

I. Introduction to the Roads Strategic Plan

Chapter 1

Context

Today's road challenges

Transportation is a critical issue in King County and the surrounding region, affecting quality of life and the environment. Aging roads and bridges, tight budgets, changing communities, and increasing traffic require the Road Services Division to plan facilities and services with exceptional care and efficiency. The King County Comprehensive Plan 2000 calls for the division to develop a new transportation plan that identifies and prioritizes road-related needs over the next several years. The Roads Strategic Plan is the first step in this process.

Maintaining, preserving, and improving King County's roads is increasingly challenging because:

- Traffic congestion has reached critical proportions in many areas;
- Roads and bridges are aging and need substantial maintenance or replacement;
- Older infrastructure may not meet today's standards or take advantage of technology improvements;
- Many communities need safety upgrades such as sidewalks;
- Road projects may cost more and take longer to complete today because of commitments to protect the environment and respond to neighborhood concerns;
- Acquisition of right-of-way for road improvements has become increasingly difficult and expensive due to growth, development, and rising land values.

The division's business involves a complex balancing act. The county has many high-priority transportation needs and legally mandated responsibilities. Financial resources are limited and must be used to get the biggest "bang for the buck" in terms of service to the public. Legal, regulatory, and other constraints must be anticipated and negotiated when building and maintaining road facilities. The agency attempts to maintain a balanced program within the context of these pressures and to make proactive, well-informed decisions when faced with difficult choices. In essence, Road Services must stay nimble to remain effective and ahead of the curve.

The Roads Strategic Plan expands on and complements the county's Comprehensive Plan by providing new strategic guidance for spending transportation dollars on projects and services to meet the needs of residents, businesses, and other road users. The goals, strategies, and

actions in this plan, together with the new Transportation Needs Report¹ under development, will prepare King County to meet the transportation challenges of today and tomorrow.

Growing communities and changing circumstances

The Road Services Division must meet the transportation needs of a large and diverse service area. King County is now home to more than 1.7 million people—approximately 15 percent more than in 1990. About 350,000 of them live in unincorporated King County, where the Road Services Division has direct responsibility. The unincorporated area is defined as land within the boundaries of King County, but not within any incorporated city, as shown in Map 1 (located in the Maps section, before Chapter 1).

The King County Comprehensive Plan designates an “urban growth area”, where most growth and development forecasted for King County will be accommodated, and a “rural area”, where rural character, uses, activities, and lifestyles are to be preserved. The boundary between these urban and rural areas is indicated in Map 2 (see Maps section, before Chapter 1). Urban and rural communities require different types and levels of transportation services.

The county’s road responsibilities are complicated by the incorporation of ten new cities since 1990 and the ongoing annexation of property into existing cities. The result is a road network under the care of many different jurisdictions, as shown in Map 3 (see Maps, before Chapter 1). For example, the road one resident takes to work, school, or shopping may start out as a county road, pass through one or more adjacent cities where it becomes the responsibility of that city’s road department, and possibly even connect with a state highway where it typically becomes the responsibility of the Washington State Department of Transportation.

This fragmented pattern of road responsibility is common throughout the county, making it vital for the division to work closely with other jurisdictions to develop coordinated regional transportation solutions.

King County’s road system

King County is the largest metropolitan county in the state of Washington in terms of population, number of cities, and employment. It is the twelfth most populous county in the United States. The total land area of the county is 2,134 square miles, 381 of which are contained within 39 cities, leaving 1,753 square miles in unincorporated areas (source: 2002 King County Annual Growth Report).

¹ The Transportation Needs Report has served, with regular updating, as King County’s long-term transportation capital needs plan since 1989.

Most travel in the county involves movement through a system of interconnected road networks that include interstate highways, state highways, arterials, and local, private, and other roads. The county's many bridges are integral parts of the roads that traverse them, and the road system also includes transportation infrastructure such as sidewalks, bike lanes, pathways, guardrails, drainage and water quality facilities, traffic control equipment, and traffic cameras.

Functional classification categorizes roads according to the type of service they are intended to provide. This helps define the part that any individual road will play in serving the flow of traffic throughout the road system. The main functions for a road are 1) mobility, or the movement of people and goods, and 2) access to adjacent land. The degree to which the road serves these functions is the basis of its functional classification. For example, local neighborhood roads are designed for relatively light traffic, typically traveling at low speeds, with plenty of access to residences. Collector arterials channel neighborhood traffic to and from major and minor arterial networks. Major and minor arterial roads emphasize efficient movement of traffic at higher speeds with less access to adjacent properties. Freeways move an even larger volume of traffic, have very limited access to adjacent land, and are designed to serve longer-distance trips.

The majority of paved arterial and local roads in unincorporated King County are the responsibility of the Road Services Division, although interstate highways (such as Interstate 5, Interstate 405, and Interstate 90), state highways (such as Highway 99, State Route 169, and State Route 202), and certain other types of roads, such as private or logging roads, are the responsibility of other agencies or property owners.

The unincorporated area road system owned and managed by Road Services includes the following features (numbers are approximate):

- 1,790 miles of paved roads
- 60 miles of unpaved roads
- 180 bridges, plus several that are jointly owned with cities
- 45,000 traffic control signs and markings (e.g., crosswalks, stop bars, arrows)
- 200 traffic signals

The road miles include approximately 390 miles of arterial roads and 1460 miles of local access roads.

Increasing congestion and limited financial resources make it vital for the division to coax maximum efficiency out of existing transportation infrastructure. Road system use must be actively managed to make traffic movement as efficient as possible while preserving safety and other important values. This is accomplished through a variety of planning and engineering tools, including capturing and interpreting data accurately to plan most effectively for future needs; maximizing traffic flow using signal timing, turn lanes, and computerized traffic control systems; providing real-time travel information to the public via

traffic cameras and Web pages; and building a traffic control center to focus key traffic control functions, including incident/accident response, in one central location.

The King County Road Services Division

Road Services is one of four divisions in the King County Department of Transportation, the others being Metro Transit, Airport (the King County International Airport or “Boeing Field”), and Fleet Administration. The director’s office provides regional planning, grants, communications, community relations, public affairs, administrative, and other support to the department and its divisions. Division directors, including the director of Road Services, report to the director of the Department of Transportation, who in turn reports to the King County Executive, the elected executive officer of county government. The Metropolitan King County Council, the legislative branch of county government, adopts laws, sets policies, and holds final approval over the budget.

The Road Services Division plans, designs, builds, operates, and maintains the roads, bridges, pathways, traffic control systems, and other road-related infrastructure in unincorporated King County. In addition, the division services approximately 760 miles of roads in other jurisdictions through contracts with cities, including Burien, Covington, Federal Way, Kenmore, Lake Forest Park, Maple Valley, Newcastle, Sammamish, SeaTac, Shoreline, and Woodinville. The division strives to make the county’s transportation system safe and efficient for all uses and modes of travel, and operate in accordance with the following vision and mission:

Vision:

To be a leader, partner, and provider of regional and local transportation services; to have a significant role on regional transportation policy; and to be an organization employees are proud to work for.

Mission:

To identify and implement roadway and other related transportation system solutions for the safe and efficient movement of goods, services, and people to support a high quality of life in King County.

