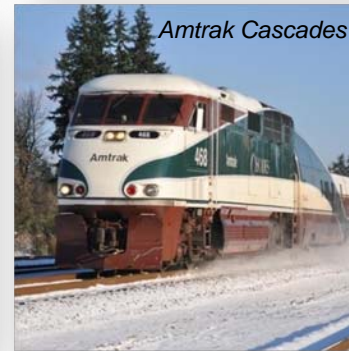
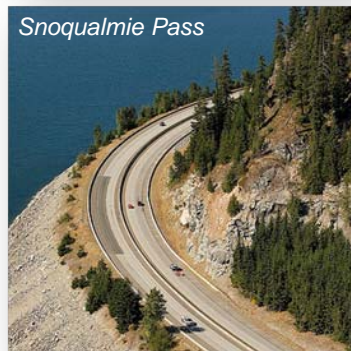


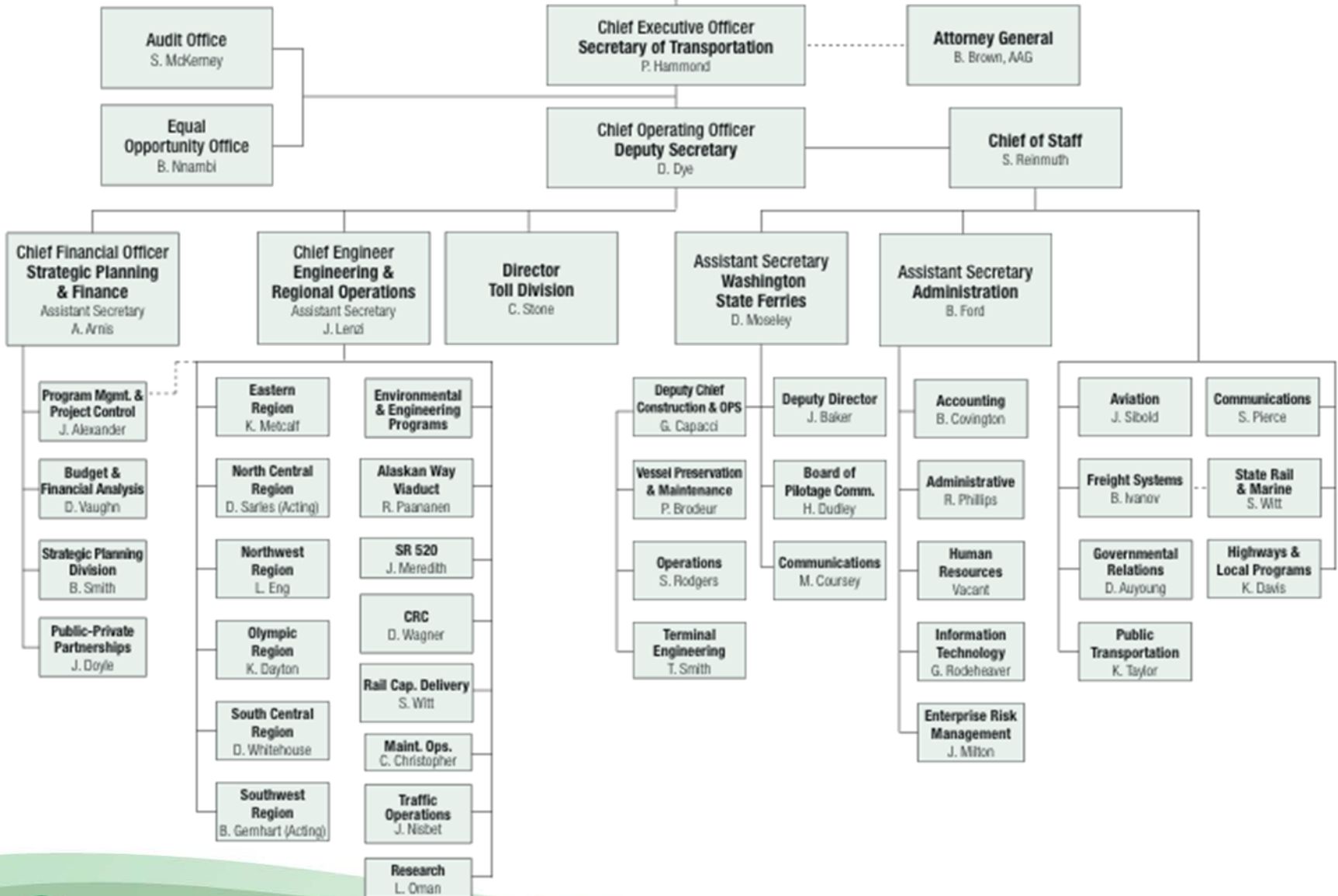
State of Transportation: Moving Washington Forward Transportation Investment for a Sustainable Recovery

