Agenda Item VIII

MEMORANDUM

TO: Southwest Washington Regional Transportation Council Board of Directors

FROM: Matt Ransom, Executive Director

DATE: December 30, 2014

SUBJECT: **Policy Summary of Governor Inslee's Transportation Package (December 2014)**

AT A GLANCE

The purpose of this memorandum is to brief RTC members on the contents and scope of Governor Inslee's proposed Transportation package which was revealed in late December and is now included in the Governor's proposed budget now before the Legislature.

BACKGROUND

Governor Inslee released a proposal for a 12-Year/12.1 Billion dollar transportation investment program as part of his 2015 Budget proposal to the Legislature.

BILL ANALYSIS

Revenues:

- Implements a new Carbon Tax which generates $4.8 Billion in revenue
- Bonds existing gas tax to generate $3.1 Billion for projects
- Implements Other Fees for $2.9 Billion in revenue
- Sales tax on New projects stay in Motor Vehicle Fund for estimated $201 Million in revenue

Expenditures:

- Set-aside funds for preservation and maintenance of state systems
- Funds major grant programs including: TIB, FMSIB, Safe Routes to Schools, Regional Mobility Grants, Complete Streets Program, and other
- Funds culvert replacement and stormwater retrofits (start to address Court mandate)
- Funds 7 mega-projects in central Puget Sound and Spokane
- Funds $350 Million for non-earmarked high-priority projects statewide (project selection process uncertain)
- Funds transit operations support program and related special services and project grant programs

Reforms:

- Funds implementation of Practical Design process within WSDOT
- Codifies streamlined permitting and directs DOE to advance rulemaking for other permit efficiencies
- Implements performance management and oversight systems at WSDOT (dashboards)

Local Options:

- Transportation Benefit District (TBD) "car-tab" fee Councilmanic authority raised from $20 to $40 (waiting provision required)
- Additional local options that are geographically restricted to Puget Sound counties and ferry districts

RTC REGION PROJECT REVIEW

The Governor's Bill proposal does not identify specific "earmark projects" in the RTC region (Clark, Skamania, and Klickitat counties).

Attachment

Let's Move Forward

Governor Inslee's Transportation Investment Package
December 2014

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All photos courtesy of WSDOT

Letter from the Governor

*Imagine a transportation system that moves the entire state forward. One that **keeps us safe** by fixing old bridges, patching our roads and cleaning our air and water. One that improves reliability, **reduces traffic,** creates jobs and offers more innovative choices. And one that embraces efficiency, saves time and money and consistently **delivers results** that the public can trust.*

Now imagine a transportation system that truly **works as a system.** One that transcends our old divides and rivalries — no more east versus west, urban versus rural or roads versus transit. One that recognizes there are no Republican bridges, no Democratic ferries, no conservative highways and no liberal trains. One that tears down the Cascade Curtain and **unites our state as one Washington.**

> *"Imagine a transportation system that moves the entire state forward"*

This is the vision that inspires the Let's Move Forward proposal. It starts with the premise that **all Washingtonians are connected** and we all care about getting home safely to our families. It envisions a future where people and goods can move more quickly, efficiently and cleanly.

It charts a path forward by building on the **bipartisan spirit** of past efforts and offering a good-faith compromise to spark action in the next legislative session. And it introduces a paradigm shift to breathe **new life** into this effort. Rather than raising a gas tax on everyone, our worst polluters will pay instead. This market-based carbon pollution fee, along with other bonds and previously agreed-to fees, will raise $12.2 billion over 12 years to pay for balanced investments across the state — the equivalent of the amount of revenue generated by a 12 cent gas tax increase, without the tax.

Passing a transportation investment package is unfinished business in Olympia, and we need to get it done. I'm encouraged by the **tremendous leadership** that's already been shown by **legislators** who participated in negotiations I convened last year. I'm encouraged by a **broad coalition** of business, labor, environmental groups and local governments that continue to advance the conversation as a united voice of support. And I'm encouraged by the **thousands of citizens** who have taken the time to make their voice heard in numerous forums, hearings and surveys.

I remain **optimistic** that with leadership, collaboration on both sides of the aisle and serious purpose, we can get these critical investments across the finish line.

Let's move forward.

