

2017-19 Senate Transportation Committee Chair's Proposed Budget Summary

The 2017-19 Senate Proposed Transportation Budget includes nearly \$8.4 billion in total appropriations, including about \$470 million of reappropriations from the 2015-17 biennium for delayed capital activity and additional forecast federal dollars in the capital spending plan.

Changes to the 2017-19 Revenue Outlook

This budget proposal is based on the March 2017 forecast which includes slight changes to all major transportation revenue sources. Since the February 2016 forecast, cumulative transportation revenue projections are up \$166 million in 2017-19 and \$1.1 billion over the 10-year forecast horizon. Fuel tax collections are generally flat while license, permit and fee revenues are up. Toll revenues are generally up with increases in I-405 Express Toll Lanes, SR 167 HOT lanes, and the Tacoma Narrows Bridge toll revenues as well as small downward revisions on the SR 520 bridge toll revenues. Overall, state transportation revenues are forecasted at \$6.4 billion for the 2017-19 biennium.

The March forecast also incorporates federal funding levels from the Fixing America's Surface Transportation (FAST) Act, including recommendations made to the Governor on the state-local split of FAST Act revenues.

Connecting Washington Implementation

The Senate proposal makes some modifications to the Connecting Washington program. Projects generally retain current total funding and project aging assumptions as passed the 2016 Legislature. For the 2017-19 biennium, Connecting Washington Account expenditure authority is almost \$1.6 billion, which includes about \$71 million of expenditures reappropriated from 2015-17. Major project changes to the Connecting Washington list include:

- SR 520 Seattle Corridor Improvements – West End: Assumes no deferred sales tax on the project and advances applicable tax amounts into each biennium of construction;
- I-5/Rebuild Chambers Way Interchange Improvements: Advance \$7.5 million of Connecting Washington funds (mostly into 2017-19) to leverage federal emergency relief funds that will move the overpass reconstruction portion of the project forward; and
- US 395 North Spokane Corridor: Advance \$10 million of Connecting Washington funds into 2017-19 to keep the project on track with slight alignment adjustment around black tank site clean-up.

For transit and bicycle/pedestrian projects funded with new revenue, single line funding amounts on the project list are replaced with individual projects and aging assumptions. The

Senate budget relies primarily on WSDOT's 16-year aging recommendations for all transit and bicycle/pedestrian projects with some exceptions.

This is the first full biennium of funding for the Connecting Washington program. Appropriation amounts in the 2015-17 budget contained partial funding for various programs and activities recognizing the timing of tax and fee increases. In recognition of the commitments made from the 2015 package, the budget adds the following amounts to base funding levels in various WSDOT and other transportation agency programs:

Connecting Washington Incremental Budget Increases
(\$000's)

Agency	Program Title	16-Year Total	2015-17	2017-19
WSDOT	Maintenance	\$100,000	\$6,250	\$13,393
WSDOT	Traffic Operations	\$50,000	\$3,125	\$6,696
WSDOT	Transportation Management and Support*	\$5,250	\$750	\$1,500
WSDOT	Regional Mobility Grant Program	\$200,000	\$6,250	\$27,679
WSDOT	Rural Mobility Grant Program	\$110,000	\$3,438	\$15,223
WSDOT	Special Needs Transit Grants	\$200,000	\$6,250	\$27,679
WSDOT	Vanpool Grant Program	\$31,000	\$969	\$4,290
WSDOT	Transit Coordination Grants**	\$5,000	\$1,000	\$2,000
FMSIB	Freight Mobility Investment Account	\$61,500	\$1,922	\$8,511
FMSIB	Freight Mobility Multimodal Account	\$61,500	\$1,922	\$8,511
TIB	Transportation Improvement Account	\$70,000	\$2,188	\$9,687
TIB	Complete Streets Program	\$106,000	\$3,313	\$14,670
CRAB	Rural Arterial Trust Account	\$35,000	\$1,094	\$4,844
CRAB	County Arterial Preservation Account	\$35,000	\$1,094	\$4,844

*16-year total assumed to be spread over 3 biennia

**16-year total assumed to be spread over 2 biennia

The Senate proposal also provides the authority to WSDOT, on a pilot basis, to advance a limited list of projects using CWA Package funding that would otherwise need to be reappropriated the next biennium.

- The language limits the advancement to projects identified specifically in the provisos.
- WSDOT must provide notice to OFM and the Legislature 10 days prior advancing a project.
- The advancement of a project may not hinder the delivery of the project for which the reappropriation will be necessary.

Nickel and TPA Program

The Senate budget proposal continues delivery of remaining Nickel and TPA projects funded by the Legislature, with \$685 million of expenditure authority in the 2017-19 biennium. Roughly \$75 million of this is reappropriation from the 2015-17 biennium.

