

Washington's **State of Transportation**

Much accomplished, much yet to do

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A strong transportation system is needed for a strong, healthy state

Transportation investments create jobs, spur recovery, create vibrant communities and position businesses for the global economy

Maintaining, preserving and improving Washington's statewide, multimodal transportation system is vital. It is the foundation that moves goods to market, people to jobs and families to activities.

Investing in transportation creates living-wage jobs. It builds the infrastructure to support long-term economic growth. It supports the flow of commerce and the health of businesses large and small.

Transportation investment is not an option – it is a necessity.



Investing in transportation puts people to work

2003 and 2005 revenue packages supported 10,000 jobs annually

- Statewide unemployment remains at 8.7%.*
- Private-sector construction jobs have been impacted
 - Laborers: 30% unemployment statewide
 - Building trades: 40% unemployment statewide and 35% in the Puget Sound region
- Federal Recovery Act-funded highway projects provided more than \$195.5 million in payroll to workers between March 2009 and November 2011.
- 74% of highway program dollars are contracted to the private sector.



Freight movement along key economic corridors is critical to the state's economy

We compete in a global economy using roads, rails, ports and airports

- In 2009, Washington's freight transportation network supported 1.52 million jobs in freight-dependent industries that produced \$132 billion in gross domestic product.
- In 2010, companies moved \$37 million worth of freight on Washington's roadways hourly.*
- Seattle and Tacoma ports handle 99.7% of the state's international container traffic and it continues to grow with an increase of 14.8% from 2009 to 2010.
- In 2010, freight-dependent businesses represented about 44% of the state's jobs.

Washington's transportation system is big, complex and multimodal

Comprehensive system connects roadways, airports, waterways and railways

On the state-owned system alone:

- **Highways:** 87 million vehicle miles/day (18,500 state highway lane miles)
 - 309 lane miles of the 320 miles funded for HOV systems are in place (Including transit and HOV treatments on arterials and ramps)
 - More than 3,600 bridges and structures
- **Ferries:** 22.3 million passengers/year (22 ferry vessels, 19 terminals in Washington, and 450 round trips daily or 900 total sailings)
- **Aviation:** 17 WSDOT-managed airports (138 public-use airports)
- **Passenger rail:** more than 750,000 passengers/year (partner in Amtrak *Cascades* state passenger rail)
- **Freight rail:** 3,600 miles of operated public and private freight railroads move 103 million tons of freight. (2009 data)
 - Grain Train delivers more than 1.6 million tons of grain since 1994, 100 tons per car in 2010. (The Grain Train program runs 118 cars, including 29 added in 2010.)
 - WSDOT owns 326 miles of short-line railroad. (During 2010, shipping on the Palouse-Coulee City rail system increased 20% over 2009 to 8,000 carloads.)
- **Transit support**
 - Commute programs support more than 810,000 workers statewide (170 million vehicle miles traveled reduced annually)
 - Vanpool program includes more than 2,400 vans (largest public fleet in the nation)



Citizens and businesses expect an integrated transportation system that works to meet their needs

Local roads, highways, transit and rail options work together to meet the demands

- **Counties:** 80,000 lane miles of county roads.
- **Cities:** 38,000 lane miles of city streets.
- **Bridges:** approximately 4,000 city and county bridges, with one-fifth either structurally deficient or functionally obsolete
 - Property values and real estate sales are main contributors to county road funding. Cities rely on sales, use fees, property taxes and other General Fund sources for street funding. All sources are limited.
- **Public transit:** 31 systems provide 212 million passenger trips annually, including 4.8 million trips by individuals with special needs.
 - Transit depends on local sales tax collections – dropped by 11.6% (\$95M) between 2008 and 2010. Demand is peaking while revenues are dropping.
- **Commercial airports:** 16 commercial airports support recreational and business activities throughout the state.
- **Ports:** Washington has 75 ports, located in 33 of the 39 counties.
- **Pedestrian and bike:** cities, counties and state collaborated to build and maintain over 1,000 miles of paths and trails across the state.



In 2003 and 2005, the Governor and the Legislature took action to improve the transportation system

WSDOT has a good track record for on-time, on-budget delivery

- Nickel and TPA gas tax supported \$15.5 billion in investments.
- WSDOT has delivered 326 of 421 projects funded by 2003-05 gas tax.*
- 87% of projects completed early or on time and 91% of completed projects were on or under budget.*
- 219 of 219 Federal Recovery Act projects are completed or under way.*
- Kwa-di Tabil construction: three 64-car ferries delivered on time and under budget. Two in operation, third into service January 2012.
- Construction on the first 144-car ferry and Keller ferry will begin in early 2012.



