

Washington Transportation Plan Update, Local Funding & TEA-21 Reauthorization

*Washington State Good Roads &
Transportation Association
Annual Meeting*

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September 24, 2004



**Washington State
Department of Transportation**

The Update Process

Aspiration for the 2005 Plan Update

- Data driven, analytically grounded and organized by major Issue areas.
- Program and investment proposals advanced for the state for each major issue area.
- Investment and programs proposals prioritized into high, medium and low priority categories.
- Scale of proposed investment constrained by financial realities.

What we're hearing...

“The WTP should be a collection of information and data from which decision makers can make choices.”

“DOT’s analytic capability must be strengthened so that we have better information on which to take the long view... The key word everyone has to keep in mind is prioritization...”

“We must prioritize and make choices. The debate is not about how to keep doing just about what we are already doing. It’s about how to choose to spend the money we have on what we really want.”

How is the Process Taking Shape?

Phase 1: Data and Approach Development

- Build statewide transportation “data library”.
- Analyze statewide trends and system conditions.
- Identify key issues and choices.
- Share the learning and analysis with others.

Phase 2: Developing the Plan Update

- Commission guides tentative judgments on scale and direction of investment programs.
- WSDOT works with RTPOs and others to develop proposals for investment plans and funding scenarios.
- Commission matches priorities to funding scenarios.
- Commission adopts the plan.

The Message

Washington Transportation Plan Update

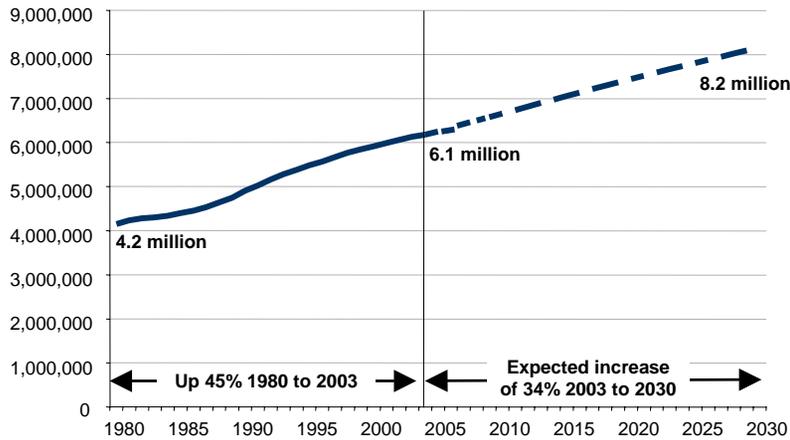
What you will hear over and over. . .

- **Demands on our state's transportation systems are up, and have not been adequately addressed for years.**
- **Funds for transportation are not there to do what needs to be done.**
- **Aging and deterioration of our state's transportation system will require spending more and more to “stay in place”.**

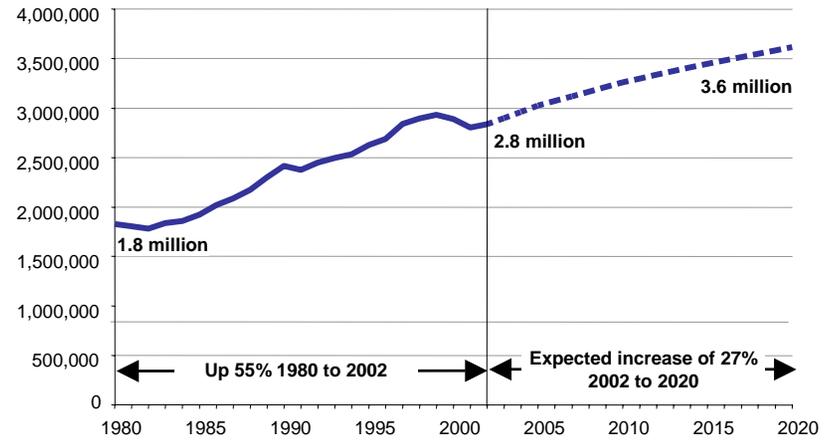
How do we talk about and settle on our real priorities in light of these paramount realities?

Demand is up...

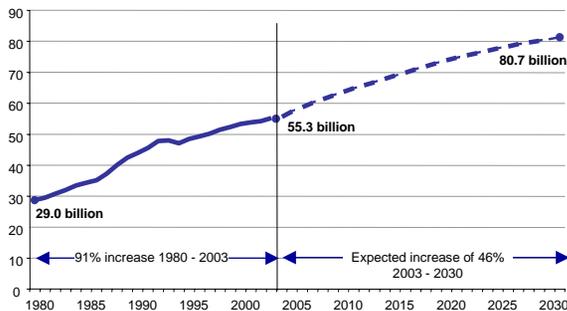
Population Will Continue to Grow



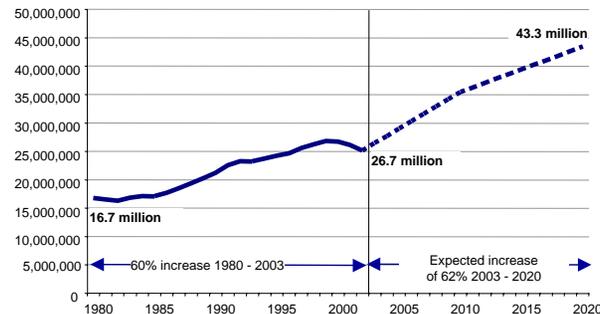
Employment Will Continue to Grow



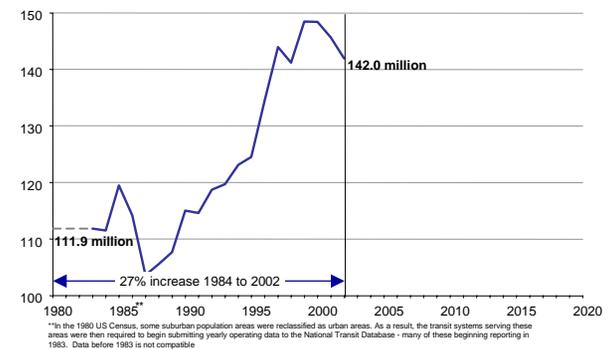
Vehicle Miles Traveled Will Continue to Grow (Miles in billions)