Summary

Governor Inslee announces the installation of a new Skagit River Bridge in a record 27 days

Let's Move Forward provides 50,000 family-wage construction jobs

Safety and Maintenance

None of us wants to see another bridge at the bottom of a river, but without new investment, we'll face a 52 percent decrease in the **maintenance** budget, and 71 more **bridges** will become structurally deficient. Let's Move Forward fully **addresses this backlog** and other critical **safety** needs across the state.

ADVANTAGES

- Improves all bridge and highway structures to **95% fair or better** condition
- Completes the seismically at-risk **SR 520 floating bridge**
- Completes the seismically at-risk **Mukilteo ferry and Colman ferry terminals**
- Improves safety on **aging bridges like Skagit River** through a bridge-height alert system
- **Saves lives** on the road through additional rumble strips, guardrails, illumination and improved signals
- Provides early detection of **landslides like SR 530** through advanced LiDAR imagery and risk analysis
- Fully funds the **State Patrol** to keep us safe on the road

Jobs and Traffic Relief

Let's Move Forward delivers an adrenaline shot of 50,000 family-wage **construction jobs** while providing long-term **economic development** through improved infrastructure. It **completes projects,** tackles **traffic congestion** head-on and reduces overall commutes so workers can spend more time with their families.

ADVANTAGES

- Provides **$5.9 billion in new construction** and statewide economic development
- Completes **SR 167/SR 509** to alleviate congestion and improve our ports' competitiveness
- Fixes traffic chokepoints on **I-405** and on **I-5 at JBLM.** Funds a **4th ferry vessel.**
- Completes **I-90 Snoqualmie Pass** phase 2 **safety** and corridor improvements
- Provides **$350 million in unallocated funding** for other critical projects across the state
- Improves **ferry service reliability** through dispatch upgrades and performance report cards, and fully covers ferry operating shortfalls
- Helps **trucks and trains** move safely and quickly through new freight grade-crossings

Let's Move Forward offers transportation choices that clean our air and water

Let's Move Forward includes strong accountability and real reform that changes the way we do business

Clean Air and Water

More than 55 percent of our **air pollution** and 47 percent of our greenhouse gas emissions come from motor vehicles. Living close to a highway increases the **risk of asthma,** cardiovascular disease and **cancer**. Let's Move Forward offers transportation choices that **clean our air and water,** tackle climate change and improve our **health and quality of life.**

ADVANTAGES

- Cleans our air and **reduces cancer risks** through electric vehicle and alternative fuel incentives and infrastructure
- **Cleans our water** and supports healthy fish through stormwater projects
- Increases funding for **culvert projects** to comply with the Martinez ruling
- Authorizes Sound Transit to seek **voter-approved funding** for new light-rail expansion and provides other local options
- Funds the use of **cleaner liquid natural gas instead of diesel in ferries**
- Provides choices and traffic relief through **bicycle, pedestrian and transit** programs, and demand management and commute trip reduction
- Boosts funding for the **Complete Streets** and **Safe Routes to School** programs

Accountability and Reform

New investments must come with **strong accountability** and real reform that **changes the way we do business.** Let's Move Forward ensures that on every project and program, we are demonstrating to the public that dollars are **spent wisely** and results are **delivered on time and on budget.**

ADVANTAGES

- Advances **quality assurance and Lean management** to identify, solve and prevent project errors
- Implements **practical design** and **least-cost planning** to reduce project time and costs
- **Facilitates permitting** to support timely project completion like on the Skagit River I-5 Bridge
- Improves the **customer experience** by making our facilities clean and comfortable, and our services more **convenient, friendly and efficient**
- **Demonstrates accountability to taxpayers** by tracking on-time, on-budget delivery of projects
- Provides **new construction sales tax revenue to transportation** without affecting the General Fund as we know it today
- **Freezes ferry fares**

Investments

Estimated Expenditures ($ in millions)

