

Senate Transportation Committee Chair & Ranking Member Budget Proposals

2023-2025 Biennial Budget

The Senate proposed budget provides \$12.9 billion in appropriation authority. \$7 billion is provided for capital projects and programs, and \$5.9 billion is provided for operating programs. This is an increase of around \$700 million over the 2022 enacted budget (regular 2022 supplemental plus the 2022 Move Ahead WA package). The main drivers of this increase are reappropriations of capital spending from 2021-2023 and the first full biennium of Move Ahead WA operating and capital expenditures.

Move Ahead WA

2023-2025 marks the first full biennium of the new 2022 transportation revenue investments, known as Move Ahead WA. \$2.5 billion of investments are programmed in 2023-2025, with over \$1.4 billion in highway investments, \$47 million for maintenance, facilities and equipment, and \$166 million for local projects. Included in the \$2.5 billion of investments is \$758 million for carbon-reducing investments, funded from Climate Commitment Act (CCA) auction proceeds.

- **Grant programs & operating expenditures:** Most grant programs and operating expenditures have been sized to allow for steady ongoing amounts through the 16-year investment plan. Some programs have been front-loaded due to advanced delivery opportunities or matching funds needs, while other programs still requiring development step up over time. Programs funded from CCA funds have also been sized to generally match the cash flow available from CCA auctions. The estimated spending plan for CCA programs is included in Figure 1.
- **Capital expenditures:** \$166 million for local projects, \$178.8 million in bike/ped projects, \$418 million for transit projects, and \$1.4 billion in state highway projects is programmed in 2023-2025 as follows:
 - \$754 million for Fish Passage Barrier Removal projects.
 - \$269 million for the Puget Sound Gateway project.
 - \$138 million for the I-5 Columbia River Bridge.
 - \$112 million for the I-405/SR 522 to I-5 Capacity Improvements project.
 - \$55 million for the SR 18 Widening - Issaquah/Hobart Rd to Raging River project.

 - \$33.5 million for rehabilitation of the Palouse River Coulee City (PCC) Railroad.
 - \$6.5 million for Snohomish County and Washington State University to develop an applied sustainable aviation evaluation center.
- **Overburdened communities and tribes:** The CCA includes legislative direction that no less than 35% of its yearly investments must provide direct and meaningful benefits to vulnerable populations in overburdened communities. The act also states intent that not less than 10% of CCA investments be supported by a Tribal Resolution. These investments

may occur in any of the operating, capital, and/or transportation budgets spending CCA dollars. Agencies are required to report how these investment levels are being achieved. Language and funding in the Senate omnibus operating budget (not transportation) directs the Department of Ecology to collect data from all three state budgets on these targets and report back on its findings.

Figure 1.

Climate Commitment Act Expenditures					
<i>dollars in millions</i>	2021-23	2023-25	2025-27	2027-29	16 YR TOTAL
1. Active Transportation					
Safe Routes to School	6.7	38.9	37.8	37.8	290.0
School Based Bike Program	-	16.8	37.2	27.0	216.0
Bike/ Ped Grant Program	5.5	37.6	36.3	36.3	278.0
Bike Ped Project list (NL-2)	-	41.5	58.9	27.8	313.0
Complete Streets (TIB)	3.0	19.1	19.1	19.1	146.0
Connecting Communities Grants	-	25.0	25.0	-	50.0
sub total	15.2	178.8	214.3	147.9	1,293.0
2. Transit Programs & Projects					
Transit Support Grants	33.6	188.9	188.9	188.9	1,450.0
Transit Projects (NL-3)	-	56.3	37.0	30.0	244.0
Tribal Transit Mobility Grants	-	10.0	10.0	10.0	80.0
Transit Coordination Grants	1.0	2.0	2.0	-	5.0
Special Needs Transit Grants	14.1	78.1	78.1	78.1	600.0
Bus & Bus Facility Grant Program	-	40.0	40.0	40.0	300.0
Green Transit Grants	4.7	39.4	39.4	39.4	300.0
Transportation Demand Management	-	3.3	3.3	3.3	25.0
sub total	53.4	418.0	398.7	389.7	3,004.0
3. Alt Fuel & Electrification					
Ebike Programs	-	7.0	9.0	9.0	25.0
Clean Alt Fuel Charging Projects	-	9.4	18.0	45.0	72.4
Guemes Ferry	-	14.0	-	-	14.0
Future Electrification	-	-	-	-	405.6
sub total	-	30.4	27.0	54.0	517.0
4. Ferries (CCA Only)					
Portion of Build Cost of 4 New Hybrid-Electric Vessels	-	-	-	30.0	210.0
18 & Under Free Fare Policy	0.6	4.2	4.2	4.2	32.0
Electrification (Vessel Refits & Terminals)	-	74.0	70.0	36.0	193.0
sub total	0.6	78.2	74.2	70.2	435.0
5. Rail (CCA only)					
Ultra-High Speed Rail	-	50.0	25.0	25.0	150.0
Operating Rail Program- 18 & under Free Fare Policy	-	2.3	2.3	2.3	12.0
sub total	-	52.3	27.3	27.3	162.0
Biennal Total	69.2	757.7	741.4	689.0	5,411.0

