

Moving Washington Forward: Transportation Investment for a Sustainable Recovery

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The Washington State Economy: In Crisis

Much like the rest of the U.S., Washington's economy is in recession.

- **Construction sector employment in Washington is down 30% since its peak in 2007.**
 - At the start of the recession this sector made up 7% of total employment in Washington but has accounted for close to one-third of the total job losses.
- **The unemployment rate in Washington is 9.3%.**
 - People don't have money to spend, businesses can't create jobs, less money in the economy
- **Strategic recovery**
 - Washington will continue to experience the effects of the recession for years to come, economic recovery is a slow process--investment in transportation infrastructure will help put Washington on the road to recovery.

Washington's Economic Vision

- **Washington is committed to helping working families by creating opportunities for family-wage jobs, speeding up investment in Washington and promoting business growth.**
- **Governor Gregoire's strategy to achieve this vision includes:**
 - **Invest in the right infrastructure** – by making strategic investments in roads, water, telecommunications, and energy
 - **Put Washington to work** – through creating jobs and supporting small business
 - **Create a foundation for success** – by making it easier to do business and reducing the regulatory burden on small businesses
 - **Compete in the global economy** – by identifying opportunities to help Washington farmers and companies compete internationally and recruiting new companies to locate here

Washington's Economy Depends on a Strong Transportation System

- **\$27 million of freight moves on Washington roadways every hour of every day.**
- **Washington's total exports were valued at \$51 billion in 2009.**
 - Washington is first in the nation for per capita exports and fourth in the nation for total exports.
- **Freight movement supports jobs.**
 - 46% of Washington jobs are in freight-dependant industries.
 - "Made in Washington" products support over 627,800 jobs in regional manufacturing, agriculture, construction and forestry, and depend on Washington's freight transportation network.
 - Washington's retail and wholesale distribution system supports 739,700 jobs.
- **Investment in transportation creates jobs.**
 - The 2009 – 2011 transportation construction budget is estimated to support approximately 24,000 direct, indirect, and induced jobs.



Washington's Transportation System – A Valuable Asset

Highways

- Carry 86 million vehicle miles/day (on 20,000 state highway lane miles)
- 225 lane miles of a planned 320-mile HOV freeway system
- More than 3,600 bridges and structures

Ferries

- Carry 23 million passengers/year (on 23 ferry vessels, 20 terminals, and 500 daily sailings)

Passenger rail

- Carries over 800,000 passengers/year
(Partner in Amtrak Cascades state passenger rail)

Freight rail

- Runs 118 grain cars (Grain Train)
(over 1.4 million tons of grain moved)
- 492 miles of public owned short-line
- 3,600 miles of freight railroads and 116 million tons of freight moved

Transit support

- Commute programs support more than 810,000 commuters statewide *(170 million vehicle miles traveled reduced annually)*
- Vanpool program includes more than 2,400 vans
(Washington has the largest public vanpool fleet in the nation)

Aviation

- 17 WSDOT-managed airports
- 138 public use airports



Your Tax Dollars at Work: WSDOT Program Delivery Summary

The 2003 and 2005 revenue packages brought forth **\$15.5 billion** of infrastructure.

Delivery Performance:

- 273 projects completed
- **By Dec. 30, 2010:** 347 of 421 projects will be either complete or under construction.
 - 92% of completed projects “on budget”
 - 89% of completed projects “on time”

*Nickel/TPA data as of July 31, 2010.
ARRA data as of September 8, 2010.*



ARRA Projects

- \$492 million for 217 state highway and local projects
- \$179 million for 55 transit projects (rural/urban/ferries)
- **High speed passenger rail:** awarded \$590 million; \$8 billion available
- ARRA has put 19,000 people to work, working 3 million hours, and earning \$130 million in payroll since Feb 17, 2009.

