Washington State Transportation Commission

TRANSPORTATION 101

Moving People and Goods

Fall 2014

What is the statewide transportation system?

- 18,046 miles of city streets
- 39,748 miles of county roads and four county ferries
- Over 7,000 miles of state highways and 22 ferries
- 465 miles of Columbia-Snake river barge transport
- Reservation roads and Forest Service roads
- 39 transit agencies
- 75 port districts in 33 of 39 counties
- Sidewalks and bike paths
- Over 5.5 million licensed passenger vehicles, trucks and motorcycles
- Amtrak, Sounder, Link light rail, streetcars
- Freight trains and trucking companies
- Airlines and maritime shipping lines
- Bicycles

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The Past

Federal

- 90% of the Interstate System was built with federal gas tax money.
- Congress increased the federal gas tax to 18.4 cents per gallon in 1993.

Washington State

- Tacoma Narrows Bridge, both Lake Washington floating bridges, the I-5 bridge between Vancouver and Portland, all were toll bridges.
- State gas tax increases in 2003 and 2005 were bonded to build capital projects.
- Puget Sound ferries were privately owned and operated until the state bought 16 vessels and 20 terminals in 1951.
- State gas tax as a percent of retail price of gas has steadily declined from about 25% in the 40s, 50s and 60s to 10% today.

Local

- Sales tax revenue is the primary fund source for city streets and most transit systems.
- Property tax revenue is the primary fund source for county roads.

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The Present

Federal

- Since 2008, over $53 billion transferred from general fund to Highway Trust Fund and Mass Transit Fund.
- Highway Trust Fund is projected to be insolvent by 2015.

State

- 2013-15 Washington State Transportation Budget: $8.956 billion for the biennium.
- Tolling is generating revenue to build a new SR 520 bridge across Lake Washington and is paying most of the construction cost for the Tacoma Narrows Bridge.

Local

- Over $3 billion annual county, city and transit investment statewide.

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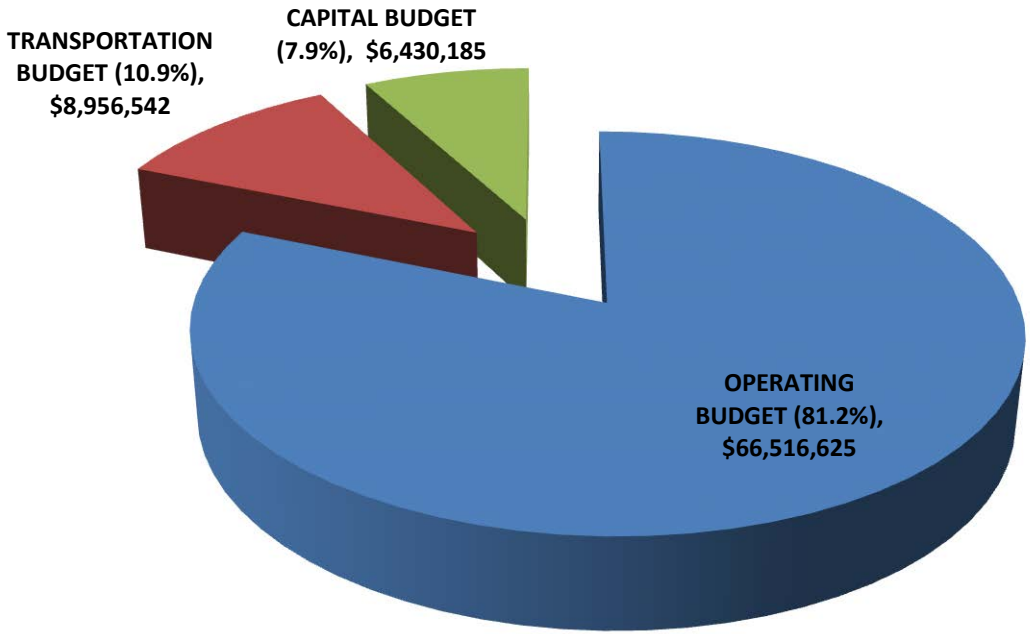
Transportation Infrastructure is Less Than 11% of the 2013 -15 State Budget*



Source: fiscal.wa.gov

2013-15 State Budget -- $81.9 Billion

* Not all of the Transportation Budget builds infrastructure or moves people and goods. It also includes funding for the Washington State Patrol, the Department of Licensing and other transportation agencies.