2023-2025 Operating Spending Summary

The Senate proposed budget includes about \$5.9 billion in expenditures in operating programs. This is an increase of about \$120 million over 2022 levels. Notable operating expenditure adjustments include:

- **Washington State Patrol**
 - \$13.7 million to purchase body cameras, and to upgrade car cameras and tasers for State Patrol staff.
 - \$6.6 million in combined funding for recruitment bonuses (\$1.9 million) and funding for two lateral academies to help fill trooper vacancy positions (\$4.7 million).
 - \$5.8 million to continue the upgrade of WSP's land mobile radio system with potential additional funding for the portable radio and mobile car radio component contingent on further technical feasibility analysis and cost comparisons.
 - \$2.3 million for: (1) additional WSP diversity, equity and inclusion (DEI) staff; (2) community engagement activities; and (3) funding for the Governor's Office of Equity continued technical assistance and oversight of WSP's DEI efforts.
 - \$2.2 million to replace one Cessna 206 as part of the plan to replace WSP's Cessna aircraft fleet in the coming years.
 - \$1.6 million for additional Vehicle Identification Number (VIN) staff to perform VIN inspections of vehicles.

- **Department of Licensing**
 - \$5.5 million to upgrade the prorated and fuel tax system.
 - \$3.9 million to establish two mobile licensing units to serve individuals who have difficulty accessing a driver license office.
 - \$3.7 million for: (1) hiring staff to train additional commercial driver license (CDL) examiners; (2) efforts to simplify the process of issuing CDLs and commercial learner's permits; (3) staff costs to process CDL related medical certificates; and (4) enabling connections to a federal drug and alcohol clearinghouse for commercial drivers.
 - \$1.5 million to continue enhanced levels of funding for foster youth driver license and identification cards assistance and for providing a no-fee identicard to homeless individuals on a one-time basis.

- **Department of Transportation - Highway Operations and Maintenance**
 - \$19 million for maintenance materials cost increases.
 - \$8 million to address risks to safety and public health associated with homeless encampments on WSDOT-owned rights-of-way.
 - \$6.6 million for a loan to the Tacoma Narrows Toll Bridge Account to offset the need for rate increases.

- \$5 million to address emergent issues related to safety and Americans with Disabilities Act (ADA) accessibility for pedestrians and bicyclists.
 - \$3.2 million to repair damages to highways caused by known and unknown third parties.
 - \$3 million for increased annual insurance costs for the State Route 520 Bridge and Tacoma Narrows Bridge.
 - \$1.8 million for additional low-cost enhancement projects that improve safety or provide congestion relief.
 - \$1.3 million for maintenance and operations of the Virtual Coordination Center (VCC).
 - \$1.1 million for maintenance and operations of the land mobile radio system (LMR), microwave, and rural intelligent transportation systems.
- Department of Transportation – Ferries and Aviation
 - \$9.9 million for workforce initiatives at Washington State Ferries (WSF), including new mate scholarships, Able Bodied (AB) Sailors to Mate pathway program, and new entry level engine room positions (wipers).
 - \$10.6 million to add a second shift, six additional apprentice positions, and maintenance controls staff at Eagle Harbor Maintenance Facility.
 - \$1.5 million for sustainable aviation projects.
- Department of Transportation - Public-Private Partnerships
 - \$9.4 million for clean alternative fuel charging and infrastructure projects and activities selected in consultation with the Interagency Electric Vehicle Coordinating Council.
- Department of Transportation - Public Transportation
 - \$7 million for an e-bike rebate program and e-bike lending library and ownership program.
 - \$700 thousand to develop a cycle highways action plan to connect population centers.
 - \$580 thousand for a vanpool subsidy for state employees.
- Department of Transportation - Other Programs
 - \$42.4 million for an upgrade to the Transportation Reporting and Accounting Information System (TRAINS).
 - \$12.7 million for the replacement, maintenance, and repair of vehicles and equipment used by the Transportation Equipment Fund program.
 - \$11.9 million for Interstate 5 planning and environmental linkage study/master plan.
 - \$6.4 million for efforts to increase diversity in the transportation sector workforce.
 - \$2.6 million for upgrading WSDOT's Linear Referencing System (LRS) and Highway Performance Monitoring System (HPMS).