Your Tax Dollars at Work: Results

Safer roads, better-maintained assets, less congestion, improved environment

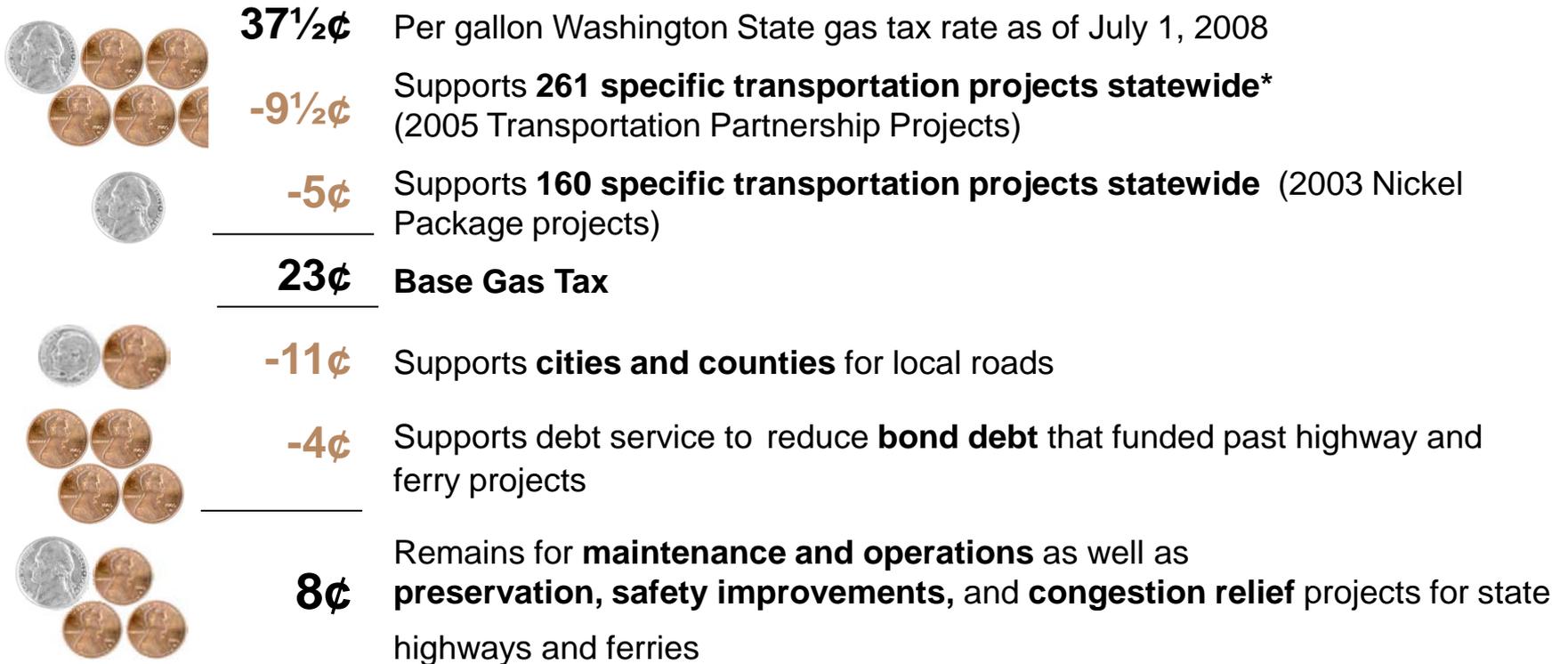
- **Crashes are down 22%**--before and after studies of 25 safety projects show **22% fewer fatal and serious injury crashes** annually.
- Through strategic, lowest lifecycle investments, **over 90%** of bridges and pavements are in fair or better condition.
 - **State Pavements:** 94% of the 18,400 lane miles are in fair or better condition.
 - **Bridges:** 98% of the 3,658 bridges are in fair or better condition.
- **46%** of bridges are completely, partially, or under contract for seismic retrofit work.
- **Travel delay declined by 13%** on all state highways.
(comparing 2006 to 2008)
- **Average speeds increased 23%** and peak travel times were **reduced 15%** - As shown by an analysis of 15 completed Nickel and TPA projects.
- **Over 1,000 stormwater treatment facilities** constructed or retrofitted.



