

I-405/SR 167 Corridor Program

Washington State Transportation Commission

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Agenda

1. I-405/SR 167 projects funded with toll revenue
2. Review of Provisos 306 & 209
3. 2021 financial plan work
 - Funding gap range
 - Modified
 - Current Law
 - Assumptions and cost gap influencers
 - Alternative funding sources summary
4. Next steps
5. Questions

2019 ESSB 5825 (Toll funded) Current Law Delivery Schedule

#	Project	Year:	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40+
1	SR 522 to SR 527 Project						★	→	★													
2	<i>Renton to Bellevue (Contract 2) (Connecting Washington)</i>					★																
	<i>Renton to Bellevue (Contract 3) (Toll Revenue Funded)</i>																					
	• SR 167 Toll Up. & SB Aux • Interchange Improvements				★	→					★											
										★	No Change											
3	SR 167 Master Plan Study		★	→	★																	
4	<i>SR 167 Congestion Mgmt</i>																					
	• SR 167 NB ETL Extension				★	→					★											
	• SR 167 SB ETL Extension									★	No Change											
5	N 8 th St Direct Access				★*	→	★*			★												
6	NE 85 th St Toll Points Only					★**																
							Contingent upon ST Realignment Process															

**Current Law
Appropriation: \$1.178B**

Legend	
★	Current Law Opening
★	Pre-COVID / ESSB 5825
★	Renton to Bellevue ETL opens
↔	Delivery change from current law

* Design only

** Not originally funded in 5825

Summary of 2021 Legislative Provisos SSB 5165

Sec. 306 (SR 522-SR 527)

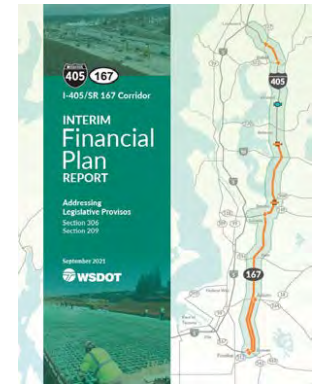
- May advance and construct (I-405/SR 522 to I-5 capacity improvements project) earlier than is scheduled if funding is identified and submitted by Sept. 1, 2021.
- Shall pursue alternatives to toll revenue funding.
- Shall explore phasing and modifying the project.
- Report to the Legislature by Sept. 15, 2021.

Outcome: Phasing or modifying the Project does not deliver systemwide benefits to meet the I-405 BRT schedule.

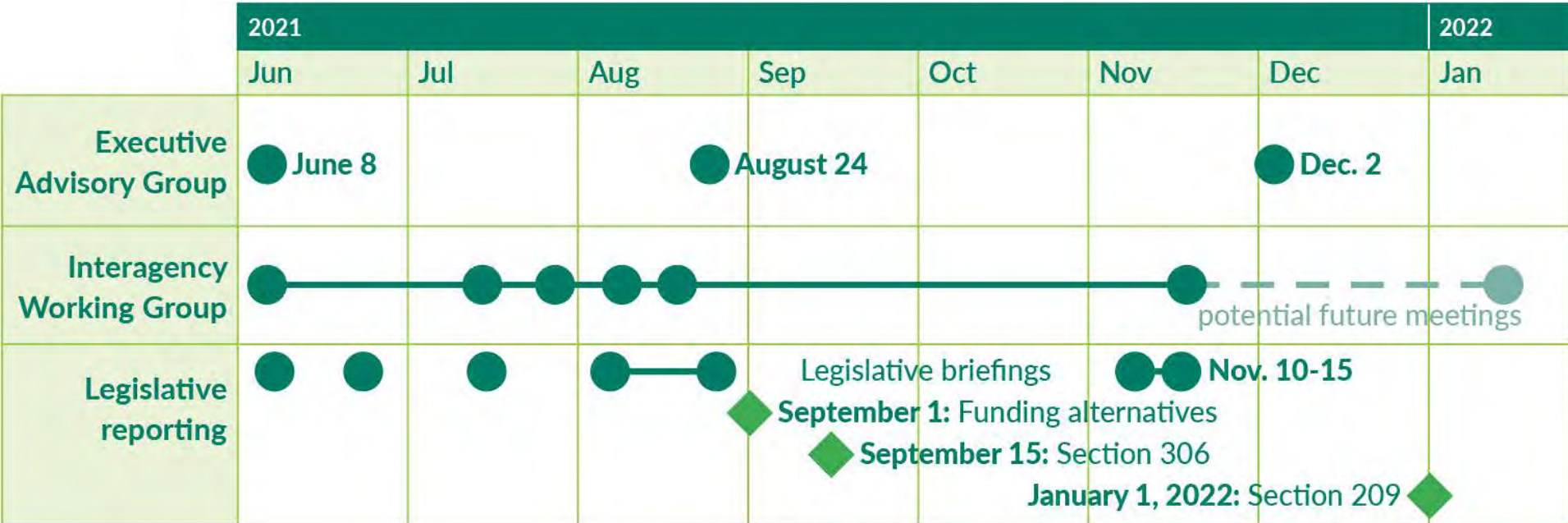
Sec. 209 (Corridor Bond Proceeds)

- Submit a plan detailing how bond proceeds can cover the proposed construction plan from the 2021-23 transportation budget.
- Report to the Legislature by Jan. 1, 2022.

