

Proposed 2005-07 Senate Transportation Budget

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OVERVIEW

The proposed 2005-2007 Senate transportation budget is based on two basic facts: first, the state has an immediate and pressing need to deal with critical safety needs of high cost and imperiled structures and, second, that the enormous cost of meeting those needs requires partnerships with regional and local governments and the private sector.

SAFETY

Seismic Retrofits and Deficient Bridges

The Alaska Way Viaduct, the SR 520 floating bridge and the Hood Canal Floating Bridge are the most expensive and the most well known of the structures that are vulnerable to seismic or storm damage, but they are not the only structures that are in danger. The seismic zone in the Puget Sound area contains scores of bridges and structures in need of immediate attention.

New funding, provided primarily by increases in fuel taxes, will allow the state to reconstruct or improve dangerous and deficient bridges. In addition to the highly visible structures, the Department of Transportation is directed to expedite improvements on **179 bridges in need of seismic upgrades**. The Department is instructed to take a programmatic approach to this effort and to work with regulatory agencies to develop expedited permitting and mitigation procedures.

Additionally, there are numerous bridges and structures throughout the state that are under weight restrictions or pose safety hazards, creating bottlenecks where traffic is squeezed into restricted passages. Additional funding is provided for 50 deficient bridges throughout the state.

Managing Construction and Traffic

Renovating and rebuilding those structures requires that alternative routes be improved so that traffic congestion does not reduce safety elsewhere. The Alaska Way Viaduct and SR 520 reconstructions require improvements around the Central Puget Sound in order to anticipate the traffic shifts onto already overcrowded highways and arterials.

The Senate proposal takes a comprehensive approach to construction mitigation and traffic management by addressing congestion choke-point improvements and scheduled preservation on I-5, I-90 and I-405 before the Viaduct and Floating Bridge are reconstructed.

Some of this work is accomplished by speeding up the projects funded in the 2003 Nickel Package. No projects have been added or deleted from the package but the Kirkland Crawl, Wilberton Weave and Renton improvements are accelerated by delaying concrete rehabilitation projects.

Other Safety / Congestion

Bridges are not the only transportation safety needs around the state and although safety is the first priority in this budget, it is not the only transportation need that must be addressed with new funding.

Two lane rural roads have been found to be the most dangerous traffic situations in the state. The Senate proposal supports WSDOT recommendations for a statewide program of spot improvements and low cost safety enhancements, such as cable-stayed guard rails and shoulder widening. Urban roadway safety hotspots and traffic chokepoints are generally found together. The Senate proposal provides funding for selected safety investments.

The deterioration of many concrete road surfaces is becoming a major concern. The interstate highways were solidly built but are reaching the end of their useful life and require resurfacing. Drivers know intuitively that rutting and cracking of the roadways are real safety issues. The Senate proposal provides new funds of \$171 million for concrete rehabilitation. Washington State uses much of the federal transportation funds for preservation of the roadways rather than for roadway expansions or improvements. These state funds will supplement anticipated federal funds for preservation.

PARTNERSHIP APPROACH

Puget Sound Regional Partnership

The regional financing package for King, Pierce and Snohomish County is an integral part of the Senate proposal. If regional support is not forthcoming, state resources will be reallocated to provide complete projects that address the highest needs. Ongoing negotiations on the regional plan are proceeding on HB 2157.

Local Government Partnerships

Local government transportation is in a critical state. To help address local needs 20% of the initial fuel tax increase (1 cent of the initial 5 cents) is dedicated to cities and counties. In addition, a statutory distribution of \$10 million per biennium of new state funds is provided for grant programs for cities and counties through the Transportation Improvement Board. Local freight needs are addressed through a plan for ongoing funding of Freight Mobility Strategic Investment Board priorities.

The revenue package also provides expanded options for city and county transportation financing. The local option vehicle license fee is restored and household, parcel and employee funding/revenue options are added.