Safety is the division’s central focus and a primary factor in all decisions and activities. The division is also committed to providing timely, cost-effective service and environmentally responsible road design, construction, and maintenance. Recent accomplishments help illustrate this commitment. New financing practices have been put in place to accelerate the provision of much-needed road improvements. A record year for the division’s capital program, 2002 saw the completion of more than \$70 million worth of road project activities, such as design, right-of-way acquisition, and construction, to provide the public in King County with safer and more efficient roads. A program of new, environmentally sound road

maintenance practices was created to help the county and other jurisdictions meet the strict requirements of the Endangered Species Act. Approximately 16,000 feet of guardrail, five new traffic signals, ten new flashers, and 460 miles of lane striping were added to the road system to increase public safety, and five new traffic cameras were installed to provide better information to travelers. The Road Services Division is making substantial progress towards accomplishing its mission, and the Roads Strategic Plan is intended to help the division build on that success.

The division's activities are broad and complex. Some functions and services are legally mandated, while others have been developed in response to historic needs or community requests. The core functions and services provided by the division are described below.

Capital Improvement Program (CIP) — Identify, program, design, and construct a variety of roadway, bridge, and non-motorized projects. These include intersection and traffic flow improvements, safety improvements, capacity improvements, non-motorized improvements (e.g., bicycle lanes and sidewalks), and infrastructure preservation, as well as environmental analysis, permitting, and mitigation pertaining to roadways, bridges, and drainage. In addition to specific safety-related projects, safety elements are incorporated into all relevant Capital Improvement Program projects as needed.

Engineering technical support — In-house services that support the Capital Improvement Program including, but not limited to, environmental science and engineering, field surveying, materials lab analysis, computer-aided drafting design and mapping, and record management and archival support.

Maintenance — Regular ongoing maintenance, preservation, and repair to provide a safe road system and preserve the life of the county's transportation infrastructure. Includes major and minor repair of roads, bridges, guardrails, traffic signals, and signs; pothole patching; vegetation management; street sweeping; and culvert cleaning.

Emergency preparedness and response — Prepare for and respond to natural and man-made disasters affecting the safety and usability of bridges and roads. Includes removal of snow, ice, and downed trees; landslide cleanup; flood response; and emergency road repair.

Traffic operations — Includes collection and analysis of traffic count and accident data; operation of traffic control systems; design, installation and maintenance of safety improvements including signals, guardrails, signs, and pavement markings; review of the traffic impact of development; and identification and implementation of neighborhood safety improvements.

Transportation planning — Includes travel demand forecasting; development of a long-term transportation facilities plan; roadway classification; concurrency and mitigation payment system management; non-motorized (i.e., pedestrian, bicycle and equestrian) use planning; corridor studies and other transportation analyses; and road-related policy development for King County.

Community involvement and public information and response — Includes operation of a 24-hour public help line; handling of public inquiries and complaints; preservation and maintenance of road records and maps, and making them available to the public; and keeping the public informed about major construction projects, road or bridge closures and repairs, and other road services and activities.

Administration — Administrative functions that help support the overall work of the division, including finance and budgeting, intergovernmental services and contracting, information technology management, human resources management, and employee development and recognition.

The division is organized into five work sections: Capital Improvement Program and Planning, Engineering Services, Traffic Engineering, Maintenance, and Administration.

Planning context

The goals, strategies, and actions in this plan are shaped by, and consistent with, the policies of the Growth Management Act, the Puget Sound Regional Council's *Destination 2030* metropolitan transportation plan, the King County Countywide Planning Policies, and the King County Comprehensive Plan (see descriptions below). The Roads Strategic Plan augments and helps implement these policies and provides additional guidance for future versions of the Transportation Needs Report and the division's 6-Year Roads Capital Improvement Program.

Growth Management Act

Passed in 1990, this state act calls for urban counties and cities in Washington to develop comprehensive plans to guide growth management decisions, including those affecting the character and location of new transportation facilities. Amendments to the Act in 1991 require counties, working with the cities inside their boundaries, to develop countywide planning policies that provide a common vision of the future and serve as the framework for all comprehensive plans throughout the county.

Destination 2030

This 30-year transportation plan for growth in King, Pierce, Snohomish, and Kitsap Counties was developed by the Puget Sound Regional Council, the federally recognized metropolitan planning organization for the four-county region, to support the Growth Management Act and identify strategies to address traffic congestion throughout the region. Over the life of the plan the region's population is expected to grow by 1.5 million persons. Employment forecasts predict the addition of more than 800,000 new jobs, and vehicular traffic is expected to increase by 60 percent. *Destination 2030* provides a vision of what facilities and programs will be needed to keep the region mobile over this period.

King County Countywide Planning Policies

These policies set the framework for the county and cities' Growth Management Act comprehensive plans. Adopted by the county and cities in 1992, the policies established an Urban Growth Area within the western third of King County where most growth and development is targeted. The goals of the policies include reducing urban sprawl, protecting rural areas, providing affordable housing throughout the county, and coordinating protection of environmentally sensitive areas.

The King County Comprehensive Plan

This document contains general guiding policies for all land use and development in unincorporated King County; for local services such as road improvements and maintenance, surface water management, and environmental protection in unincorporated areas; and for regional services throughout the county including transit, sewers, parks, trails, and open space. It provides the policy foundation for the activities of the Road Services Division. The transportation element of the Comprehensive Plan is of particular importance to the division's activities, although other chapters are also influential.

The Transportation Needs Report

Part of the transportation element of the Comprehensive Plan, this report has, with regular updating, served as the county's long-term transportation capital facilities plan since 1989. It identifies the transportation facilities needed to accommodate current traffic and meet future travel demand within the 20-year planning horizon of the Comprehensive Plan. This report is currently being evaluated and revised in conjunction with the development of the Roads Strategic Plan to improve its value as a planning tool and to better reflect the changing transportation needs of King County.

The 6-Year Roads Capital Improvement Program

This 6-year program of road improvement projects, intended to provide the public with safe, efficient, and environmentally sound transportation facilities, is developed to be consistent with the county's land use plans and policies and to address identified transportation needs. The Transportation Needs Report (see above) and the division's Bridge Priority Process, a listing of important future bridge capital projects, contribute most of the project input to this program. The division's safety programs may also identify projects that become part of this program.

Road services vision, mission and goals

The Road Services Division has established vision, mission, and goal statements for business planning purposes. In conjunction with the plans and related activities noted above, these provide important direction for all division activities.

Road fund and road construction fund financial plans

Decisions regarding funding of the division's programs, services, and other budgetary priorities are made within the financial constraints identified in the two major funds' financial plans, which are prepared annually and cover a six-year planning horizon. Revenue and fund balance "reserve" projections are identified by these plans to determine the appropriate budgets for programs, services and projects for the current fiscal year (the calendar year for King County) and the next five years. The financial plans provide for reasonable reserves to remain in the fund balance to cover changes in the assumptions that support revenue and expenditure projections, and to accommodate cash flow requirements. Annual budgets are developed based on the resource requirements identified in the financial plans

Other plans and programs

Other plans and planning activities that are relevant to the work of the Road Services Division include the Transportation Concurrency Management Program, the Mitigation Payment System, non-motorized planning program, and various corridor and other transportation studies. Based on the requirements of the GMA, the Transportation Concurrency Management Program establishes a process to manage new development based on development impacts on traffic levels-of-service. Concurrency Management ensures that needed improvements or actions are undertaken concurrent with new growth. The Mitigation Payment System establishes a requirement that new growth and development pay a proportionate share of the cost of supporting needed transportation improvements. The division supports non-motorized uses by planning for non-motorized transportation modes, including bicycle, pedestrian, and equestrian. A variety of other transportation studies are conducted in relation to specific travel corridors.

