

Supplemental Transportation Budget (ESHB 2134) - Summary

The supplemental transportation budget (supplemental budget) spends a total of \$14.6 billion, an increase of \$1 billion from the enacted biennial budget. Much of the increase is for spending at the Department of Transportation (DOT) and made possible by: 1) reappropriated federal funding (\$246 million overall); 2) increased carbon emission allowance auction revenues (\$340 million allocated for transportation purposes); and 3) increased Move Ahead WA (MAW) account spending from available balances (\$308 million).

Resource Changes

Overall, the total expected traditional transportation revenues for the 2023-25 fiscal biennium are lower by \$56 million since the 2023-25 budget was adopted in 2023, an 0.8 percent decrease. Traditional revenues include: fuel taxes; vehicle and driver's license, permits, and fees (LPFs); ferry fares; and tolls.

Looking at the MAW funding package adopted in 2022, revenues for the package funding sources are down by \$33 million for the biennium, and \$131 million over a ten-year period. MAW revenues are largely dependent on license, permit and fee revenues so the changes in MAW revenue tends to track with changes to overall LPF revenue.

Regarding non-traditional resources, revenues from the auction of carbon emission allowances under the Climate Commitment Act (CCA) were much stronger than expected, owing to higher than expected demand for the allowances. At the end of the 2023 legislative session, it was projected that the auctions would bring in \$1.9 billion over the course of the fiscal biennium; it is now projected that they will bring in \$2.8 billion. For the supplemental budget, the additional revenue supports \$323 million in expanded CCA-related spending.

Expenditure and Policy Modifications

The supplemental budget includes a number of modifications to agency appropriation levels.

CCA-related Activities

The supplemental budget includes the appropriation of \$339 million in additional funds from the Carbon Emissions Reduction Account (CERA). A summary is shown in the table that follows.

Private sector incentives - zero emission activities. The supplemental budget includes over \$40 million in additional CERA funding for the programs at the DOT Public-Private Partnership program for Zero-Emission Vehicle Infrastructure Partnerships (ZEVIP) Grant Program alternative fuel charging infrastructure grants for the deployment of alternative fuel vehicle charging and refueling infrastructure on state highways; for the Zero Emission Vehicle Access Program (ZAP) from the Carbon Emissions Reduction Account for clean fuel car share grants to low-income communities not currently served with transit options; for hydrogen infrastructure grants and federal match funding; and for medium and heavy duty zero-emission vehicle incentives.

Ferry Vessels / Electrification. The supplemental budget includes over \$207.1 million in CERA funding for both state and local ferry vessel and terminal electrification efforts. At the state level, over \$196 million is provided for hybrid electric vessel construction, as well for vessel conversions and terminal electrification. Amounts include set-asides that would be provided in future biennia to fully fund the

hybrid-electric Olympic Class vessel construction program. At the local level, \$10 million is provided to support an all-electric replacement of the Guemes ferry boat.

Climate Commitment Act:		
Increased Transportation Spending for 2024		
	<i>(Dollars in Thousands)</i>	Total
2023-25 Enacted Base		967,694
Transportation Reappropriations		16,070
Department of Transportation		
<i>Public-Private Partnerships</i>		
	ZEV State Infrastructure Grants	15,000
	Med./Heavy Duty Vehicle Voucher Pgm	10,000
	Hydrogen Infrst. Grants & Fed. Match	10,000
	ZAP EV Car Share - Low Income Comm.	3,400
	Elimination of Equipment Set-Asides	-10,500
	Other projects	2,525
<i>Ferries</i>		
	Hybrid Electric Vessel Construction (incl. out-year set-aside)	124,610
	Vessel & Terminal Electrification (incl. out-year set-aside)	71,490
<i>Rail</i>		
	Port Electrification Projects	35,500
	Ultra High Speed Rail (Move Ahead WA)	-25,000
<i>Public Transportation</i>		
	Various projects	30,167
<i>Planning</i>		
	World Cup Transportation Planning	1,000
<i>Local Programs</i>		
	Local electrification initiatives	10,982
	Local active transportation projects	22,237
Department of Transportation Total		301,411
Department of Ecology		
	Electric School Bus Program*	4,000
Dept of Enterprise Services		
	ZEV Supply Equipment Infrastructure	12,000
Other Agencies		
	Various projects	5,477
Supplemental Total (with Reappropriations)		338,958

*The CERA amount is matched with \$15.7 M of MTCA funds.