Public Private Partnerships

The State must take advantage of the resources, expertise and vitality of the private sector to maximize the investment in transportation infrastructure. Substitute House Bill 1541 will allow the state to develop new partnerships and mobilize the strengths of the private sector. By providing new contracting, financing and risk sharing arrangements, the state will access resources outside the limits of traditional taxing authorities. However, a solid foundation must be in place and comprehensive study of tolling options is planned in order to aid the Transportation Commission in its development of the rules for public-private contracts.

Partnerships in Public Transportation

The vision of public transportation has expanded greatly over the last few years. There is a renaissance in commuter and intercity rail, renewed interest in commute trip reduction and transportation demand management, new concepts like flex cars and renewed concepts such as street cars and mosquito fleets, as well as increased coordination between public and private providers of paratransit. The Senate transportation proposal provides funding for public and private partners engaged in a wide variety of public transportation services.

HB 2124 places greater emphasis on public transportation at the state level. The Senate proposal builds on HB 2124 by providing funds for a new rush hour grant program for local governments to contract with transit agencies for improved service on congested corridors. Funding is also provided for a new telework grant program, expansion of existing Commute Trip Reduction tax credits as envisioned in SB 6003 and additional passenger rail service.

TRANSPORTATION PARTNERSHIPS Flexible Funds

(dollars in thousands)

	05-07 state	10 Year Total state	16 Year Total state
(revenue assumed)	\$83,000	\$479,100	\$814,300
PUBLIC TRANSPORTATION PROGRAM			
<i>New Programs:</i>			
Inter-county connections grants for transit agencies	\$5,000	\$25,000	\$40,000
Rush Hour Transit grants	\$5,000	\$25,000	\$40,000
HB 2124, Increasing State Leadership in Transit Planning	\$1,800	\$7,800	\$12,300
Capital project grant program for transit agencies** (includes park & ride lots)	\$10,000	\$52,000	\$91,000
Telework incentive grants for employers (CTR)	\$500	\$2,500	\$4,000
Bicycle & Pedestrian Paths grants	\$3,000	\$21,000	\$42,000
Marine Transit and Commuter Rail Service grants	\$4,500	\$22,500	\$39,500
<i>Additional Investment in Existing Grant Programs:</i>			
CTR tax credits for business	\$1,000	\$6,000	\$12,000
Paratransit for transit systems and non-profits	\$4,000	\$30,000	\$57,000
Safe Routes to School	\$2,000	\$10,000	\$16,000
<i>Public Transportation Investment Total:</i>	<i>\$36,800</i>	<i>\$201,800</i>	<i>\$353,800</i>
RAIL PROGRAM			
Rail Capital (see project list)	\$10,300	\$167,300	\$287,300
State Investment Bank deposit for rail projects	\$5,000	\$45,000	\$75,000
FMSIB rail projects	\$19,420	\$59,420	\$89,420
<i>Rail Investments Total:</i>	<i>\$34,720</i>	<i>\$271,720</i>	<i>\$451,720</i>
TOTAL	\$71,520	\$473,520	\$814,270
ONE TIME EXPENDITURES			
Produce Rail Car Program	\$200		
Flexcar	\$1,000		
Statewide Rail Study	\$1,000		
Eastern Skagit County Rail study	\$50		
Mukilteo Commuter Rail Platform	\$1,500		
Stanwood Commuter Rail Capital Improvements	\$5,000		
Subtotal of One Time Expenditures	\$8,750		
Transportation Partnerships Flexible Funds Total:	\$80,270	\$473,520	\$814,270

Freight Partnerships

The Freight Mobility Strategic Investment Board (FMSIB) evaluates freight needs on state and local roads and railways and provides recommendations to the Legislature for funding. The Senate proposal earmarks \$13 million per biennium for future projects.

In addition to that amount 13 projects identified by FMSIB are funded in the current and future biennium through new revenue. Several of these are large state projects such as the I-90 Snoqualamie Pass improvements, some are partnerships on state routes such as the SR 518 expansion in cooperation with the Port of Seattle and others are local projects that will improve freight flow and relieve congestion such as the Lincoln Ave. grade separation in Tacoma and the Strander Boulevard extension in Renton.