Ferry Ridership Will Continue to Grow

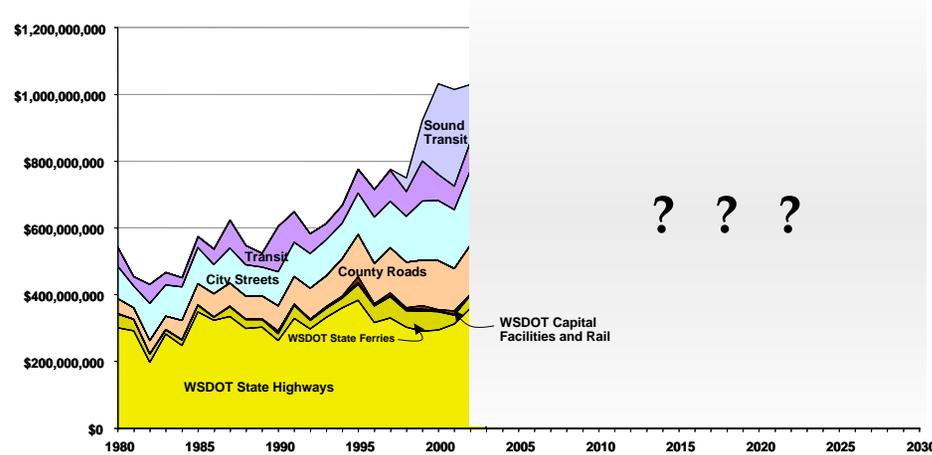


Transit Ridership Will Continue to Grow (Fixed Urban Passenger Trips displayed)

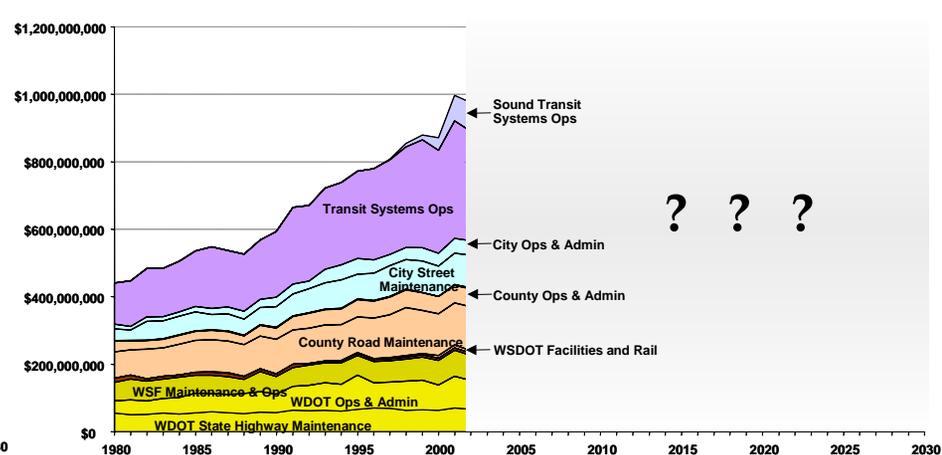


Funding: Down or flat...more or less....???

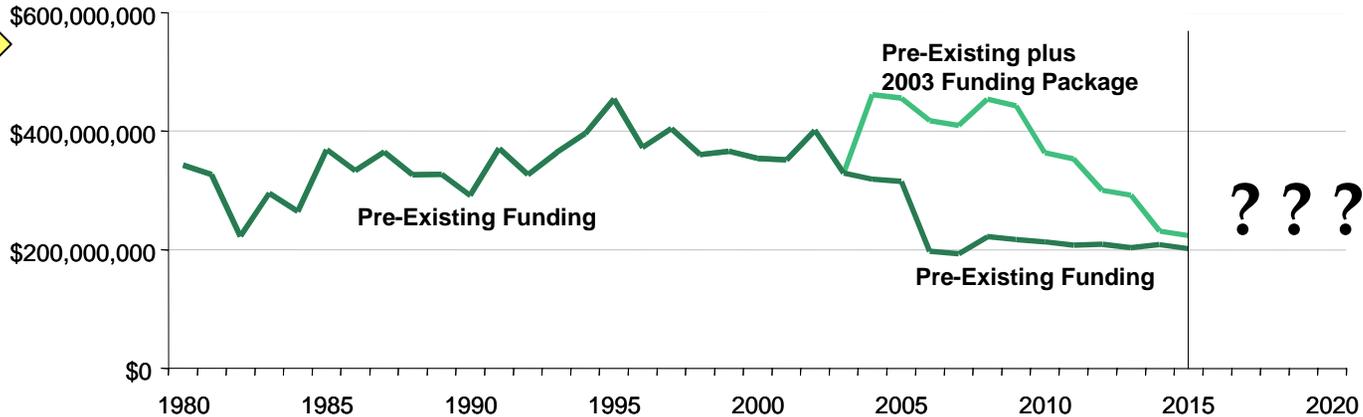
Capital Investment for Transportation by WSDOT, Counties, Cities, & Transit Agencies 1980 – 2002 Historical Data - (1980 dollars)



Operating Expenditures for Transportation by WSDOT, Counties, Cities, & Transit Agencies 1980 – 2002 Historical Data - (1980 dollars)



Over the Next Decade WSDOT Capital Funding is Declining Even With the Last Funding Package (in 1980 constant dollars)



What are we hearing about funding issues from the cities and counties and transit systems?

- County road levy and the current share of the gas tax cannot meet current funding needs.
- A 40% decrease in per capita state gas tax distributions is requiring significant increases in city transportation spending.
- Most rural counties and cities do not have an adequate tax base to fund general government needs let alone local transportation improvements.
- Local options cannot generate enough funds to provide for construction, maintenance and preservation programs.
- Recent statewide initiatives have repealed local transportation funding tools.
- For transit, the state provides less than 2% of their total funding. Capital needs of transit systems vary depending on size and location, but are most acute in urban areas. Most critical for transit is augmenting funding for operations.
- In some areas of the state, the sales tax imposed by transit will not grow by enough to support funding for current operations.