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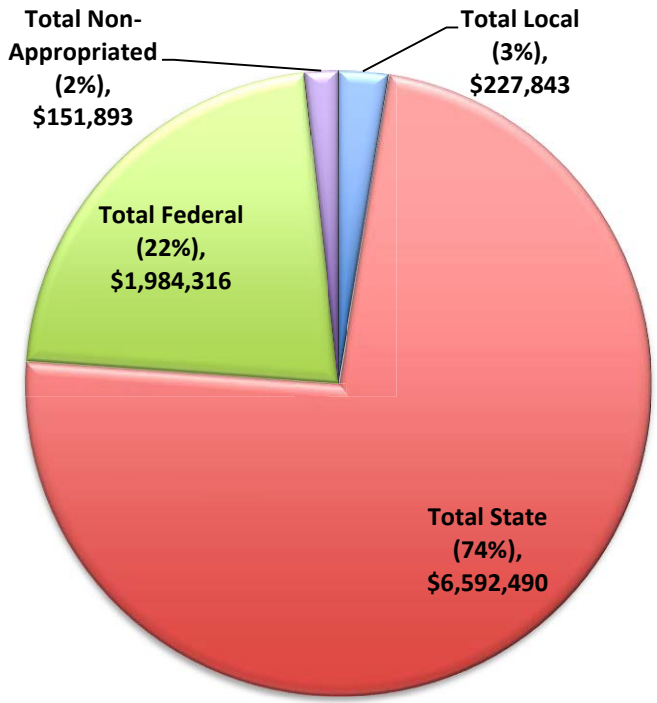
Where Does State Transportation Revenue Come From?

2013-2015 Enacted Transportation Budget = $8.956 billion



- Federal gas tax =18.4¢ per gallon.
- State gas tax = 37.5¢/gallon.
- State car and truck weight fees.
- Ferry fares generate $328 million and pay for 65% to 70% of operating costs.

Source: fiscal.wa.gov

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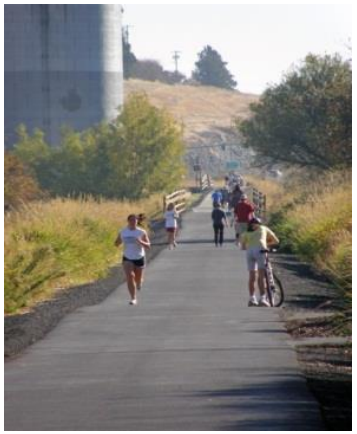
The Present:
Local Transportation Revenue

- 70% of cities' transportation funding comes from local revenue sources, primarily from sales tax.
- About 62% of counties' transportation funding is locally generated, primarily from the county road share of the property tax.

- 11% of cities' and counties' transportation revenue is federal funds.
- 19% of cities' transportation revenue and 27% of counties' comes from the state
  - 2.96¢ of state gas tax is distributed to cities
  - 4.92¢ of state gas tax is distributed to counties

- Most local transit service revenue comes from:
  - Locally-approved sales tax
  - Fare box receipts
  - Federal grants

- Port revenue comes from user fees, leases, property tax and grants.



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The Present:
Your transportation spending

- In 2009, Washington citizens and businesses spent over $11.1 billion on gasoline and other transportation fuel.
- In 2012, new car sales in the state exceeded $12 billion.
- Washington citizens and businesses spend 3 times as much on transportation as state and local government does.
- The average Washington household spends $3,250 – $4,400 annually on vehicle fuel, compared to $607 for home heating.
- Average state and federal gas tax paid by a household annually is $559 - $669.

