

House Transportation Chair: Budget Highlights

2017 Supplemental Budget

The House Transportation Committee Chair's proposal for the 2017 Supplemental Transportation Budget, includes \$8.1 billion in appropriation authority, a decrease of \$495 million from the 2016 enacted supplemental budget. The decrease includes \$294 million reappropriated to 2017-19 for delayed capital project activity. Other adjustments are made to accommodate unexpected needs and opportunities. Some of the significant changes are:

- An increase of \$9.5 million to accommodate hard shoulder running on I-405 northbound between SR 527 and I-5.
- An advancement of \$15 million of funds for the I-90 project from Hyak to Easton to reflect accelerated project delivery.
- A reduction in spending authority for the Washington State Patrol (WSP) of \$8.4 million, in part due to unfilled trooper positions.
- A delay in scheduled improvements at the Mukilteo ferry terminal of \$16.3 million.
- Extraordinary costs, relating to greater-than-usual snow and ice removal, of \$5 million.
- An earlier-than-expected completion of the updated Department of Licensing vehicle licensing system, combined with the opportunity to advance the project to update the driver's licensing system, for a net savings of \$700,000.

2017-19 Biennial Budget

Resources

The House Chair's biennial transportation budget proposal is supported by a mix of resources that includes 2017-19 state revenues, federal funds, and bond sales, as well as a portion of pre-existing account balances, in part due to delayed activities to be reauthorized in 2017-19.

State revenues for the 2017-19 fiscal biennium, based on the March 2017 revenue forecast, are projected to be \$6.43 billion. This represents a \$166 million increase from the forecast on which the 2016 transportation budget was based, an increase of roughly 2.7%. Higher forecasted revenues are attributable to increases in fuel tax collections associated with increased economic activity; license and permits issuance; and fees and tolls collections.

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. The Washington State Department of Transportation (WSDOT) and other agencies expect to receive about \$1.1 billion in federal funding authority.

The Chair's budget proposal relies on \$870 million in bond proceeds for the 2017-19 biennium, mostly from the Transportation Partnership (TPA) and Connecting Washington (CWA) accounts. Additionally, the budget relies on resources of about \$827 million in fund balances.

Appropriations

The Chair's budget proposal provides \$8.6 billion in appropriations authority, a decrease of about \$70 million from the previous biennial budget. The change represents various offsetting changes. There are increases in the WSP's budget (\$77 million, or +17%), debt service (\$82 million, or +5%), WSDOT's operating programs (\$225 million, or +14%), and the Highway Preservation program (\$180 million, or +27%). The WSDOT increases are attributable to additional responsibilities under the Connecting Washington funding package. These are offset by a decrease in the WSDOT's Rail Capital program of \$475 million, or -90%, the result of the completion of the projects funded by the federal American Recovery and Reinvestment Act (ARRA) of 2009, and in the Highway Improvements program of \$230 million, or -9%.

The 2017-19 biennium 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 accordance with the commitments made in the 2015 package, the budget adds the following amounts to base funding levels in various WSDOT and other transportation agency programs:

Connecting Washington Increased Spending in Programmatic Areas (\$ in thousands)

| 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 |
| WSDOT | Safe Routes to Schools Grants | \$56,000 | \$1,750 | \$7,750 |
| WSDOT | Bicycle and Pedestrian Safety Grants | \$75,000 | \$2,344 | \$10,380 |
| 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

FMSIB is the Freight Mobility Strategic Improvement Board. TIB is the Transportation Improvement Board.

CRAB is the County Road Administration Board.

Capital Expenditures

The Chair's proposed biennial budget includes about \$4.2 billion in expenditures in the various capital programs, a decrease (-10%) from the previous biennium.

Nickel and TPA Highway Megaprojects - the Final Stretch

The Chair's budget proposal provides support for the last stages of the Nickel and TPA funding packages. Due to delays in the project, the Alaskan Way Viaduct (AWV) Deep Bore Tunnel project will require \$149 million more than originally budgeted over the remainder of the project. The Chair's budget proposal includes \$60 million of additional TPA funds in the 2017-19 biennium to ensure the project has adequate cash flow to stay on track with the contractor's schedule of opening for use by the spring of 2019. In addition, the budget uses \$122 million 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 tolling to begin when the tunnel opens.

The I-5 Tacoma high-occupancy vehicle (HOV) project, the last of the megaprojects under the Nickel and TPA funding packages, is provided \$244 million in the Chair's budget proposal. When complete in 2021, vehicles with 2+ passengers will be able to drive in the HOV lane from Gig Harbor to Everett. In 2017-19, WSDOT will extend the HOV lane from Portland Avenue to M Street and complete the new northbound bridge on I-5 over the Puyallup River.

