TRANSPORTATION 101

Moving People and Goods
Who is the Washington State Transportation Commission?

An independent, seven-member body of citizens appointed by the Governor for six-year terms – three from east of the mountains and four from the west. The WSDOT Secretary and the Governor’s Office serve as non-voting members.

Roles and Responsibilities

• Proposes transportation policy and finance recommendations to the Governor and Legislature.

• Serves as the State Tolling Authority, adopting state highway and bridge tolls, and setting fares for Washington State Ferries.

• Provides a public forum for transportation policy development.

• Develops and issues a comprehensive, balanced 20-year statewide transportation plan.

• Conducts a statewide outreach program to gather public input into state transportation policy; to promote transportation education; and to gain understanding of local and regional transportation needs and challenges.
What is the statewide transportation system?

• 18,046 miles of city streets.
• 39,748 miles of county roads and seven county ferries.
• Over 7,000 miles of state highways and 23 ferries.
• 465 miles of Columbia-Snake River barge transport.
• Reservation roads, DNR and Forest Service roads.
• 32 transit agencies.
• 75 port districts in 33 of 39 counties.
• Sidewalks and bike paths.
• Over 7.5 million registered passenger vehicles, trucks and motorcycles.
• Amtrak, Sounder, Link light rail, streetcars.
• Freight trains and trucking companies.
• Airlines and maritime shipping lines.
• Bicycles.
The Past

Federal
• Federal gas tax money built 90% of the Interstate System.
• Congress last increased the gas tax in 1993.

Washington State
• Tacoma Narrows Bridge, both Lake Washington floating bridges, and the I-5 bridges between Vancouver and Portland, were all toll bridges.
• State gas tax increases in 2003 and 2005 were fully bonded to build capital projects.
• Puget Sound ferries were privately owned and operated until the state bought 16 vessels and 20 terminals in 1951.

Local
• Sales tax is the primary revenue source for city streets and most transit systems.
• Property tax is the primary fund source for county roads.
The Present: Big Picture

Federal
• Since 2008, Congress has transferred over $73 billion from the general fund to the Highway Trust Fund and Mass Transit Fund.

State
• The $8.63 billion transportation budget for 2015 – 17 is only 9% of the total state budget.
• The 2017 – 19 transportation budget is $8.514 billion.

WA Transportation Revenue Sources: 15-17 Biennium (est. -- thousands)

<table>
<thead>
<tr>
<th>Source</th>
<th>Revenue Totals</th>
<th>% of Revenue Total</th>
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</thead>
<tbody>
<tr>
<td>State</td>
<td>$ 5,812,000</td>
<td>36%</td>
</tr>
<tr>
<td>Federal</td>
<td>$ 1,432,000</td>
<td>9%</td>
</tr>
<tr>
<td>Bond Proceeds</td>
<td>$ 874,000</td>
<td>5%</td>
</tr>
<tr>
<td>Local/Regional</td>
<td>$ 8,026,000</td>
<td>50%</td>
</tr>
<tr>
<td>Total</td>
<td>$ 16,144,000</td>
<td>100%</td>
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</tbody>
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Note: WA State's 2015-2017 Biennium is from July 1, 2015 - June 30, 2017
The Present: What are the Sources of State Transportation Revenue?

- **Federal gas tax** = 18.4¢ per gallon.
- **State gas tax** = 49.4¢/gallon.
- **Ferry fares** raised $359 million in 2015 – 2017, covering about 75% of WSF operating costs.
- **Toll revenue** pays for debt, maintenance, and operations for each tolled facility.
State Gas Tax Breakdown

Where Does the State Fuel Tax Go?

49.4¢ PER-GALLON
STATE FUEL TAX

Fuel tax increases provided for legislatively directed investments, projects, and bond repayment

- 5¢ 2003 Nickel projects
- 9.5¢ 2005 Transportation Partnership Act*
- 11.9¢ 2015 Connecting Washington
- 8¢ Maintenance and Operations
- 8¢ Preservation
- 4¢ Pay off bonds funded by pre-2003 fuel tax
- 11¢ Cities and counties local roads

*Of the 9.5 cents, 8.5 cents is used by the state for highway projects, 1 cent goes to cities and counties for street and road improvements
The Present: **Local Transportation Revenue**

- 70% of cities’ transportation funding is generated locally, primarily from sales tax. Over 80 cities are collecting revenue from a Transportation Benefit District.