Outcome: Interim Financial Plan delivered Sept. 15, 2021 summarizes work done on both Provisos.



Collaboration on Proviso Response



What we heard

Executive Advisory Group recommendation:

(Financial Plan page 38)

- Move forward on the delivery of early projects to align with Sound Transit's I-405 BRT delivery schedule and the opening of the I-405 Renton to Bellevue ETLs to allow for a consistent user experience. Deliver the remaining projects in the current law 2021-23 transportation budget timeframe.
- Continue to work with the Governor, Legislature and OST on potential combinations of funding scenarios to help fill the shortfall.

Modified Delivery (+/- \$175M to +/- \$450M)

- Advance projects early to align with Sound Transit I-405 BRT and Renton to Bellevue ETLs.
 - I-405/SR 522 to SR 527 Express Toll Lane Improvement Project (2026)
 - SR 167 Toll Upgrade and Auxiliary Lane (2024)

Options for remaining projects

- Delayed – lower end of range **+/- \$175M** or
- Remaining Projects stay on Current Law Delivery **+/- \$450M** (*financial plan, pg. 31*)

To meet the early delivery schedule, WSDOT needs a commitment from the Governor's office and the Legislature in January 2022, and legislative action in the 2022 session.

Current Law (+/- \$450M)

- I-405/SR 522 to SR 527 Express Toll Lane Improvement Project (2027)
- SR 167 Toll Upgrade and Auxiliary Lane (2029)
- All remaining projects are delivered on the current law 2021-23 transportation budget schedule

Legislative action in 2022 session is required to meet Current Law schedule.

Current Law Delivery (+/- \$450M)

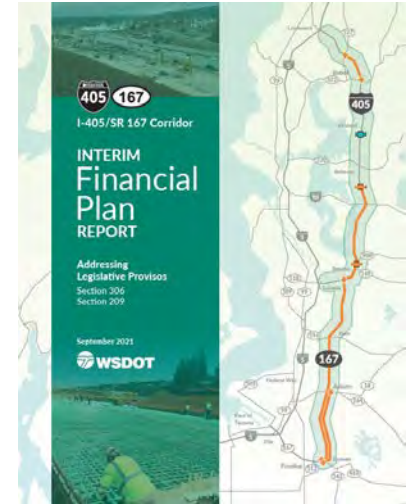
Fiscal Year	Project Funds Requested	Bond Proceeds Delivered	PayGo Funding	Funding Gap	% of Project Funds Delivered
2021	\$21,042,897	\$0	\$21,042,897	\$0	100%
2022	23,300,000	0	15,200,000	(8,100,000)	65%
2023	9,700,000	7,335,000	0	(2,365,000)	76%
2024	156,000,000	87,800,000	0	(68,200,000)	56%
2025	190,000,000	107,500,000	0	(82,500,000)	57%
2026	175,000,000	85,200,000	11,000,000	(78,800,000)	55%
2027	202,000,000	92,900,000	29,950,000	(79,150,000)	61%
2028	296,000,000	141,200,000	36,550,000	(118,250,000)	60%
2029	89,000,000	40,050,000	32,400,000	(16,550,000)	81%
2030	0	0	0	0	0%
2031	0	0	0	0	0%
Total	\$1,162,042,897	\$561,985,000	\$146,142,897	(\$453,915,000)	61%

I-405/SR 167 Interim Financial Plan Summary

Current Law Appropriation: \$1.178B

Overall Program funding gap: +/- \$175M to +/- \$450M

- This range is based on a number of assumptions, all of which could change.
- A full financial analysis based on the final delivery timeline will be needed once assumptions are solidified and prior to bonding.



Key assumptions and cost gap influencers

Program Budget

The identified gap range did not take the following into account (*financial plan, page 26*):

Reduce the gap:

- American Recovery Plan Act (ARPA) funding appropriated by the Legislature would reduce the gap by **\$32.9M**.

Increase the gap:

- The shortfall on the SR 522 to SR 527 project requested through the last two budget cycles would increase the gap by **\$35M**.
- Escalation would increase the Current Law funding gap by approximately **\$30M**.

Financing Terms (OST)

OST is applying more conservative financing assumptions to better reflect the risks given the observed sensitivity of ETL revenue to changing traffic patterns and users' value of time and reliability in the corridor (*financial plan, page 17*).