Port electrification. The supplemental budget includes \$35.5 million for port electrification efforts. This includes \$14 million in additional funding for the NW Seaport Alliance Zero Emission Shore Power Demonstration Project and \$20 million to the Puyallup Tribe for port electrification.

Public Transportation. Over \$30 million is provided for various green transit project and grant programs.

Active Transportation. The supplemental budget provides over \$22 million in CCA-related funding for various local pedestrian, bicycle, and sidewalk projects.

Local school district buses and state vehicle fleet - zero-emission vehicle (ZEV) grants. Almost \$16 million in CERA funding is provided in the supplemental budget for state and local school district fleet electrification efforts. \$12 million is provided to the Department of Enterprise Services (DES) for ZEV supply equipment infrastructure to accommodate charging station installation. In addition, \$4 million (and combined with \$15.7 million of the Model Toxics Capital Account funds) is provided to the Department of Ecology for grants to local school districts to transition to zero emission student transportation.

Capital Programs - DOT.

The capital programs at DOT include the Highway Construction Program (Improvements and Preservation Programs); the State Ferries capital program; as well as Rail Capital, Transportation Operations Capital, Transportation Facilities Capital, and Local Programs Capital programs. The supplemental budget provides ongoing funding for these programs and addresses significant cost escalation in both the Highway Improvements Program and the Ferry Capital program.

Highway Improvements. Several projects in the Highway Improvements program received higher than expected bid proposals or have updated engineer estimates that exceed appropriated amounts provided in the 2023-25 biennial transportation budget. External cost and risk factors are creating cost escalations for state projects as well as transportation projects nationwide. Elevated costs are due to many factors including material cost volatility and availability; market conditions and competition among agencies; inflation volatility; labor shortages; newly identified fish passage barriers; and other risks.

Notable state megaprojects with increased costs include:

- SR 520 Seattle Corridor Improvements - West End project, including the Portage Bay Bridge Replacement and Roanoke Lid project. To address escalated bid costs, \$78 million in additional funding is provided in 2023-25. The increased costs over several biennia total \$770 million. The department is directed to apply for a sales tax deferral of \$140 million and other additional funds assist in accommodating the cost increases.
- \$275 million in increased costs are provided for the I-405 and SR 167 Corridor Program including the SR 522/Brickyard project and the SR 167 Corridor Improvements project. To complete the corridor program within appropriated funds, three remaining projects will be delayed by two to ten years, including the I-405 North 8th Street Direct Access Interchange.

In addition, the supplemental budget includes new funding for the following megaprojects:

- \$150 million in Move Ahead WA-State (MAW-S) funding is provided for the Fish Passage Barrier Removal Program in the 2023-25 biennium with the intent of fully complying with the federal *U.S. v. Washington* court injunction by 2030. The Fish Passage Barrier Removal Program receives a total of \$1.3 billion from all fund sources in the 2023-25 biennium.

- An additional \$600 million in federal grant funding has been added to available resources beyond the 2023-25 biennium for the Interstate Bridge Replacement Program to construct multimodal improvements to 5 miles of I-5 corridor between Washington and Oregon including replacement of the bridge over the Columbia River. The Interstate Bridge Replacement Program receives \$275 million of funding in the 2023-25 biennium.

Overall 2023-25 funding for other notable projects includes:

- \$795 million for the SR 167/SR 509 Puget Sound Gateway;
- \$460 million for the I-405/Renton to Bellevue - Corridor Widening;
- \$326 million for the I-405/SR 522 to I-5 Capacity Improvements;
- \$209 million for the I-5 JBLM Corridor Improvements;
- \$192 million for the US 395 North Spokane Corridor;
- \$144 million for the I-90 Snoqualmie Pass-Widen to Easton; and
- \$37 million for the I-90/SR 18 Interchange Improvements.