Data sources: WSDOT Transportation Data Office and WSDOT Strategic Assessment Office

Washington's Primary Transportation Revenue Source is Limited, Committed, and Doesn't Keep Up with Inflation and Growing Demand

78% of all state transportation investments are financed by the gas tax.



*Of the 9½ cents, 8½ cents is used by the state for highway projects, 1 cent goes to cities and counties for improvements to streets and roads.

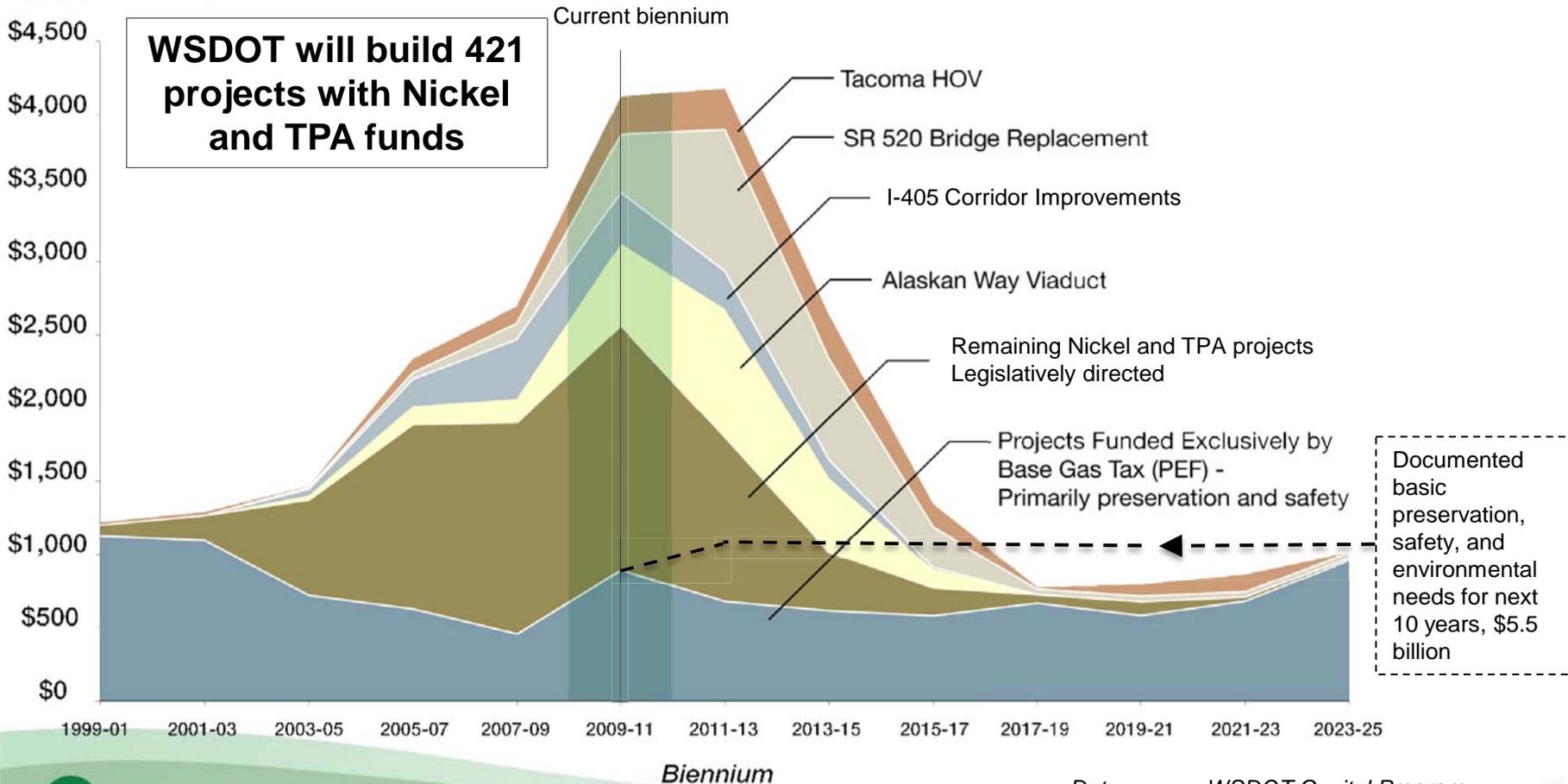
WSDOT Highway Construction Program

All funds from the 2003 and 2005 Gas Tax increases are committed.

2010 Legislative final budget – Highway construction program

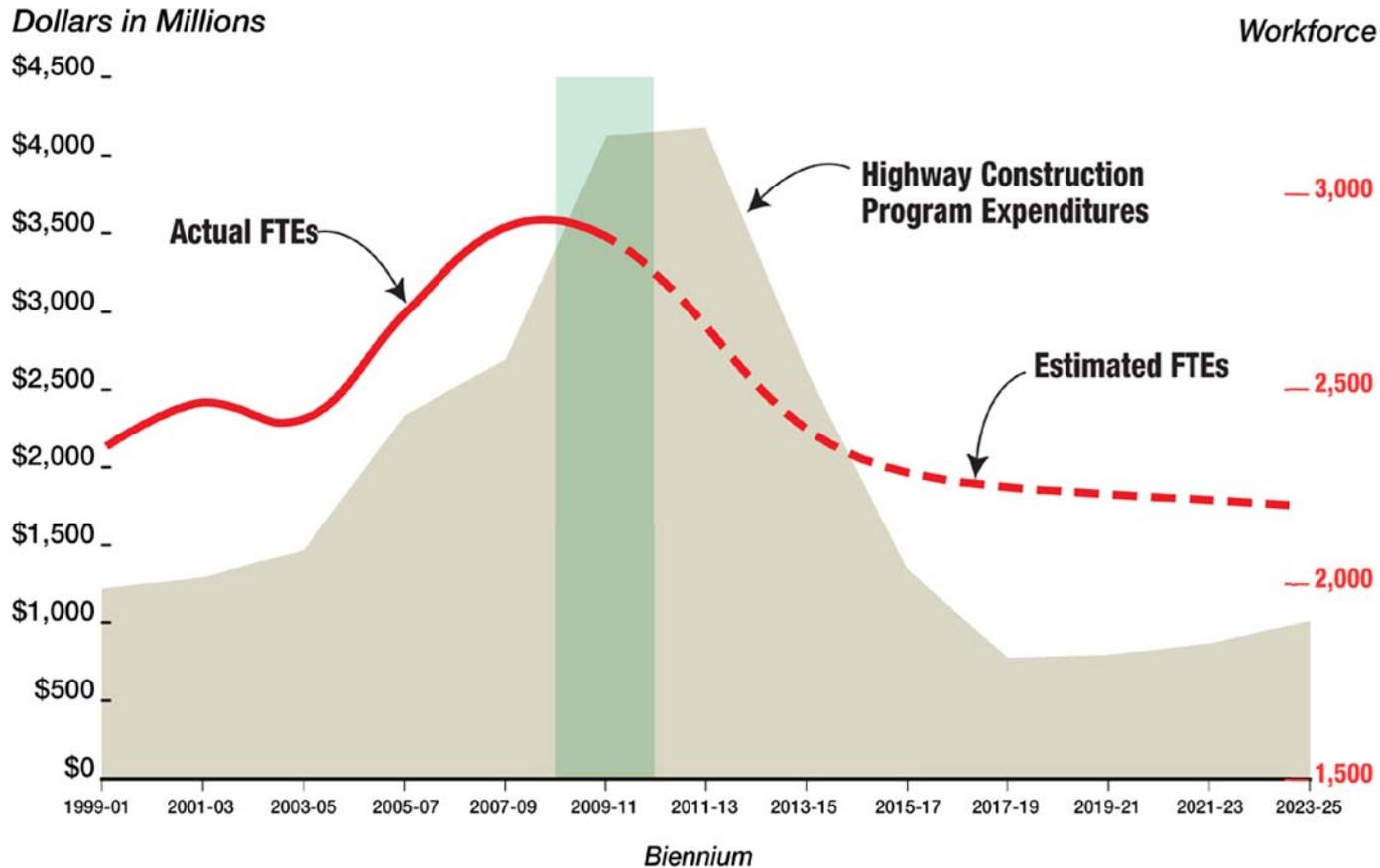
Program total with select mega-projects highlighted (*excludes subprograms 16 and 17*)