Estimated State Expenditures (12 years)		Governor Proposed 12/16/14
Maintenance, Operations and Preservation		
Preservation		$1,064
Maintenance		96
Facilities		50
Traffic operations		50
Ferry capital: terminals and vessels		600
Ferry operations/reliability reforms		311
County roads (CRAB)		25
City arterials (TIB)		71
State Patrol		258
Freight (FMSIB)		80
LiDAR imagery and hazard analysis		36
	Subtotal	**$2,641**
Clean Transportation and Multimodal		
Transit operations support		162
Transit projects		300
Regional Mobility Grant Program increase		300
Special Needs Transit Grants		60
Safe Routes to School Grant Program		80
Bike/Ped Grant Program		150
Commute Trip Reduction/demand management		72
Complete Streets Program		117
Alternative fuel vehicle sales tax exemption		177
EV infrastructure bank capitalization		20
Toll and ferry fare credit for EVs		25
Culverts		360
Stormwater retrofits		156
Ferry liquid natural gas		145
Local Assistance Program, practical design/reforms		45
	Subtotal	**$2,169**
New Construction and Economic Development		
Freight rail (FRAP)		14
Palouse-Coulee City rail		30
Improvement projects (Program I – next page)		5,885
	Subtotal	**$5,929**
Local Distribution/Other		
City and county direct distribution		192
Dept. of Licensing		77
Debt service (new law)		1,145
	Subtotal	**$1,414**
	Total Spending	**$12,153**

Capital Spending and Project List

Estimated Expenditures ($ in thousands)

Program/Projects (12 years)	Governor Proposed 12/16/14
Program I – Improvements*	
SR 520 completion –"Rest of the West"	$1,443,200
I-405 Renton to Bellevue corridor completion	1,315,500
SR 509 corridor completion**	957,000
SR 167 corridor completion – Puyallup to Port of Tacoma***	856,500
I-90 Snoqualmie Pass – phase 2 safety completion	170,900
I-5 JBLM – traffic improvements	278,000
US 395 North Spokane – Francis to Spokane River	432,100
Everett/Snohomish Co. freight improvement projects	81,800
Unallocated funding for other high-priority projects across the state	350,000
Total	**$5,885,000**

** WSDOT will seek additional savings on projects through practical design while maintaining safety and functionality. These savings will be put back in capital investments that meet WSDOT's high-priority selection criteria.*

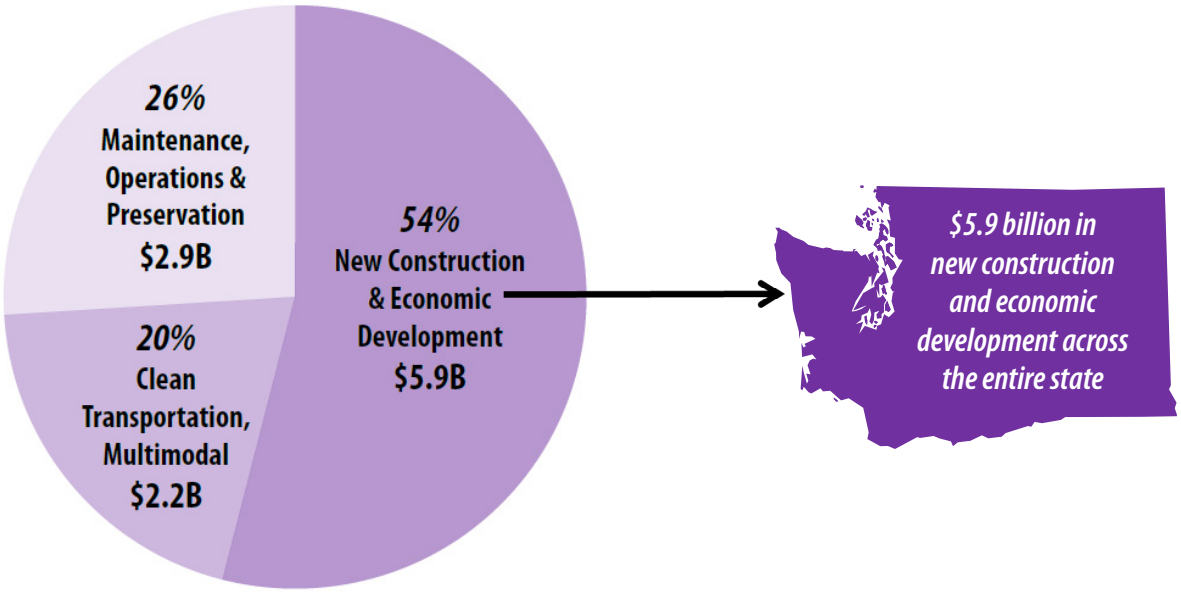
*** Additional $85 million will come from tolls*

**** Additional $95 million will come from tolls*

Distribution

Distribution of expenditures by investment type*

Let's Move Forward makes balanced investments in every part of the transportation system.



