

# **Section 1**

# **Transportation Budget**

# **Overview**



# House Transportation Chair Proposed Budget Overview

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The House Chair's proposed transportation budget for 2007-09 totals \$7.4 billion. Of that total, \$4.7 billion will be spent by Department of Transportation (DOT) and other agencies on capital projects. The remaining \$2.7 billion is spent on the maintenance of state highways; ferry, rail and traffic operations; grant programs to local governments, transit agencies, non-profit transportation providers, and airports; bond debt payments; and the continuing operations of transportation agencies, including the DOT, Washington State Patrol, Department of Licensing, Traffic Safety Commission, Transportation Improvement Board, and the County Road Improvement Board.

## Maintaining the 2003 and 2005 Project Commitments

The 2007-09 transportation budget carries out the next phase of the construction programs authorized by the Legislature in 2003 and 2005. With this budget, \$2.6 billion in Nickel and Partnership funds are authorized for the next biennium for the projects approved by the Legislature in previous actions.

As proposed, the 16-year plan accommodates nearly \$2 billion in cost increases primarily due to extraordinary inflation that is driving up construction costs across the country. In addition, in contrast with the Governor's proposal, the House Chair's proposed transportation budget restores planned project schedules for some significant projects around the state.

To pay for these increases without making project reductions, legislative bond authorizations will have to be increased by \$1.2 billion. These funds, combined with the use of increased federal bridge funding and the application of multi-modal funds towards traffic mitigation during construction, allow the House Chair's proposed transportation budget to maintain project commitments.

## Keeping Projects Moving

**Eliminating Delays in Project Schedules.** The House Chair's proposed transportation budget restores project schedules delayed by the Governor's proposal as follows:

- The widening of **SR 502/I-5 to Battle Ground** in Vancouver will be completed four years earlier.
- Safety improvements at **SR 532 at 64<sup>th</sup> Ave** will be completed two years earlier.
- At **I-405 and 132<sup>nd</sup> Street** the interchange project will be finished about 8 years earlier.
- Replacement of the interchange at **I-5 at Grand Mound** will be completed 10 years earlier.
- The **SR 162/Puyallup River Bridge** replacement will be completed two years earlier.

- The widening of **US 101/Shore Road to Kitchen Road** will be completed two years earlier.
- Finally, smaller **bridge projects in Cowlitz, Pacific, Snohomish, and Yakima counties** will also be finished on an earlier schedule.

**Project Accountability and Management Flexibility.** The 2007-09 transportation budget is focused on delivering the safety and capacity improvement results promised by the Legislature's actions in 2003 and 2005. To support that effort, the House Chair's proposed transportation budget provides the DOT with a number of management tools for keeping projects moving.

As a mechanism for management flexibility, the budget creates a management reserve and allows transfers from it for most project cost increases. At the same time, the Legislature retains line-item appropriations for transportation projects, continuing to hold the DOT accountable for the timely delivery of those projects. The DOT is required to report quarterly on actual project costs and schedules compared to legislatively-established benchmarks. The report must also include the amount of funds for each project taken from the management reserve.

The DOT is also directed to manage project cost increases by seeking cost-effective means of delivering project results, using such tools such as value engineering and constructability and design standards reviews. If, despite these strategies, the construction program continues to experience cost increases over and above legislative expectations for the 16-year financial plan, the DOT is directed to identify the amounts of additional revenue needed to fully fund the plan.

## **Mega Projects**

The state must address the safety concerns presented by the Alaskan Way viaduct and State Route 520 bridge as soon as possible. The House Chair's proposed transportation budget provides funding to get started on early components of both projects that will address safety concerns, and to position the DOT to begin building both projects as soon as issues around final design choices are resolved.

For the viaduct, with its partners, the state will fund repairs of columns at Washington Street, relocation of critical electrical transmission lines, fire and life safety upgrades to the Battery Street tunnel, retrofit work on the north end of the project, and viaduct removal at the south end of the project. All of these projects are required under any design alternative being discussed.