Ferries

Since the passage of Initiative 695 ferry riders have shouldered large annual fare increases.

Previous transportation proposals required annual fare increases of 5% per year for the foreseeable future. For the 2005-07 biennium the Senate proposal adopts the Transportation Commission recommendation for a single 6% increase. The Senate plan calls for a 2.5% increase annually in the future.

Four new vessels are currently being planned with existing revenues including the 2003 Nickel funds. The new revenue proposal will provide funds to also replace the ferry Hyak as part of the planned replacement and modernization of the fleet.

Terminal rehabilitations and improvements at Seattle, Bainbridge, Edmonds, Fauntleroy, Anacortes and Port Townsend are funded through existing funds, Nickel and new revenues.

The passenger route between Vashon and Seattle is continued for an additional year and ongoing operational grants are provided for King County Metro to assume operation of the route. In addition, the mothballed fast-ferries will be sold and proceeds placed in an account which may be accessed by transit agencies in need of capital funds to initiate passenger-only service.

REVENUE PACKAGE

Proposed new revenue includes an increase in the state fuel tax of 3 cents in 2005 and 2 cents in 2006. In order to compensate for the loss of purchasing power in the flat rate tax, additional one cent increases are authorized for 10 years beginning in 2007 and continuing through 2016.

Also included is an additional weight charge on those vehicles that currently do not pay a weight fee for their impact on the roadways. This includes cars, SUVs, light truck and motor homes. Motor homes are provided a new monthly registration option for the occasional use of the vehicle.

Other Department of Licensing fees are adjusted in order to recover the cost of issuing various permits and licenses. The amounts that are currently subsidizing those activities are reallocated in the new spending package.

Fees on small trailers are reduced from \$30 to \$15 annually.

Senate Proposed Transportation Revenue Sources

Millions of Dollars

Summary: 16 years, gas tax increase of 3¢ in FY 2006, 2¢ in FY 2007, and 1¢/Year for 10 years. Distribute .5¢ starting in FY 2006 and .5¢ starting in FY 2007 to counties and cities.

18th Amendment Restricted Flexible Funds	
	16 Year Total
Sources	
Increase in Motor Vehicle Fuel Tax (currently 28¢ per gallon, including nickel)	
Fuel Tax Increase (3¢ FY 2006, 2¢ FY 2007, 1¢/Year for 10 Years)	\$6,929
Bond Proceeds	\$6,360
Vehicle Weight Schedule	
- Light Trucks	\$264
- Other vehicles	\$643
Licensing Fees	
- Vehicle Services	\$182
- Driver's Services	\$171
Sub-Totals	
18th Amendment	\$13,734
Flexible Funds	\$814
Total Revenue Generated by Package	\$14,548
Local Revenue	
1¢ Motor Vehicle Fuel Tax Direct to Cities and Counties (½¢ and ½¢)	-\$602
State Revenue	
18th Amendment Restricted Revenues	\$13,132
Debt Service	<u>-\$4,836</u>
Net available for projects	\$8,296
Flexible Funds	\$814
TOTAL for STATE PROJECTS AND PROGRAMS	\$9,110

COMPENSATION AND PERSONNEL ADJUSTMENTS

Funding for cost-of-living adjustments (COLA's)

The Senate Transportation budget provides 3.2 percent on July 1, 2005 and 1.6 percent on July 1, 2006 for represented and non-represented employees. It also provides an additional 3.8 percent increase to Washington state troopers on July 1, 2005 for salary equalization.

Funding for state employee health benefits

The increases for represented employees comply with the collective bargaining agreements reached by the Governor's Office of Labor Relations and the unions. The amount paid by employing agencies increases from \$584.58 per employee per month in fiscal year 2005 to \$663.00 per employee per month in fiscal year 2006. In fiscal year 2007, the employer contribution per represented employee is \$744.00 per month, while the employer rate per non-represented employee is \$618.00 per month.