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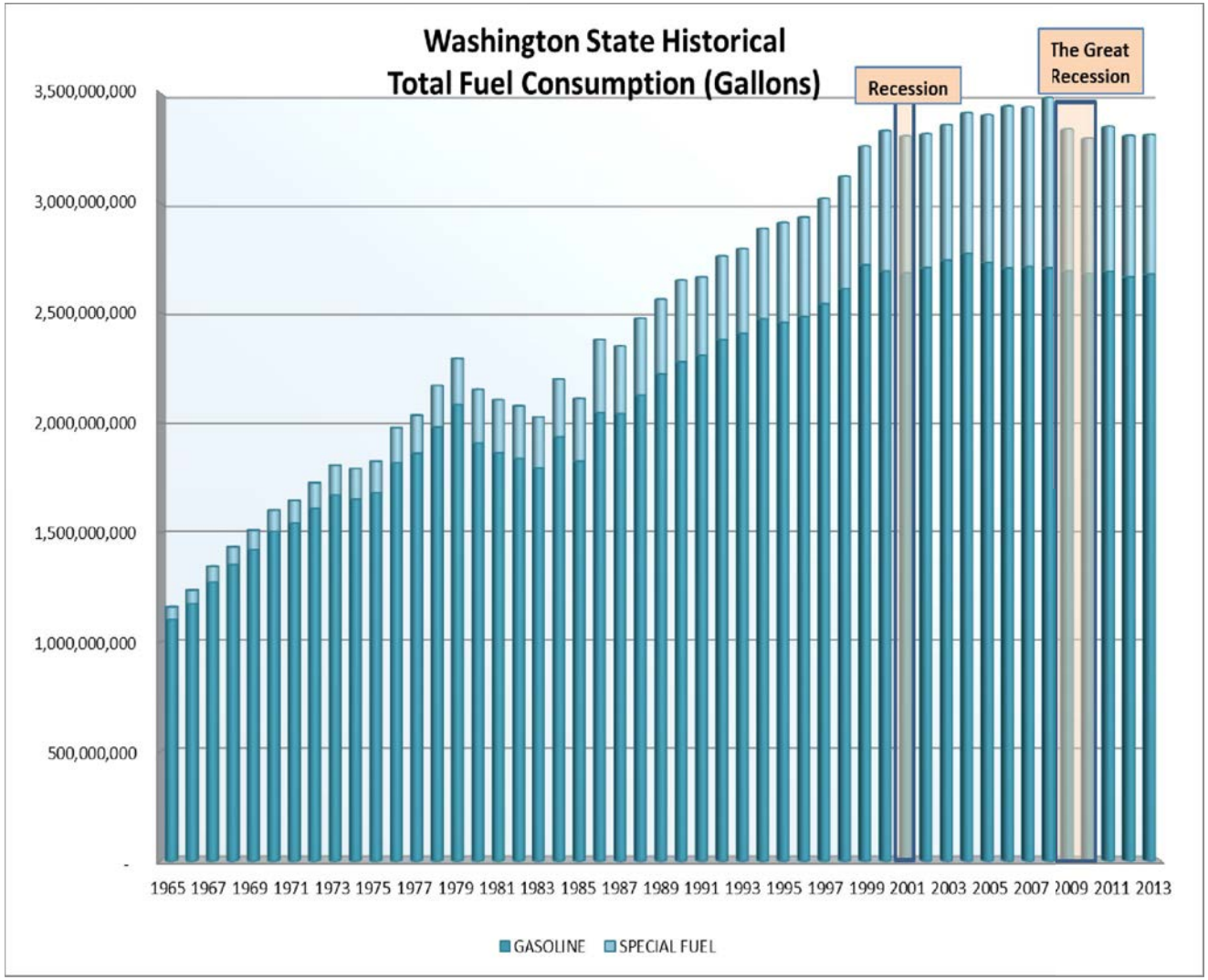
- Gross Fuel Consumption has increased from 1.156 billion gallons in 1965 to 3.313 Billion gallons in 2013.

- Gross Fuel Consumption has been impacted by the economy and "The Great Recession".