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**Citizens of Washington State
Governor Christine Gregoire**



Overview

- **Washington's economy depends on a strong transportation system**
- **Washington's transportation system - a valuable asset**
- **Improvements have been made and benefits are recognized**

Washington's and the nation's recovery from the economic recession is slow

- **Construction-sector employment in Washington is down 30% since its peak in 2007.**
 - At the start of the recession, this sector made up 7% of total employment in Washington but has accounted for close to one-third of the total job losses.
 - With the near completion of ARRA projects, Washington lost 4,200 construction jobs during October/November of 2010 - more than any other state.
- **The current statewide unemployment rate in Washington is 9.2%.**
 - People don't have money to spend, businesses can't create jobs, there is less money in the economy.
- **Strategic recovery**
 - Washington will continue to experience the effects of the recession for years to come. Economic recovery is a slow process-investment in transportation infrastructure will help put Washington on the road to recovery.

Strategies to grow Washington's economy

- **Governor Gregoire** – make...“strategic investments in roads, water, telecommunications, and energy”
 - **Put Washington to work** – through creating jobs and supporting small business.
- **Compete in the global economy** – help Washington farmers and manufacturers compete internationally and recruit new companies to locate here.
- **Infrastructure investment puts Washington to work** through jobs now that build a transportation system that supports business and a strong economy for the future.



Washington's economy depends on a strong transportation system

The transportation system plays a crucial role in moving people and goods.

- Over **8 million trips a day** are made on the state's highways.
- **\$27 million of freight moves** on Washington roadways **every hour of every day**.
- Washington's **total exports** were valued at **\$52 billion** in 2009.
- In 2008, **freight-dependent industries** accounted for approximately **46% of Washington's jobs**.
 - Retail and wholesale distribution supports 739,700 jobs
 - "Made in Washington" products support over 627,800 jobs

Future economic competitiveness could be threatened by increased highway congestion and declining roadway conditions.



Sources: WSDOT State Rail and Marine Office and WSDOT Strategic Assessment Office

Washington's transportation system - a valuable asset

Highways

- Carry 86 million vehicle miles/day *(on 18,500 state highway lane miles)*
- 225 lane miles of a planned 320-mile HOV freeway system
- More than 3,600 bridges and structures

Ferries

- Carry 23 million passengers/year *(on 21 ferry vessels, 20 terminals, and 505 daily sailings)*

Passenger rail

- Carries over 800,000 passengers/year *(Partner in Amtrak Cascades state passenger rail)*

Aviation

- 17 WSDOT managed airports, 138 public-use airports

Freight rail

- Grain Train delivers over 1.2 million tons of grain *(Since 1994, grain train runs 118 cars, including 29 added in 2010)*
- WSDOT owns 296 miles of PCC railroad *(Shipping during 2010 on the PCC rail system increased 20% over 2009 to 8,000 carloads.)*
- 3,600 miles of public and private freight railroad moves 116 million tons of freight. *(2008 data)*

Transit support

- Commute programs support more than 810,000 commuters statewide *(170 million vehicle miles traveled reduced annually)*
- Vanpool program includes more than 2,400 vans *(Washington has the largest public vanpool fleet in the nation)*



Our transportation vision: An integrated transportation system that is ...

Reliable

- ✓ Improved travel times for drivers
- ✓ Better reliability and choices for commuters and increased intercity service
- ✓ More efficient freight movement across state and in and out of our ports

Responsible

- ✓ Safer roads, and fewer fatalities and serious injuries
- ✓ Cost effective asset maintenance and preservation
- ✓ Highways, transit and ferries provide users integrated travel options
- ✓ Increased special-needs transportation to provide access for jobs and lifeline services

Sustainable

- ✓ Cleaner air and water
- ✓ Strategic and balanced approach to climate change
- ✓ Predictable funding and affordable improvements and operations