- \$1.8 million to work with communities to meet reduced vehicle miles traveled targets.
- \$1.4 million to replace fuel sites operated by the Transportation Equipment Fund program.
- \$572 thousand to track and maximize clean fuels credit generation from state transportation investments.
- Office of Minority and Women's Business Enterprises
 - \$2 million to increase the number of minority and women-owned businesses in the transportation sector.
- Transportation Commission
 - \$250 thousand to update the federally compliant statewide transportation plan.
 - \$500 thousand to conduct a route jurisdiction study to determine if changes are needed in jurisdictional assignment between the state, county, and city road systems.
 - \$200 thousand to oversee a survey to assess public attitudes regarding a potential low-income tolling program for qualifying drivers.
- Joint Transportation Committee
 - \$250 thousand to study issues related to potential imposition of a statewide retail delivery fee.
 - \$350 thousand to assess the status of the workforce pipeline for CDL operators and mechanics in the transit, highway maintenance, and maritime sectors.
 - \$400 thousand to convene a work group to study and recommend a new statutory framework for WSDOT's public-private partnership program (P3).
 - \$450 thousand to hire an expert consultant to review processes and procedures of WSF's procurement of new hybrid electric Olympic class vessels.

Staffing Savings & Vacancies

Like the private sector and other state and local agencies, transportation agencies have had difficulty maintaining full staffing levels. The Senate proposed budget continues to assume savings based on the projected levels of staff vacancies for the 2023-2025 biennium. However, it is the policy of this proposal that if agencies can fill to their authorized positions, funding will be restored in the 2024 supplemental budget. The following is the breakout of the \$113.8 million in savings assumed in the proposed budget:

- \$63.6 million in WSP based on projected vacancies in field force troopers, and other commissioned and non-commissioned staff positions.
- \$35.6 million in various WSDOT programs, excluding the ferry, tolling, and aviation programs.
- \$14.6 million in DOL based on projected vacancies and staff savings due to the delay in the federal Real ID requirements to May 2025.

2023-2025 Capital Spending Summary

Capital programs total \$7 billion with \$4.5 billion for highway improvements and \$707 million for highway preservation. Given the unprecedented size of the capital program, this proposed budget recognizes there may be some delivery challenges and includes a modest underrun assumption. While project list totals are not impacted by this assumption, appropriations for the Improvements Program and WSDOT Local Programs are reduced by \$293 million and \$36 million respectively to reflect this delivery expectation. The proposed budget also delays some Connecting WA projects to manage budget and delivery constraints over the next three biennia, though more than 90% of funding for Connecting WA projects is provided within the original 16-year timeframe envisioned in 2015.

Complete agency and WSDOT division appropriation totals, summary adjustments, and project lists are available in additional documents included in this budget release.

Notable capital project expenditures include:

- **Department of Transportation – Ferry and Rail Funding**
 - \$46.8 million for the first Hybrid Electric Olympic class vessel.
 - \$74 million for Jumbo Mark II hybrid electric vessel conversions and terminal electrification.
 - \$10 million for dispatch system replacement.
 - \$202 million for vessel preservation, including \$17 million for the MV Tillikum.
 - \$94 million for terminal preservation.
 - \$15 million for rehabilitation of the Salmon Bay Bridge.