Investments deliver benefits – WSDOT delivers results

Projects enhance safety, mobility, economy and environment

- **Safety:** Between 2005 and 2010, annual traffic fatalities declined 29%, resulting in lowest fatality rate in state's recorded history.
 - Low-cost improvements: Cable median barrier and centerline rumble strips together reduced serious and fatality collisions up to 48%.
- **Highways:** 95% bridges and 93% of pavements are in fair or good condition in 2011.
- **State ferry terminals:** 85% are in fair or good condition.
- **Mobility:** In 2010, 45 out of 48 HOV lane segments provided better reliability compared to general purpose lanes.
- **Travel options:** In 2011, Washington's statewide transit-operated vanpool program added 160 vanpools, for a total of 2,971.
- **Environment:** Since 1991, investments have restored 258 fish passages, improving access to 850 lineal miles of habitat.



Population and economic growth will drive demand for investments in transportation

Increased demands will impact all modes

- State's population is expected to grow by 777,000 by 2020.
- Compared to 2008, vehicles miles traveled increased by 1.744 billion miles (3.1%) on all roads in 2010.
- Travel delay cost drivers and businesses \$1.1 billion in 2010.*
- Freight is predicted to grow 5% annually between 2008 and 2035.
- Amtrak Cascades 2010 ridership is up 10% over 2009.
- Ferry ridership is expected to grow by 3.2 million passengers by 2020.
- The recent Connecting Washington Task Force estimated the statewide-system needs to be \$50 billion over 10 years.

Transportation revenue is limited, committed and doesn't keep up with inflation and growing demand

Current funds are not adequate to meet basic maintenance and operation needs

37½¢ per-gallon Washington state gas tax rate as of July 1, 2008



-9½¢ 261 specific transportation projects statewide* (2005 Transportation Partnership Projects)



-5¢ 160 specific transportation projects statewide (2003 Nickel Package projects)

Funded 421 projects, 10,000 jobs annually

23¢ Base gas tax



-11¢ Supports cities and counties for local roads



-4¢ Supports debt service to reduce bond debt that funded past highway and ferry projects



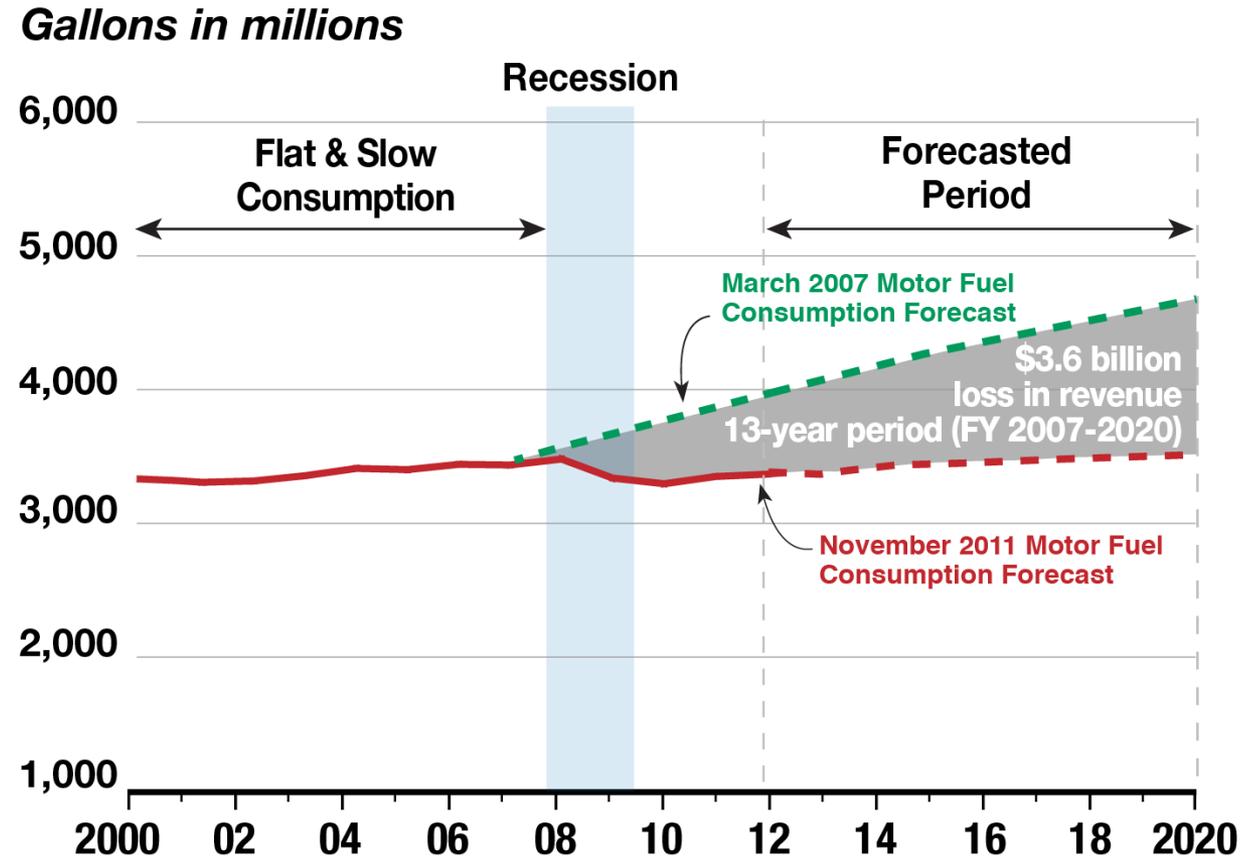
8¢ Remains for maintenance and operations, as well as preservation, safety improvements and congestion-relief projects for state highways and ferries

