

2012 Governor Proposed Supplemental Transportation Budget

Presentation to
Washington State
Transportation Commission

Jan. 18, 2012

Overview

- Supplemental transportation budget is \$9.9 billion, an increase of about 10% over the base budget.
- Increase is mostly attributable to capital reappropriations from 2009-11 and increased appropriation authority for SR 520 (to maximize use of bonding authority).
- Budget includes more than \$1 billion in debt.

Budget Requests:

Washington State Department of Transportation

- \$354,000 for stormwater – for local storm water fee assessments
- \$395,000 for the Regional and Rural Mobility Grant programs to address State Auditor's Office findings on grant administration

Budget Requests:

Washington State Patrol

- \$2.7 million for continuation of the Target Zero Trooper program. Program has been funded by a 2-year federal grant that ends June 30, 2012. This request will continue the program with state funds. The pilot project has greatly exceeded anticipated results. The target in fatality reductions in the 3 counties was 40 for FY 2011 and was down 70 compared to the previous 5-year average.
- \$106,000 for continuation of the WSP Ignition Interlock Program also funded by a 2-year federal grant that ends Sept. 30, 2012. This program consists of one trooper who ensures compliance with calibration requirements for all ignition interlock services centers and technicians in the state.

Budget Requests:

Department of Licensing

- \$272,000 to implement agency request legislation for 6-year driver licenses and identicards. This proposal extends the renewal cycle from 5 to 6 years and reduces the number of times a person needs to visit a licensing service office in person from once every 10 years to once every 12 years. It will also decrease wait times at licensing offices.
- \$2.5 million vehicle and driver computer system updates to allow DOL to more efficiently make updates and changes to implement legislation, especially for fee increases and renewal cycle modifications.

Construction project changes from 2011

Very minor overall

- 2011 Legislature: \$5,675.2 billion for 2011-13 construction program
- Governor proposed: \$5,631.0 billion
- \$44 million difference - less than 1 percent variance

Columbia River Crossing

- The 2011-13 request is \$62.8 million higher than when the Legislature left in the spring because it now includes a \$30 million local contribution from Oregon; a \$25 million federal earmark; and an \$8 million reappropriation.
- The request continues the purchase of right of way and preliminary engineering to keep the project shovel- ready for 2014.
- Record of Decision was complete Dec. 2011.
- Agency request legislation to authorize tolling is expected.
- Project is still largely unfunded ... but the assumption remains roughly 1/3 tolls, 1/3 state and 1/3 federal.

State Route 520

- The largest increase in the supplemental budget is for SR 520.
- The budget proposes full appropriation of the remaining bond authority of \$1.8 billion for the SR 520 project for flexibility on this design-build project.

State Route 16

- SR 16 repayment of sales tax was on the financial plan and has been added to the project list because the Attorney General's Office said the sales tax deferral needs to be treated as a capital expenditure.

Alaskan Way Viaduct

- Viaduct replacement projects have \$2.4 billion in funding from the state gas tax and federal sources. This year, WSDOT increased funding to \$3.1 billion, which assumes \$400 million from tolls, \$300 million from the Port of Seattle and \$50 million from the city of Seattle for utility work.
- WSDOT is submitting legislation authorizing tolling.
- WSDOT is working with the Treasurer's Office and the private sector on tolling models.
- Tolling is expected to begin when the project is open to traffic late 2015.

Jobs

Estimated impact averages ***29,200 jobs per year for the current biennium.***

Mega projects:

- AWW: **5,300** jobs
- SR 520 Bridge: **6,200** jobs
- I-405 Corridor: **1,500** jobs
- North Spokane Corridor: **450** jobs
- I-90 Snoqualmie Pass: **800** jobs
- Tacoma HOV: **1,400** jobs
- Columbia River Crossing: **400** jobs

Outer biennia are a problem

TEIS Fund Balance
16-Year Summary Fund Balance Report
GV008 - Bond Adjusted with November 2011 Forecast
(Dollars in Thousands)