Chapter 2

Overview

Background

As described in the previous chapter, the King County Comprehensive Plan is the primary policy document that guides the county's land use, growth management, transportation, and other important decisions. The Roads Strategic Plan is a new functional plan² that is consistent with, and expands on, the Comprehensive Plan. It provides a bridge between the Comprehensive Plan's high-level policy guidance and the Road Services Division's day-to-day practices, procedures, and decision-making. It identifies broad transportation goals, derived primarily from the Comprehensive Plan and the division's business plan; targeted strategies; and associated actions, and it also serves as an implementation guide for Comprehensive Plan transportation policies.

The new plan also helps articulate the division's regional roles, provides direction for prioritizing road projects, and provides guidance for making decisions about how to spend transportation dollars. While the plan contains important guidance for the business of Road Services, it is not a master plan for the transportation system. The Roads Strategic Plan is intended to be a practical, action-oriented guide that is widely utilized by a variety of audiences, including county staff, management, and elected officials, and the public.

The plan's development is the first phase of a two-part effort to update and enhance the division's transportation planning processes. In the second phase (taking place in 2003-2004), the plan is guiding the creation of a new project prioritization process and a list of long-term transportation capital needs. The latter will become the county's new Transportation Needs Report, which will continue to fulfill the role of the county's long-term transportation capital facilities plan.

The Roads Strategic Plan was developed through a collaborative process and has been shaped by a broad range of informed perspectives. The project team included King County Department of Transportation staff members from the Road Services Division, Metro Transit, and the Office of Regional Transportation Planning. The team's expertise encompasses traffic and capital project engineering, maintenance, finance and budgeting, intergovernmental relations, environmental science, transit speed and reliability, and transportation planning. Other county agencies, including the Sheriff's Office, the former Office of Regional Policy and Planning, the Department of Natural Resources and Parks, and staff from the county's Historic Preservation Program were consulted on various topics. Project team meetings, topical working group sessions, conversations with experts,

² Functional plans focus on the delivery of services or facilities.

professional research, community advisory group meetings, public events, and a public survey have all contributed to the content of the plan's recommendations. Public involvement was particularly important to the project; for a summary of the public outreach process, see Appendix A (page A-1).

Content and organization

The plan is organized around the following eight themes, which were derived primarily from the King County Comprehensive Plan and the division's business plan:

- Regional Leadership, Coordination, and Partnership
- The Urban and Rural Road System
- Congestion Management
- Transportation Alternatives (Transit, Transportation Demand Management, High-Occupancy Vehicle, Bicycle, Pedestrian, Equestrian)
- Maintenance and Preservation of Infrastructure
- Roads Safety
- Transportation Environmental Stewardship
- Roads Funding Strategies

While the division performs many activities vital to the functioning of the county's transportation system, this plan focuses only on an important subset: key functions that the division has identified as needing additional strategic guidance for division operations and/or additional guidance to fully implement the Comprehensive Plan. As a result, the plan does not inventory, or make recommendations related to, all division functions.

The topical chapters in the Roads Strategic Plan are summarized below. The topics are not organized in any priority order, nor do the number of strategies and actions in each chapter necessarily reflect the topic's relative priority or importance. Topics may have many recommendations simply because the issue has never been dealt with comprehensively. Conversely, some important topics are not discussed in this plan because other county documents or professional manuals already provide sufficient guidance.

Regional leadership, coordination, and partnership

The Road Services Division has two different yet complementary levels of responsibility for addressing transportation needs in King County. In unincorporated areas the division has direct, local responsibility for planning, designing, constructing, operating, and maintaining the public road system, excluding private roads and state highways. Beyond this, the county is one of many jurisdictions, including 39 cities and the Washington State Department of Transportation, that are responsible for various parts of a large, interconnected countywide road system. The division has an important role in helping to create a seamless regional transportation system that serves multi-modal users throughout the county and encourages efficient use of the roadway system. The division pursues regional projects through interlocal

cost-sharing agreements and, when regional funding is available, through grants or other sources. The regional strategies and actions in the plan provide focus for these division activities.

The urban and rural road system

The county's Comprehensive Plan emphasizes different treatments for urban and rural areas with the objective of directing future growth and services to designated urban areas and protecting rural character. The urban and rural road system strategies in the Roads Strategic Plan will help the division plan, design, build, operate, and maintain roads in both urban and rural areas of unincorporated King County in a manner consistent with the differing needs and service levels of these areas, as intended by the Comprehensive Plan.

Congestion management

Traffic congestion occurs when the demand for travel exceeds the capacity of the transportation system to accommodate that travel at an acceptable level of service. Congestion results in lost time, wasted energy, reduced productivity, increased traffic accidents and other incidents, increased air and water pollution, and increased traveler frustration. All of this adds up to reduced mobility and higher costs to the county, the public, and business.

Strategies to relieve traffic congestion need to focus both on the supply side and on the demand side. Supply side measures include providing additional lane miles, improving operational efficiencies, and shifting to alternate travel modes such as bus and carpool. Demand side measures would decrease the number of trips, shorten trip length, or shift trips to a less congested time of day. Strategies in this plan provide guidance for both these aspects of congestion management using a variety of techniques that are appropriate to unique situations.

Transportation alternatives—transit, transportation demand management, high occupancy vehicle, bicycle, pedestrian, and equestrian

Transportation alternatives include the many modes of travel available beyond single-occupancy vehicles. The division provides facilities and strategies that support alternative modes of transportation, working in concert with King County Metro Transit to support public transportation and efforts to manage demand. High-Occupancy Vehicle (HOV) facilities on county roads are currently limited, but long-range regional plans, such as Puget Sound Regional Council's *Destination 2030*, call for King County to play a role in supporting a regional HOV network.

Bicycle and pedestrian facilities are increasingly important components of the transportation network. The division has a long history of promoting bicycle travel in King County as an alternative to drive-alone commuting as well as a healthy recreational activity. The transportation alternatives strategies in this plan were crafted in recognition of the growing

importance of providing mobility options and reducing demand for single-occupancy vehicle travel. In addition, recent King County legislation has formalized the division's role in providing equestrian opportunities along roads in designated equestrian communities to help preserve rural lifestyles and recreational opportunities.

Maintenance and preservation of infrastructure

Planning and managing road maintenance is a vital part of the division's work. A safe road system, like any capital investment, must be maintained on a regular and timely basis to minimize life cycle costs and extract the maximum long-term benefit from the investment. A well-maintained road system is crucial to an effective commercial delivery system and to the economic vitality of communities. Roads and bridges left too long without proper maintenance and timely overlays would need to be completely rebuilt at a much higher cost.

In addition to routine maintenance, the division must handle the effects of major storms and other unanticipated events, which can cause disruptions and backlogs. Effective maintenance strategies and actions will help the division achieve program goals while retaining flexibility to rebalance resources when necessary.

Roads safety

Safety on the county's roads is the division's highest priority, consistent with the regional priorities outlined in the Puget Sound Regional Council's *Destination 2030* plan and the values voiced by the Roads Strategic Plan community advisory group. All road projects have safety components, and the division also has many specific ongoing road safety-related efforts and programs. These include responses to citizen safety requests, addressing conditions at identified high-accident locations, arterial traffic and safety patrol activities, and neighborhood safety activities and improvements. The roads safety strategies are intended to enhance the division's already extensive efforts to promote roads safety. The strategies promote additional oversight of safety-related projects and programs, establish more uniform guidelines and standards, and specify where additional efforts would be most effective.