Moving Washington

Our three-part strategy to address congestion

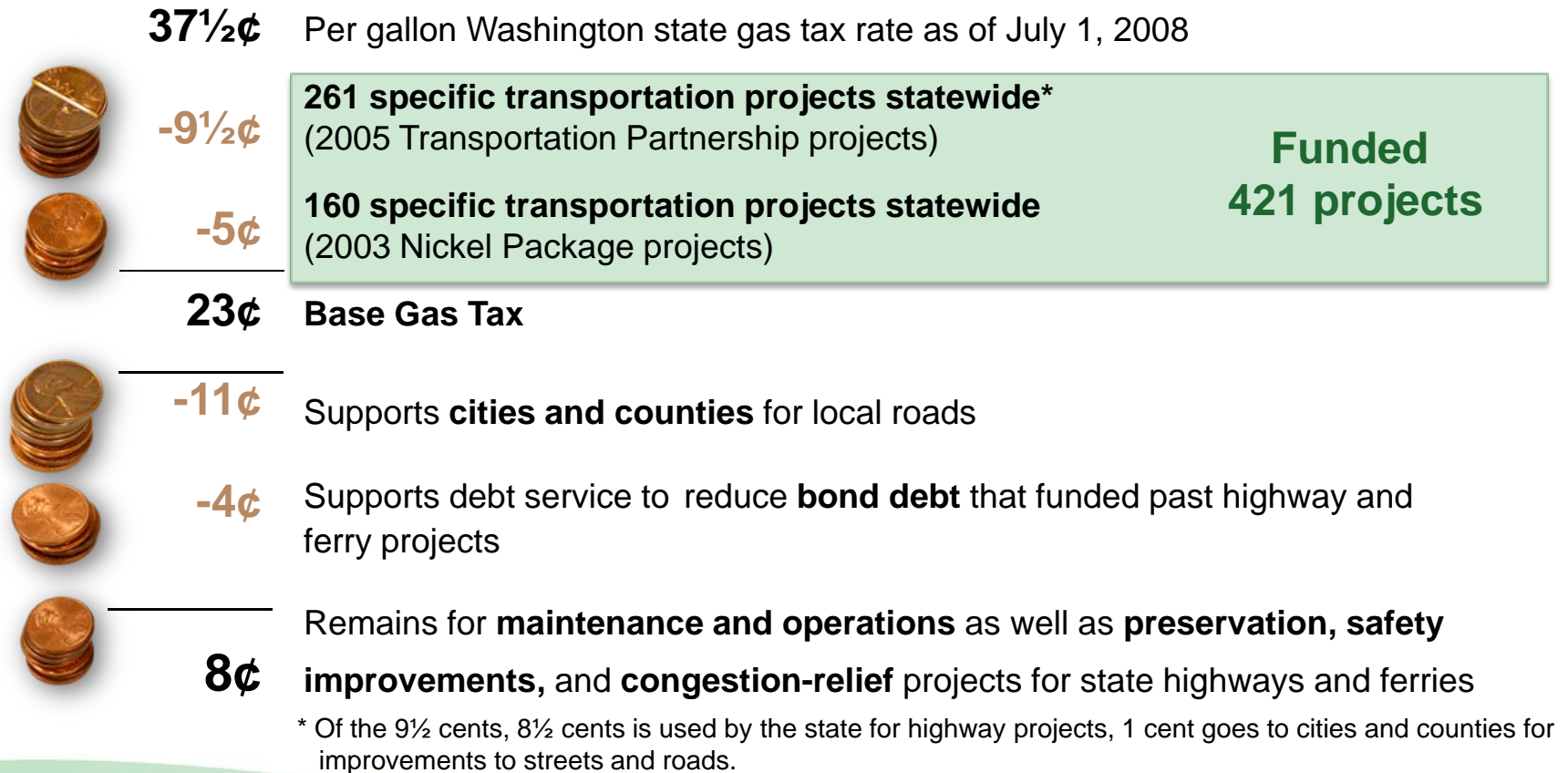


Improving the performance of our state's transportation corridors by:

- Operating Roadways Efficiently
- Managing Demand
- Adding Capacity Strategically

Washington's primary transportation revenue source is limited, committed, and doesn't keep up with inflation and growing demand.

76% of all state transportation investments are financed by the gas tax.