The System is Aging and Deteriorating:

- **These problems are best recognized by the public as:**
 - Alaskan Way Viaduct
 - SR 520 (Evergreen Point Floating Bridge)
 - Interstate Pavements
- On inspection, this is the problem of “**preservation**” investment. It is statewide and multimodal. It affects bridges, pavement and other facilities that the public assumes it can “take for granted.”
- **But preservation cannot be taken for granted and needs to be funded.**
- Even though **asphalt pavement** conditions are improving, **concrete pavement** conditions on the state’s most important highways are in decline and will be expensive and inconvenient to fix.
- **Bridges are getting older.** In the next 20 years, much of the bridge inventory will reach the age of 50 or more years. As more of our bridge inventory reaches the age of 50, investment needs for bridge rehabilitation will continue to rise sharply with the most pressing needs being to replace the oldest structures in the system.
- **Ferry system assets are getting older.** Just as with bridges the time is coming when expensive investments in ferry terminals and vessels will need to be made. Of our 28 ferry boats, 21 are more than 20 years old and six are 50 years or older.
- **Chip seal roadways** on freight and goods transportation system routes that carry trucks and freight tonnage in excess of the roadway structures load carry capacity.

The Discussion Involves:

- Increased state funding will need to be shared with WSDOT, cities, counties and transit.
- The gas tax, while a stable and sizeable funding source, does not keep pace with inflation and is facing challenges as the vehicle fleet becomes more fuel efficient. WTP funding discussions will have to reflect this reality.
- Maintenance and other operating and capital programs were not augmented by Transportation 2003 Funding Package. Safety programs need more funding.
- Only the very worthiest “new works” (i.e., capacity enhancement) projects can be funded at the likely levels of future investment capacity. How should they be prioritized?
- Lack of multi-modal funding will continue to present a roadblock to addressing issues—other sources besides the gas tax and vehicle fees (which are restricted to highway purposes by the 18th Amendment to the State Constitution) will need to be considered and tapped.
- Equity amongst areas of the state will continue to be an issue: the “donor areas” are very restless.

Strategic Issues for this Update

- ✓ **System Preservation**
- ✓ **System Efficiencies**
 - ✓ **Safety**
- ✓ **Transportation Access**
- ✓ **Bottlenecks & Chokepoints**
 - ✓ **Moving Freight**
- ✓ **Health & the Environment**
- ✓ **Strong Economy & Good Jobs**
 - ✓ **Building Future Visions**

Communications

What is the Outreach Program?

RTPO Outreach

- Briefing by Secretary MacDonald at quarterly meeting with all MPOs and RTPOs.
- WSDOT Modal Directors one on one meetings with each RTPO.
- WSDOT WTP briefings at RTPO policy or technical committees by WSDOT regional staff.
- Joint process for developing investment plan.

Document and Information Sharing

- The WTP web page.
- Creating web based documents accessible by everyone.
- Creating an on-line data library to share WTP data.
- Publishing and distributing folios describing WTP progress.

Special Outreach Meetings

- Legislator and legislative committee staff conversations
- Tribal Transportation Planning Organization
- Washington Public Ports Planning Group
- Freight Customer Interviews
- Safety Conscious Planning Workshop
- Freight Workshop with FMSIB
- Congestion Relief Study in Puget Sound, Vancouver and Spokane
- Local roadways group
- Other Events

The October 19, 2004 Milestone Event

- An opportunity for the Commission to interact with Regional Transportation Planning Organizations and other transportation interests on the Washington Transportation Plan direction.
- The meeting will involve:
 - A summary overview of the issues: what we've found and emerging directions based on the data
 - What we know about transportation finance: the history, present, and future potentials
 - Opportunities for input to the Commission through focused panels and an open mike
 - Messages from our legislative leaders

What's Next?

- A dialog on the data and analysis.
- Phase 2 - translate data-driven conclusions and perspectives into an investment plan.
 - WSDOT works with Regional Transportation Planning Organizations, local agencies, tribes, transit agencies and others to develop proposals for investment plans and funding scenarios.
- The Commission then prioritizes the proposal:
 - High-Medium-Low priorities