Dollars in Millions



2011 Agency Budget Request—Highway Construction Program

Program Expenditures and Workforce Projection



74% of highway program dollars are contracted to the private sector.

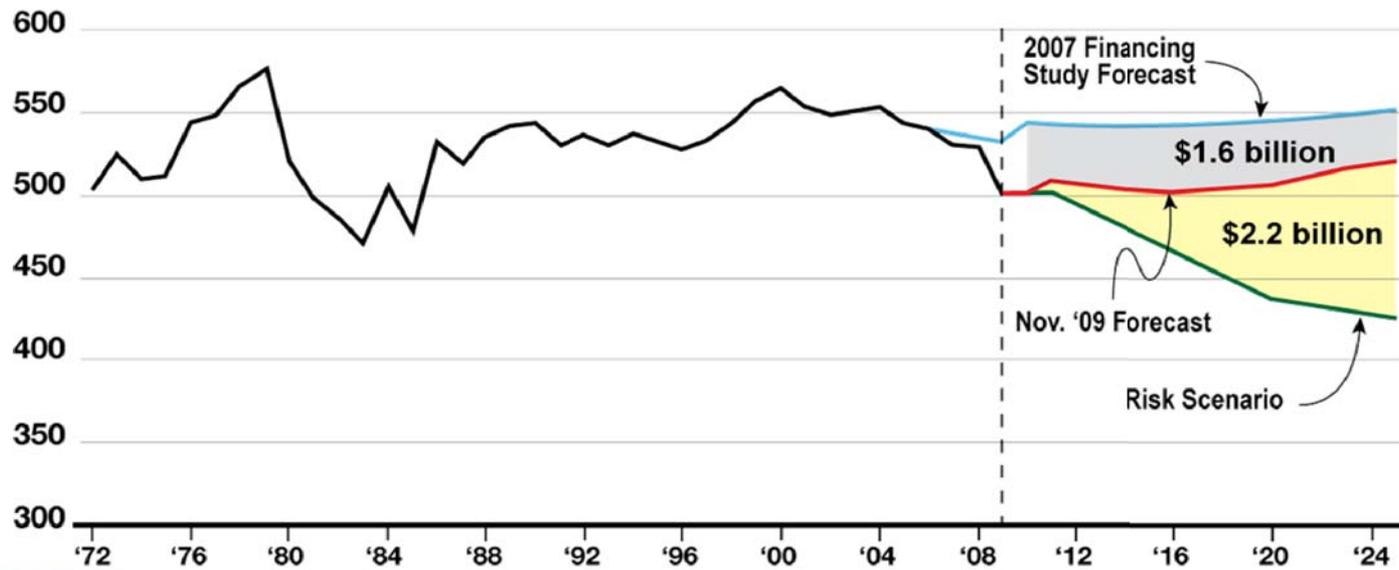
\$6B of the \$15.5B in nickel and TPA will be delivered through our design build program.

54% of the design effort for Nickel and TPA was delivered by consultants.

Declining Purchasing Power of Transportation Revenues

- The system is dependent on flat-rate revenues that do not grow with inflation.
- We are seeking better air quality by promoting cleaner fuels, new vehicle technology and travel options. This will further impact gas tax revenues.
- There is a recession, people are driving less.
- The Federal Highway Trust Fund is depleted.