Environmental stewardship

While undertaking its core mission to provide efficient and safe transportation facilities, the division is committed to complying with all applicable regulations and conducting its business in a manner that is sensitive to, and respectful of, both the natural environment and the archaeological, historical, and other cultural resources of King County. The division currently reviews capital improvement projects and maintenance activities for their effect on the environment in compliance with the State Environmental Policy Act, the National Environmental Policy Act, and various permitting requirements.

The environmental stewardship strategies in the Roads Strategic Plan will provide additional tools for meeting current and future regulatory requirements and will enhance the division's

ability to achieve its transportation goals. This is particularly important at a time when federal, state, and local environmental and cultural resource regulations are becoming more complex, the effects of the Endangered Species Act on providing road services remain uncertain, and King County residents continue to voice their desire for a quality environment.

Roads funding strategies

Revenue available for transportation improvements has been declining in recent years due to annexations, incorporations, and voter-initiated limits on taxes. At the same time, costs for many transportation improvements have increased due to development constraints and additional environmental considerations and requirements. The division has met these financial challenges by improving efficiency. Use of recent budget innovations such as Roads CIP Flexible Budgeting and the issuance of Road Construction Bonds have helped maximize the use of available revenues. Future budgeting decisions will likely become increasingly difficult unless new and predictable sources of funding are found. The financial chapter includes strategies and actions designed to maximize efficient use of resources and encourage consideration of ways to secure additional revenues.

Plan implementation

The Next Steps section of the Roads Strategic Plan provides a framework for the implementation of the plan. In summary, implementation will be approached through three strategies:

- Use the guidance of the Roads Strategic Plan to revise the Transportation Needs Report process and create a new long-term transportation capital needs plan.
- Implement the plan's strategies and actions in a timely and effective manner through targeted work programs, and regularly monitor and report on progress.
- Keep the plan up-to-date by reevaluating it at least every four years and updating it to respond to changing circumstances and needs.

The process of creating a new Transportation Needs Report is underway as the Roads Strategic Plan is being completed, and will provide an enhanced project review and prioritization process, report format, and long-term transportation needs list.

Implementation of the Roads Strategic Plan strategies and actions will begin in 2004. An implementation work program will be developed in cooperation with the division's sections and undertaken along with the division's ongoing work. The work program will assign priorities and timelines to the plan's recommendations. Implementation will take place via several mechanisms, including changes to division procedures and practices as well as new initiatives incorporated into the division's annual work program and budget.

The Roads Strategic Plan is intended to be updated on a regular basis. This will ensure that the division has an opportunity to evaluate the plan's successes and shortfalls, identify and track evolving issues, adapt to changing conditions, and seize emerging opportunities.

Chapter 3

Financing King County's Road System

Financial management

The Road Services Division's financial management involves the planning, budgeting, and accounting of dollars needed for the division's operating programs and Capital Improvement Program (CIP). The division manages the operating and CIP budgets in two principal funds: the Road Fund (operating and CIP revenue transfer) and the Road Construction Fund (CIP).

Financial planning

Six-year financial plans are prepared for both funds each year. These plans project revenue and reserves to determine appropriate budgets for programs, services, and projects for the current fiscal year (the calendar year for King County) and the next five years. The plans allow for reserves in the fund balances to cover unforeseen changes in revenue or expenditures and to accommodate cash flow requirements. Annual budgets are based on the resources identified in the financial plans.

Annual budget process

The division prepares operating and CIP budget requests each year in early summer. These requests are then reviewed by the King County Budget Office, approved by the County Executive, and transmitted by him to the County Council, which finalizes the budget by adopting an annual budget ordinance and associated fee ordinances. The budget ordinance authorizes an overall level of spending and staffing for the upcoming year for all county organizations.

The council authorizes appropriations for the Road Services Division each year by about the third week of November for the following "appropriation units":

Appropriation Unit/ 2003 Budget Authority	Fund	Purpose
Roads Operating Budget \$60,779,590	Road Fund	Road and traffic maintenance and operations, reimbursable city contract services budget, general roadway engineering not billed directly to CIP projects, transportation planning, and administration.
Regional Stormwater Disposal Program \$524,449	Road Fund	Regional stormwater disposal program serving cities, WSDOT, and private vendors.
Roads Construction Transfer \$27,138,424	Road Fund	Authorizes transfer of Road Fund revenues to the CIP.
Roads Capital Improvement Program \$82,977,000	Road Construction Fund	CIP project budgets, preliminary engineering, design, right-of-way acquisition, construction, project management, and debt service.

Table 1: Appropriation units in the Road Services Division

Road Fund revenues and budget

The Road Fund receives revenues from the unincorporated area property tax levy, gasoline taxes, fees from reimbursable contract services, sale of assets such as land, sand, and gravel, and other sources such as state, private, and federal timber sales, property rentals, interest earnings, and sale of publications. Grant revenues are generally not a significant part of the Road Fund financial plan, with the occasional exception of grants from the Federal Emergency Management Agency (FEMA) and the Federal Highway Administration (FHWA) in response to storm emergencies and disasters. Grant funding is a more important component of the Road Construction Fund, where it enables the division to leverage its base CIP dollars to accomplish far more projects than would otherwise be possible.

Road Fund revenues in 2003 are projected to be about \$89 million, collected from the funding sources shown in Figure 1 (see page 17).

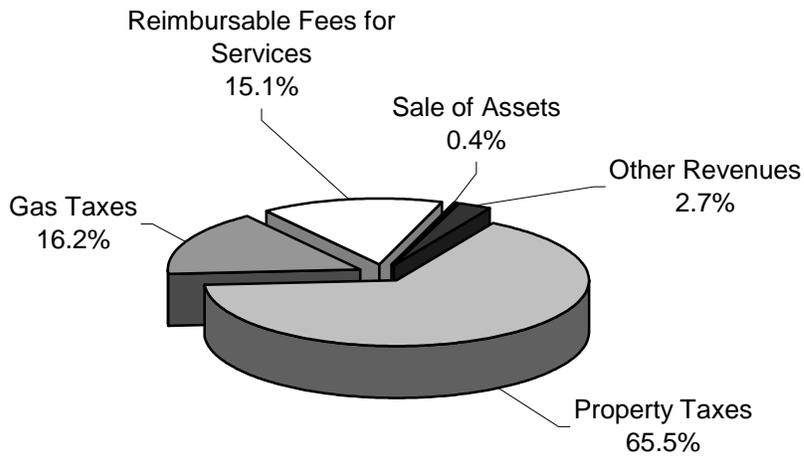


Figure 1: Projected 2003 revenue sources for the Road Fund

Road Fund revenues in 2003 will be spent in six core business areas, as shown in Figure 2.