Non-gas tax revenue also supports non-highway transportation programs

Non-18th Amendment Revenue Sources 2011-13 : Estimated \$620 Million *

Vehicle Sales Tax (0.3%) / Rental Car Tax

License Fees

Other

Ferry Fares

Tolls

Uses of Non-18th Amendment Funds

Rail Operations

Public Transportation Grants

Ferry Operations (85%)

Toll Operations (HOT lanes, TNB)

Local Programs (bike and pedestrian grants)

Debt Service, Admin and Transfers

Rail Capital - State

- When the state Motor Vehicle Excise Tax (MVET) was repealed, dedicated funding for transportation and the Washington State Ferries was substantially reduced.
 - If MVET was in place today, it would generate more than \$900 million per year for all users with ferries receiving 13% of the tax.
 - Total MVET 10-year loss (2000-2009) = \$9.1 billion (ferries lost \$1.18 billion in revenues)

Source: Nov. 2010 Transportation Revenue Forecast; Bond sales are based on the Governor's proposed 2011 budget

In the last 10 years, WSDOT has transformed business practices

- Provided enhanced reporting transparency to the public, Legislature and Governor
- Implemented efficient project and program delivery methods.
- Institutionalized a climate of cost saving and innovative transportation solutions.
- Reducing \$65 million in 09-11 and 11-13 in administrative and overhead reductions
 - Reduced labor costs from health benefit, compensation, and pension changes in Governor's 2011-13 budget will result in an additional \$33 million in savings

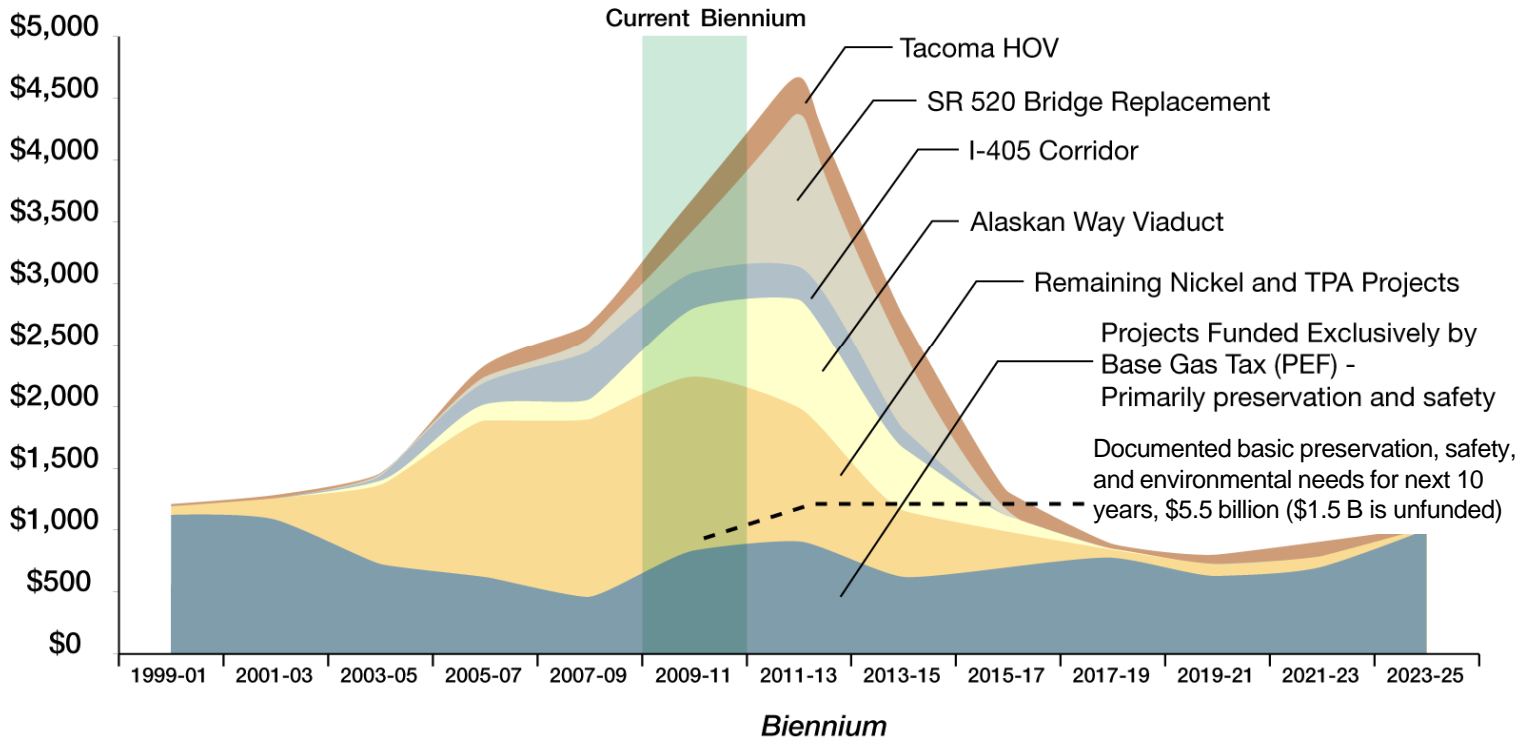
WSDOT is a nationally recognized leader in project delivery, accountability reporting, performance measurement development and tracking and innovative communications.