Pension Adjustments

The Senate Transportation Budget reflects statutory changes that will be made to the pension funding statutes related to the gain-sharing benefits in Plan 1 and 3 of PERS, TERS, and SERS, which will require legislative approval. Additionally the budget suspends employer contributions towards unfunded liabilities in Plan 1 of PERS and TRS during the 2005-07 biennium.

Middle Management Adjustments

The Senate Transportation Budget assumes the proportional reductions in middle management as proposed by Governor Gregoire. Due to the changing staffing requirements that will occur with increased workloads resulting from the new revenues, the reductions for WSDOT are found in the compensation section and are to be redistributed by the Office of Financial Management.

Summary
2005-07 Transportation Budget
Senate Proposed with New Revenue
Total Appropriated Funds
(Dollars in Thousands)

Major Fund Source	
Transportation 2003 Acct (Nickel) - Bonds (Nickel - T)	940,000
Motor Vehicle Account - State (MVF - S)	778,939
Motor Vehicle Account - Federal (MVF - F)	710,622
Transportation Partnership Account - Bonds (Tran Pr - T)	490,618
Puget Sound Ferry Operations Acct - State (PSFOA - S)	361,899
Highway Bond Retirement Account - State (HWY Bnd - S)	356,313
State Patrol Highway Account - State (SPHA - S)	285,472
Transportation 2003 Acct (Nickel) - State (Nickel - S)	285,172
Tacoma Narrows Toll Bridge Account - Bonds (Narrows - T)	257,016
Transportation Partnership Account - State (Tran Pr - S)	215,401
Multimodal Transportation Account - State (Multmdl - S)	183,335
Highway Safety Account - State (HSF - S)	120,808
Other Appropriated Funds	854,213
Total	5,839,808

Fund Type	
State	3,139,011
Federal	818,258
Local	53,780
Bonds	1,828,759
Total	5,839,808

Major Transportation Agencies	
Department of Transportation	4,527,776
Washington State Patrol	282,185
Transportation Improvement Board	211,067
Department of Licensing	202,491
County Road Administration Board	99,063
Bond Retirement and Interest	452,267
State Employee Compensation Adjustments	31,467
Washington Traffic Safety Commission	20,011
Other Transportation	13,481
Total	5,839,808

Estimated Sales Tax Revenue Generated

	2005-07	2007-09	2009-11	2011-13	2013-15	10 Year Total
State Sales Tax Revenue	\$21,022,914	\$32,201,848	\$36,706,582	\$40,368,503	\$31,959,636	\$162,259,483
Local Sales Tax Revenue	\$6,468,589	\$9,908,261	\$11,294,333	\$12,421,078	\$9,833,734	\$49,925,995
Total Sales Tax Revenue	\$27,491,503	\$42,110,109	\$48,000,915	\$52,789,580	\$41,793,370	\$212,185,477

Estimated Net Employment Gain

	2005-07	2007-09	2009-11	2011-13	2013-15	10 Year Total
All Sectors	4,356	7,544	8,637	9,146	5,098	34,780

Licensing Fees

(Dollars in Thousands)

03-05 Study

Vehicle Services

<u>Fee</u>	<u>Current Amount</u>	<u>Proposed Amount</u>	<u>Agency Cost</u>
Reflectorized Plate Fee (single plate)	\$0.50	\$2.00	\$1.18
Reflectorized Plate Fee (plate set)	\$2.00	\$4.00	\$3.36
Replacement Plates	\$3.00	\$10.00	\$7.09
Small Trailers	\$30.00	\$15.00	

Driver's Services

<u>Fee</u>	<u>Current Amount</u>	<u>Proposed Amount</u>	<u>Agency Cost</u>
Original License Application	\$10.00	\$20.00	\$15.15
Identicards	\$15.00	\$20.00	\$18.54
Driver Permit	\$15.00	\$20.00	\$28.08
Agricultural Permits	\$15.00	\$20.00	\$23.26
License Reinstatement	\$20.00	\$75.00	\$70.27
DUI Hearings	\$100.00	\$200.00	\$283.07