- About 62% of counties’ transportation funding is raised locally, most from the county road share of the property tax.

- Federal funds contribute 11% to cities’ and counties’ transportation revenue.

- 19% of cities’ transportation revenue and 27% of counties’ comes from the state:
  - 2.96¢ of state gas tax is distributed to cities
  - 4.93¢ of state gas tax is distributed to counties
  - 4.07¢ of state gas tax is distributed as grants to local governments

- Transit revenue typically comes from:
  - Locally-approved sales tax
  - Fare box receipts
  - Federal and state grants

- Port revenue comes from user fees, leases, property tax and grants.
The Present: Personal Spending

What does it typically cost per year to travel by car and where does the money go?

2016 average cost to own a typical passenger car in Washington State: $10,357 per year

- Payment with interest and maintenance, $9,191, 88%
- Fuel (Excluding Taxes), $809, 8%
- Annual License Tabs & Weight Fees $44, <1%
- State Fuel Tax, $225, 2%
- Federal Gas Tax, $88, 1%

Annual transportation tax and fees and costs for a car driven 12,000 miles per year

<table>
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<tr>
<th>Expenditures are based on the following:</th>
<th>$9,191</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Ownership*</td>
<td></td>
</tr>
<tr>
<td>Cost for Fuel (excluding taxes)**</td>
<td>$809</td>
</tr>
<tr>
<td>Washington State Fuel Tax ***</td>
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<td>Federal Fuel Tax (18.4c per gallon)</td>
<td>$88</td>
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<tr>
<td>Annual License Tab &amp; Weight Fees</td>
<td>$44</td>
</tr>
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</table>

Example of a typical vehicle:
- Average annual miles: 12,000
- Miles per gallon: 25
- Total gallons used per year: 480

$20.35 of the license tab fee goes to the State Patrol and approximately 25% of the gas tax goes to local governments. Local option taxes for local transportation projects may exist over and above those listed.

*Includes car payment, insurance, and maintenance. Sources: AAA, Your Driving Costs 2016 and Bankrate.com.
***Washington State’s excise tax was 44.5c from January 1, 2016 through June 30, 2016 and 49.4c beginning August 1, 2016.
Numbers may not add due to rounding.
Revenue Uses – 2015 Connecting Washington Package

Connecting Washington Transportation Package $16,086 M in Spending 2016-2031

- State Highway Improvements: 52% ($8,404)
- Debt Service: 9% ($1,360)
- State Highway Preservation: 9% ($1,427)
- Multimodal spending: 5% ($869)
- Local projects: 4% ($602)
- Ferries: 2%
- Other*: 2% ($371)
- Fish passage culverts

*Includes freight road projects, State Patrol support, and other program spending
Over the next 10 years, Washington State’s net portion of gas tax revenues being obligated to pay for long-term debt associated with financing past and currently planned transportation projects will grow to 70%.

**WHAT % OF WA STATE’S PORTION OF GAS TAX REVENUE GOES TO DEBT SERVICE PAYMENTS?**

- For this chart, debt service only includes debt first payable by the fuel tax. This excludes SR 520 corridor debt service (first payable by tolls), but includes Tacoma Narrows Bridge debt service (reimbursed by tolls).
- WA state’s portion of fuel tax revenue in this chart does not include all fuel tax revenue pledged for debt service. For example, also pledged for debt service is revenue distributed to cities & counties, and beginning in FY 2019, revenue from select vehicle fees (for selected projects).

*This chart is based on Net Fuel Tax Revenue and Debt Service projections per the Nov 2016 Forecast.*
Conservative forecasts: Washington’s vehicles will reach 35 MPG by 2035 – a potential 45% reduction in gas tax revenue per mile driven.
RCW 47.04.280 sets forth six transportation policy goals for a comprehensive and balanced statewide transportation plan:

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

WTP 2035 contains 25 broad strategies organized by policy goal and 102 specific recommendations to implement the strategies.
WTP 2035 Key Messages

• Reliable, efficient freight movement is critical for jobs, balance of trade, and economic competitiveness.