	2011-13	2013-15	2015-17	2017-19	2019-21
<u>108 - Motor Vehicle Account</u>					
Beginning Fund Balance	40,186	43,773	(5,884)	(143,430)	(181,841)
Ending Fund Balance	43,773	(5,884)	(143,430)	(181,841)	(183,288)
<u>550 - Transportation 2003 Account (Nickel Account)</u>					
Beginning Fund Balance	146,663	1,026	2,079	517	2,476
Ending Fund Balance	1,026	2,079	517	2,476	6,333
<u>09H - Transportation Partnership Account</u>					
Beginning Fund Balance	435,446	858	661	5,242	8,004
Ending Fund Balance	858	661	5,242	8,004	13,272
<u>218 - Multimodal Transportation Account</u>					
Beginning Fund Balance	56,432	3,228	(11,193)	(71,921)	(9,694)
Ending Fund Balance	3,228	(11,193)	(71,921)	(9,694)	77,959
<u>099 - Puget Sound Capital Construction Account</u>					
Beginning Fund Balance	8,575	217	(272,819)	(542,471)	(818,697)
Ending Fund Balance	217	(272,819)	(542,471)	(818,697)	(1,025,940)
<u>109 - Puget Sound Ferry Operations Account</u>					
Beginning Fund Balance	23,915	600	(77,280)	(168,666)	(256,422)
Ending Fund Balance	600	(77,280)	(168,666)	(256,422)	(330,203)
<u>081 - State Patrol Highway Account</u>					
Beginning Fund Balance	8,534	1,596	(29,469)	(65,229)	(97,552)
Ending Fund Balance	1,596	(29,469)	(65,229)	(97,552)	(120,483)
<u>511 - Tacoma Narrows Toll Bridge Account</u>					
Beginning Fund Balance	7,927	558	(26,611)	(47,595)	(70,816)
Ending Fund Balance	558	(26,611)	(47,595)	(70,816)	(98,665)

Reductions in recent past

- WSDOT reduced administrative and overhead expenditures throughout the agency, including Ferries, by \$56 million in the past 4 years.
- WSP has cut \$24.3 million and eliminated 26 FTEs for fiscal year 2009-present.
- Ferries' labor savings agreed to in 2011 of \$20 million (3% salary reduction, overtime, vacation, crewing levels, travel-time reductions) also slashed administration by \$4 million+.

Efficiencies

Debt

- Reduced debt over 10-year plan by \$236.5 million. Reductions were possible due to favorable bid climates yielding savings, projects coming in under budget at the department and revised fund balances. Projects not adversely affected.

Washington State Ferries

- 2011 Legislature authorized ferries to engage in fuel hedging. Five hedges so far. Average hedge price is \$3.26 per gallon compared to base budget assumption of \$3.51. Reduction in the supplemental budget of \$1 million.

Central Service Charges

- Reflects reductions in General Fund agencies. Central service charges reduced by more than \$3.4 million.

Financial plan observations

- Nickel and TPA bonds are reduced \$288.1 million. Debt costs are lowered over the 10-year plan by \$236.5 million.
- No transfers assumed in outer biennia to support ferry operations.
- Includes \$161,000 in 2011-13 and \$163.3 million for a second 144-capacity ferry in 2013-15.
- Tacoma Narrows Bridge Account is balanced in 2011-13 because we added a placeholder of \$17.4 million. Amount needed for debt, maintenance and operations, improvements and 12.5% reserve.

What Will Ferries Face in 2013-15?

- \$77.3 million shortfall to operations would require a 16.6% cut. Would devastate the system and could mean the end of ferry service entirely at Bremerton, Port Townsend, Point Defiance, Sidney and Southworth. It would also eliminate some service to Fauntleroy, Anacortes-San Juan Islands and Mukilteo. How much fares would have to be raised is unknown. As fares increase, ridership drops and revenues fall even more.
- The projected \$272.8 million shortfall in capital will shut the program down except for paying debt.

What Will Multimodal Supported Programs Face in 2013-15?

- The \$11.1 million shortfall in the multimodal account could hit multiple programs at WSDOT, including rail, ferries, the Alaskan Way Viaduct and public transportation.
- If the shortfall came out of public transportation – largely a grant program – the change would be about an 11.2% reduction.
- These cuts would particularly hit transit agencies.

What Will the Washington State Patrol Face in 2013-15?

- Projected \$29.5 million shortfall would require an 8% reduction.
- It is unknown where or how the cuts would be taken.
- If all the reduction were taken in trooper FTEs, 110 would be eliminated, about 12% percent of the total trooper workforce.
- Or it could completely eliminate the Commercial Vehicle Program.

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