The SR 520 floating bridge and corridor project and the I-90 Snoqualmie Pass project (from Hyak to Easton) require funding for the last contract stages in the 2017-19 biennium. The Chair's proposed budget provides \$117 million to complete these megaprojects.

Connecting Washington - Highway Expenditures

The Chair's budget proposal makes minor modifications to the Connecting Washington program. Projects generally retain the same total funding and project aging assumptions as passed the 2016 Legislature. For the 2017-19 biennium, CWA expenditure authority is about \$1.6 billion, which includes about \$71 million of expenditures reappropriated from the 2015-17 biennium. The few project changes to the Connecting Washington list include:

- SR 167/SR 509 Puget Sound Gateway: Advance \$36 million from 2023-25 to 2017-19 for right-of-way purchase.
- 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.
- SR 520/Overlake Access Ramp: Advance \$41 million funding to 2017-19 to coordinate project delivery with Sound Transit's ST2 delivery schedule.

- I-5/Rebuild Chambers Way Interchange Improvements: Advance \$10.5 million of CWA funds (mostly into 2017-19) to leverage federal emergency relief funds that will move the overpass reconstruction portion of the project forward.
- US 395 North Spokane Corridor: Advance \$10 million of CWA funds into the 2017-19 biennium to keep the project on track with slight alignment adjustment around the Black Tank site clean-up.
- I-90/SR 18 Interchange: Advance funding to accelerate delivery on a project critical for congestion relief, freight mobility, and weigh station enforcement.

Other Highway Expenditures

The Chair's budget proposal includes funding for several congestion relief projects and planning efforts:

- I-405 Northbound Hard Shoulder Running - \$2 million (in addition to \$9.5 million in 2015-17).
- Add new capacity on I-5 from Seneca Street to Olive Way - \$16 million.
- Begin addressing I-405/SR 522 Interchange to I-5 bottleneck - \$5 million for future project planning.
- Complete a corridor study for the portion of SR 410 between the intersection of Garrett St and SR 410 and the intersection of 234th Ave and SR 410 to address congestion relief concerns - \$300,000.
- Support the construction of a second westbound left-turn lane at the SR 99 intersection that connects traffic to I-5 in Fife - \$500,000.
- Update the 2001 alternatives study in order to facilitate an interchange justification report and environmental permitting work on the proposed Tacoma Mall Boulevard access ramp - \$500,000.

The Chair's budget proposal also provides \$43 million of federal funds for a new National Highway Freight Program, to be spent on prioritized freight projects put forward by the WSDOT, the FMSIB, and the Washington Freight Advisory Committee.

Washington State Ferries - Capital

The Chair's budget proposal supports ongoing efforts to preserve and improve the state ferry system. The proposal includes a net increase of about \$29 million, with much of that used for work on the Mukilteo terminal that was originally scheduled in 2015-17. Projects expected to have major work include the Seattle ferry terminal (Colman dock), with \$114 million in expenditures, and the Mukilteo terminal, with \$90 million in expenditures. In addition, \$40 million is provided to complete payment on the last of the Olympic class vessels, the M/V *Suquamish*. The Chair's budget proposal funds a new initiative, the first phase of the ferry dispatch system replacement, with \$1.8 million.

Rail Capital

While the activity under the ARRA program is mostly concluded, the Chair's budget proposal includes some funding for some prioritized shortline rail projects.

- Fund emergency repairs to a railroad tunnel on the Chelatchie Prairie Railroad at mile post 23 and for repair footing and ties on the bridge at mile post 20 - \$150,000.
- Construct a 5,000-foot extension of rail eastward from the Geiger Spur and improve crossing infrastructure at Craig Road in the vicinity of the Spokane International Airport - \$2 million.
- Increase the rail siding at Endicott Station on the PV Hooper rail line - \$1 million.

Other Capital Expenditures

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

The Chair's budget proposal provides partial funding for several transit-related initiatives:

- To support the costs of Intercity Transit's DASH shuttle service - \$375,000.
- To support a pilot project to provide high school students eligible for free and reduced price lunches and with a job or other responsibilities, in the Highline and Lake Washington school districts, with ORCA cards during the summer - \$250,000.
- To support a voluntary pilot program to expand public-private partnership incentives in the commute trip-reduction program to achieve measurable reductions in off-peak, weekend, and non-work trips - \$250,000.

