

2014 Supplemental Transportation Budget Summary

The House Chair's proposed 2014 Supplemental Transportation Budget includes \$9 billion in appropriations, an increase of \$338 million from the base 2013-15 biennial budget. Most of the increase reflects amounts reappropriated from the previous biennium for delayed capital activity.

Changes to the 2013-15 Fiscal Biennium Revenue Outlook.

The 2013-15 biennial budget is based on the March 2013 revenue forecast. Since that time, the forecast has been updated three times, but the outlook has changed very little. For the 18th Amendment revenue sources, the expected motor vehicle fuel tax collections have increased by \$10.4 million, or about 0.4 percent, and vehicular licenses, permits, and fees by \$13.5 million, or about 1.4 percent. For dedicated and flexible sources, expected toll revenue has increased by \$17.4 million, about 6.3 percent, while driver-related fees have decreased by \$10.9 million, or about -3.7 percent. Overall, expected revenues have increased by \$46.4 million, about 1 percent.

Capital Program Changes.

The capital program in the proposed 2014 Supplemental Transportation Budget maintains current legislative policy for the delivery of highway and ferry capital projects, by and large, including work on the SR 99 deep bore tunnel, the SR 520 corridor, the US 395 North Spokane Corridor, the I-405 express toll lanes, and the Olympic Class ferry vessels. The capital program includes an increase of \$328 million at the Washington State Department of Transportation (WSDOT), \$20 million at the County Road Administration Board (CRAB), and \$54 million at the Transportation Improvement Board (TIB). Of the WSDOT increase, \$268 million represents reappropriations for work that was intended to be completed in the 2011-13 biennium but was carried over into the current biennium. The remaining portion of the WSDOT changes reflects a combination of increases and decreases due to work that is being delayed or accelerated. The CRAB and TIB adjustments largely reflect reappropriated amounts.

While there are very few new items in the capital program, the ferry capital program does include funding for a third Olympic Class vessel of \$123 million, which assumes the passage of E2SHB 1129. The budget also includes funding for the completion of the first and second Olympic Class vessels, the Tokitae and the Samish.

One significant WSDOT highway construction program project change of note is in regards to the SR 520 bridge program. The WSDOT reached resolution on change orders and associated funding that are needed as a result of the correction of the design of the bridge pontoons. The change necessitated an increase in the project budget of \$26 million in the 2013-15 biennium and \$172 million in total. The chair's proposed supplemental budget intends to fund the total increase with \$111 million in the bonds backed by the tolls on the SR 520 floating bridge, motor vehicle fuel tax funds, and full faith and credit of the state ("triple pledge"); an increase of \$27.2 million in federal bridge funding; and an increase of \$33.8 million in Transportation Partnership Act (TPA) funding. The TPA increase is also accompanied by a directive to use least-cost planning on other TPA projects to offset the increase.

Operating Program Changes.

There are several noteworthy changes to some of the operating programs in the Transportation Budget. Overall, the operating program budgets decrease by \$66.6 million, due to a downward adjustment in the expected costs

of bond sales and debt service of over \$102 million. This decrease is offset by proposed increases elsewhere of about \$36 million.

The chair's proposed supplemental transportation budget provides funding for several Department of Licensing (DOL) programs that concern information technology (IT). Over \$5.2 million is provided for the next phase of the Business and Technology Modernization Project, which will fund cleanup of the vehicle data and document business rules to prepare for the update of the Vehicle and Driver Field systems. In addition, \$2.4 million is provided for the replacement of the DOL's Prorate and Fuel Tax System, and \$1.5 million is provided to begin to upgrade the Central Issuance System for drivers' licenses and identicards.

Funding of \$12.1 million is provided to the WSDOT Passenger Rail program to fully fund passenger rail service on the Amtrak Cascades route due to new requirements from the Passenger Rail Investment and Improvement Act of 2008.

For the WSDOT Tolling Operations program, \$3.9 million is provided to procure and transition to a new customer service center (CSC) and for CSC system improvement costs. The proposed supplemental budget also provides \$2 million for transponders and staff necessary for the initial implementation of the I-405 express toll lanes.

For WSDOT's Airport Aid program, \$565,000 of one-time funding is provided to address paving and preservation needs at the state's 136 public-use airports.

The chair's proposed supplemental transportation budget also provides authority to the WSDOT for coordinating positions to help with project delivery. A disadvantaged business enterprise (DBE) community engagement position is funded at \$200,000 per biennium to facilitate an increase in the pool of disadvantaged businesses available for the WSDOT contracts. In addition, within existing resources, a new WSDOT position is authorized to provide independent project quality assurance and ensure accountability.

For the Transportation Commission, the WSDOT Economic Partnerships Office, and the Office of the Treasurer, funding and direction is provided to support the further conceptual development of a road usage charge system. Funding in the amount of \$450,000 is provided to the Commission for the refinement of certain policy development tasks regarding the road usage charge, for the development of a road usage charge concept of operations, and for a financial analysis. The WSDOT and the Office of the Treasurer are also directed to assist in the road usage charge policy development and refinement efforts.

In addition to new programmatic activity, the chair's proposed supplemental transportation budget includes several studies. For the Joint Transportation Committee, \$250,000 is included to study the market for electric vehicle charging stations to determine whether there is a role for the state in supporting growth of the market. The DOL is directed to convene a workgroup to formulate recommendations concerning tow truck operators who are not required to register with the DOL. The DOL must convene another workgroup to examine issues relating to the taxation of liquefied and compressed natural gas when used as a transportation fuel, including examining the annual fee in lieu of tax and a transition plan to eliminate this annual fee.