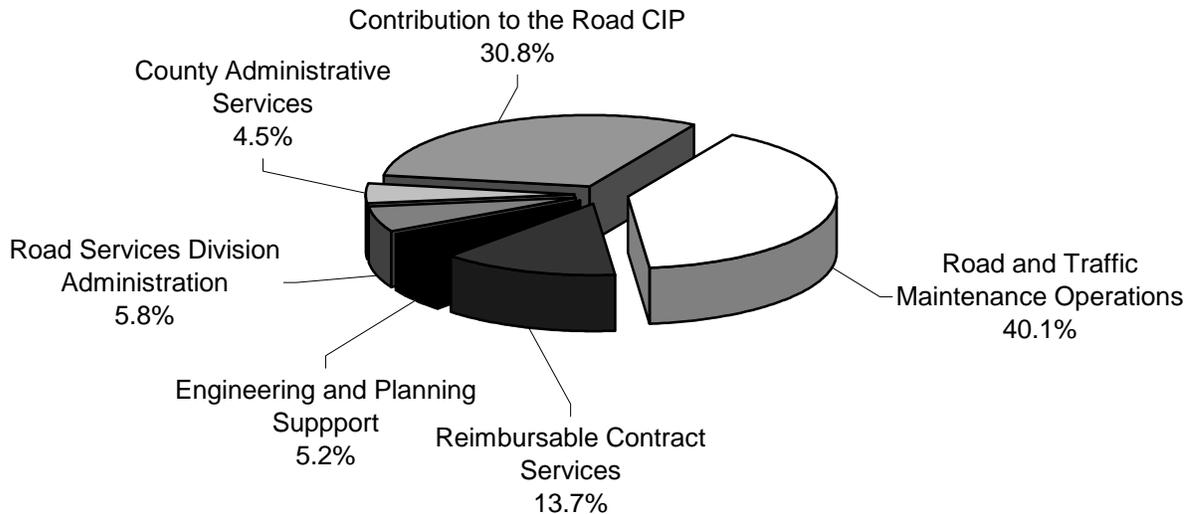


Figure 2: 2003 Road Fund allocated by core business

One percent of the reimbursable fees for services are allocated to cover required costs associated with division and county administrative services for administering those programs.

Road Construction Fund revenues and budget

The Road Construction Fund receives annual revenues from the Road Fund contribution, bond proceeds, federal and state aid, local option vehicle license fees, Mitigation Payment System (MPS) fees, sale of land, and investment interest earnings. The total revenue amount varies from year to year depending on the grant funds available from federal and state sources. In 2003 the new revenue identified during the budget process combined with revenue carried forward from previous fiscal years totals \$158 million, as shown in Figure 3.

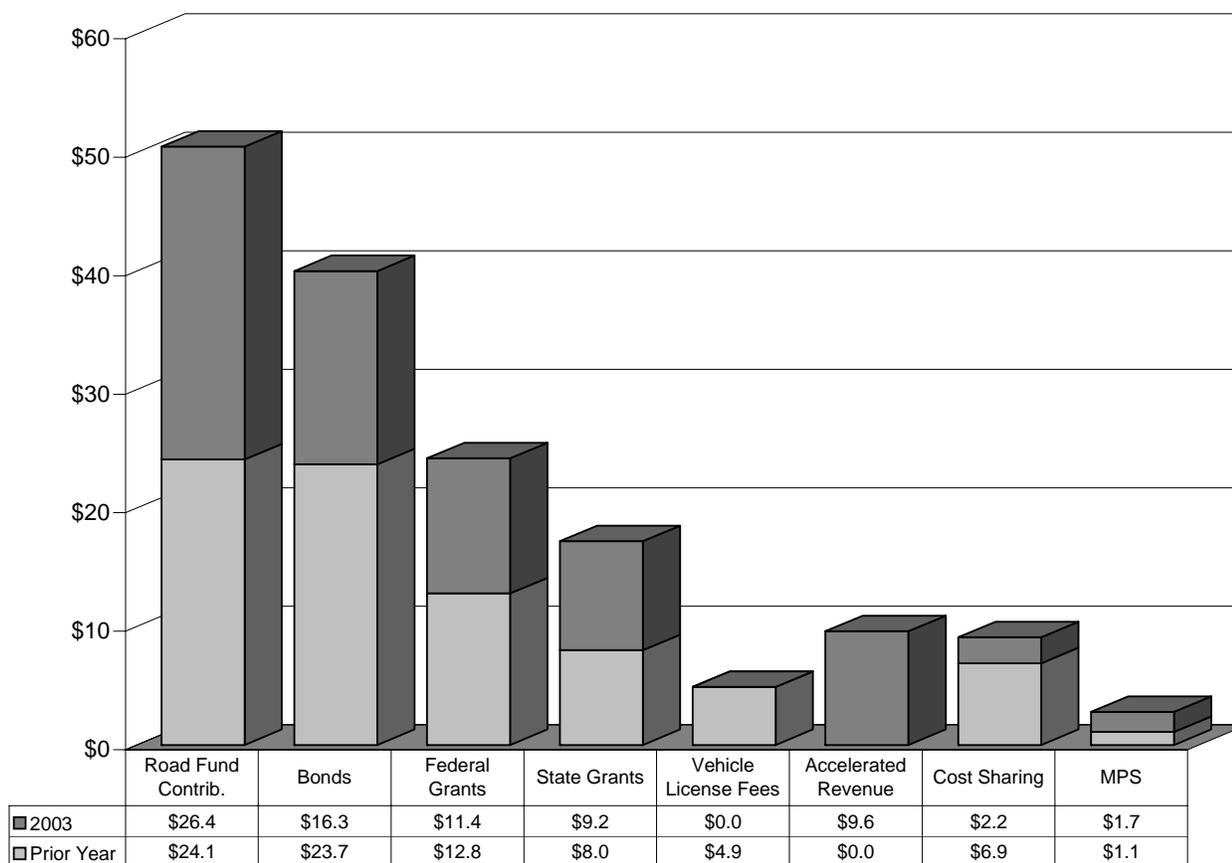


Figure 3: Roads CIP funding sources, including prior year carryover (\$ millions)

The 2003 Roads \$163 million CIP budget, including prior year carryover, is allocated among the project categories shown in Figure 4.

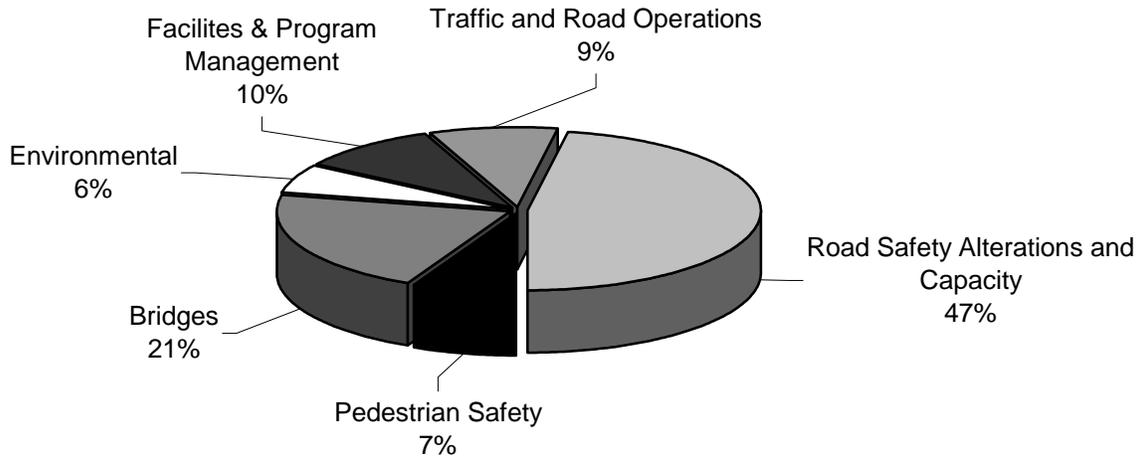


Figure 4: 2003 CIP Fund allocation by project category

CIP grant funding

The Road Services Division uses a number of state and federal grant programs to help fund road, sidewalk, bridge, and other transportation projects. In 2003, grant funding accounted for approximately 25% of CIP revenues.

At the state level, the Transportation Improvement Board and the County Road Administration Board are two major grant agencies that consistently fund the division's road improvement projects.