The Chair's budget proposal includes significant funding for two new WSDOT administration facilities funded in the Connecting Washington package. The proposed budget provides \$16 million to continue the Olympic Region Maintenance and Administration Facility capital project. The project is currently in the preliminary design phase and is on schedule for completion in June 2021. In addition, \$8.1 million is provided to complete the Euclid Avenue Administration Facility capital project. The project will soon enter the construction phase, and projected completion is in March 2018.

The Chair's budget proposal adds \$162 million to existing fish passage barrier 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. In addition, \$5 million is provided to the Department of Fish and Wildlife's (DFW's) Fish Barrier Removal Board to address fish barriers in local jurisdictions. The capital funding is paired with \$250,000 of motor fuel tax funds reserved for studies of interest to cities to allow the Association of Washington Cities to work with DFW to identify and prioritize city-owned fish passage barriers that need correction, particularly focusing on barriers within the same stream system as state-owned barriers.

Some funding is provided as a state contribution to address certain specific local transportation issues; in each case, the state funding is only a portion of the total.

- To repair a portion of North 8th Street in Lynden where a culvert failure caused a sinkhole - \$350,000.
- To construct sidewalks along SR 527 from the Seattle Hill Road intersection to the 180th Street SE intersection, and to install a traffic signal and crosswalk near Seattle Hill Road and SR 527 in Bothell - \$800,000.
- To acquire right-of-way, widen the corridor, and improve the intersection at the SR 4 and West Main Street junction in Kelso - \$3 million.
- To build a grade-separated roadway crossing over the Burlington Northern/Santa Fe (BNSF) railroad corridor from downtown to the waterfront area in Edmonds - \$700,000.
- To construct a compact roundabout at the intersection of SR 12 and SR 107 in Montesano - \$550,000.
- To add increased turn-lane capacity at SR 900 and 12th Ave NW immediately adjacent to I-90 in Issaquah - \$1.5 million.
- To develop a corridor study of SR 202 from 244th Ave to the Redmond city limits in Sammamish - \$200,000.

Operating Expenditures

The Chair's proposed biennial budget includes about \$4.4 billion in expenditures in the various operating programs, a 10% increase from the previous biennium.

Compensation

Compensation in the Chair's budget proposal include substantial pay raises for WSP personnel and WSDOT's engineers. Increases are also included for ferry employees, and the budget includes additional compensation-related increases for pension contribution rates and employee health care benefits. Overall, the proposed total compensation increases across the transportation operating and capital budgets total about \$183 million in 2017-19.

Rail and Ferry Operating Expenditures

The Chair's budget proposal includes \$19.5 million for the cost of operating two new Amtrak Cascades round trips from Seattle to Portland. The funding pays for the cost of the trips, rail and related facilities maintenance, and locomotive maintenance. The increased operations represent the culmination of investment in Washington under ARRA from 2009. ARRA provided more than \$755 million in federal funding for capital investments to improve train speed and reliability in the Cascades corridor.

For Washington State Ferries, an additional \$8.7 million of federal funding is provided for vessel maintenance. The fourth and newest Olympic class vessel, the M/V *Suquamish*, is scheduled to begin operations in late 2018, allowing for the retirement of the M/V *Hiyu* and the designation of an 87-car Evergreen State class ferry as the standby vessel. The additional costs of the fourth Olympic class vessel and for maintaining the standby vessel are \$1.6 million and \$1.2 million, respectively.

Legislative Initiatives Concerning Driver's Licensing

The Chair's proposal includes over \$1.5 million in funds for the Department of Licensing (DOL) to implement several House bills that are priorities with respect to driver's licensing policy:

- EHB 1480: Requiring additional criteria to be met for DOL to suspend a driver's license;
- ESHB 1371: Modifying the infraction of and penalties for distracted driving;
- ESHB 1513: Allowing 16- and 17-year-olds to pre-sign up to register to vote;
- ESHB 1481: Providing authority to DOL and the Office of the Superintendent of Public Instruction to jointly develop and maintain a uniform driver education curriculum and for DOL to audit all driver education programs; and
- ESHB 1808: Provides driver's license and driver training support to foster youth.

Washington State Patrol

The Chair's proposed budget provides WSP \$5 million to address the lease and costs of moving to the new 1063 building on Capitol Way, adjacent to the Capitol campus. In addition, \$1.9 million is provided for a cadet class started in the 2015-17 biennium to help alleviate attrition issues. Additionally, \$1 million is provided for the support and maintenance of the Land Mobile Radio system, including \$400,000 to be used for an independent assessment of the current system to identify and recommend strategies to address implementation issues.