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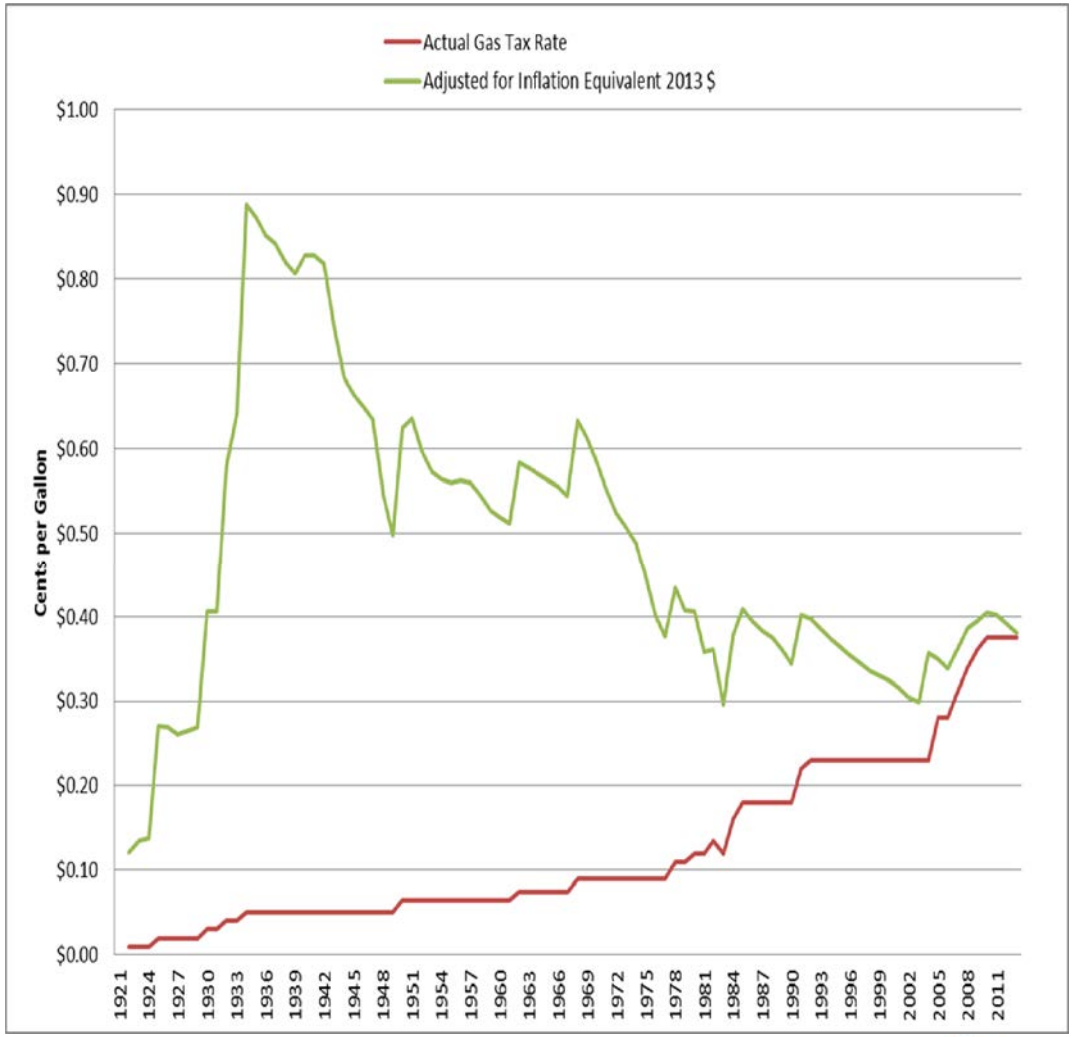
WA State Gas Tax Rate Adjusted for Inflation

- The gas tax is levied as a fixed amount per gallon, so it:
  - Does not rise and fall with the price of fuel
  - Does not keep pace with inflation
- Since the 1930s, the real gas tax rate has declined steeply from its high point of nearly $.90 cents per gallon.
- The largest real value contribution from tax payers was during the 1930s.