Several other items and activities are part of the Highway Improvements program:

- \$7.5 million in state funding (MVA-S) is provided for a federal funds exchange pilot to allow local governments to exchange their federal funds with state funds at a rate of 95 cents to 1 dollar.
- \$1 million (MMA-S) is provided as matching funds for the Federal Highway Administration's wildlife crossings pilot program, in the 2024 grant application cycle, for wildlife crossing underpasses on US 97.
- Direction provided to the Capital Project Advisory Review Board (CPARB) to review the planned procurement methods for specific projects listed in the bill prior to initiating advertisements and requests for qualifications on these projects. After the Board's recommendations have been provided, WSDOT may initiate new advertisements and requests for qualifications, incorporating the recommendations as appropriate.

Highway Preservation. The supplemental budget includes \$260 million for Highway Preservation in the Move Ahead WA package, including \$100 million in the 2023-25 biennium and \$80 million in each of the subsequent two biennia to advance state investments by seven years in the total \$1.5 billion investment for highway preservation over the 16-year MAW program. Highway preservation funding totals \$1 billion in the 2023-25 biennium.

Ferries Capital. The Washington State Ferries (WSF) Capital program has also faced cost increases on projects concerning fleet electrification. These projects include:

- The hybrid-electric conversion of all three of the Jumbo Mark II class vessels;
- The hybrid-electric Olympic Class procurement (five vessels); and
- Other terminal and vessel electrification projects.

The cumulative cost increases over several biennia amount to almost \$250 million. In the current biennium, over \$73 million is provided to cover cost increases.

Funding for a pre-design study for a potential next class of vessels is funded at \$1.5 million from the Puget Sound Capital Construction Account-State (PSCCA-S) in the 2023-25 biennium. The purpose of the initial work of this study is to determine whether a new vessel design is needed for vessels which serve the Triangle Route.

For vessel preservation, an addition \$33.1 million (from MAW-S and PSCCA-S) is added for the 2023-25 and 2025-27 biennia.

Rail Capital. In addition to the CERA funding for ports, the supplemental budget includes \$2 million of Multimodal Transportation Account-State (MMA-S) to the Port of Quincy for an expansion of rail infrastructure and \$5 million from the Transportation Infrastructure Account-State as a low-interest loan for corridor expansion at the Port of Longview to accommodate current and future port cargo-handling needs.

Other DOT Capital. The supplemental budget provides \$4.8 million in Motor Vehicle Account-State (MVA-S) funds for vehicle repair parts for the vehicle fleet at DOT. In addition, \$4.1 million in MVA-S is provided for design of a replacement for design of a Transportation Equipment Fund Shed at Corson Avenue in Seattle.

Operating Programs

Department of Licensing (DOL). The supplemental budget includes \$2.1 million Highway Safety Account-State (HSA-S) funds to prepare for the DOL and Washington for REAL ID implementation May 7, 2025. The federal REAL ID Act establishes minimum security standards for state-issued driver licenses and ID cards. Starting May 7, 2025, anyone traveling by airplane or visiting certain federal facilities must use a REAL ID-compliant document. The funding provided includes \$1 million for ethnic media buys and for grants to community based organizations.

Funding is also provided for a few executive and legislative initiatives. \$1.4 million of MVA-S funding is provided for a Prorate and Fuel Tax Discovery team to improve fuel tax laws enforcement. \$750,000 is provided to expand driver's licensing support services at community-based organizations. \$150,000 of Highway Safety Account-State funding is provided for the DOL to assess opportunities to close availability and accessibility gaps in rural and underserved areas in its implementation plan for improving young driver safety. \$75,000 is provided to study the possibility of offering a refresher driver's course for young drivers.