Major project changes in the Nickel and TPA lists include:

- Alaskan Way Viaduct: \$60 million increase;
- SR 520/Bridge Replacement and HOV: \$55 million savings; and
- Begin design on I-405/SR 522 to I-5 Capacity Improvements: \$1.5 million (in addition to \$3.5 in the 2017 supplemental budget).

Alaskan Way Viaduct

In December 2016, WSDOT reported that due to delays in the Alaskan Way Viaduct (AWV) Deep Bore Tunnel project, cash flow needs to complete the project would be up to \$149 million higher than the current project budget, with \$60 million needed in 2017-19.

As noted above, the Senate budget proposal includes \$60 million of additional TPA funds to ensure the project has adequate cash flow to continue. In addition, the budget uses \$200 million (\$122 million in 2017-19) of TPA bonds to be repaid from tolls to fund the existing project budget. The toll rate setting process is expected to begin in Fall 2017 with tolls starting in early 2019.

An additional \$10 million of multimodal funds are included in the Senate budget for transit mitigation during construction.

Other Capital Program Highlights

With increasing traffic congestion in the central Puget Sound region, the Senate budget proposal includes funding for additional traffic relief projects:

- I-405 NB Hard Shoulder Running: \$2 million (in addition to \$9.5 million in the 2017 supplemental budget) from toll revenue; and
- Add new capacity on I-5 from Seneca Street to Olive Way with mostly federal FAST Act funds: \$20.2 million.

The Senate budget proposal supports ferry capital funding through the 2021-23 biennium. Within this time period, major ferry capital project changes include:

- Emergency repairs: \$4 million;
- Mukilteo Terminal improvement: \$4 million increase; and
- Dispatch system replacement: \$1.8 million.

The Senate proposal adds \$145 million to existing fish passage barrier/culvert funding over the 16-year plan using primarily federal funds. The planned spending for these projects averages about \$90 million per biennium from 2017-19 through 2031-33.

Limited authority allowing WSDOT, with OFM approval, to transfer funds between Nickel and TPA projects when the Legislature is not in session is extended to CWA projects. However, for CWA projects, transfers to another project cannot be made using funds attributable to practical design savings as described in RCW 47.01.480.

The budget continues a fund created in the 2016 Supplemental Budget for capital program legal settlements and mitigation activities that are not covered by the state's self-insurance liability program. \$3 million will be held in unallotted status until WSDOT has exhausted all other fund sources to pay these legal settlements.

The Utilities and Transportation Commission is provided \$1.2 million for priority rail grade crossings and safety improvements associated with the 2014 Oil by Rail Legislative Study.

The Washington State Patrol is provided \$2 million in funding to improve and make updates to certain facilities at the Shelton Academy.

Driver Licenses

In October 2016, the federal Department of Homeland Security declined Washington's request for a compliance extension with the REAL ID Act. Without an extension, beginning January 22, 2018, Washington's standard driver license and identicard will no longer be accepted for commercial domestic flights. However, Washington's Enhanced Driver License (EDL) and identicard are considered valid documents for commercial domestic air travel.

Engrossed Senate Bill 5008 provides a plan to bring the state into compliance with the REAL ID Act, and funding is provided in the budget to implement this bill. The proposal would:

- Use the EDL as Washington's compliant driver license document for federal purposes;
- Reduce fees for EDLs to \$66 from the current \$108;
- Require the Department of Licensing to mark the standard driver's licenses to indicate that it is not valid for federal purposes.

\$4.5 million in funding is provided for additional Department of Licensing staff to address the possible increase in EDL issuance workload on an as-need basis for the 2017-19 biennium. In addition, \$350,000 is provided for outreach activities related to EDLs and identicards.

Major Information Technology Projects

The Senate budget includes funding for four major information technology projects in the 2017-19 biennium. These projects are multi-biennium efforts. Projects funded include:

- New tolling customer service toll collection vendor: \$27.9 million;
- Continuation of the DOL Business and Technology Modernization project: \$22 million;
- WSDOT Land Mobile Radio Upgrade: \$35 million; and
- WSDOT Labor System Replacement: \$15.2 million.

All four projects include oversight by the Office of the Chief Information Officer and periodic reporting requirements on project implementation.

Collective Bargaining Agreements and Compensation

Compensation proposals in the Senate budget include substantial pay raises for the Washington State Patrol. Increases are also included for ferry employees, however funding was not provided for certain requested pay increases and those labor agreements were rejected with a lesser amount of funding provided.

Compensation proposals for other employee groups, as well as policies related to pension contribution rates and employee health care benefits, will be identified in the Senate operating budget proposal.

Other Operating Program Highlights

Outside of compensation, central service agency revolving fund charges, and other major items previously noted, funds are added for various individual items in agency budgets as outlined below.