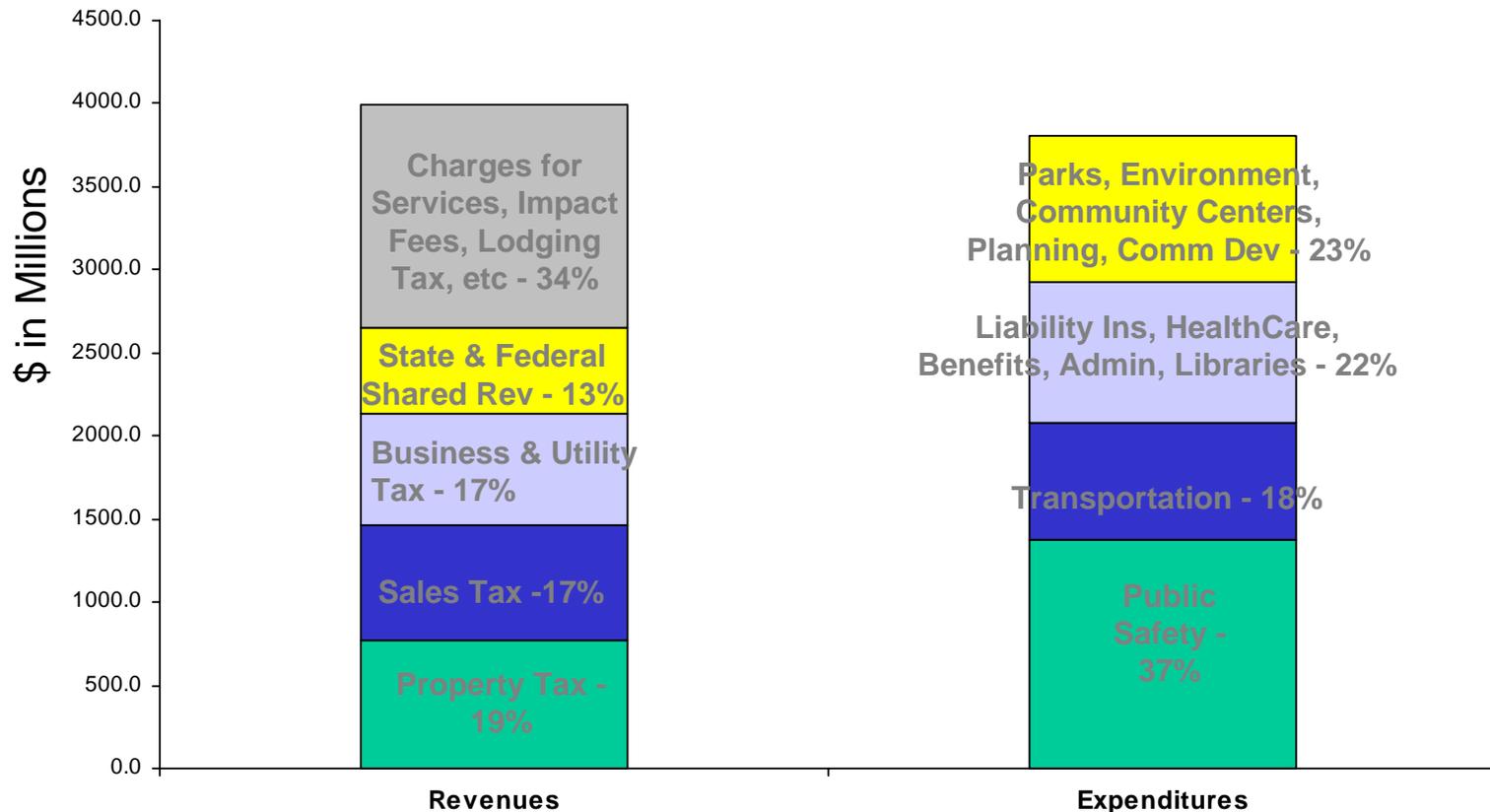


City Transportation Funding

Ashley Probart,
Association of Washington Cities

Overview

2002 City Operating* Revenues & Expenditures – Revenues = \$4.0 Billion



* General, Capital & Special Funds

A Transportation Crisis for Washington Cities



- Washington's deteriorating city streets and bridges threaten our economic future and quality of life.
- Acting now to reverse the steady decline of our city transportation systems will save taxpayers millions of dollars in the long-run.

A Transportation Crisis for Washington Cities

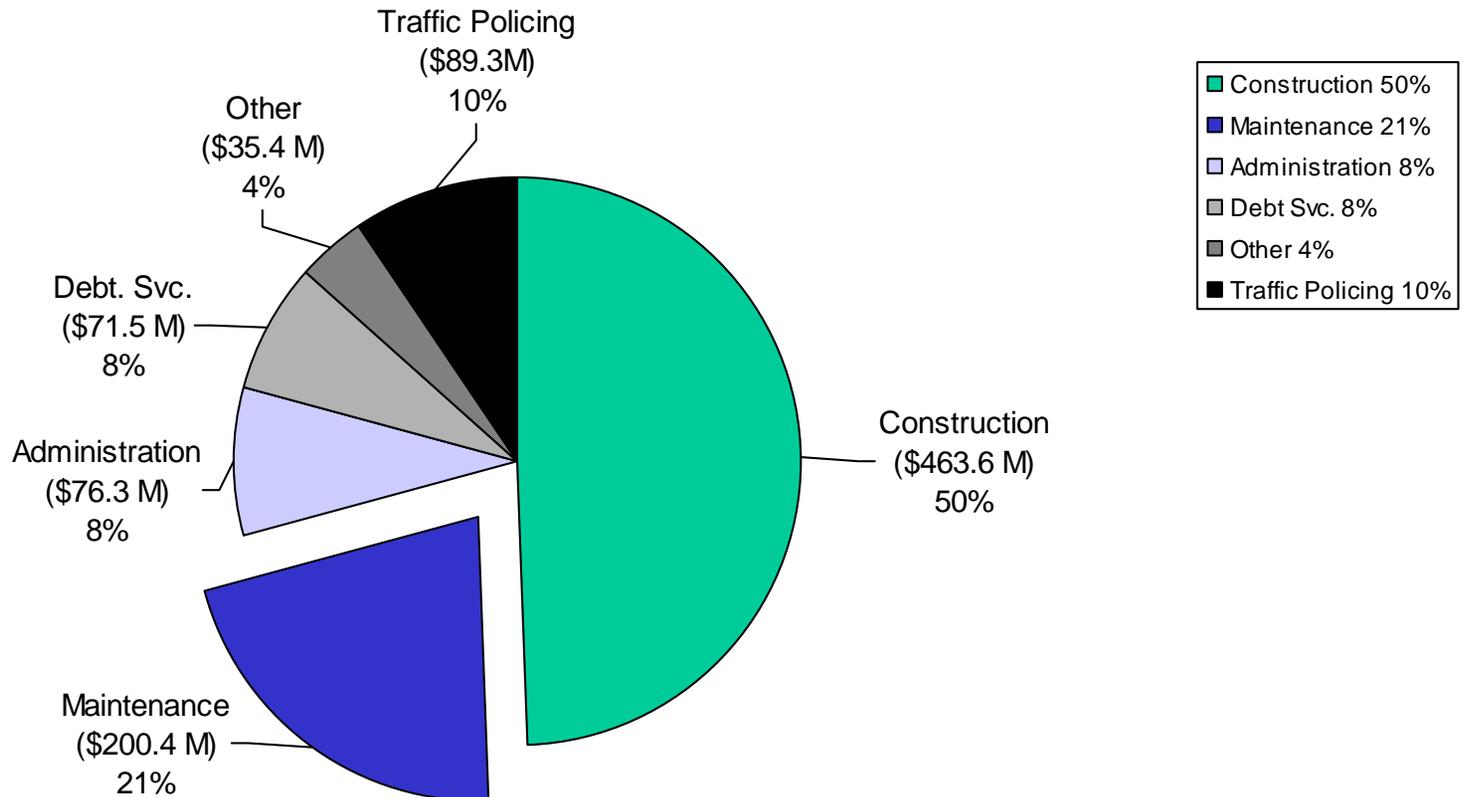
- Washington cities spend heavily on transportation; however, we are falling dangerously behind in maintaining city streets and bridges and meeting growing capacity and mobility needs. Significant cuts in state funding, coupled with the loss of revenue sources, have created a crisis for our local transportation systems.