- **Department of Transportation – Highway Funding**
 - \$1 billion from all fund sources for state Fish Passage Barrier Removal projects.
 - \$866 million for the SR 167/SR 509 Puget Sound Gateway project, including recognizing a \$255 million cost increase over the life of the project.
 - \$436 million for the I-405/Renton to Bellevue - Corridor Widening project.
 - \$399 million for the SR 520 Seattle Corridor Improvements - West End project.
 - \$340 million for the I-405/SR 522 to I-5 Capacity Improvements project.
 - \$166 million for the US 395 North Spokane Corridor project.
 - \$150 million for the I-5 JBLM Corridor Improvements project.
 - \$138 million for the I-5 Columbia River Bridge project.
 - \$132 million for the I-90 Snoqualmie Pass - Widen to Easton project.
 - \$132 million for the I-90/SR 18 Interchange Improvements project.
 - \$22.5 million in state funds for a federal funds exchange pilot to allow local governments to exchange their federal funds with state funds at a rate of 90 cents to 1 dollar.

Bills Connected to the Proposed 2023 Budget

The 2023 Senate proposed budget is supported by or connected to several other pieces of legislation:

- **SB 5763** Connecting WA additional bond authority. This bill will provide additional capacity to deliver the Connecting Washington program. This bill would increase bond authorization by \$4.3 billion. Additional bonds could be issued as revenues become available, for example when debt payments end on older bonds.
- **SB 5550** Workforce development issues at the Washington state ferries. This bill would require WSF to enact initiatives such as DEI strategies and workforce development programs.
- **SB 5760** Ferry procurement. This bill would authorize procurement of 5 new hybrid electric Olympic class vessels through up to two contracts. Additionally, the bill authorizes use of design-build, design-bid-build, and lease-to-own purchase options, and establishes a best-value evaluation criteria for bids.
- **SB 5757/ESHB 1838** Transferring transportation revenue forecast responsibilities to the Economic and Revenue Forecast Council.
- **SB 5742** Codifying certain existing grant programs at WSDOT.
- **ESSB 5272** Speed safety cameras in work zones. This bill will authorize the use of speed safety camera systems in state highway work zones.
- **ESSB 5583** Improving young driver safety. This bill will require persons between the ages of 18 and 25 to complete specific driver's education requirements before acquiring their driver's license. The bill will also establish a voucher program to financially aid low-income novice drivers to complete driver's education, and a school district subsidy program to aid schools to initiate or reinstate traffic safety education programs. Both programs will be funded by increases to the driver's license examination and driver's instruction permit fees.

Resources

This proposed budget is based on the March 2023 transportation revenue forecast. Excluding the impacts of the Move Ahead WA transportation package, transportation revenue projections have been lowered by a cumulative total of \$108 million (1.6%) for the 2021-2023 biennium, \$294 million (4.2%) for the 2023-2025 biennium, and \$1.1 billion (3.2%) over the 10-year forecast horizon in the 4 quarterly revenue forecasts since the 2022 legislative session. This reflects lower overall economic projections and reduced collections in most of the major transportation revenue sources, including fuel taxes which are the largest source of transportation revenues.

As in prior years, the proposed budget is further supported by federal formula funds, bond sales, and some pre-existing account balances. All transportation accounts are balanced through the current biennium. Additionally, all accounts, with one exception, are anticipated to be balanced through the 6-year planning horizon. The Puget Sound Ferry Capital Construction Account continues to have a structural deficit. The Capital Vessel Replacement Account, which funds new vessels and received additional funding from Move Ahead WA, remains positive indefinitely.

Competitive Federal Funds

The Senate proposed budget assumes Washington state will be successful competing for new competitive federal funds authorized in the 2021 Infrastructure, Investment & Jobs Act. \$650 million in federal competitive funds are assumed to be received by WSDOT over the next 16 years. These funds could also be supplanted by larger federal authorizations in the future.

New competitive grants since the 2022 adopted budget include:

- \$10 million from the National Fish and Wildlife Foundation for the SR 105/Graveyard Spit - Dynamic Revetment and Dune Restoration project.
- \$3.8 million from the Consolidated Rail Infrastructure and Safety Improvements (CRISI) award for Pacific Northwest Rail corridor reliability- Landslide mitigation.
- \$15 million from the Nationally Significant Multimodal Freight & Highway Projects (currently known as INFRA) grant for the Salmon Bay Bridge Rehabilitation project.
- \$11.6 million in Passenger Ferry Grant Program and Electric or Low Emitting Ferry Pilot Program Federal Transit Administration (FTA) grants: \$4.6 million for electrification of the Mukilteo- Clinton Route, \$5 million for Southworth Terminal improvements, and \$2.17 million for Payment Kiosks and Online Payment Upgrades.