* 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.

Fuel-efficient vehicles, weak economy impact fuel sales

Fewer gallons sold = reduced gas tax revenue projections

Gross fuel consumption - forecast has gone down

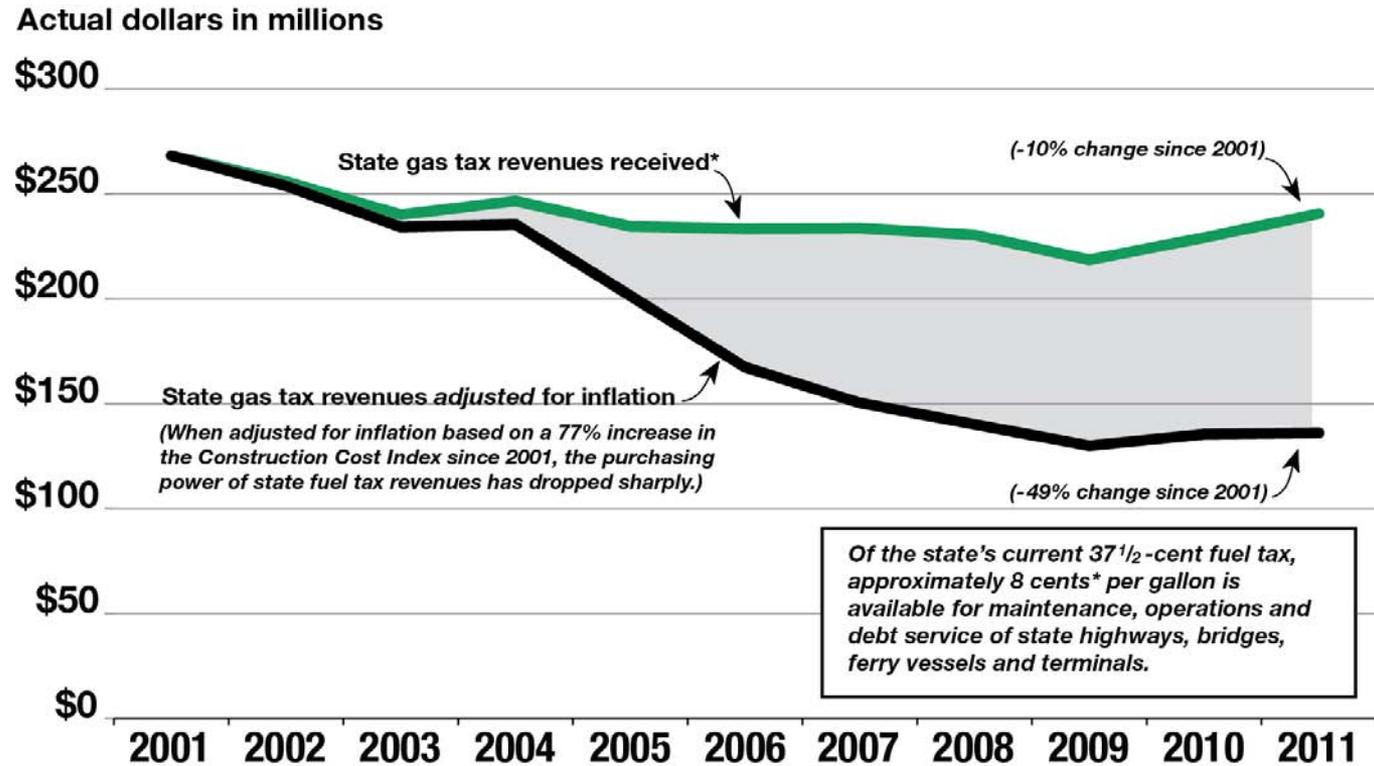


- The state gas tax funds 76% of all transportation investments.
- Since March 2007, projected fuel tax revenues will fall by \$3.6 billion over the 13-year period.

Gas tax purchasing power declines over time

Inflation increases maintenance and construction costs; gas tax not indexed to inflation

Gas tax revenue buys less than it used to



Of the state's current 37¹/₂-cent fuel tax, approximately 8 cents* per gallon is available for maintenance, operations and debt service of state highways, bridges, ferry vessels and terminals.

- Includes maintenance, preservation, safety improvements, and other department operations.
- ** Less Debt Service.

Federal revenues likely will stay the same or decline

Funding levels are uncertain and SAFETEA-LU is under temporary continuation

- During the interstate completion era, federal funds paid 90% of project construction costs. Those days are gone.
- Over the past 10 years, federal funds on average have made up 27% of Washington's highway budget.
- Washington uses a majority of its federal funds for preservation.
- SAFETEA-LU, authorizing legislation, extends apportionment funding only through March 2012 – and is on its eighth extension.
- The federal Highway Trust Fund is projected to become insolvent in FFY 2013 unless Congress identifies new revenues or reduces investments.



WSDOT has successfully captured limited federal grant dollars

ARRA, TIGER and TIGGER improve transportation options

- \$791 million for improvements to the Cascade Rail Corridor between Vancouver, Wash., and the Canadian border.