The Transportation Improvement Board awards grants to transportation projects submitted by local governments. Funds are awarded on a competitive basis and require local financial participation. Typical projects address congestion, safety, and the impacts of economic development in urban areas. Funded by 3 cents of the state's per-gallon gas tax, which represents more than \$100 million annually, the board has contributed more than \$21 million to King County Road Services Division projects since 1995.

The County Road Administration Board administers the Rural Arterial Program, which funds county road and bridge reconstruction projects on a competitive basis every two years. Also supported by the fuel tax, this program awards approximately \$38 million per biennium, and has contributed nearly \$4 million to division projects since 1995.

King County receives grant funding from several federal programs and organizations. The authority to distribute federal grant funds resides in regional, state, and federal agencies, depending on the funding program.

The Puget Sound Regional Council serves as the regional coordinating agency for transportation and growth planning and is the federally designated Metropolitan Planning Organization for the central Puget Sound region. One of the council's many responsibilities, as mandated by the Federal Intermodal Surface Transportation Efficiency Act of 1991 and the Federal Transportation Equity Act for the 21st Century, is the distribution of federal funding.

The council awards new federal funds from the Federal Highway Administration through a biennial competitive process. To meet the region's diverse needs, the council has divided this funding into regional and countywide programs. The regional program funds large projects with regional benefits, and the countywide program focuses on meeting the needs of the local agencies.

Once federal funding has been awarded to a project, a variety of administrative responsibilities and requirements must be met throughout the life of the project. The Federal Highway Administration has delegated these administrative responsibilities to the Washington State Department of Transportation's Office of Highways and Local Programs. King County works with this office to ensure that all of the division's federally funded projects satisfy these requirements.

Many of the division's bridge projects are funded through the federal Highway Bridge Replacement and Rehabilitation Program, which is administered through the state Office of Highways and Local Programs. Applicant projects are evaluated twice a year by the Bridge Replacement Advisory Committee, which recommends select projects to the office's director. Since 1995, the Highway Bridge Replacement and Rehabilitation Program has contributed over \$28 million to division bridge projects.

The division is constantly searching for new and alternative grant programs and funding sources.

Budget development requirements—legal mandates

The division's budget development choices are guided in part by state laws that require full cost recovery and a balanced budget.

Full cost recovery

State law prohibits a fund, such as the Road Fund, from benefiting another fund or organization, such as a contract city, without compensation that would recover the full cost to the original fund. In response to this requirement, the division develops yearly administrative overhead cost recovery rates that are charged to other funds and agencies for every dollar of direct labor it carries out on their behalf. This overhead rate also applies to labor charged to Roads CIP projects budgeted in the Road Construction Fund.

This rate addresses the requirement of full cost recovery and also helps the division meet its objective of being perceived by its customers as cost effective and competitive relative to other providers of road services. In 2003, the rate charged to city contract customers was 62%, or \$62 for the costs of administrative support for every \$100 of direct labor. The division has a history of successfully controlling administrative costs, and has found this to be the most direct method for retaining both a competitive cost recovery rate and the division's contract services customer base.

Balanced budget

State law requires the division's annual operating budget to be balanced to the fiscal year's projected revenues, and the Roads CIP to be balanced to revenues projected for the six-year planning horizon. Roads CIP budget appropriations are made for the fund total in the first year of the program, with estimates of expenditures and revenues provided in the 6-year CIP for the remaining five years. Before 1998, budget appropriations were made for each individual CIP project, but now they are grouped into one single Road Construction Fund appropriation in order to take advantage of the Roads CIP Flexible Budgeting program, described below.

State law does not permit deficit financing. If a fund happens to go temporarily into deficit, short-term cash borrowing is required to restore a positive balance. The division has used short-term (2-3 months) borrowing on occasion for cash management purposes.

Budget development constraints—financial limitations to program growth

The division's ability to expand or add operational programs and/or increase the dollars committed to Roads CIP projects in response to traffic congestion, safety, and other transportation needs is limited by its ability to 1) reprogram the existing budget, and 2) raise additional revenues.

Reprogramming the budget

The division funds a low level of administrative support (7%) relative to funding for direct services. The remaining funding (93%) provides for direct services and the CIP. All funding priorities are reviewed each year, and the division reduces or discontinues funding for some lower priority existing programs, projects, and services in order to reprogram those funds to respond to emerging needs, new opportunities, or changing demands by the public for different road services.

Revenue potential

Most of the division's existing funding sources are relatively inflexible in terms of being able to provide additional revenue. Three major funding sources (property taxes, gas taxes, and Mitigation Payment System fees) are or soon will be declining because of the shrinking unincorporated area tax base or citizen-initiated tax limits. The \$15 local option Vehicle

License Fee, one of the division's major CIP revenue sources since its adoption in 1991, was eliminated in 2003 by a tax limit initiative (Initiative 776), which cut \$4.8 million annually from the Roads CIP. The unincorporated area road levy was one of the few revenue sources that King County elected officials were able to adjust based on their determination of road services needs and taxpayer impact. However, this ability will soon be limited by a 1% property tax growth limitation (Initiative 747) passed in 2001.

1% property tax growth limit (Initiative 747)

Beginning in 2001, under Initiative 747, the property tax that can be levied each year is limited to 101% of the maximum allowable levy from the previous year, plus an additional amount associated with newly constructed properties in the taxing district.

Before passage of Initiative 747, the maximum allowable levy growth rate was 106% (plus new construction) of the prior year amount levied each year since 1986, or until a tax rate with a top limit of \$2.25 per \$1,000 of assessed value is reached. The full 106% growth was

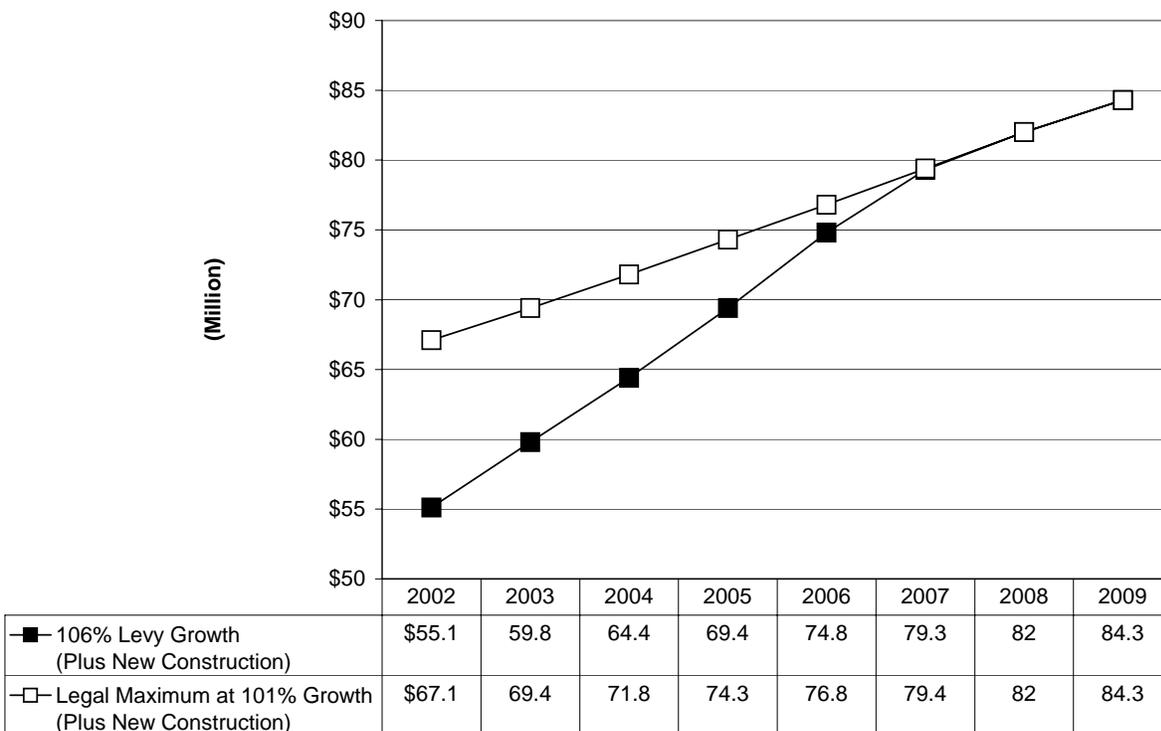


Figure 5: The division's property tax revenue growth will reach the legal maximum and flatten out beginning in 2008 under Initiative 747's 1% property tax growth limit.