Formula Federal funds

As articulated in 2022, the incremental increase WSDOT received from the federal IIJA is programmed against various Move Ahead WA projects and investments.

Based on a new state-local federal funds allocation that was negotiated in the summer of 2022, the Senate proposed budget assumes \$200 million less in the next 5 years from certain IIJA formula funds than was assumed in the 2022 Move Ahead WA package. IIJA PROTECT funds are programmed per the summer 2022 agreement toward local Fish Passage Barrier Removal projects and two Tribal projects: the SR 109 Bypass project south of Taholah and the Makah Passage Project.

\$7.8 million in 2023-2025 and \$157 million over the next ten years in additional funds for the state's ferry system is programmed against operating expenditures, reducing the amount of transfers the ferry account typically needs.

Ferry Fares

Ferry fare revenues are assumed to increase to help offset the cost of various new, ongoing workforce development and service reliability initiatives, in addition to overall inflationary pressures increasing the cost of ferry service. Revenue assumptions are based on an average fare increase of 4% per year.

Clean Fuels Credits

The Senate proposed budget assumes transportation investments will be able to qualify for at least 5 percent and not more 10 percent in non-advance clean fuels credits as required under the cleans fuels legislation passed in 2021, specifically RCW 70A.535.050(3). \$51.8 million in spending assumed for ferries in 2031-2033 years from the Clean Fuels Transportation Investment Account and a future clean fuel ferry reserve of \$500 million reflects this policy. Two positions at WSDOT are also funded to track and maximize clean fuels credit generation from state transportation investments.

Alaskan Way Viaduct/Tunnel Delay Settlement Funds

In October, the Supreme Court of Washington ended the appeal process for the case that awarded WSDOT \$77 million in financial damages due to contractor Seattle Tunnel Partners' late completion of the Alaskan Way Viaduct Tunnel project. These funds were deposited into the Alaskan Way Viaduct Replacement Project Account and used to repay loans to the account and for cost increases on the Alaskan Way Viaduct Replacement Project.

Bonding

The peak of the 2015 Connecting Washington investments shifting from 2021-2023 to 2023-2025, increased costs, and the beginning of the Move Ahead WA program requires significant bonding to provide enough resources in 2023-2025. Total bond proceeds are authorized at up to \$1.4 billion for 2023-2025. Actual bond sales will depend on project schedules and progress.

Assumed bond proceeds in 2023-2025:	
Connecting Washington Account	\$1.2 Billion
Transportation Partnership Account	\$40 Million
Special Category C Account	\$119 Million
Total	\$1.4 Billion

2021-2023 Second Supplemental Budget

The 2023 Senate proposed second supplemental transportation budget includes \$10.6 billion in appropriation authority, a decrease of \$1.6 billion from the 2022 enacted supplemental budget. This significant decrease is a combination of approximately \$1.3 billion reappropriated from 2021-2023 to the 2023-2025 biennium for delayed capital project activity and reduced spending. Other adjustments are made to accommodate unexpected needs and opportunities.

Some of the significant additions are:

- \$1.7 million for the AB Sailors to Mate pathway program.
- \$1.3 million for increased insurance costs for the State Route 520 Bridge and Tacoma Narrows Bridge.

Major project reappropriations from 2021-2023 to 2023-2025 include:

- \$300 million: Fish Passage Barrier Removal projects.
- \$168 million: I-405/Renton to Bellevue - Corridor Widening project.
- \$147 million: I-405/SR 522 to I-5 Capacity Improvements project.
- \$50 million: SR 167/SR 509 Puget Sound Gateway project.
- \$48 million: I-5 JBLM Corridor Improvements.
- \$50 million: Ultra High-Speed Rail advancement and federal match.
- \$8.5 million: Palouse River and Coulee City Railroad Rehabilitation.
- \$39.9 million: Hybrid electric Olympic class vessel and long lead items.
- \$30 million: I-90 Snoqualmie Pass - Widen to Easton.