- \$16.7 million in federal high-speed-rail funds to support the King Street Station restoration project.
- \$15 million to improve traffic flow to I-5 Joint Base Lewis-McChord by deploying innovative traffic management strategies.
- \$35 million to build 3.7 miles of southbound US 395 North Spokane corridor.
- \$8.5 million for ferry terminal seismic retrofits and critical preservation projects for eight vessels.
- Invited to apply for TIFIA financing on SR 520, which can reduce borrowing costs.



WSDOT continues to become more efficient and improve business practices

**Organizational
reform results
in savings and
makes dollars
go further**

- Implemented national best practices to expedite and improve project and program delivery, including design-build delivery, and used vigorous value engineering program, saving millions over the past 10 years.
- Using transportation-system and agency performance management and prioritizing system investments for accountable delivery.
- Implementing “Lean” process-improvement strategies.
- Reduced administrative and overhead expenditures throughout the agency, including ferries, by \$56 million in the past four years.
- Renegotiated, in partnership with labor, significant cost savings with new ferry union contracts.
- Reducing engineering workforce by more than 800 FTE’s in the next four years to align with sustained funding levels. Project offices will be reduced from 52 to 35 by 2015.
- Reorganizing several HQ and regional offices to reduce management layers, consolidating offices and technical expertise and sharing work within regions to improve efficient project and program delivery.
- Consolidate support services statewide to ensure consistency and increase productivity. Examples include HR, Safety, IT and Facilities Management.