To facilitate the determination of final project design for the viaduct, the budget supports the Governor's intent to convene a collaborative process involving key leaders. The process should be guided by the principles of maintaining public safety, meeting capacity and mobility needs, and spending taxpayer dollars responsibly.

In addition, \$162 million of multi-modal funding is allocated to the viaduct replacement project over the life of the project for the costs of mitigating traffic during construction.

For the State Route 520 bridge replacement project, an additional \$120 million is allocated to the project. Of that amount, early funding is provided to site pontoon construction, focusing management efforts on this core piece of the project which is a part of every design alternative being discussed. In addition, the DOT is directed to apply for Federal Transit Administration funding to support high-occupancy vehicle improvements contained in every design alternative.

For both projects, the House Chair's proposed transportation plan sets aside over \$1 billion in a risk pool. This funding recognizes that until these projects have a final design chosen and progress further through preliminary engineering, it is too soon to develop an accurate budget.

Finally, for all mega-projects, the House Chair's proposed transportation budget directs that designs should be evaluated considering cost, capacity, and safety, as well as how the design of the facility fits within the state's urban environments.

## **Multi-Modal Investments**

**Regional Mobility Grants.** \$40 million is appropriated for new regional mobility grants that help local governments fund inter-county services, park and rides, rush hour transit, and capital projects that improve connections and efficiency in the transportation system.

- The grant program was established in 2005 with a \$20 million appropriation. The first grants were awarded in 2006.
- The DOT recommends 16 projects for funding, ranging from a 6 percent match for a \$43 million project in Shoreline to construct Business Access and Transit lanes, to a 90 percent match for a \$836,000 park and ride in North Wenatchee.
- The 16 recommended projects will reduce vehicle miles traveled by 70 million miles, and eliminate 3.7 million vehicle trips annually.

**Commute Trip Reduction.** The budget increases funding for vanpools from \$6 million to \$12 million, which will provide for another 520 vanpools in areas across the state. With about eight people in each van, this means there will be up to 3,640 fewer vehicle trips during the peak morning commute.

**Mobility Education Pilot.** \$200,000 is provided to fund the mobility education pilot programs in three counties as authorized in Substitute House Bill 1588. This will finance development of a driver's education curriculum to increase driver awareness of pedestrians and bicyclists sharing the road, and will also teach student drivers how to use alternative forms of transportation.

**ACCT Reauthorization.** The budget provides \$681,000 to reauthorize the Agency Council on Coordinated Transportation, and to fund an examination, coordinated by the Joint Transportation Committee, of how to improve coordination of special needs transportation at the sub-regional level. As identified in Substitute House Bill 1694, the goal is to remove legal and operational barriers, and to provide more effective and more efficient special needs transportation services.

**Special Needs and Rural Mobility Transit Grants.** \$46.5 million in grant funding is provided to transit agencies and non-profit transportation providers to support special needs and rural mobility transportation programs around the state.

**Pedestrian and Bicycle Safety Grants.** \$11 million is appropriated for 25 grants to local governments to improve pedestrian and bicycle safety. Projects typically address locations with a history of pedestrian and bicycle crashes, and include sidewalk improvements, pedestrian countdown signals, refuge islands, increased police patrols, and safety education programs.

**Safe Routes to Schools.** \$7 million is appropriated for 19 grants to cities, counties, schools, and school districts to improve safety on routes children take to school. The goal is to provide a safe, healthy alternative to riding the bus or being driven to school. Typical projects improve pedestrian paths, construct sidewalks and crosswalks, install flashing beacons, and increase police patrols.

**Rail Funding.** Funding is provided for a fifth daily round trip on Amtrak Cascades between Seattle and Portland. The service began July 1, 2006.

Rail capital projects are funded at \$196 million, to facilitate the movement of people and goods, to reduce conflicts between rail and roadways and between passenger and freight rail, and to support ports and shippers in the state.

Of that amount, \$154 million is appropriated for passenger rail projects in Mount Vernon, Everett, Blaine, Lakewood, Stanwood, Tacoma, Vancouver, Tenino, Bellingham, and Seattle. Funds are also provided to overhaul existing Amtrak Cascades trainsets.