State Patrol (WSP). The supplemental budget restores \$6.2 million State Patrol Highway Account-State (SPHA-S) of vacancy savings to reflect improved expectations for filling trooper vacancies. This restoration also recognizes the costs of conducting day-to-day business with fewer staff.

Further recruitment and retention investments include an additional Trooper Basic Training Class for \$5.9 million SPHA-S and an initial \$691,000 SPHA-S for a trooper longevity bonus program to retain experienced commissioned staff.

To continue the commitment to updating of the WSP aircraft fleet, the purchase of a second Cessna airplane with forward looking infra-red cameras is authorized for delivery in the 2025-27 biennium.

For increased enforcement of compliance with ignition interlock requirements associated with impaired driving offenses, \$250,000 is provided, and an identical amount is provided to expand motor vehicle license investigation in King County.

DOT / Toll Operations. The supplemental budget funds an increase in the insurance required to cover both the SR 520 floating bridge and the Tacoma Narrows Bridge, \$5.2 million in funds from the SR 520-State Account and the Tacoma Narrows Toll Bridge-State Account. \$75,000 was provided for WSDOT to conduct an actuarial analysis of self-insuring the SR 520 floating bridge and the Legislature intends to self-insure the bridge starting July, 2025.

DOT / Aviation. The supplemental budget includes: \$300,000 in funding from the Aeronautics Account-State for the Port of Bremerton to conduct a study on the feasibility of offering commercial service at the Port of Bremerton Airport; and \$2.6 million for the Pullman-Moscow Regional Airport for their terminal and runway realignment program, including capital purchases to support glycol recovery.

DOT / Public-Private Partnerships. In addition to items mentioned in the CCA section above, the Public-Private Partnership program is provided funds to assist several local government zero-emission vehicle efforts:

- \$800,000 (CERA-S) is provided for the cities of Bellevue and Redmond to each purchase an electric fire engine.
- \$1.7 million (CERA-S) is provided for a Tacoma Public Utilities' medium-duty zero-emission utility service vehicle pilot project that includes charging infrastructure and mobile battery units.

DOT / Highway Maintenance and Transportation Operations. The supplemental budget funds several initiatives associated with the safety and security of the state highway system:

- Additional resources are provided for the department to address the risks to safety and public health associated with homeless encampments on department owned rights-of-way, including \$2 million for highway encampment cleanup. (\$13.5 million MVA-S)
- A Graffiti Abatement and Reduction Pilot Program is established with WSDOT to field test drone technology and testing of improvements to systems to identify graffiti property damage. (\$1 million MVA-S)
- Funding is provided for the department to develop a highway speed safety camera pilot program to test two or three automated traffic safety cameras on state highways with the goal of reducing speeding on state highways. (\$1 million MVA-S)

DOT / Planning. \$1 million in CERA-S funding is provided for the DOT to work with the Seattle World Cup Organizing Committee to create plans that minimize the use of single-occupancy vehicles during large venue events.

DOT / Public Transportation. In addition to the CCA-funded items discussed previously, the supplemental budget includes \$100,000 of MMA-S for a Rideshare Voucher Pilot to provide funds to nonprofit organizations to offer rideshare vouchers to people with low-income and people with disabilities; \$300,000 of MMA-S for a Kitsap Transit study of water taxi feasibility; and \$122,000 for a vanpool subsidy for state workers.

DOT / Ferries. To address crewing issues at WSF, supplemental budget includes:

- \$10 million Puget Sound Ferry Operations Account-State (PSFOA-S) for two additional crew to be added to each shift. At full implementation, 70 additional Ordinary Sailors and 90 engine room Oilers will be added, providing redundancy when employees in these positions are not available to work.
- \$2.1 million PSFOA-S to double the number of Able-Bodied Sailors to gain credentials and pilotage experience to become Licensed Deck Officers.
- \$988,000 PSFOA-S to increase the number of engine room internships (Wipers) from 10 to 26.
- \$935,000 PSFOA-S to increase the number of dispatch staff available to fill crew openings around the clock.
- \$538,000 PSFOA-S to increase human resources staffing to ensure prompt hiring of new WSF employees.
- \$540,000 PSFOA-S to support increased class sizes and stipends for the New Mate Scholars to complete training at the Marine Institute of Technology and Graduate Studies and meet pilotage requirements.