** not including debt service*

Revenue

Let's Move Forward introduces a paradigm shift to breathe **new life** into the transportation investment effort. Rather than raising a gas tax on everyone, our worst polluters will pay instead. This tax reform will raise $400 million a year over 12 years to pay for **balanced** investments across the state. The package also includes many of the previously agreed-to fees and **local options** for community roads and transit programs as well as new authorization for voter-approved Sound Transit light rail expansion.

Estimated Resources ($ in millions)

Estimated State Revenues (12 years)	Governor Proposed 12/16/14
Carbon pollution fee	$4,800
Sales tax on construction transfer	201
Increased WSDOT property sales	40
Other fees	2,915
2012 fee revenue	1,120
Interest earnings	94
Subtotal	**$9,170**
Bond authorization/proceeds	$3,100
Total Resources	**$12,270**

Local Options

Local Options	Governor Proposed 12/16/14
Transportation Benefit Districts	Increases councilmanic vehicle fee authorization for transportation benefit districts (TBD) from $20 to $40. A vehicle fee of $20 must be in place for 2 years prior to the governing body of the TBD raising it to $40 without a vote of the people.
Sound Transit phase 3	Authorizes Sound Transit to seek voter approval to impose a property tax of up to 25¢ per $1,000 assessed value, a sales tax of up to an additional 0.5 % and an MVET of up to 0.8% to expand light rail.
Congestion Reduction Charge	Extends the King County $20 congestion reduction charge to 2018.
Community Transit Sales Tax	Authorizes Community Transit in Snohomish County to impose an additional sales and use tax of up to 0.3% with approval of the voters within the area.
Passenger-only Ferry District	Authorizes public transportation benefit areas to establish passenger-only ferry service districts as separate entities with independent taxing, spending and bonding authority with voter approval.

Reforms

Let's Move Forward includes real reforms and operational efficiencies that save time and money

Through practical design and least cost planning, projects will cost less money and meet community needs

Advance Quality Assurance and Lean Management: To solve and prevent errors

Governor Inslee quickly worked to address legacy problems after taking office by allocating the right resources in the right way. New leadership from Secretary Peterson and a very talented team of professionals is already helping WSDOT **streamline and expedite** decision making.

But the Governor's **vision for success** goes further than just solving problems — he wants to prevent them from happening in the first place, and that takes a **change in culture**.

Let's Move Forward funds Lean management and quality assurance training that will help **empower employees** at all levels of the organization to **spot, report and quickly solve issues** before they become bigger problems.

This innovative methodology has allowed Boeing to double its 737 production within the same footprint at the Renton plant and it has significantly cut costly errors at Virginia Mason Medical Center.

Implement Practical Design and Least Cost Planning: To save time and money

According to a recent Joint Transportation Committee study on cost drivers, the single largest driver of transportation costs besides actual construction is **right-of-way** expenditures. That's because our projects are getting larger. The larger the project, the higher the proportion of expenditures going to right-of-way.

All told, right-of-way amounted to $622 million in costs from 2003 to 2012, and these costs have been steadily increasing. In fact, funding these larger projects has significantly cut into the amount of **money available for construction.**

Let's Move Forward funds **practical design and least cost planning** to help reverse this trend. Projects are often overbuilt to meet textbook standards, not community values or pocketbook realities.

By using these methods, projects will take less time and money, we will be able to do more of them and we can do them in a way that's safe and actually meets community needs.

Coordination and collaboration on Skagit River Bridge permitting resulted in significant time savings

Facilitate Permitting: To save time, like on the Skagit River Bridge replacement project

Skagit River Bridge was the first project that Governor Inslee's administration accomplished from start to end. To the astonishment of many observers, the temporary bridge was put in place in just **27 days.** The permanent bridge was put in place 66 days later, beating all predictions.

This was, of course, an emergency, and not all elements can be replicated. Yet WSDOT demonstrated on the Skagit River Bridge replacement how coordination and collaboration on permitting can result in significant **time savings.**

Let's Move Forward codifies a 7-step permitting process for projects requiring an environmental impact statement under NEPA, and the use of a multiagency permit program as described in HB 1978. This bill also requires the Department of Ecology to undertake rule making and convene a work group to recommend additional improvements to the permitting process.

Working together, we can **protect our environment while reducing the time** it takes to get critical projects completed.

Let's Move Forward funds training and dispatch upgrades to increase ferry service reliability

Improve Ferry Service Reliability: Through dispatch upgrades, report cards

The ferry system is already working hard to address issues that arose this summer, and it's important to note that it is generally a very **safe and reliable** means of travel. Currently, 99.5 percent of scheduled sailings are completed.