None of this money is used for Sound Transit, which is financed by voter-approved taxes in King, Pierce, and Snohomish counties.

**Freight Mobility.** Nearly \$40 million is provided for freight rail projects in Dayton, Tacoma, Creston, Ephrata, Wheeler, Vancouver, Hoquiam, Longview, Moses Lake, Chehalis, Bellingham, Spokane, Toppenish, and other cities. Funding is also provided to continue the program of purchasing a fleet of refrigerated rail cars for the Washington Produce Rail Car Program.

\$2.5 million is also provided for a freight rail investment bank to provide grants or loans for rail capital improvements, such as spurs or sidings needed to serve industrial parks.

The budget provides \$59 million for 19 freight mobility projects that build grade separations to reduce rail/road conflicts, move truck traffic away from main streets, construct grade-separated routes, and address other projects that improve freight movement and separate cars from trains.

Paired with the freight mobility project funding is \$71 million for highway projects that facilitate the movement of freight. Projects include strengthening highways where travel is restricted due to freeze-thaw closures, improving bridges and overpasses that have height or weight restrictions, and constructing truck-climbing lanes.

### **Increasing Capacity on Existing Roadways**

**Intelligent Transportation.** The 2007-09 transportation budget provides \$22 million for traffic operations projects which improve commercial vehicle operations, traveler information, and safety and congestion relief, by applying advanced technology solutions to transportation.

**Commercial Vehicle Information Systems and Networks (CVISN).** \$3 million in federal and state funds is provided for the second phase of the CVISN Program. This program allows for expedited motor carrier safety screening and enforcement at the roadside by delivering real-time information on motor carrier safety, size, weight, and credentials. It will be implemented at 11 weigh stations along Interstate 5, Interstate 90, and Interstate 82.

**Low-Cost Enhancements.** The budget funds \$6.8 million for low-cost traffic operations enhancements, which provide immediate safety and efficiency improvements to the highway system. These projects cost less than \$100,000, and include minor widening of ramps, spot guard rail improvements, better signal equipment, and bicycle and pedestrian connections.

**Clearing Accidents More Quickly.** An incentive is provided to encourage tow companies to clear accidents involving heavy trucks in less than 90 minutes. This will reduce congestion and improve travel times in King, Pierce, and Snohomish counties. Annually, there are more than 3,900 collisions involving heavy trucks, causing road closures and congestion that affect thousands of motorists.

**Responding to Winter Storms.** As a result of the significant winter weather that occurred during both winters of the 2005-07 biennium, the DOT maintenance program is expected to use about 108,000 tons of de-icer, representing about a 20,000 ton increase. In addition, the cost of de-icer increased by about \$50 per ton. The second supplemental budget for 2005-07 includes \$3.7 million to cover these increased costs of responding to past winter storms.

## **Washington State Patrol (WSP)**

If no action is taken, the WSP Highway account will have a \$35 million shortfall in its budget. This structural deficit, a result of revenues insufficient to support expenditures from the account, would amount to \$280 million over the life of the transportation budget's 16-year financial plan.

To address this problem, the House Chair's proposed budget reduces some spending increases proposed by the Governor, realizes some savings in capital and technology projects and other areas, and transfers \$23.5 million from the Motor Vehicle Fund, \$12 million from the Highway Safety Account, and \$2.5 million from the Licensing Services Account to balance the Patrol's budget for 2007-09.

At the same time, the House Chair's proposed budget provides funding for a few new initiatives at WSP including the following:

- \$92,000 classroom technology and other equipment at the Training Academy;
- \$179,000 for the transportation budget's share of an engine overhaul and replacement of de-ice boots for the King Air passenger airplane;
- \$81,000 for to replace aging traffic collision investigation equipment; and
- \$662,000 for electronic traffic information processing, or eTRIP, which will allow law enforcement agencies to electronically create citations and collision reports in the field and transmit the information to authorized users.