Historical and projected gallons per capita



Source: "Implementing Alternative Transportation Funding Methods,"
Joint Transportation Committee, January 5, 2010

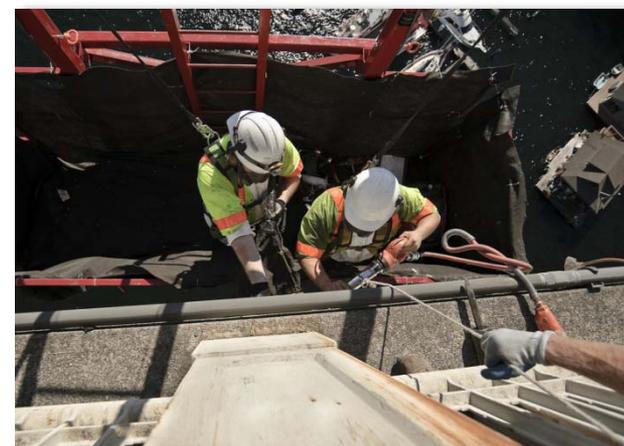
There are Growing Demands on the System

- The population is growing -- this means more people will be driving on the roads and more resources will be required to maintain the system.
 - The population of Washington state is expected to **grow 20% between 2010 and 2025.**
 - The number of licensed drivers is expected to **grow 19% between 2010 and 2025.**
 - Vehicle registrations are expected to grow **27% between 2010 and 2025.**
 - **Business and freight movement will increase in a recovering economy.**



Transportation System Risk Resulting from No Investment

- Limited transportation projects in the design pipeline and very few new construction starts
- Loss of expertise: WSDOT will lay off 400 – 500 staff starting in 2011-13; consultants are reducing staff now.
- Without additional investment highway pavement will deteriorate from 94% good/fair to less than 60% in 15 years.
- Washington State Ferry service is in jeopardy, aging vessels will not be replaced.
- Strides to integrate the transportation system will backslide; travel delay will increase.
- Corridor improvements may remain unfinished; choke points and bottlenecks amplify.
- Cities and counties can't keep up with preservation and maintenance.
- Air quality, Puget Sound cleanup, stormwater improvements will stall.



The Time to Invest in Transportation is Now

- Create jobs for Washington State
 - The 2003 and 2005 gas tax funding packages are estimated to support **10,000** direct, indirect, and induced jobs annually.
- There is a great bidding climate now – WSDOT is seeing more and better bids than ever before.
 - In FY 2010, contracts were awarded an average of 18% below engineers estimate.
- Lower material cost increases than in recent years – WSDOT can build more for less.
- Low to no inflation – financing costs are at record lows.
- A recovered economy will depend on a transportation system that works.



Washington's Investment Strategy

Preserving, Maintaining, and Keeping Safe

Protecting our Environment (Stormwater, Fish Passage, clean air)

Moving Washington



- Operating Roadways Efficiently
- Managing Demand
- Adding Capacity Strategically

Examples include:

- Interchange improvements
- Improve safety and traffic flow
- Cost effective asset maintenance and preservation
- Eliminate chokepoints and bottlenecks
- Increase transit options
- Ferry vessels
- High speed rail improvements
- Cameras, traffic and data, signal timing
- Improve freight corridors
- Strategically add new lanes
- Active Traffic Management
- Invest in special needs transportation to provide access for jobs and lifeline services
- Mega Projects (North Spokane Corridor, 509, 405, CRC, AWW, 520, etc.)
- Express Tolling
- Pedestrian improvements and bike lanes

Conclusions

- Transportation is important for our economy.
- The 2003 and 2005 Gas Tax increases funded projects that are being delivered on time and on budget and are producing real results – but all funds are committed.
- Our growing state transportation needs will outpace our current financial capacity.
- Now is the time to act!