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Transportation fuel tax is limited and committed

37½¢ per-gallon state fuel tax

9½¢	5¢	11¢	4¢
261 Transportation Partnership projects*	160 Nickel projects	cities and counties local roads	pay off bonds that funded past projects

421 projects

= 8¢

Available for use on state highways, bridges and ferries:

- maintenance and operations
- preservation
- safety improvements

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

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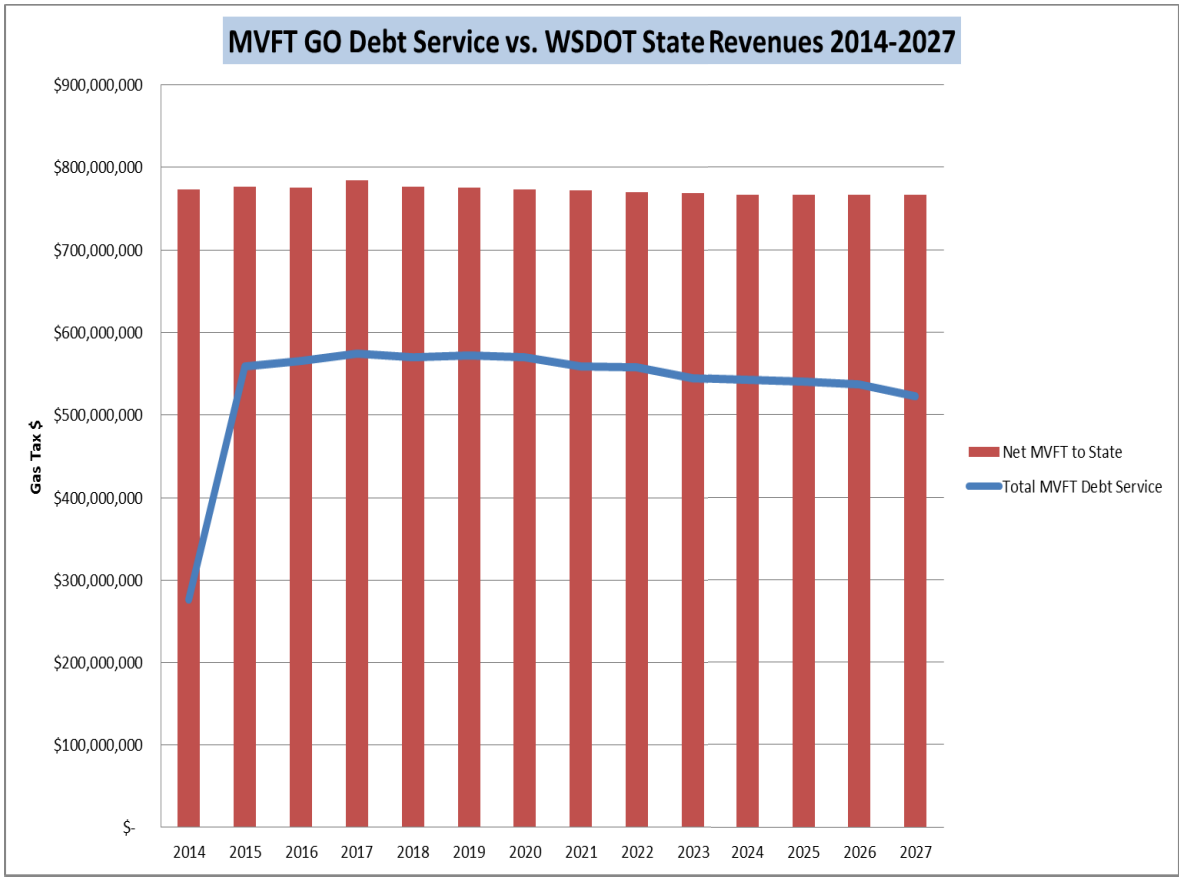
WA State Gas Tax Revenue Obligations

Over the next decade approximately **70%** of the State's net portion of motor vehicle fuel tax revenue is obligated to pay debt service for past projects.