To implement Substitute House Bill 1304, \$2.8 million is provided to the WSP and the Department of Licensing to carry out increased commercial vehicle safety initiatives. This legislation authorizes the WSP to use data-driven analysis to prioritize motor carriers for inspection and compliance reviews and authorizes the WSP to place motor carriers out of service until violations have been corrected. The bill increases penalties for commercial vehicle compliance and safety violations, to pay additional enforcement costs.

## **State Ferries**

**Ferry Finance Study.** Washington State Ferries (WSF) is at an important financial crossroads. The voters' repeal of the motor vehicle excise tax (MVET) in 1999 significantly reduced revenues. In response, fares have increased by 62 percent since 2001. At the same time, the system's aging terminals and vessels have come due for replacement and fuel and labor costs are rising, increasing cost pressures on the system.

In 2006, the Governor and the Legislature authorized a Ferry Finance Study to facilitate policy discussions about how to solve the structural imbalance of revenue and costs for the ferry system. At issue is how to reduce reliance on ferry fare increases and transfers of revenues dedicated to other uses, as well as how to contain capital construction costs.



To implement the recommendations of the Ferries Finance Study, the House passed ESHB 2358, which requires WSF to review the way it plans and designs ferry terminals and plans for future growth. This effort will be overseen by the Joint Transportation Committee, and will ensure that terminal improvement program costs are reasonable before the Legislature considers new revenue to fund the projects.

As a result of this study, the budget:

- Freezes fares in the near term, until new pricing and operational strategies are implemented. The House Chair's proposed transportation budget uses multi-modal funds to balance the ferries' operating budget in 2007-09.
- Eliminates fare revenue subsidizing the WSF construction program.
- Delays \$84 million in terminal improvements for two years until the results of the re-evaluation of planning and design assumptions are known.

**Other WSF Budget Provisions.** To support continuing operations, the House Chair's proposed transportation budget for 2007-09 provides the following:

- \$22 million for ferry fuel cost increases;
- \$25.7 million to fund collective bargaining agreements (\$17 million ongoing);
- \$1 million to implement ESHB 2358, to develop pricing and operational strategies to reduce vehicle peak ridership, and to conduct a customer survey.
- \$932,000 to comply with new rules regarding the transfer of oil on or near state waters.
- Between Vashon and Seattle, passenger-only ferry service is funded for one more year at \$1.8 million. In addition, up to \$8.5 million is available for capital improvements needed to implement a business plan that may be approved by the Governor for King County to take over the service.

## **Other Initiatives**

**Tolling.** This budget provides funding for the DOT's tolling operations office. Two tolled projects will begin operations in this biennium – the Tacoma Narrows Bridge (TNB) and the SR 167 HOT Lane.

**TNB Tolls.** The second supplemental budget for 2005-07 includes funding to lower tolls to \$1.50 during the first year of operations for those who use transponders. During this year the "old" Tacoma Narrows Bridge will undergo retrofit, closing some lanes to traffic.

**Border Crossing Initiative.** \$8.9 million is provided to the Department of Licensing to implement an enhanced driver's license that will allow Washington residents to enter Canada without a passport.

**Commercial Driver License Testing.** \$2.9 million is provided to allow the state to conduct more commercial driver license testing, which is currently primarily provided by

third-party testers. Recent audits have uncovered fraud by third-party testers, which has resulted in unqualified drivers receiving commercial driver's licenses.

**Interstate Fuel Tax Auditors.** \$406,000 is provided for increased revenue collections enforcement by the Department of Licensing. This effort is expected to generate \$1.5 million in new revenue each biennium.

**Permit Integration.** The Office of Regulatory Assistance will implement statewide a successful streamlined permit pilot project that developed multi-agency permits integrating local, state, and federal permits for transportation projects. This is follow-up to work initiated under the Transportation Permit Efficiency and Accountability Committee.

**Biofuel Quality Assurance.** \$1 million is provided to the Department of Agriculture's Motor Fuel Quality Program to inspect biofuel at the producer, distributor, and retail levels.

**Compensation and Benefits.** \$86 million is provided for compensation and benefits to both represented and unrepresented state employees in all transportation agencies.