

## SOUND TRANSIT

### RESOLUTION NO. R98-35

#### Redrawing the Authority's boundary to exclude the City of Covington BACKGROUND AND COMMENTS

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
PGA Committee	7/17/98	Discussion Recommend Board Approval	Sheila Dezarn, Manager, Government Relations	206-684-1730
Board of Directors	7/23/98	Discussion/Possible action	Patrice Hardy Government Relations Specialist	206-689-4928

#### **ACTION:**

Redraw the authority's district boundary to exclude the City of Covington effective January 1, 1999.

#### **BACKGROUND:**

In 1994, the Central Puget Sound Regional Transit Authority Board (Sound Transit) adopted its district boundary per ST's enabling legislation, RCW 81.112. On May 31, 1996, the Board adopted its Ten-Year Regional Transit System Plan, Sound Move, which was approved by the voters within the boundaries of Sound Transit on November 5, 1996 along with the local option taxes to fund the plan.

On that same date, November 5, 1996, voters within a portion of unincorporated King County approved incorporation of the City of Covington. A portion of Covington lies within the Sound Transit boundary and a portion lies outside the boundary.

In 1998 the Legislature enacted SSB 6346, amending RCW 81.112, which permits a city that lies partially within and partially outside the Sound Transit boundaries, and whose vote to approve incorporation occurred simultaneously with a vote to impose local option taxes for the authority, to request to be removed from the authority's boundaries. Approval of two-thirds of the ST Board is required to make this adjustment to the boundary. This provision expires on December 31, 1998.

In accordance with the SSB 6346, the City of Covington adopted Resolution 98-38 (attached) requesting that (1) ST exclude the corporate limits of the City from the Sound Transit boundary and (2) that ST provide that any areas annexed by the City within the Sound Transit boundaries be excluded from the boundary upon the effective date of annexation. Legal counsel for Sound Transit has concluded that the Board is without statutory authority to act on the second part of their request, i.e., future annexations.

The Washington State Department of Licensing, which collects Sound Transit's MVET revenues, and the Washington State Department of Revenue, which collects Sound Transit's sales tax revenues, have advised Sound Transit that there are internal technical changes required to revise the authority's boundaries for the purposes of collecting local option taxes and have requested that the effective date of the boundary change be January 1, 1999. In addition, both DOL and DOR have indicated that it would be difficult to provide a retroactive refund of local option taxes to the residents of Covington effective to the date on which Sound Transit Board grants the City of Covington's petition for removal from the boundary.

#### **RELEVANT BOARD POLICIES AND PREVIOUS ACTIONS TAKEN:**

- ◆ Adoption of *Sound Move*, The Ten-Year Regional Transit System Plan (May 31, 1996).
- ◆ Adoption of Resolution No. 37, establishing and fixing the boundaries of the Authority (September 23, 1994).
- ◆ Adoption of Resolution No. 53, ...revising the Authority's boundaries...(January 13, 1995).
- ◆ Adoption of Resolution No. 75, ...fixing the Authority's boundaries...(August 23, 1996).

#### **KEY FEATURES:**

- ◆ Reduces the Sound Transit boundary by excluding of the City of Covington corporate limits, as they were drawn for purposes of the city's vote of incorporation on November 5, 1996, from the Sound Transit boundary.
- ◆ Boundary reduction is effective January 1, 1999.
- ◆ Reduces Sound Transit's revenue base.

#### **FUNDING**

Sound Transit's finance staff estimates that the agency could expect a revenue reduction of between \$1.9 and \$5.8 million (nominal) during Phase 1 from the withdrawal of Covington. In 1995 dollars, this represents \$1.5 and \$4.7 million less revenue - approximately 0.2% of anticipated tax revenues in Phase 1 of Sound Move.

#### **ALTERNATIVES:**

The Board could choose deny the petition requesting the City of Covington be excluded from the boundary.

#### **CONSEQUENCES OF DELAY:**

Delaying action on the petition to exclude the City of Covington from the RTA boundary impairs the Washington State Department of Licensing and the Washington State Department Revenue from completing boundary adjustments for the purpose of collecting local option taxes by January 1, 1999.

## SOUND TRANSIT

### RESOLUTION NO. R98-35

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority to redraw the authority's district boundary to exclude the City of Covington effective January 1, 1999.

WHEREAS, a regional transportation authority ("Sound Transit") has been created for the Pierce, King and Snohomish County region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, on November 5, 1996, Central Puget Sound area voters approved imposition of a local sales tax and a motor vehicle excise tax to fund *Sound Move*, a ten-year plan for regional high capacity transit in the Central Puget Sound Region; and

WHEREAS, RCW 81.112.050, as amended by Substitute Senate Bill 6346, permits a city whose boundaries cross the boundaries of a regional transportation authority and thereby result in only a portion of the city being subject to local option taxes to fund the regional transportation authority plan, and whose vote to approve incorporation occurred simultaneously with a vote to impose local option taxes for the regional transportation authority to request to be removed from the regional transportation authority's boundaries; and

WHEREAS, on November 5, 1996, the same date of the voter approval of local funding of *Sound Move*, voters within a portion of unincorporated King County approved incorporation of the City of Covington, a portion of which lies within and a portion of which lies outside the Sound Transit district boundaries; and


WHEREAS, on June 16, 1998 the Covington City Council passed Resolution No. 98-38 formally requesting that, pursuant to Substitute Senate Bill 6346, Sound Transit exclude from its

boundaries the corporate limits of the City of Covington, and further requesting that any areas annexed by the City of Covington which lie within the Sound Transit boundaries be excluded upon the effective date of annexation; and

WHEREAS, the Washington State Department of Licensing and the Washington State Department of Revenue have advised Sound Transit that the technical changes necessary to redraw the authority's boundary for the purpose of collecting Sound Transit local option taxes cannot be reasonably implemented before January 1, 1999.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that the Sound Transit district boundaries be redrawn effective January 1, 1999 to exclude the corporate limits of the City of Covington as of November 5, 1996, the date of the voter approved incorporation. For the purpose of collecting the Sound Transit sales tax, the boundary change shall be effective January 1, 1999. For the purpose of collecting the Sound Transit motor vehicle excise tax, the boundary change shall be effective with licensing fees that become due on or after January 1, 1999.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on the 23<sup>rd</sup> day of July 1998.



Bob Drewel  
Board Chair

ATTEST:



Marcia Walker  
Board Administrator