A Transportation Crisis for Washington Cities

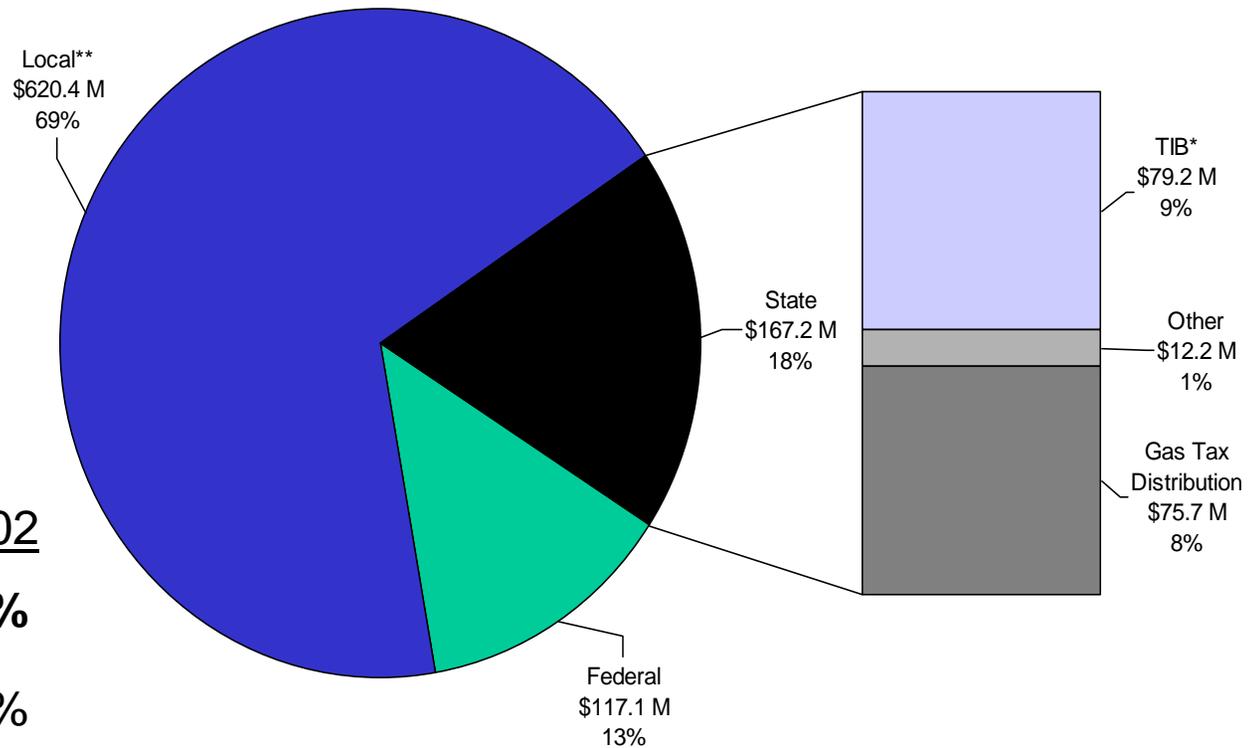
City Transportation Expenditures – 2002 – \$936.5 Million

In 2002, cities invested \$936 million on transportation -- \$200 million for street maintenance alone. Yet this covers only one-third of ongoing needs and does not address a critical maintenance backlog.



A Transportation Crisis for Washington Cities

City Transportation Revenues – 2002 – \$904.7 Million
Local Funds Pay for Streets



	<u>1991</u>	<u>2002</u>
Local	65%	69%
State	30%	18%
Federal	5%	13%

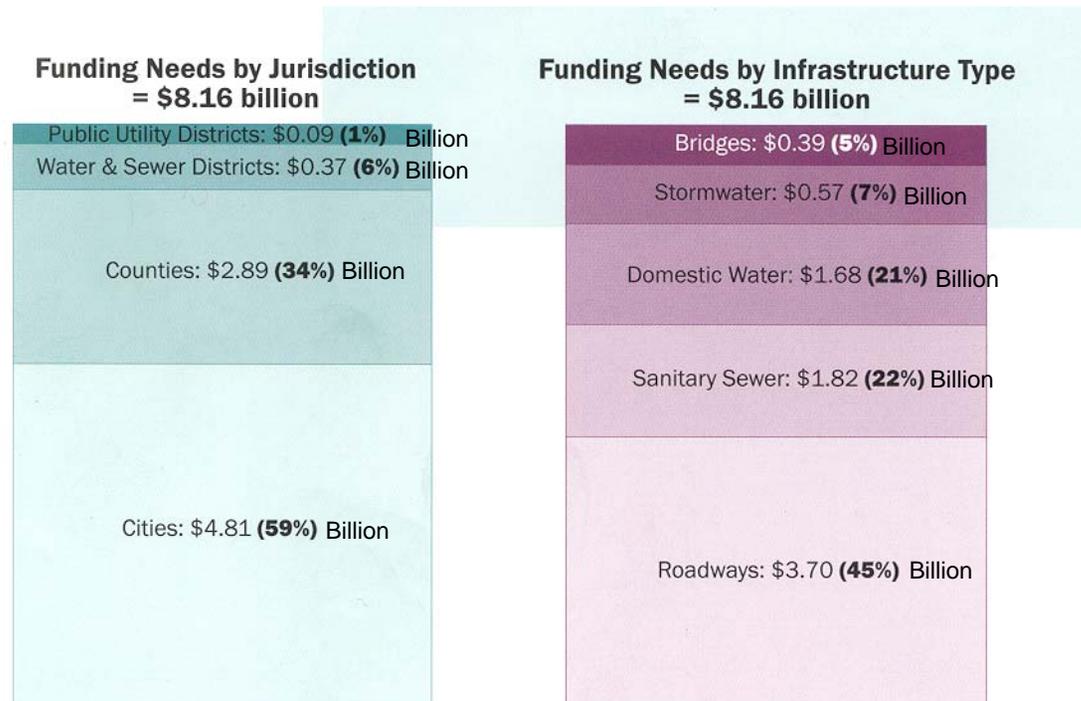
* 13.4% of TIB funds were spent on state highways
 ** includes Local Revenue Sources and Public Works Trust Fund Loans

A Transportation Crisis for Washington Cities

Roadways are Biggest Infrastructure Need and (Unlike Others) Cannot Be Funded With Rates

Infrastructure Needs** \$8.16 billion 1998 - 2003

- A 1998 legislative study showed Washington cities facing a \$2.42 billion shortfall in transportation infrastructure funding. And the problem has grown steadily worse.



*all dollar amounts are in billions of 1998 dollars

** 1998 Local Government Infrastructure Study conducted by the Public Works Board for the Washington State Senate Transportation Committee, State and Local Government Committee, and the Ways and Means Committee

How Did We Get Here?

Less State Support, Fewer Local Options

- A 2003 Nickel Package with no new gas tax distributions for cities, a departure from past legislative practice.
- Discontinuation of the Small City Paving Program, which funded 157 cities and paved 160 miles of streets.
- Discontinuation of the City/County Corridor Congestion Relief Program.
- Transportation Improvement Board revenues are limited - only \$1 is granted for every \$8 requested.
- Loss of the Street Utility Fee, \$15 Vehicle Licensing Fee option and lack of dedicated freight mobility funds.

