

2012 SUPPLEMENTAL TRANSPORTATION BUDGET SUMMARY

The House Chair's proposed 2012 Supplemental Transportation Budget appropriates \$9.8 billion of state, federal, and other sources of funds.

Current Law Supplemental: No New Revenue

While transportation revenues are forecasted to stagnate in the future, 2011-13 resources are holding stable. Forecasted revenues to the major transportation accounts are expected to decline by about \$40 million. Additionally, \$320 million in reduced spending in the 2009-11 biennium has boosted beginning fund balances.

For the 2011-13 biennium, the overall increase in expenditures is \$770 million. This increase is primarily due to full appropriation of bond proceeds for the State Route (SR) 520 Bridge Replacement program.

Except for this increase, the underlying Supplemental Transportation Budget decreases by about \$140 million, principally due to lower than predicted project bids and decreased debt service. These savings are offset by increases for projects on a slower schedule as well as new contributions from the federal government and other partners.

Capital Program Changes

The House Chair's proposed budget includes only a few significant project changes:

- Full appropriation of the remaining bond authority for the SR 520 Bridge Replacement program for the floating bridge and eastside projects. As with the Tacoma Narrows Bridge project, full appropriation enables the state Department of Transportation (DOT) and the Treasurer's office to better manage bond issuances with needed cash flow and will allow the DOT to access more favorable financing terms through the federal Transportation Infrastructure Finance and Innovation Act (TIFIA) program.
- \$41 million in City of Seattle funds are applied to the Alaskan Way Viaduct Replacement project for utility relocation work in the current biennium.
- \$31 million in federal funds and \$30 million in funds from Oregon are applied to the Columbia River Crossing project. Oregon's contribution will allow continued work on permitting and preliminary engineering, while the allocation of federal formula funds will advance right-of-way acquisition.
- \$15 million in federal TIGER grant funds will allow new work in the Joint Base Lewis McChord area, on the Interstate 5/SR 510 to SR 512 - Mobility Improvement project. Population and congestion growth in the Joint Base region has been dramatic in recent years. The performance of I-5 through this area will be improved through the use of intelligent transportation system technologies, hard shoulder running techniques, and other improvements.

- \$36 million is released for toll equipment for the I-405 widening project subject to completion of the Commission revenue study and consultation with the Joint Transportation Committee.
- \$40 million in savings realized on the I-405/Kirkland Vicinity Stage 2--Widening project will be used to advance work on the I-405/SR 167 direct connector.

Operating Program Changes

Transportation operating programs are decreased overall by \$18 million in the budget, with most savings coming from reduced debt service and savings in general government costs.

The House Chair budget proposal includes the following notable policy increases:

- \$2.9 million in savings from ferry fuel hedging is applied toward any future increases in fuel costs. This policy reduces the likelihood of a fuel surcharge being added to ferry fares during the current biennium.
- \$2.1 million for fuel cost increases experienced by the DOT and the Washington State Patrol (WSP).
- \$2.7 million to ensure the continuation of the Target Zero Trooper program.
- \$550,000 of federal grant funds for the Department of Licensing's (DOL) implementation of facial recognition for identity verification in the driver's license program, consistent with the requirements of Substitute House Bill 2433.
- \$1 million is provided for the Washington State Transportation Commission and the DOT to assess the feasibility of transitioning from the gas tax to a road user assessment system of paying for transportation.
- \$2.5 million to upgrade the DOL legacy computer systems. Current systems are programmed in COBOL, one of the oldest programming languages. The DOL will implement a phased replacement, where modernization occurs parallel to business process revisions. The cost of implementing future legislative initiatives will be reduced with the new system.
- \$963,000 to implement the new limousine regulation program established by chapter 374, Laws of 2011.
- \$1.2 million to increase accountability measures for drivers who have been convicted of driving under the influence.

New Revenues and Spending

Future transportation revenues are expected to be flat or declining. At risk are legislative commitments to pay debt service on the bonds issued to pay for projects authorized in 2003 and 2005, current levels of ferry service, maintenance and preservation of the highway system, funds used to support the WSP's efforts to keep our roadways functioning safely, as well as grants to local public transportation agencies.

To address these upcoming shortfalls, three major fee revenue bills are proposed for transportation purposes: Engrossed Substitute Senate Bill 6150 (drivers' license fees),

Engrossed Substitute Senate Bill 6455 (vehicle and dealer fees), and Substitute House Bill 2660 (barrel fee). At full biennial implementation, the drivers and vehicle fee increases are expected to provide \$207.5 million to support continued operation of the state's transportation system. The new fee on petroleum products would yield as much as \$260 million per biennium and be designated for both capital and operating purposes.

For the current biennium, the new revenue is allocated as follows:

- \$43 million for roadway asphalt and concrete preservation activities from the newly created Transportation Operations and Maintenance Account supported by a \$1.50 fee on each barrel of petroleum product used for transportation purposes.
- \$46 million to fund a second 144-car capacity vessel. With this funding, shipyards could commence work in December 2012 with an expected in-service start in January 2015.
- \$11 million for restoration of the WSP's auto theft program, to provide additional funding for compliance with Federal Communications Commission's "narrowbanding" requirements related to upgrading radio systems, and for general agency operations.
- \$8 million is provided to the DOT to reduce the highway maintenance backlog and to meet urgent preservation needs on the state's roadways.
- \$10 million to support transit service. The funds are available to service provided by all public transit agencies, including regional, metropolitan, county, and rural agencies.
- \$8 million for the purchase of fuel for ferry operations.
- \$4 million for the Transportation Improvement Board to meet urgent preservation and storm water needs at the local level.
- \$4 million for the County Road Administration Board for urgent preservation needs on county roads.
- \$2.5 million for additional Safe Routes to Schools projects.
- \$1 million for partnership projects managed by the Freight Mobility and Strategic Investment Board.

In addition, \$27.5 million in new funding will be made available over the next three years to advance design, preliminary engineering, or right-of-way acquisition for the following state highway projects:

- \$2.5 million for the I-5 Federal Way - triangle vicinity improvements.
- \$5 million for the Joint Base Lewis McChord Corridor.
- \$3.5 million for preliminary work on the 124th Street and 148th Interchanges on SR 520.
- \$5 million for SR 509 Des Moines to Sea-Tac new corridor.
- \$650,000 for SR 9/Marsh Road to 2nd Street widening (also known as the Snohomish River Bridge widening).
- \$5 million for the North Spokane Corridor.
- \$3 million for the SR 167 Tacoma to Puyallup new corridor.

- \$2 million for the I-82 Union Gap project.
- \$300,000 for the SR 155 Omak Bridge Replacement.
- \$200,000 for the SR 28 East Wenatchee corridor improvements.