Major Information Technology Projects and Investment

The Chair's budget proposal includes funding for four major information technology projects. These projects are multi-biennium efforts. Projects funded include:

- WSDOT's new tolling customer service toll collection vendor - \$28 million;
- Continuation of DOL's Business and Technology Modernization project (DRIVES) - \$22 million;
- WSDOT's Land Mobile Radio Upgrade - \$35 million; and
- WSDOT's Labor System Replacement - \$9.6 million.

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

In addition to the four major projects, the Chair's budget proposal includes \$7.8 million in ongoing maintenance funding for DOL's new DRIVES driver and vehicle licensing system.

Transit Grants

As shown in the "Connecting Washington Incremental Budget Increases" table above, the Chair's budget proposal includes significant increases in several transit grant programs. Of the amounts shown for 2017-19, the following are new funding (and not reappropriations):

- Regional Mobility Grant Program: Pre-CWA base: \$50 million; 2017-19 base: \$77.7 million;
- Rural Mobility Grant Program: Pre-CWA base: \$17 million; 2017-19 base: \$32.2 million;
- Special Needs Transit Grants: Pre-CWA base: \$35 million; 2017-19 base: \$52.7 million; and
- Vanpool Grants: Pre-CWA base: \$6 million; 2017-19 base: \$10.3 million.

WSDOT Support for Administration of Emissions Settlement Funding

The chair's budget proposal includes a framework for the administration of \$112.7 million mitigation funding that will be provided over a three-year period to the state under the terms of consent decrees between the U.S. government, the Volkswagen Corporation, and other parties to address nitrogen oxides pollution. The chair's proposal deems the Department of Ecology the lead agency in administering the funding and requires WSDOT to participate in administering the funding with respect to transportation-related projects that are selected for funding.

Staffing support

The Chair's budget proposal includes funding for several training initiatives at WSDOT. Almost \$400,000 is provided for workforce and leadership development through the agency headquarters; just under \$1 million is provided for training in practical solutions, a major initiative in the Connecting Washington funding package; and \$478,000 is provided to support design-build project delivery, another facet of the funding package.

Studies and Planning

Several legislatively-initiated studies are funded at the Joint Transportation Committee (JTC) through the Chair's budget proposal:

- Board of Pilotage Study: \$200,000 is provided to conduct a Board of Pilotage study to identify and recommend best practices for the management of marine pilotage in the state;

- I-405 Toll Data Review: \$80,000 is provided to contract with the Center for Transportation Studies at the University of Minnesota to independently analyze and assess traffic data for the I-405 tolled corridor;
- Air Cargo Study: \$500,000 is provided to evaluate air cargo capacity and congestion at Washington airports and to provide recommendations to address any cargo capacity and congestion issues;
- Regulation of Passenger Transportation Study: \$250,000 is provided for a consultant study of the regulation of commercial passenger transportation services in the state; and
- Review of Roles and Responsibilities of the Transportation Commission. \$100,000 is provided to evaluate the Commission's membership, functions, powers, and duties beyond its toll- and ferry fare-setting authorities.

In addition to the JTC studies, \$500,000 is provided to the WSDOT Rail program to conduct an analysis of an ultra-high-speed rail alignment between Vancouver, B.C. and Portland, OR

For the Washington State Transportation Commission, \$350,000 is provided for the purposes of updating the statewide transportation plan.

Outcomes

It is expected that the capital construction and preservation efforts in the WSDOT capital programs will yield the following outcomes by June 30, 2019:

- Repave approximately 2,730 miles of roadway with asphalt and other non-concrete mixes, and address approximately 195 miles of concrete roadway with partial or full replacement;
- Complete 4 structural bridge rehabilitation or replacement projects;
- Correct 21 fish passage barriers, yielding additional habitat gain of 11 percent;
- Open the SR 99 Deep Bore Tunnel in Seattle to the public;
- Begin SR 99 toll revenue collection within 30 days of opening the Deep Bore Tunnel to the public;
- Substantially complete the construction of the I-405 Renton-to-Bellevue Stage 1 Direct Connector;
- Begin construction on the US 395 corridor projects from Columbia to Freya and from Wellesley to Columbia;
- Complete the SR 520 West Approach Bridge North, which connects traffic between the new floating bridge and the Montlake interchange;
- Complete construction of the westbound I-90 Snoqualmie Pass Avalanche Bridge and finish a portion of the project corridor; and
- Complete several elements of the I-5/Tacoma HOV project, including the I-5/M Street to Portland Avenue-HOV; the new northbound bridge over the Puyallup River, including the northbound HOV lane; and much of the connection work at the interchange of I-5 and SR 16 HOV.