The continued reliable and safe operation of the Central Way corridor concurrent with the ongoing redevelopment is critical to the success of Downtown Kirkland.

Project components include:

- a traffic signal upgrade at 4th Ave & 6th St to increase capacity and improve traffic flow;
- a traffic signal expansion at 6th St & Central Way that includes an additional dedicated left turn and receiving travel lanes, and the installation of a signal head on a ready-to-receive mast arm to improve traffic flow and provide direct access to Parkplace;
- a traffic signal revisions at 6th St & Central Way including removal of unprotected right turn, installation of bulb-outs, and lighting improvements to address pedestrian crossing safety and improve pedestrian access to the Kirkland Transit Center;
- an additional 300 linear feet of 11-foot wide travel lane and 5-foot bike lanes with new detection for improved transportation network and connection with retail redevelopment (Parkplace), and adjacent Kirkland Transit Center;
- an additional 300 lineal feet of 8-foot wide pedestrian facilities and lighting enhancements to address pedestrian safety and access to Downtown;
- installation of ITS (Intelligent Transportation Systems) facilities to help maintain traffic flow and access to I-405, the City of Redmond, and Downtown Kirkland;
- a signature "Gateway" to clearly identify the Downtown boundary and alert drivers to slow down as they enter the Downtown core.

This project helps provide the transportation infrastructure necessary to support further density in the downtown which will spur development and foster growth in the vicinity.



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January 24, 2012

Authorizing benefit charges for the enhancement of fire protection services HB 2615 Background and Frequently Asked Questions

What is the problem?

Fire Districts currently have a voter-approved fee authority for fire and EMS services that cities do not have. It is a tool both Districts and cities should have to maintain fire and EMS protection services when areas transition, particularly on the borders of jurisdictions where mutual aid is essential. When cities annex the service areas of Fire Districts that have imposed the fire benefit charge, that revenue is lost and fire service to the area can be significantly diminished. The City of Kirkland is a prime example. When Kirkland added more than 31,000 new residents on June 1, 2011 by annexing the Juanita, Finn Hill, and Kingsgate areas, it took over a portion of Woodinville Fire and Rescue (WFR) which had a voter-approved benefit charge in place. Over the last seven months of 2011, WFR collected approximately \$500,000 in benefit charge fees in the area that is now Kirkland. But because WFR no longer served that area, that revenue was used to provide fire service elsewhere in WFR's service area. In fact, WFR closed down a fire station right on the border of the new Kirkland and response times to the Kingsgate area have been impacted. Because Kirkland (as a city) could not collect a benefit charge, it was unable to completely offset the closure, even though the city added nine new firefighters and has approximated the fire and EMS services in the area.

If Kirkland had the fire benefit charge tool, it could ask its voters whether they wanted enhanced fire and EMS protection services as a user fee rather than as an additional property tax.

What Would House Bill 2615 do?

HB 2615 is modeled after the state authority that Fire Districts currently have. The bill authorizes cities to ask the voters if they would like to impose a fire benefit charge within the city boundary.

This bill requires 60% voter approval and also requires that fire service be enhanced by the imposition of the benefit charge. No supplantation of fire service is allowed under the bill. The charge expires after six years and must be reauthorized by the voters to continue.

This actually a stricter standard than the benefit charge Fire Districts have, which does not require enhanced services, but can be used to maintain service.

An exemption specifically cited for affordable and low-income housing properties will likely be included and Kirkland supports that exemption.

What Benefits Would HB 2615 Provide for Cities?

Protecting public safety is one of the most basic missions of any jurisdiction. Authorizing cities to impose a voter-approved fire benefit charge would simply allow cities to have another tool to use to provide critical fire and EMS services.

Where Would Kirkland Enhance?

If Kirkland were to receive this tool, we would focus enhanced services on the borders of our city, which would benefit both Kirkland and the neighboring jurisdiction. The likely immediate enhancements would be in the Kingsgate area where WFR closed down the station, which would also benefit the cities of Woodinville, Bothell and Redmond. Kirkland would also focus on more service to northern Finn Hill, which would also benefit Bothell and Kenmore.

Who would use this?

Cities that either have annexed, or are about to annex portions of Fire Districts that currently impose fire benefit charges.

CITY OF KIRKLAND CONTACTS:

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ADDRESSING CRITICAL NEEDS: PRESERVING THE INTEGRITY OF WASHINGTON'S TRANSPORTATION SYSTEM

Last year, Governor Gregoire convened the Connecting Washington Task Force. Its charge was to create a 10-year plan to maintain and improve the state's transportation system for consideration during the 2012 legislative session. Among its findings were that our transportation system faces enormous challenges in such measures as an increase in number of vehicle miles traveled and in public transit and ferry ridership. Connecting Washington recommended a \$21 billion investment.