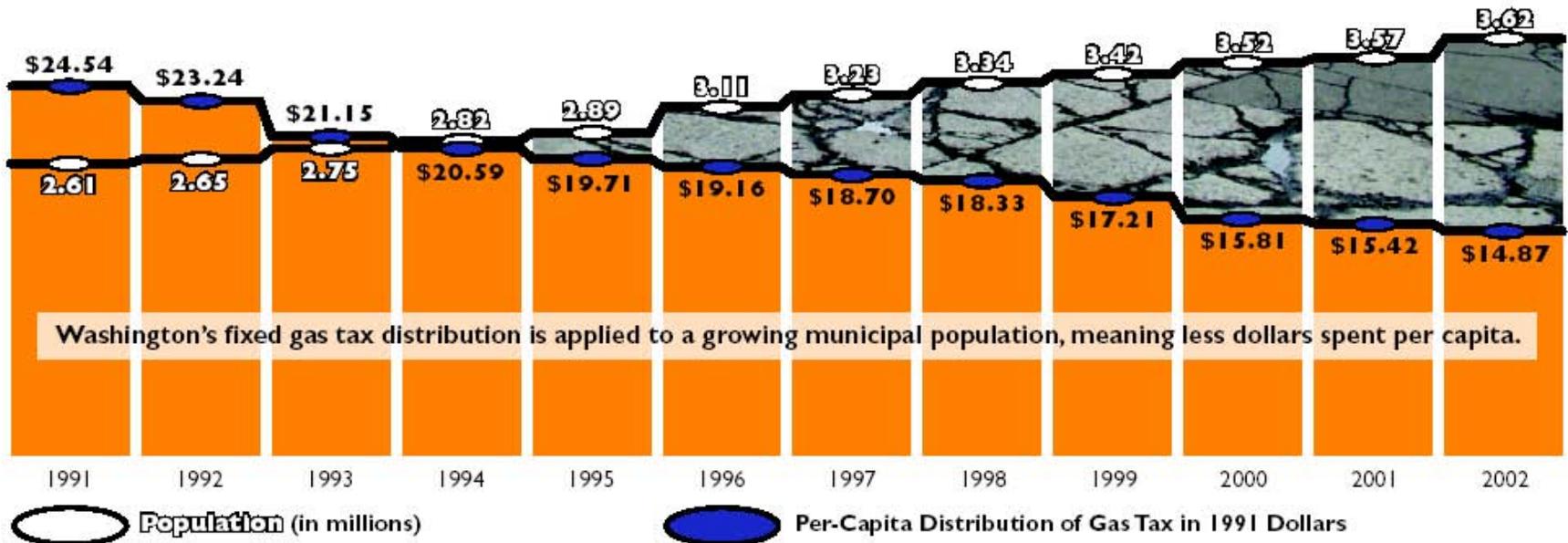


How Did We Get Here?

Less State Support, Fewer Local Options

- A 40% decrease in per capita state gas tax distributions, requiring significant increases in city transportation spending.

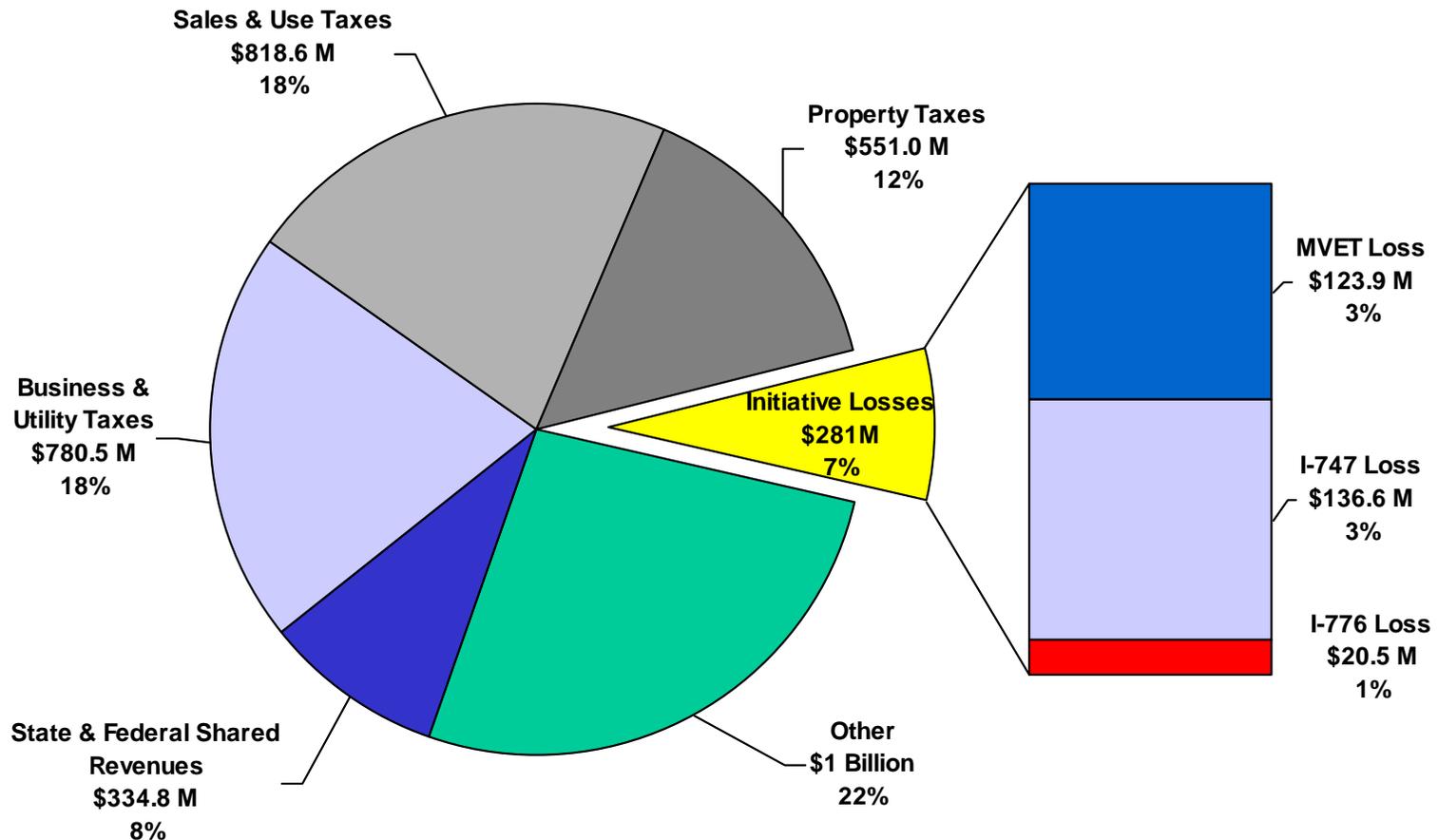
City Per-Capita Distribution of Gas Tax v. Population



How Did We Get Here?