WSDOT highway construction program

All funds from the 2003 and 2005 gas tax increases are committed.

2011 Governor proposed budget request - program total with select mega-projects highlighted

Dollars in Millions



74% of highway program dollars are contracted to the private sector.

\$6 B of the \$15.5 B in Nickel and TPA will be delivered through our design-build program.

54% of the design effort for Nickel and TPA was delivered by consultants.

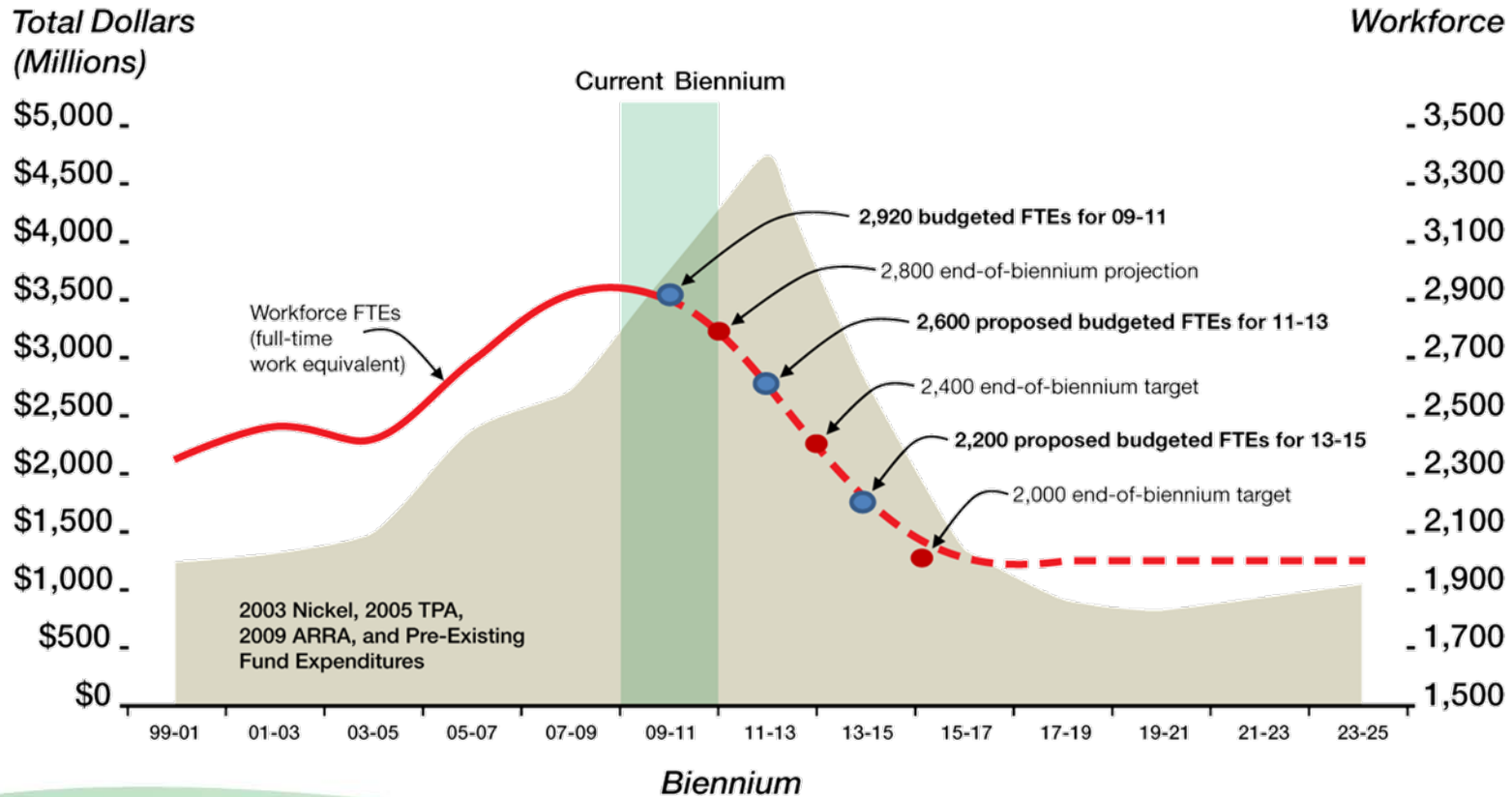
Source: WSDOT Capital Program Development and Management Office

WSDOT's engineering and technical support staff will decline

Program expenditures and workforce projection

Includes the improvement and preservation programs with two exceptions: Excludes expenditures for the Tacoma Narrows Bridge and expenditures in the improvement program reimbursed by Sound Transit.