Additional revenue is needed to operate, maintain and preserve the highway system

Without it, current levels of service will decline

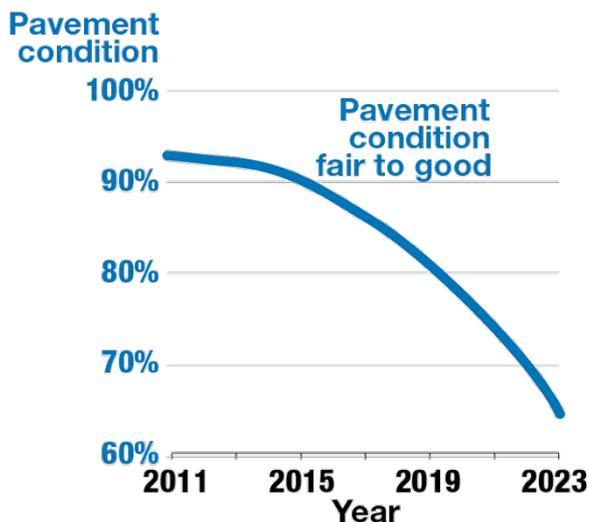
- Maintenance level of service across all activities will drop:
 - More snow, ice and slush on roads for longer duration
 - More damage, unrepaired guardrails
 - Worn out pavement markings, faded signs
 - Increased roadside litter, debris and road kill
- Mobility will decrease because of:
 - Reduced incident response coverage
 - More traffic signal conflicts and outages
 - No expansion of ramp meters, variable message signs
 - Increased road closures from flooding and erosion as ditches and culverts aren't cleaned

Shortfall of about \$3 billion over 10 years to maintain and operate ferries and highways

Scenario A: no new revenue; no Motor Vehicle Fund transfers to ferries

- Service eliminated on five routes, reductions on two other routes
- About one-third of WSF vessels in storage, six terminals closed, deferred maintenance, preservation on other vessels and terminals
- Funds for highways deficient; highway conditions decline

Highways



Ferries

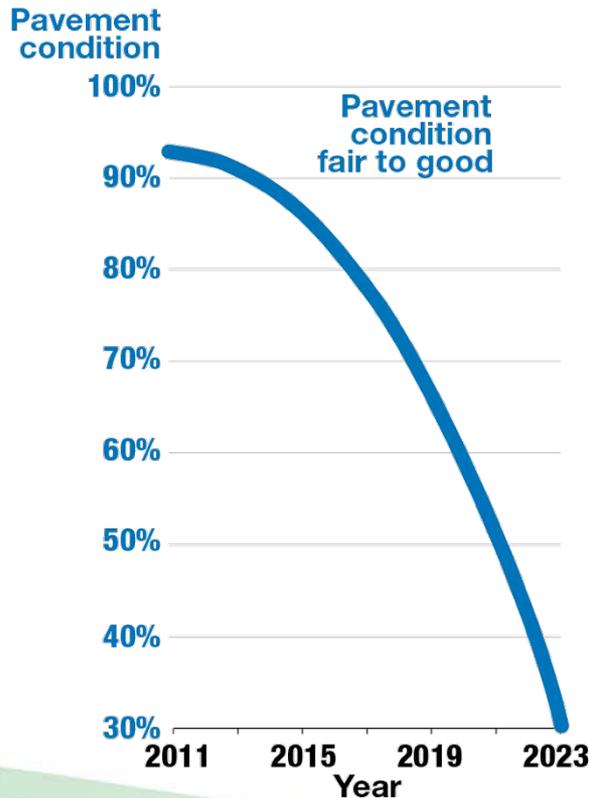


Shortfall of about \$3 billion over 10 years to maintain and operate ferries and highways

Scenario B: No new revenue; Motor Vehicle Fund transfer to sustain ferries at current service levels; 10-year shortfall: \$0 ferries, \$2.7B highways

- Roadway and other highway infrastructure preservation eliminated
- Bridge preservation work significantly reduced, compromising bridge safety and prompting freight-restricting weight limits
- Ferry service continues at current levels