Less State Support, Fewer Local Options

- Drastic transportation funding cuts from statewide initiatives, with city losses projected at \$1.2 billion by 2007.



How Did We Get Here?

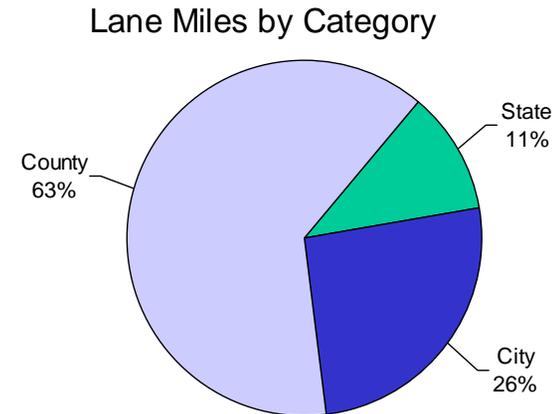
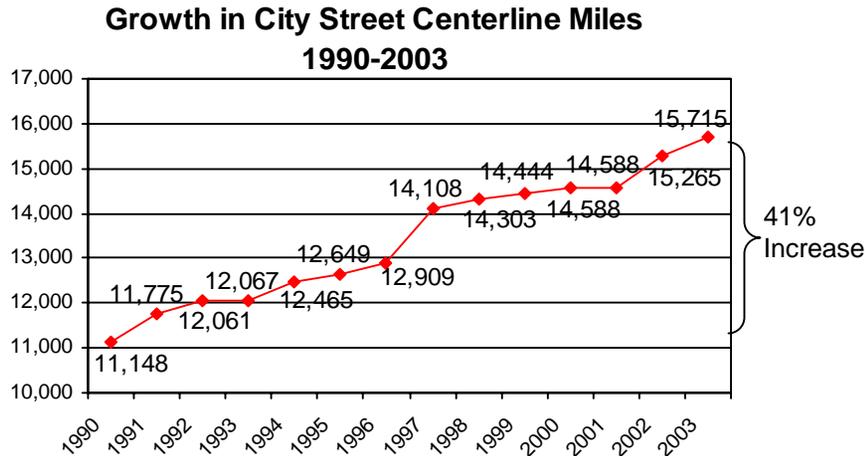
Growing Needs

- City population has grown 43% since 1990, compared to 3.5% in unincorporated areas. Washington's cities are home to nearly two-thirds of the state's population. Despite this, transportation funding is increasingly focused on state needs, while neglecting city streets.
- Nearly 90% of the state GDP is generated in the state's top 9 metropolitan areas, yet funding to support transportation in these employment centers continues to decline.



How Did We Get Here?

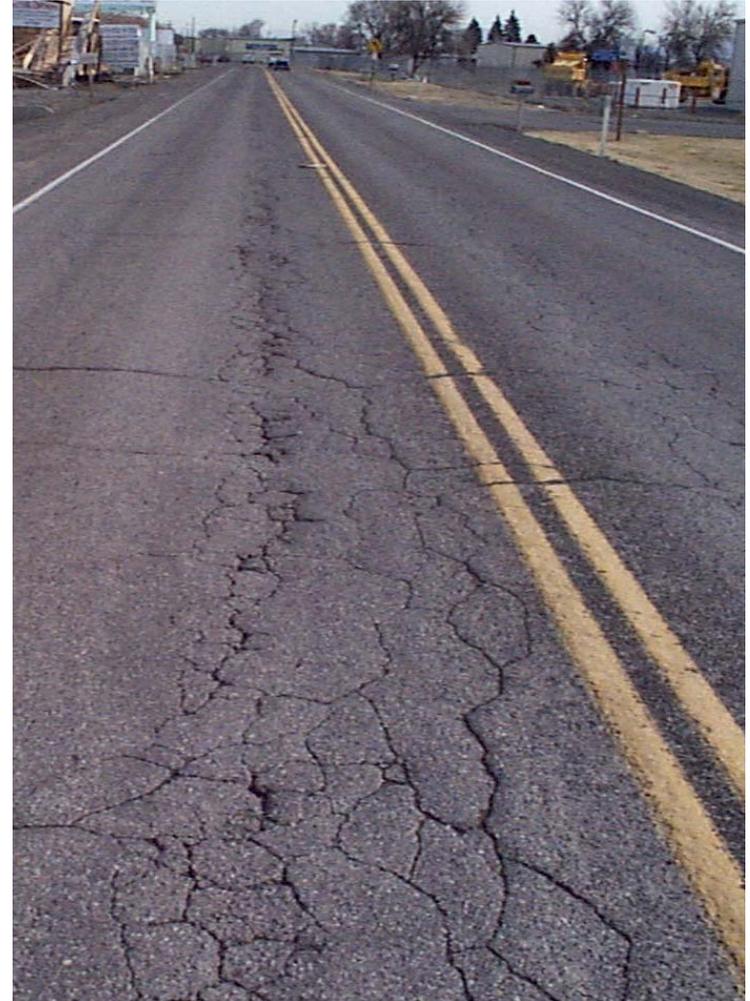
Growing Needs



- Centerline miles of city streets have increased by 4,567 miles (41%) since 1990.
- 94% of city centerline miles are paved streets.
- 657 bridges (bridge replacement cost at \$350 sf, is \$1.88 billion).
- When a state highway runs through a city of 22,500 and over, state mandates require the city to assume costs for maintenance, signalization, ADA and most traffic control. (503 centerline miles)
- Cities also provide signalization, sidewalks, streetlights and other appurtenances.