- \$169,000 PSFOA-S for a service planner to assist with planning route changes.

The supplemental budget also addresses service enhancements, funded at \$7.2 million PSFOA-S, including enhanced passenger-only ferry service provided by Kitsap Transit to Bremerton and by King County Metro to Vashon Island.

DOT / Rail. The supplemental budget includes two initiatives relating to the federal Corridor ID program, a comprehensive intercity passenger rail planning and development program that is intended to help guide intercity passenger rail development throughout the country and create a pipeline of intercity passenger rail projects ready for implementation. \$500,000 (MMA-F) is provided for the integration of Amtrak Cascades Service Development Plans from both Washington and Oregon to create a corridor plan for investments over the next 20 years. Additionally, \$500,000 (MM-F) is provided for a Service Development Plan for a new high-speed rail corridor connecting Portland, Seattle, and Vancouver, B.C. \$50,000 (MMA-S) is also provided for WSDOT for support to Montana's Big Sky Passenger Rail Authority in its Corridor ID program effort to study the North Coast Hiawatha route that would include travel west through Washington to Seattle.

For freight projects, \$5M (TIA-S) in loan funding is provided for a Port of Longview Rail Corridor expansion and additional funding of \$4M (TIA-S) is provided to the Connell Rail Interchange project, and \$2M (TIA-S) is provided for rail infrastructure expansion at the Port of Quincy.

Traffic Safety Commission. \$8.5 million in HSA funding (\$8 million federal, \$500,000 state) is provided for public education and enforcement efforts and to increase grants to local jurisdictions and community-based organizations for projects such as improving bike, pedestrian, and school zone safety. \$1 million (HSA-S) is provided for DUI enforcement grants, \$750,000 (HSA-S) for an ignition interlock compliance pilot, and \$300,000 (HSA-S) for anonymized speed telematics data on vehicle speeds and driver behavior.

Studies and Follow Up Research

The supplemental budget includes several studies and follow up research initiatives.

For the Transportation Commission:

- \$250,000 (MVA-S) is provided to carry out engagement on recent Road Usage Charge research it completed.

For the Joint Transportation Committee (JTC):

- \$477,000 (CERA-S) is provided to conduct a study of the impacts of implementing California's emissions standards for ocean-going vessels at berth in Washington.
- \$450,000 (MVA-S) is provided to evaluate and provide recommendations on alternative and innovative project delivery practices.
- \$375,000 (MVA-S) is provided for the JTC, in consultation with the Municipal Research and Services Center, to convene a work group to evaluate and provide recommendations on streamlining project delivery methods.
- \$250,000 (MMA-S) is provided for a review of transit-oriented development conditions in certain cities in the five largest counties in the state.
- \$100,000 (PSFOA-S) is provided for a work group to review Washington State Ferries (WSF) funding requirements and explore dedicated funding sources. A related economic impact study of the ferry system on the statewide economy will provide input into these discussions.

For DOT:

- \$500,00 (MMA-S) is provided to the Program Delivery, Management, and Support Program to explore alternative uses of the state's highway rights-of-way; review and make recommendations to update its utilities accommodation policy; review and update the department's vegetation management plans; and identify existing highway rights-of-way suitable as designated energy corridors.
- \$75,000 (SR 520-S) funding is provided to the Tolling Operations and Maintenance Program for an actuarial review on self-insuring the SR 520 Bridge.

For the Washington State Institute for Public Policy:

- \$188,000 (Aeronautics-S) is provided to conduct an assessment and literature review regarding air travel demands.

For the Western Washington University

- \$140,000 (MMA-S) is provided for the Center for Economic and Business Research to conduct an economic impact study of the Washington State ferry system.