Washington's transportation system is the lifeblood of our economy. Its scope is as wide as it is vital:

Freight

- Freight-dependent businesses represent 44 percent of the state's jobs
- Companies move \$37 billion worth of freight on Washington roadways hourly

Highways

- 18,500 state highway lane miles
- 87 million vehicle-miles per day driven
- More than 3,600 bridges and structures

Ferries

- 22.3 million passengers per year
- 22 vessels, 19 terminals
- 900 total sailings per day

Passenger rail

- More than 750,000 passengers per year

Freight rail

- 3,600 miles of operated public and private freight railroads move 103 million tons of freight

Transit

- Commute programs support more than 810,000 workers statewide, which cuts 170 million vehicle miles traveled per year
- 2,400 vans form the largest public fleet in the nation



Without funding for maintenance, we face such consequences as elimination of five ferry routes and reductions on two others. We risk further deterioration of state highways, leading to hazardous conditions. And we risk compromising bridge safety and triggering freight-restricting weight limits.

At the same time that population pressures and economic growth are placing greater demands on our transportation system, our purchasing power to maintain and improve the system is diminishing. This was caused by Initiative 695, which reduced the revenue collected through the Motor Vehicle Excise Tax by more than \$750 million annually. Passage of I-695 also cut state support for the ferries. Today, the ferry system is more dependent on passenger fares and transfers from other state transportation funds for its operating costs. With the loss of the Motor Vehicle Excise Tax, nearly 75 percent of the funding for local transit agencies now comes from the sales tax, which is especially volatile during periods of economic uncertainty.

Although voters have passed two fuel tax increases, these funds have been exhausted:

- » The 2003 Nickel Package passed by the voters is committed for paying off the bonds sold to fund 160 completed transportation projects.
- » The 2005 Transportation Partnership Package is also fully committed for paying off the bonds sold to fund 261 additional projects with a 9½ cent increase.
- » Neither initiative provided funds for maintenance.

Compounding this situation are these factors:

- » The Department of Transportation does not have a source of funds that can be used to preserve the state's highways and bridges, and maintain ferry service at current levels.
- » Counties lack the resources to maintain county roads, fix unsound bridges and address stormwater problems.
- » Cities cannot keep up with street, pavement and bridge repairs.
- » Public transit systems are being forced to cut service just as demand is rising.



WE MUST ADDRESS TRANSPORTATION MAINTENANCE

Tough times notwithstanding, Governor Gregoire believes we must at least maintain our transportation system. The health of our economy depends upon the ability of businesses to move freight and the ability of their employees to get to and from work. The Governor recommends that the Legislature make at minimum the following base investments so we continue to move passengers safely and goods efficiently to market:

- » **State operations and maintenance** to maintain 90 percent of state highway pavement in fair or good condition, operate ferry service and preserve bridges to avoid weight or traffic limitations – \$2.67 billion
- » **Grant funding for cities and counties** to address critical pavement and bridge structure needs – \$310 million
- » **Grant funding for transit** to mitigate potential service cuts to passengers that would affect their ability to get to work, school and other destinations – \$150 million
- » **Stormwater retrofit projects** to prevent polluted stormwater from reaching Puget Sound – \$250 million
- » **Washington State Patrol** to prevent the elimination of up to 12 percent of the trooper workforce that keeps our highways safe – \$200 million
- » **Passenger rail** to help operate service on Amtrak trains – \$100 million

To fund these investments, Governor Gregoire recommends the Legislature take the following actions:

- » Impose an oil barrel fee of \$1.50. The \$2.75 billion raised would be dedicated to operations, maintenance of the state transportation system and stormwater retrofits.
- » Impose a fee of \$100 on each electric vehicle. Because electric vehicles owners do not pay gas tax, they contribute little to the maintenance of our roads. The \$10 million raised would be spent on operations and maintenance; \$1.5 million would be invested in a pilot project to identify an equitable way to raise revenue from electric vehicle operators.
- » Impose an additional 15 percent increase on the heavy commercial vehicle combined license fee. This increase mitigates the erosion of the existing fee caused by inflation. The \$177 million raised would be invested in pavement preservation.
- » Impose an additional \$15 base passenger vehicle weight fee. The \$760 million raised would be directed to the Washington State Patrol, public transit, passenger rail service and local governments.
- » Impose a \$5 fee on each studded tire sold. Studded tires damage Washington roads. The \$7.5 million raised would be dedicated to highway and road maintenance.
- » Either allow local governments the option, through councilmatic approval, to impose a 1 percent increase in the Motor Vehicle Excise Tax, with proceeds to be dedicated to local road and transit needs, **or** allow transportation benefit districts the option, through councilmatic approval, to adopt up to a \$40 vehicle license fee for local road and transit needs.

If passed by the Legislature, the Governor's proposal is estimated to create an average of 5,500 direct, indirect and induced jobs annually over a 10-year period. The larger effect of this investment, however, would be to keep today's transportation system intact, which benefits our communities and our economy.



In the future, our children and our communities will face these and other vital transportation needs. We must continue to work together to find ways to fund these important improvement projects. Investing in our transportation infrastructure will create jobs and build the future prosperity of Washington.