Of those that are missed, most can be attributed to the weather and tides. However, any missed sailing creates an inconvenience for our customers, so it must be taken very seriously and we must strive for **continuous improvement.** That's why the Governor directed Secretary Peterson to work with new Ferry Director Lynne Griffith to develop a plan to increase ferry service **reliability** in the near- and long term.

Let's Move Forward **increases training** and **upgrades dispatch** services to help achieve **zero missed sailings due to crew shortage.**

It improves **customer service** by painting and removing rust on vessels, and by making seating areas and restrooms on vessels and terminals **clean and comfortable.** It will also make the loading and ticket-buying process **more convenient, friendly and efficient.**

Finally, the proposal requires a **ferry reliability performance report** card to ensure continuous improvement.

Let's Move Forward funds advanced LiDAR imagery and risk analysis to mitigate future landslides

Advance Landslide Prediction and Prevention Measures: To make all of us safer

More and more, landslides are posing a great risk to the safety of our state's population and **infrastructure.** In the case of Oso, 43 Washingtonians lost their lives, and an entire neighborhood and a large section of state highway were destroyed.

Unfortunately, there's no way to predict with 100 percent accuracy when or where a deadly landslide might hit, but the latest technology, such as **LiDAR,** can give geologists another tool to better understand what has happened in the past and what may occur in the future.

Let's Move Forward helps mitigate deadly landslides like in Oso by funding advanced **LiDAR imagery** and **risk analysis** for priority areas, as recommended by the **SR 530 Commission.** It also funds **statewide GIS mapping** and creates a **Hazard Identification Institute** to be the central clearinghouse for geological hazard information in Washington.

Finally, it makes us all safer by **funding an Emergency Management Task Force** that will ensure the right talent and resources are delivered as quickly as possible to future disasters — whatever they may be.

Let's Move Forward requires report cards and checks and balances to give taxpayers the confidence they deserve

Demonstrate Accountability to the Taxpayers: Through checks and balances and extensive performance report cards

On every project, and in every interaction with our customers, we must continually work to **rebuild public trust** and confidence in government's ability to be **good stewards** of taxpayers' dollars. Washington already has one of the highest records of on-time performance for completing projects. Currently, 87 percent of projects are being delivered on time and 91 percent are on budget. But the Governor believes we must ensure these performance trends continue upward, and an unprecedented level of **checks and balances** — including extensive performance report cards — should be attached to new transportation dollars.

Let's Move Forward requires **performance dashboards** to track revenues and the delivery of improvements from start to finish — with all of it reported to taxpayers. Revenues will be used only for transportation purposes, and public-private partnerships will be explored to save public dollars as long as the public interest is protected and public assets are preserved. Let's Move Forward provides taxpayers with the **confidence** that they're getting a good return on their investment.

Moving Forward

It's clear that both the need and the demand for new investment in our transportation infrastructure are at an all-time high. We know why we need to get a package across the finish line as soon as possible.

In just the past two years, the Skagit River Bridge collapse and the SR 530 landslide in Snohomish County have demonstrated the importance of infrastructure and the fragility of our current system. Adjacent communities lost their lifeline to the rest of the state when these catastrophic events happened.

We've learned a lot about community resilience in the face of adversity, and about teamwork and innovation under pressure, but the fact remains that if we don't invest in transportation, our infrastructure is going to deteriorate more rapidly.

"Let's Move Forward is offered as a good-faith compromise to spark action"

After a decade of inaction, we are now dealing with the harsh reality of making cuts to badly needed programs, projects and services. We're facing a 52 percent decrease in the transportation maintenance budget, and 71 bridges could become structurally deficient or functionally obsolete. We don't need to see another community cut off from the state or another bridge at the bottom of a river.

For all of these reasons, Let's Move Forward is offered as a good-faith compromise to spark action. It seeks to bridge the gap on key sticking points, live within our means and strike a balance that makes sense for a majority of the Legislature. Our goal cannot be to get all of what we each might want, but instead to get what the state needs. I'm pleased that legislative leaders and key stakeholders have joined me in supporting this approach.

Governor Inslee making the first weld on the keel of the new MV Tokitae ferry vessel

We've done it before and we'll do it again.That's what makes Washington the greatest state in the nation.

I look forward to working together in a collaborative process this upcoming session and signing a transportation package that keeps all of Washington moving forward.