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What does the Future Bring?

Washington is at a transportation funding crossroads.

- Transportation infrastructure is aging. Statewide, over $175 billion in transportation system investments are needed in the next 20 years.
- Long-term needs vs. short-term revenue solutions.
- Population to grow by 28% in the next decade.
- A fixed fuel tax, primary source of transportation revenue, doesn't keep pace with increases in transportation costs.
- Each year debt service payments are absorbing more of the fuel tax revenue. Thus, there is less money for on-going expenses.

The motor fuel tax represents the largest share of state transportation funding, supporting 76 percent of all state transportation investments.

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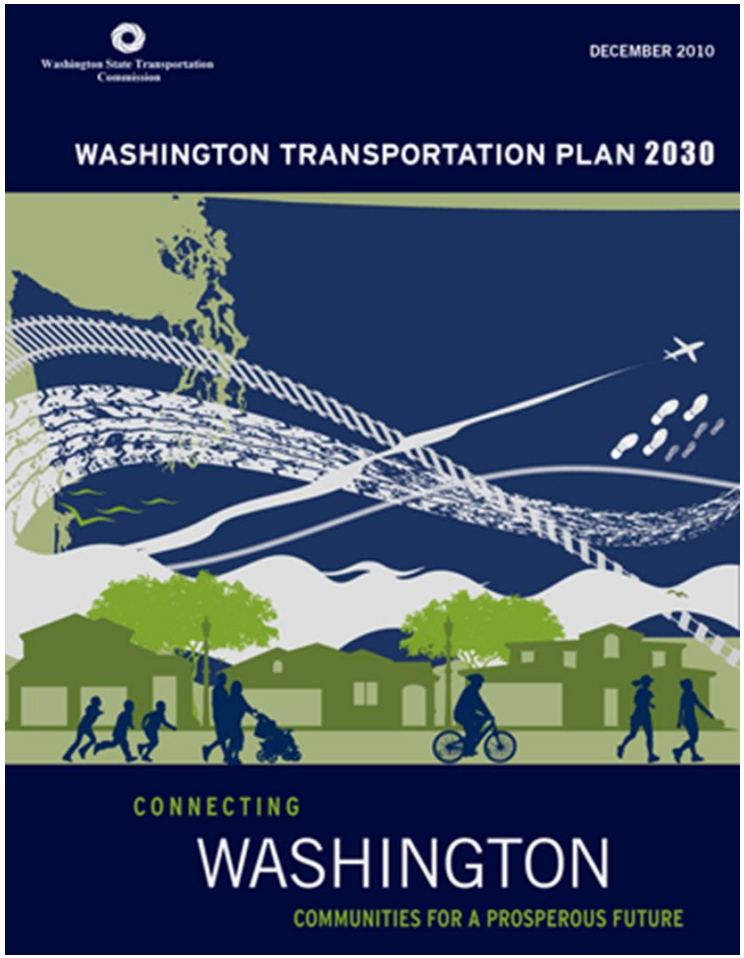
Blueprint for the Future: The Washington Transportation Plan

A comprehensive and balanced statewide transportation plan.

Six transportation policy goals:

- ECONOMIC VITALITY
- PRESERVATION
- SAFETY
- MOBILITY
- ENVIRONMENT
- STEWARDSHIP

RCW 47.04.280



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Washington Transportation Plan 2030

- The top priority must be to **maintain the capacity of the existing transportation system**.
- **Mobility** of people and goods is critical to our economy.
- A **stable funding mechanism** is essential to continued mobility and the economic health and quality of life that come from an integrated and connected transportation network.
- Ensure **environmental sustainability** by reducing emissions and mitigating transportation-related impacts to maintain quality of life.
- Measure **performance outcomes** to ensure value for dollars spent.

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The Future: WTP 2035 is Underway

Build on WTP 2030.