not always applied to the county's unincorporated area road levy, so the county's road district currently has "excess levy capacity" that it can use to levy funds for needed road services in the unincorporated area. This excess allowed the county to increase the road levy in 2002 by 106% (plus new construction) over the previous year's levy, and this practice can continue until the maximum levy amount is reached, which is projected to occur in 2007. From that point road revenues from property taxes will grow by 1% per year, considerably less than the rate of inflation over the past 15 years.

Financial impact of annexations and incorporations

Annexations and incorporations reduce the size, assessed valuation, and population of the county's unincorporated area, shrinking the county's tax base and therefore the taxes and fees that fund division operations and projects. Some cities that are newly incorporated or have annexed unincorporated areas choose to contract with the division to carry out road and traffic maintenance and operations services, generating revenue for the division. However, when cities choose not to do this the division's road and traffic maintenance budgets are reduced.

Construction projects located within the newly annexed or incorporated area are also considered for reprogramming. Decisions by cities on the timing of annexations, and by citizens considering incorporations, often take into account the status of projects listed in the county's 6-year Road Capital Improvement Program.

The division's finances are adversely affected by annexation or incorporation when the revenue loss exceeds new contract revenues or budget reductions that result from the jurisdictional change. Annexation or incorporation improves the division's financial picture when the expense of serving an area is greater than the revenue lost when it is annexed or incorporated.

Recent budgeting innovations

The division has pursued innovative budgeting techniques in recent years to allow for agile use of financial resources in response to changing circumstances and to support early completion of capital improvements.

Roads CIP Flexible Budgeting—project reallocations

In April 1998 the County Council adopted the Roads CIP Flexible Budgeting Ordinance to allow the division more ease and flexibility in reprogramming CIP project budgets. Under flexible budgeting, dollars assigned to current year projects that become stalled can be applied to other projects scheduled for later years of the six-year program that are ready to move forward.

Before this change, the division needed council approval by ordinance to cancel project budget appropriations for each stalled project and then to re-appropriate the funds to other projects that were ready to move forward. On average, this process took eight to 10 weeks. Now the division submits a yearly Roads CIP Reallocation Report proposing such substitutions to the chair of the County Council Transportation Committee. This approach is faster (taking two to three weeks) and removes much of the risk of missing the year's "construction window" due to appropriation process delays.

Roads CIP Flexible Budgeting—project contingency funding

Before the flexible budgeting ordinance was adopted, the division would plan a 10% contingency reserve in the budget for each project. This reserve was not used on every project, but the reserve funds would remain tied up until the projects were completed and their budgets closed out. Flexible budgeting has allowed the division to pool the contingency funds for all projects in a single project, the Cost Model Contingency project. This contingency project receives 5% of each of the CIP project budgets. The remaining 5% that would have been assigned to specific projects under the previous budgeting practice is reprogrammed into the Six-Year CIP.

Roads CIP Flexible Budgeting—overprogramming

Another important feature of Roads CIP Flexible Budgeting is the ability to budget more in any given year than the revenue receipts projected for that year. Total budgeted expenditures and revenue over the six-year program are balanced, but funds may be used before the receipt of programmed revenues as long as expenditures do not exceed the cash balance available in the fund. The road construction fund had built up a large cash balance prior to the adoption of flexible budgeting, and the overprogramming permitted by the new ordinance has resulted in earlier project delivery.

Debt financing—road construction bonds

Debt financing through the issuance of general obligation bonds was used in the Roads CIP for the first time in 2002. During the process of preparing the 2001 budget and adopting the 2001-2006 Roads Six-Year CIP, the County Executive proposed and the County Council approved the issuance of debt in order to accelerate completion of road projects that will be designed and ready for construction over the next four years. The current Roads CIP includes provisions for \$120 million in bond sales by 2006 to finance the Road Construction Bond Program, which will accelerate nine large projects intended to provide congestion relief to the region. Because repayment of the debt was programmed in future years as a project in the Roads CIP supported by the "local option" vehicle license fee revenue that was lost under Initiative 776, the assumptions regarding the level of future debt financing will be revisited in the 2004-2009 CIP.

Budget choices

Each year the division must decide which items to propose to the County Executive and County Council from among the many competing demands for safety or capacity improvements, operations, and infrastructure maintenance. Budget choices are made within the legal and/or policy requirements to prepare a budget plan that balances expenditures with revenues, meets fund balance requirements, and includes full cost recovery when providing services to other agencies and funds. Recent budget innovations such as Roads CIP Flexible Budgeting and the issuance of Road Construction Bonds have helped to maximize the active use of available revenues.

In the absence of any new and predictable source of funding, and with the adverse financial impacts on the Road Fund from 1) the loss of vehicle license fee revenues, 2) additional revenue losses that are expected in the near future due to the 1% property tax limit initiative (I-747), and 3) future incorporations and annexations, budget decisions will become increasingly difficult in future budget cycles.

In recent years, the division, the County Executive, and the County Council have focused much of their attention regarding Road Services Division budgeting priorities on funding decisions related to the following policy choices:

- Appropriate levels of administrative support of direct services funding in the operating budget;
- Strike a reasonable balance in allocating Road Fund dollars between the operating budget and the CIP budget; and
- Fund CIP projects that sustain a safe and efficient condition for the current system of roads and bridges while also 1) addressing the need for additional road capacity to meet the travel demands of a growing population, and 2) supporting the county's growth management policies.

Administrative support versus direct services

Compared with other jurisdictions throughout the state of Washington, the Road Services Division funds administrative costs at a very modest level relative to total spending. According to the November 29, 2000, final report of the state's Blue Ribbon Commission on Transportation, a group created by the Legislature and Governor to conduct a comprehensive analysis of statewide transportation needs and priorities, Washington state transportation agencies' administrative and planning costs averaged 10 to 12 percent of total spending. The Commission noted that this level of administrative overhead reflects Washington's environmental ethic, culture of planning, neighborhood activism, and citizen involvement.

In 2003, the division projects that only 7 percent of its total operating and CIP spending will go toward administrative costs, including division administration and planning as well as the division's portion of countywide administrative costs (see Figure 6). This is well below the average for transportation agencies in the state and matches the 2000 Blue Ribbon Commission's recommended level of 7 percent, which is the nationwide median for all state transportation agencies.