• There is an important state role in planning and delivering multimodal transportation services and infrastructure, including public transportation:
  – key corridors
  – connecting communities
  – special needs transportation

• Secure, sustainable funding is needed to ensure the long-term preservation of existing infrastructure and to meet growing demand in many regions of the state.
2016 Reflections and Recommendations

Each year, the Commission proposes policies to improve the state transportation system.

Revenue and Cost Savings

• Sustainable, dedicated funding for preservation and maintenance.
• Phase out studded tires.
• Develop a long-term tolling policy plan.
• Expand the funding toolbox for cities and counties.

Improve Transportation Safety and Access

• Engage the public to improve transportation safety.
• Efficiently grow passenger rail service.
• Improve connections within and between cities.
• Increase funding for special needs transportation.
• Increase affordable transportation options.
2016 Reflections and Recommendations

Address Difficult Mobility, Security, and Resiliency Challenges

- Complete I-405 Express Toll Lanes.
- Increase preparations for seismic events, storms, and climate impacts.
- Consider health impacts when making transportation investments.
- Maintain commercial aviation service in rural Washington.
- Plan and prepare for technological and behavioral change in the future.
  - Autonomous (self-driving) vehicles.
  - Mobility as a service.
  - Expand public-private partnership opportunities.
The Future: More Tolling Likely

Tolling generated over $193 million in FY 2017.

- Build a project.
- Manage traffic.
- Build a project and manage traffic.

Newest toll facility:
- I-405 Express Toll Lanes opened September 27, 2015.

Future tolling authorized:
- SR 99 Downtown Seattle Tunnel
- I-405 Express Toll Lanes from Bellevue to Renton
- SR 167 to Port of Tacoma and SR 509 to I-5
Tolling To Fund a Project

Tacoma Narrows Bridge

Project Cost: $735 million

Toll Revenue makes bond payments and finances maintenance and operations.

Current Toll Rates for car:
- Good to Go: $5.00
- Cash: $6.00
- Pay by Mail: $7.00

HOV & transit not exempt from tolls.
Tolling To Manage Traffic

I-405 Express Toll Lanes (ETLs) and SR 167 High Occupancy Toll (HOT) Lane Pilot

- Allows non-HOV drivers to buy into the HOV lanes.
- Toll rates dynamically adjust to reflect traffic conditions, aiming to average at least 45 mph, 90% of the time in peak hours.
- Average toll on I-405 ETLs: Less than $4.00.
- Average toll on SR 167: Less than $2.00.
- HOV & transit exempt from tolls.
Tolling to Fund a Project and Manage Traffic

SR 520 Replacement Bridge and HOV Lanes

- New floating bridge.
- Extends HOV lanes from Redmond to I-5.
- Project Cost: $4.56 billion.
- Variable tolling by time of day.
- Weekday Peak Car Toll Rates
  - Good to Go!: $4.30
  - Pay by Mail: $6.30
- Overnight tolls: $1.25
- Registered vanpools and transit are exempt from tolls. Transit ridership is up 52%. 
The Road Usage Charge

- A road usage charge is a per mile fee drivers would pay for the use of the road system, rather than paying by the gallon of gas.
- Identified as a viable future funding source in need of further exploration.
- https://waroadusagecharge.org/
Road Usage Charge Assessment

A deliberate and methodical evaluation:

2012: Road usage charging is feasible; many policy and fiscal issues to be resolved.

2013: The business case for road usage charging is made; a policy framework developed.

2014: Transportation Commission recommends a demonstration project to test road usage charging options, operations, and customer interaction.
State Treasurer notes caution around elimination of the gas tax and the role a road usage charge could play in our state financing.

2015: Legislature directs continued evaluation, including review of work in other states.
Oregon implements a voluntary road usage charge program.

2016: Washington gets state and federal funding to prepare for a demonstration project starting in 2018.

2017: California concludes a 9-month pilot program with 5000 vehicles.
We will test four operational concepts in the Road Usage Charge Pilot:

- Mileage permit: Pre-select a block of miles.
- Odometer readings: Quarterly readings, completed electronically or in person.
- Plug and play: Automated mileage meter with GPS and non-GPS options for monthly electronic travel reports.
- There’s an app for that: Smartphone app is used to collect and report miles and may be used with a car plugin.
Thank you!

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