Draft Vision: By 2035, Washington's transportation system safely connects people and communities, fostering commerce, operating seamlessly across boundaries, and providing travel options to achieve an environmentally and financially sustainable system.

Address emerging priorities and key trends.

- Washington's economy is trade- and freight-dependent
- A more defined role for the state in multi-modal transportation, including aviation and public transportation.
- Miles of travel and fuel consumption are decreasing on a per capita basis ... is it a permanent change?
- Technology is changing travel behavior.
- Local governments shoulder a higher proportion of funding burden than in the past

Stay updated at www.wtp2035.com

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The Future:
More Tolling Likely

Supplement Gas Tax Revenue with Tolling

- Build a project
- Manage traffic
- Build a project and manage traffic
- Manage a transportation corridor

Two additional toll facilities authorized

- SR 99 AWV Replacement Tunnel.
- I-405/SR 167 Express Toll Lanes.

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Tolling To Fund a Project

Tacoma Narrows Bridge

Project Cost: $735 million:

Toll Revenue makes bond payments and finances maintenance and operations.

Toll Rates for car (July 1, 2014)

Good to Go:	*$4.50*
Cash:	*$5.50*
Pay by Mail:	*$6.50*

Transit not exempt from tolls.

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Tolling To Manage Traffic

SR 167 HOT Lane Pilot Project

- High Occupancy Toll (HOT) Lanes use dynamic tolling.
- Rates reflect current traffic in HOT and general purpose lanes.
- Speeds have increased by 11% in GP lanes.
- Average toll: Less than $1.00.
- HOV & transit exempt from tolls.

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Tolling to Build a Project and Manage Traffic

SR 520 Replacement/HOV Lanes

- New floating bridge
- Extends HOV lanes from I-5 to SR 202

Project Cost: $4.2 billion

Variable Tolling

- **Weekday Peak** Car Toll Rates (July 1, 2014)
  - *Good to Go!* $3.80
  - Pay by Mail $5.40
- No tolls 11 pm – 5 am
- Registered vanpools and transit are exempt from tolls

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Road Usage Charge Assessment: 2012

- The Legislature directed and the Commission established a 20 member Road Usage Charge (RUC) Steering Committee, including eight legislators.
- With road usage charging, drivers would pay for roads as they do for other utilities—based on how much they use.
- The goal is to identify and develop an alternative sustainable, long-term revenue source for Washington State's transportation system to transition from the current motor fuel tax system.
- The Steering Committee has determined, among other things, that a Road Usage Charge is feasible in Washington.

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Road Usage Charge Assessment: 2013 Findings

Three potential road usage charge concepts have been evaluated. A business case can be made for all three:

- A Time Permit – payment of a flat fee to allow a vehicle to use the road system and an drive unlimited number of miles for a given time period (e.g. a month or year)
- Odometer Charge – a per-mile charge based on odometer readings
- Automated distance charge – a per-mile charge measured by in-vehicle technology that can distinguish between in-state and out-of-state travel with periodic billing

Plus combinations of the above options.

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Road Usage Charge Assessment: 2013 Findings

The pace at which the fleet becomes more fuel efficient will determine if a road usage charge system would be a preferable alternative to collect revenue for transportation.

- Increasing the fuel tax also can be a solution to generate additional revenue.
- A road usage charge system ensures everyone pays their fair share for using the roads, regardless of fuel source or miles per gallon.

The Commission is now developing a concept of operations to explain to the legislature and the public how a road usage charge system would actually work. Ongoing work also is looking how a transition could occur. There remain many technical, financial and public acceptance issues.

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Tell Us What You Think
voiceofwashingtonsurvey.org

- The Voice of Washington State survey (VOWS) collects statistically valid data and opinions from individuals across the state, sorted by region.
- Over 28,000 people participate.

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Ferry Riders Opinion Group
F.R.O.G.

ferryridersopiniongroup.com

- Every two years the Commission surveys ferry riders to help inform the level of service, pricing, planning and operational decisions for Washington State Ferries.
- Over 7,000 riders participate.
- New F.R.O.G. surveys coming soon.

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Thank you!

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