Work is under way to reinvent engineering and technical services at WSDOT.



Source: WSDOT Capital Program Development and Management Office

WSDOT is delivering Nickel and TPA projects

The **2003 and 2005 revenue packages** supported **\$15.5 billion** in infrastructure improvements.

Nickel and TPA delivery performance (as of Nov. 30, 2010)

- **294 projects** are complete, **93%** of completed projects “**on budget**” **91%** of completed projects “**on time.**”
- **By Feb. 28, 2011:** 346 of the 421 projects will be either complete or under construction.

Nickel and TPA projects create jobs

- The **2003 and 2005 gas tax** funding packages are estimated to **support** an average of **10,000 direct, indirect, and induced jobs** each year over a 10-year period.
- The vast **majority of the jobs supported** by the Nickel and TPA are **performed by the private sector.**

Source: WSDOT Strategic Assessment Office



Nickel and TPA projects are meeting or exceed expected benefits for the public.

- **Fatality accidents** on Washington's roadways continue to **decline** from 2005, with a **6% reduction** in one year from 2008 to 2009.
- **State pavements**
 - Over 94% of Washington's highways are in fair or better condition.
- **Bridges:**
 - 98% of the 3,658 bridges are in fair or better condition.
 - 31% of bridges that need to be retrofitted have been or are under contract for seismic retrofit work.
- **Travel delay declined by 21%** on all state highways in 2009 compared to 2007.



Source: WSDOT Transportation Data Office and WSDOT Strategic Assessment Office

WSDOT delivers ARRA state and local projects

- **ARRA delivery performance** (as of Jan. 7, 2011)
 - **State and local:** \$492 million for 219 state highway and local projects
 - **185 highway projects are complete** (34 more are awarded or under construction)
- **Transit:** \$179 million for 55 projects (rural/urban/ferries)
- **High-speed passenger rail:** awarded \$751 million in Recovery Act funding
- **ARRA highway projects have provided over \$144 million in payroll** since February 2009, to employees working over 3.7 million hours
 - In November, workers earned over \$3.9 million, logging more than 93,000 hours on Washington highway projects.



- **TIGER I:** \$65 million (North Spokane corridor and Seattle's Mercer corridor)
- **TIGER II:** \$45 million (King County-South Park bridge, Franklin County-East Foster Wells Rd. extension and Port of Vancouver-West Vancouver freight access)

Source: WSDOT Strategic Assessment Office

Washington State Ferries program

The ferry program continues to struggle with a lack of sustainable funding.

Nickel and TPA provided funding for:

- Three 64-car ferries
 - One in operation; one 80% complete, due for delivery in May 2011, one 30% complete due in Dec. 2011)
- Two 144-car ferries in final design stage
- Working with FTA on Mukilteo Terminal – NEPA environmental process



Federal funding for WSDOT high-speed-rail program

- Awarded \$590 million from the application for corridor improvements for the Seattle-to-Portland segment.
 - Adds 2 additional roundtrips Seattle/Portland, improves reliability from 62% to 88%, with a 10-minute reduction in travel time.
- Awarded an additional \$161 million in redirected funding from Ohio and Wisconsin.
 - Intended to add reliability between Seattle/Vancouver BC and possible roundtrip and travel time savings.
- Funding supports overall program goal of more frequent and reliable Amtrak *Cascades* service.
- Crews will build additional rail-line capacity and make improvements and upgrades to tracks, utilities, signals, passenger stations and advanced warning systems.



Source: WSDOT Rail Office

A modern and efficient transportation infrastructure is critical for our economy and will create jobs for Washington state.

- The 2003 and 2005 gas tax increases funded projects that are being delivered on time and on budget and are producing real results – but all funds are committed.
- Our growing state transportation needs will outpace our current financial capacity.
- **A recovered economy will depend on a transportation system that works.**