- 30-year amortization with level debt service
- 2.50x coverage, including RSA
- Prefunded R&R
- Accelerated RSA funding

Toll Policy (WSTC)

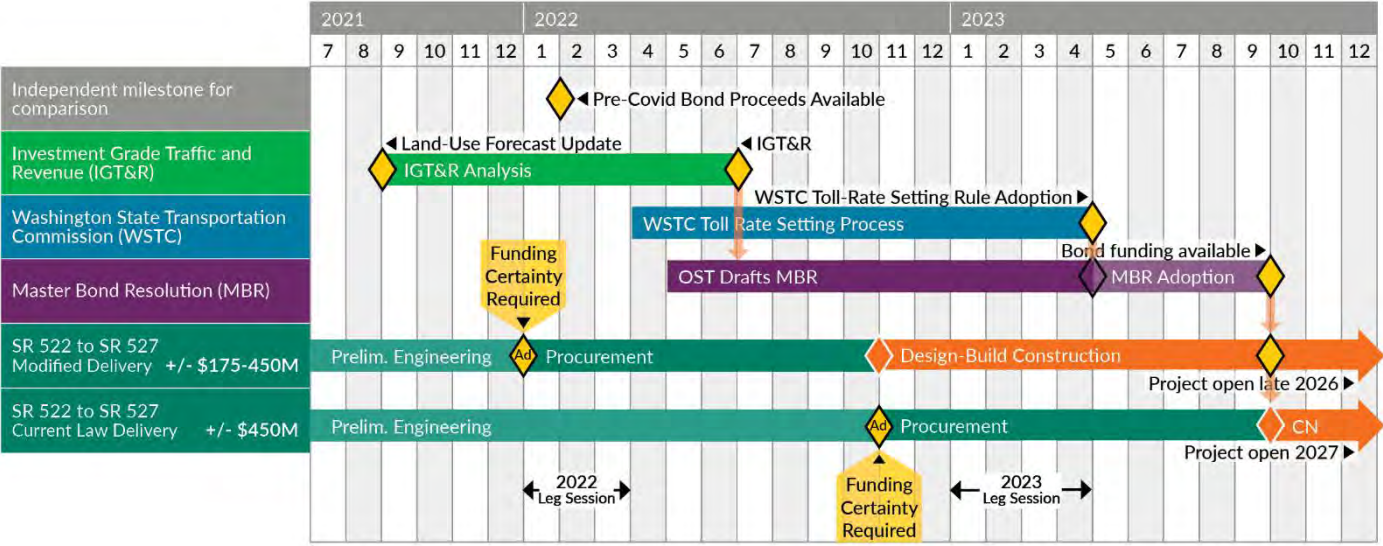
The financial analysis assumed parameters similar to I-405 Bellevue to Lynnwood ETL system (*financial plan, page 22*).

- Carpool designation
- Hours of operation
- Minimum/Maximum Toll

Alternative funding sources summary

Alternative Funding Source	Potential Contribution to Solution	Trade-offs	Other Considerations/ Timing
<p>TIFIA <i>A loan negotiated with the Federal government.</i></p>	<p>Results are market-driven, \$10's of millions, not a full solution.</p>	<p>Lower interest rates with greater administrative costs and lack of flexibility/control. Pledges the same toll revenue currently assumed, so any savings are from improved financing terms. SR 520 took two-years.</p>	<p>Using existing triple pledge bond authorization will limit debt to 30 yrs.</p>
<p>GARVEE <i>Debt issued by WA that is repaid with Federal transportation funds.</i></p>	<p>Legislature will determine size and budget impacts.</p>	<p>Legislative project list for 21-23 biennial budget assumes federal funds currently dedicated to repaying SR 520 GARVEE bonds would support future statewide highway preservation investments once repaid. If existing federal funds are used for new GARVEE debt, the Legislature will need to make budget tradeoff decisions and adjust future funding.</p>	<p>Market credit ratings are lower for GARVEE, so length is often shortened to achieve a better interest rate.</p>
<p>Deferred Sales Tax <i>State and local sales tax on project CN deferred until after completion.</i></p>	<p>\$40-\$70M reduced initial project costs</p>	<p>Delay in tax receipts to General Fund (but no sales tax receipts in a no-build scenario)</p>	<p>Legislature determines repayment terms</p>
<p>Motor Vehicle Fund (MVF) Loans <i>Fund transfer from one state account to another.</i></p>	<p>Legislature will determine size and budget impacts.</p>	<p>The legislature will determine capacity for loans based on other budget decisions and funding levels.</p>	<p>Legislature determines repayment terms</p>

DRAFT Preliminary Process Timeline



- Timing of funding and delivery decisions impacts bonding and procurement schedules.

Legislative action in 2022 session is required to meet either delivery schedule.

Themes from recent briefings

- Questions about what Legislative action and funding commitment looks like
- Question about how much toll funding the current system could generate towards future projects
- Concern with project delays if no new funding is identified
- Federal infrastructure funding as a possible solution

Summary and next steps

- The interim financial report plan identified a funding gap range from **+/--\$175M to +/--\$450M**.
- Additional changes to delivery, policy and financing could affect the final gap need.
- Without Legislative action in 2022, key projects will move out, delaying system benefits and needed infrastructure for I-405 BRT and the gap will change.
- The final financial report is due to the Legislature Jan. 1, 2022.

Questions?

For additional information on the
I-405/ SR 167 Corridor Program, please contact:

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