Highways



Ferries

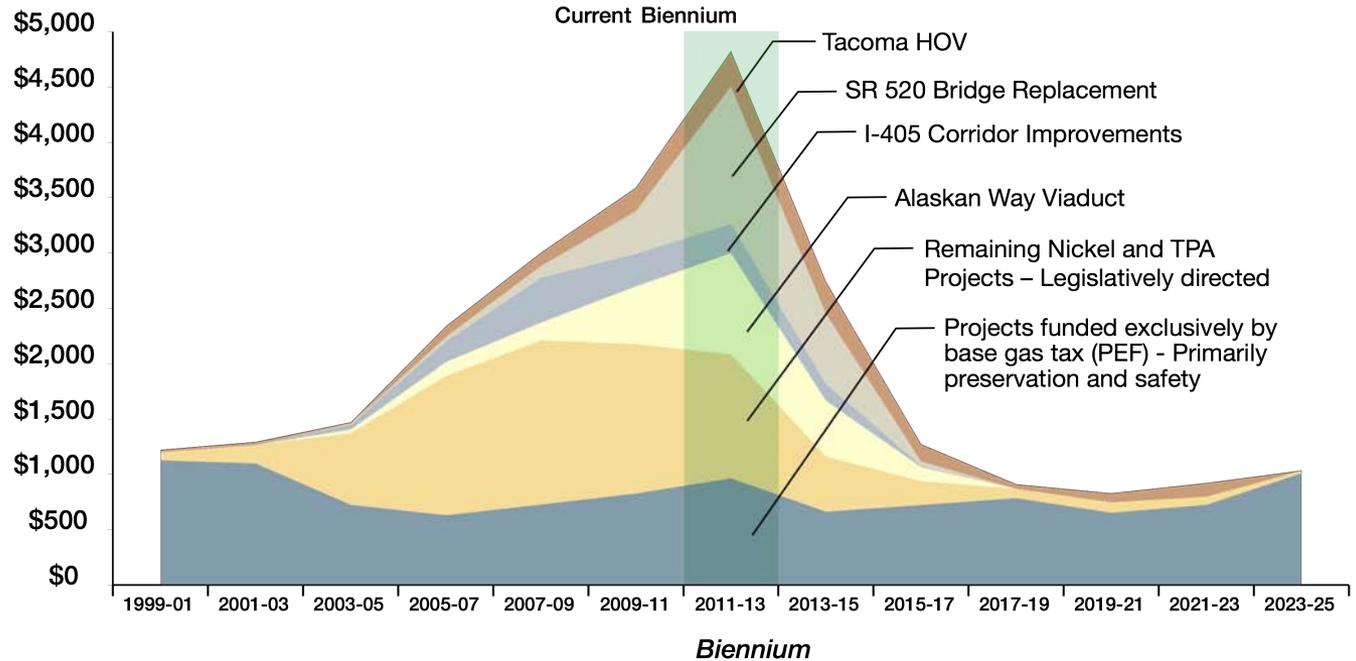


2003 and 2005 revenues are committed and projects are nearly complete

Project benefits will be lost and jobs will decline in the public and private sector; no new projects in the pipeline

Major projects are in construction phase

Dollars in Millions



- \$6 billion of the \$15.5 billion in Nickel and TPA is delivered through our design-build program.
- 54% of the design effort for Nickel and TPA was delivered by the private sector.

Funding unavailable to complete or start new projects

Economic corridor performance is at risk

- Projects that are important for the state to complete:
 - SR 520, I-5 to Lake Washington
 - I-90 Snoqualmie Pass
 - SR 522 Kenmore to Monroe
 - US 395 North Spokane Corridor
 - I-405 Renton to Bellevue
 - US 12 Wallula to Walla Walla
- Key commute and freight corridors will not get fixed without funding:
 - I-5 Columbia River Crossing
 - I-5 corridor in the vicinity of JBLM (Joint Base Lewis-McChord)
 - SR 167 Tacoma to Puyallup new freeway extension
 - SR 509 SeaTac to I-5 freight and congestion-relief extension
 - 2nd and 3rd 144-car ferry construction
 - No new transportation improvements around the state

Connecting Washington Task Force develops 10-year strategy

Promotes principle based investments that are critical to Washington's economic future

Investment Principles: 10-year strategy will focus on transportation investments that strengthen the economy and provide community benefits.

1. Preserve existing transportation systems and services.
2. Improve mobility for people and commerce.
3. Enhance the safety and efficiency of the transportation system.
4. Provide community and environmental improvements that help attract, keep and expand private businesses and a highly skilled workforce.

Performance Objectives: Investments selected by the Governor and Legislature will fall into one of the following categories:

1. System Preservation – Investments to repair and maintain our statewide system of roads and bridges, and to operate and maintain ferries and transit services.
2. Strategic Mobility Improvements – Investments in projects and services that will relieve congestion in specific corridors, improving the movement of people and goods.
3. System Efficiency – Investments that improve connections among modes (e.g. rail/truck, ferry/transit, car/transit), enhance speed and reliability, and improve the cost effectiveness of our existing transportation system.
4. Safety – Investments that reduce fatalities and serious injuries across all modes.