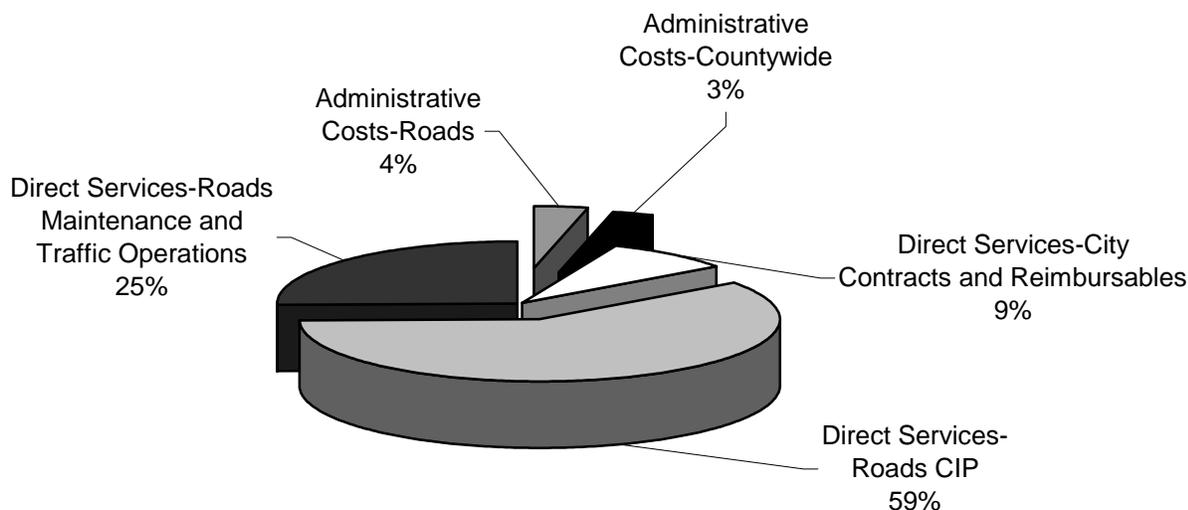


Figure 6: Projected direct service versus administrative spending in 2003

Road Fund—CIP versus operations

In addition to the budgeting innovations described above (Roads CIP Flexible Budgeting and Bond Financing), which accelerate project delivery through maximal use of existing Road Fund financial resources, the division has proposed a very aggressive Capital Improvement Program for the next six years that provides more growth in funding for capital improvement than for operations programs.

Between 2000 and 2008, the current Road Fund financial plan calls for the CIP contribution to increase at an average rate of 7.7 percent per year, compared with 2.9 percent for the operating budget.

Most of the CIP increase will fund new programming for the Road Safety, Rehabilitation, and Retrofit Program, which targets improvements needed to meet current safety standards and to maintain the existing infrastructure. The operating budget's growth is intended to cover cost increases due to inflation.

Figure 7 shows the projected annual growth rates for funding the operating budget and the CIP contribution between 2000 and 2008.

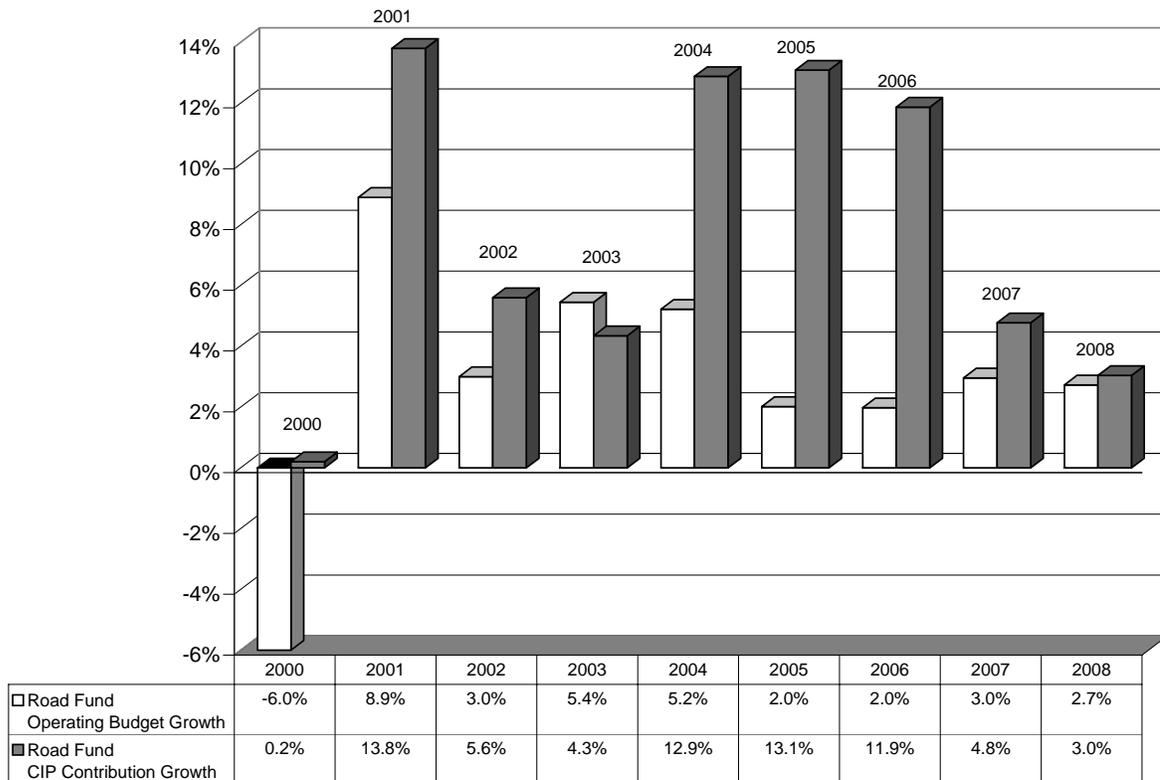


Figure 7: Operating budget versus CIP contribution growth rates

Balancing CIP project funding for preservation and maintenance of existing infrastructure with new capacity needs

Many of King County's roads and bridges were built during the 1950s or earlier and are now reaching the ends of their useful lives, becoming increasingly unsafe or expensive to maintain.

The Roads Safety, Rehabilitation, and Retrofit program targets \$35 million in new funding between 2003 and 2008 toward pavement overlay, pedestrian safety improvements, guardrail and signal upgrades, and intersection and roadway safety improvements to meet current standards for safety and cost effectiveness. This amount was derived from numerous

planning and engineering studies that assessed the condition of the county's road system. These funds, combined with other dollars focused on improvements to existing roads, make up 52% of the total project budget in the 2002-2008 Roads CIP (see Figure 8).

The remaining 48% funds road alterations and other new capacity projects, including debt service payments for new projects to be funded by Roads Construction Bonds.

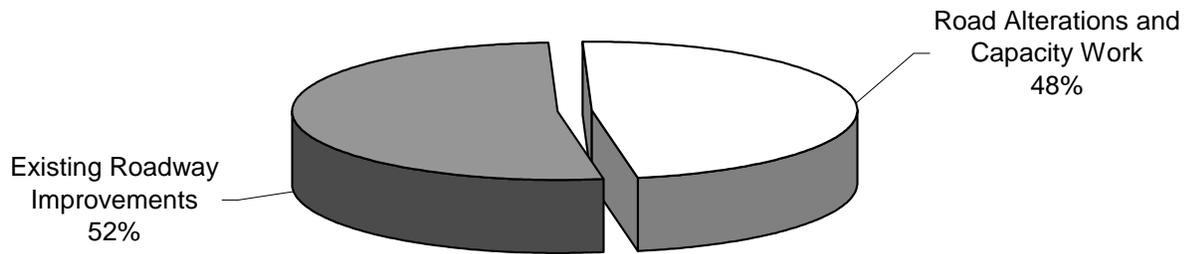


Figure 8: Road improvement funding 2003-2008—existing roads versus added capacity