- WSDOT Operating Program Changes
 - Toll Operations and Maintenance
 - Current CSC vendor rate increase: \$558,000
 - Quality Assurance & Risk Mitigation: \$250,000
 - Information Technology
 - Ferries IT and network systems support: \$2.5 million
 - Aviation
 - Reduction in state authority for available revenues: \$1.5 million
 - Program Delivery Management and Support
 - Surplus property disposal: \$300,000
 - Practical solutions training: \$600,000
 - Design-Build project delivery: \$300,000
 - Maintenance
 - Damages by known third-parties: \$4.6 million
 - Oregon bridge agreements: \$592,000
 - Transportation Management and Support
 - Workforce and leadership development: \$300,000

- Transfer human resources staff support from ferries: \$1.5 million (corresponding reduction in ferries operating and capital programs)
 - Rail Operating
 - Operating costs for two new Amtrak Cascades round-trips from Seattle to Portland: \$19.5 million
 - Ferries Operating
 - Federal funds for vessel maintenance: \$8.7 million
 - Operating costs of the 4th Olympic Class vessel scheduled for operation in late 2018: \$1.6 million
 - Maintenance of the 87-car M/V Klahowya as the standby vessel instead: \$1.2 million
 - Operating costs for extraordinary boat moves due to emergency vessel maintenance: \$500,000
 - Two apprentices at the Eagle Harbor Maintenance Facility to address routine and emergency vessel work: \$271,000
- Washington State Patrol
 - Funding for lease and move costs to the new 1063 building: \$4.5 million (transportation portion)
 - Additional cadet class: \$1.9 million
 - E911 system upgrade: \$971,000
 - Land Mobile Radio system support and maintenance: \$1 million (\$400,000 of this amount will be used for an independent assessment of the current system to identify and recommend strategies to address implementation issues)
- Department of Licensing
 - Maintenance funding for the DRIVES system: \$7.75 million
 - Completion and maintenance of the CIS system: \$627,000
 - Licensing office reconfiguration and relocation: \$1 million
 - BTM Project reappropriation from 2015-17: \$1.7 million
- Transportation Commission
 - Update to the statewide transportation plan: \$350,000
- Board of Pilotage Commission
 - Consistent with the proposed floor amendment for SSB 5819, the Board of Pilotage is included as an appropriated agency. Funding is provided from the pilotage account fund balance, transfers from pilotage tariffs, transfers from the new self-insurance premium fee, and the multimodal account to pay for higher self-insurance premiums due to a recent legal settlement.
- Multiple Agencies (WSDOT, DOL, WSP): Shared cost according to agency usage of the Justice Information Network Exchange (JINDEX): \$392,000

Appropriations in Other Legislation

The Senate also provided \$350,000 in SSB 5806 for WSDOT to conduct a planning inventory in order to document existing planning data related to the construction of a new I-5 bridge over the Columbia River. WSDOT must report back the Legislature the details of the planning inventory by December 1, 2017.

2017 Senate Transportation Committee Chair's Proposed Supplemental Budget Summary

The 2017 Senate Supplemental Transportation Budget proposal includes just under \$8.1 billion in appropriation authority, a decrease of \$545 million from the 2016 enacted supplemental budget. The decrease is primarily from amounts reappropriated to 2017-19 for delayed capital project activity.

Summary of 2017 Supplemental Changes

- Department of Licensing
 - BTM Project Savings: \$704,000 savings
 - BTM Project reappropriation: \$1.7 million
- Washington State Patrol
 - JINDEX: \$150,000
 - Under-expenditures: \$8.4 million savings
 - Fuel rate adjustments: \$288,000
- Department of Transportation
 - Fuel rate adjustments: \$1.8 million savings
 - Program M Hood Canal Bridge repairs: \$461,000
 - Program M unreimbursed federal disasters: \$930,000
 - Program M extraordinary snow & ice removal: \$5 million
 - Program S federal on-the-job training grants: \$118,000
 - Program T federal authority adjustment: \$2.9 million
 - Program U Skagit River Bridge litigation: \$1.1 million
 - Program X Ferries Operating
 - Fuel: \$1.2 million savings
 - Federal/state fund switch: \$752,000
 - Extraordinary boat moves: \$792,000
 - Sprinkler Testing (Coast Guard requirements): \$371,000
- Other operating items
 - WTSC federal authority adjustment: \$400,000
 - Transfer language for WSDOT operating items to close the biennium
- Major Project List Changes
 - I-405 NB Hard Shoulder Running: \$9.5 million
 - Begin design on I-405/SR 522 to I-5 Capacity Improvements: \$3.5 million
 - I-90/Snoqualmie Pass advancement: \$21.1 million
 - Begin bridge portion of Chambers Way project: \$4.5 million
 - More federal funds available for pavement preservation work: \$93.5 million