

2016 Supplemental Transportation Budget Summary

The House Chair's proposed 2016 Supplemental Transportation Budget includes \$8.6 billion in appropriations, an increase of \$470 million from the combined 2015-17 transportation appropriations. These combined 2015-17 appropriations include amounts provided from in the biennial transportation budget, amounts appropriated in the Connecting Washington additive spending bill (2ESSB 5988), and compensation-related increases for transportation employees provided in the 2015-17 Omnibus Operating Budget. These compensation increases are now appropriated directly to transportation agencies.

Changes to the 2015-17 Fiscal Biennium Resource Outlook

The 2015-17 biennial budget was based on the March 2015 revenue forecast plus the new transportation revenue enacted in July 2015. Since that time, the forecast has been updated three times, with the most recent update in February 2016, and the outlook has improved. For the 18th Amendment revenue sources, the expected motor vehicle fuel tax receipts have increased by \$180.9 million, or about 5.9 percent, and vehicular license, permits, and fees have increased by \$72 million, or about 6.1 percent. For dedicated and flexible sources, expected toll revenue has increased by \$78.6 million, or about 28.1 percent; driver-related fees have increased \$16.7 million, or about 5.8 percent; and ferry revenues have increased by \$25.7 million, or about 7.4 percent. Overall, expected revenues have increased \$395.5 million between March 2015 and February 2016, or about 7.4 percent.

Interest rates for bonds continue to be more favorable than expected, reducing forecasted debt service costs in 2015-17 and beyond. The February 2016 issuances were sold at 3.22 percent, compared to 4.65 percent projected for fiscal year 2016 in the 2015-17 financial plan. These bond sales also generated additional up-front funds over the face value of the bonds due to the favorable bond market.

Since the enactment of the 2015-17 Biennial Transportation Budget, Congress enacted a five-year transportation program authorization bill, Fixing America's Surface Transportation (FAST) Act. The FAST Act includes authorizations for a number of transit, highway, and rail funding programs. The highway-related authorization builds on the program structure of the previous congressional authorization, Moving Ahead for Progress in the 21st Century (MAP-21) and focuses on accelerating project delivery. The FAST Act also adds a new freight funding formula program, expands the freight network, and adds a new competitive grant program for nationally significant freight and highway projects.

For continuing surface transportation programs, the FAST Act provides Washington State with about \$24 million in additional obligation authority through the end of federal fiscal year 2017 (September 30, 2017). For the new freight formula program, the FAST Act provides about \$35 million in additional obligation authority through the end of federal fiscal year 2017.

Capital Program Changes

The capital program in the proposed 2016 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 corridor

and express toll lanes, and the Olympic Class ferry vessels, as well as projects identified in the Connecting Washington package, enacted in the third special session in 2015. The capital program includes an increase of \$340 million at the Washington State Department of Transportation (WSDOT), \$9 million at the County Road Administration Board (CRAB), and \$68.7 million at the Transportation Improvement Board (TIB). Of the WSDOT increase, \$323 million represents reappropriations for work that was intended to be completed in the 2013-15 biennium but has been carried over into the current biennium. The remaining portion of the WSDOT changes reflects largely a combination of increases and decreases due to work that is being delayed or accelerated, most notably \$113 million is deferred out of 2015-17 for the SR 99 deep bore tunnel.

While there are very few new items in the capital program, there are some changes. In the ferry capital program, the 34-car MV Hiyu is retired and replaced with the 87-car MV Klahowya as the fleet standby vessel. \$42 million in funding for the fourth 144-car Olympic Class vessel is advanced from 2017-19 into 2015-17 to take advantage of construction efficiencies.

Two new projects are added on the I-405 corridor funded by I-405 express toll lane revenue, including an auxiliary lane on I-405 northbound between SR 520 and NE 70th Place and hard shoulder running northbound between SR 527 and I-5.

\$113 million is added to the project list for fish passage barrier removal.

\$1.5 million is provided to complete an interchange justification report on the US Highway 2 Trestle in Snohomish County.

Additional MAP-21 federal funds are deployed as follows: \$6.6 million for asphalt preservation, \$2.7 million for unstable slopes preservation; \$6.6 million for bridge replacement preservation; and \$8.6 million for bridge repair preservation. Of the new FAST Act funds, \$23.6 million is provided for structurally deficient bridges, and \$14.1 million of freight funding is programmed in 2015-17, primarily for asphalt preservation. An additional \$5.9 million in federal funds is provided for ferry vessel maintenance.

Operating Program Changes

Overall, the operating program budgets increase by \$48.3 million.

\$16.3 million is provided for wage and pension cost increases for Washington State Patrol troopers, sergeants, lieutenants, and captains based on fiscal note estimates for Substitute House Bill 2872 (Trooper Recruitment and Retention), which increases trooper base salaries to the base pay average of six Washington local law enforcement agencies named in the bill.

The business and technology modernization project at the Department of Licensing (DOL) is progressing faster than expected, and an additional \$6.7 million is provided in this biennium to keep pace with the accelerated project delivery. The project is expected to be completed one full year ahead of schedule.

Also at DOL, funding is provided to expand commercial driver license (CDL) and learner permit services, allowing for commercial driver-related transactions at all 56 licensing offices statewide. In addition \$1.4

million is provided for added DOL staff to meet increased demand for enhanced driver licenses and enhanced identicards.

An additional \$5.4 million is provided from the I-405 Express Toll Lanes Account for added transaction costs associated with higher-than-anticipated express toll lane use.

The budget includes vehicle and staffing costs for ten new incident response vehicles to reduce accident-related delays on high-volume state routes and freeways.

\$1.1 million is provided for grade crossing improvements at the Utilities and Transportation Commission.

There are a number of studies included in the supplemental budget.

- \$250,000 is provided to identify and prioritize potential improvements to the north end of the I-405 corridor.
- \$150,000 is provided for an organizational assessment of the Washington State Patrol associated with trooper recruitment and retention efforts.
- Federal appropriation authority is provided to advance the work conducted since 2011 in evaluating a road usage charge; this will complete the work necessary to compete for federal competitive grant funding for a road usage charge pilot project.
- \$300,000 of state and local funds are provided for the work of the fish barrier removal board at the Department of Fish and Wildlife for the coordination of local and state fish barrier removal efforts.