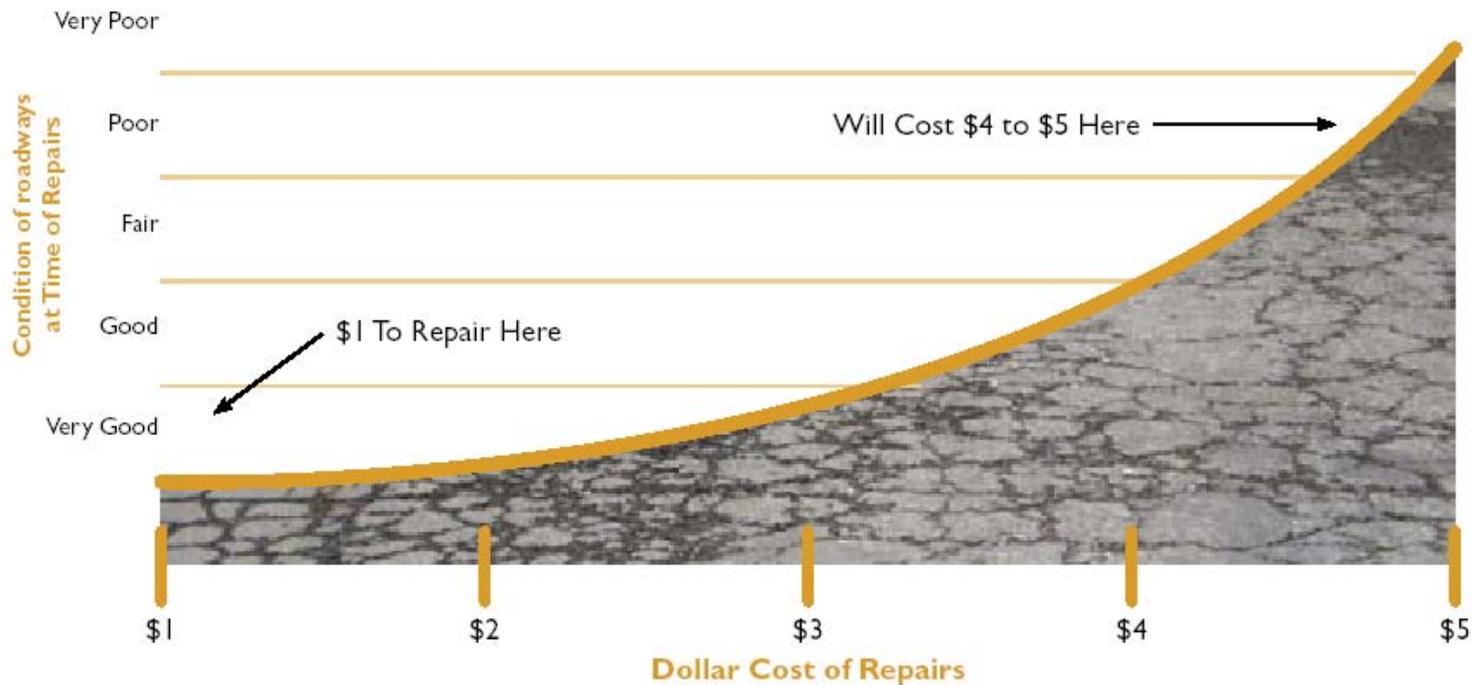
Every City Is Affected, Regardless of Size or Location

- Streets in newly incorporated and annexed cities need major investments to meet urban standards.
- Larger economic centers need major improvements for congestion relief, freight mobility, and earthquake protection - requiring a level of investment that local resources alone cannot meet.
- Many intermediate and smaller cities serve as a through corridor for commuting workers, resulting in extraordinary congestion.
- Small rural communities are unable to fund the most basic resurfacing projects and cannot afford even modest improvements to their streets.
- Eastern Washington cities face freeze/thaw cycles that accelerate street deterioration.



We Need to Act, and Act Now

- The cost of inaction is high. As our city streets and arterials deteriorate, the cost to repair or replace them doubles every 10 to 15 years.



Solutions:

- To solve these problems, Washington cities need an injection of direct state dollars and new local funding options. The last such action by the State Legislature was in 1990.
- Tri-Association Partnership is working together to provide a unified transportation proposal.
- State legislative actions could include:
 - New gas tax distributions. For example, even with a 5 cent increase to cities, it would take 6 years to return the state baseline investment to 1991 levels.
 - Future gas tax distributions that ensure a fairer return to cities, which handle a disproportionate amount of the state's employment and commuter traffic.
 - A fund to provide pavement assistance for 178 cities under 5,000. Currently, it would take decades for these smaller cities to fund a major transportation project.
 - Increase funds for the Transportation Improvement Board (TIB), a key city transportation funding partner.
 - Dedicated funding for freight mobility--critical to keeping our State competitive in the global economy.
 - Reinstating a Corridor Program to assist with multi-jurisdictional corridor needs.

Solutions (cont.):

- Additionally, cities need new local transportation funding options to meet urgent and growing needs. These could include:
 - Re-enactment of the \$15 vehicle license fee.
 - Local option gas tax for cities (if counties and RTIDs do not utilize)
 - Street utility authority.
 - Other locally implemented options, including Vehicle Miles Traveled (VMT) charge, weight-based fees, etc.



County Transportation Funding

Scott Merriman
Washington State Association
of Counties

Presentation Overview

- Background on county funding and responsibilities.
- Background on the county road system, funding methods and system needs.
- Conclusions and recommendations.

An Overview of Washington's Counties

- 39 counties (281 cities and towns)
- The total population living in unincorporated areas is 2.423 million (40% of the total state population of 6.041 million).
- The county road system makes up 66% of the center lane miles and carries 16.5% of the vehicle miles traveled.

Major County Responsibilities

County Wide

- Law & Justice (except Police/Sheriff)
- Assessment, Tax Collection
- Records, Elections
- Public Health
- Human Services

Unincorporated

- Police/Sheriff
- Road Construction & Maintenance (in unincorporated areas funded with dedicated property tax)
- Land Use

Major Funding Sources

Counties

- Sales Tax
- Property Tax

Cities

- Sales Tax
- Property Tax
- Utility Tax
- B & O Tax
- Business License Fees

Major Funding Sources – General Fund

County Wide

- \$1.80 Property Tax Levy
- Sales Tax (15% of City Tax)
- 0.1% Sales Tax
Correctional Facilities
- 0.1% Sales Tax - Criminal
Justice (shared with cities)

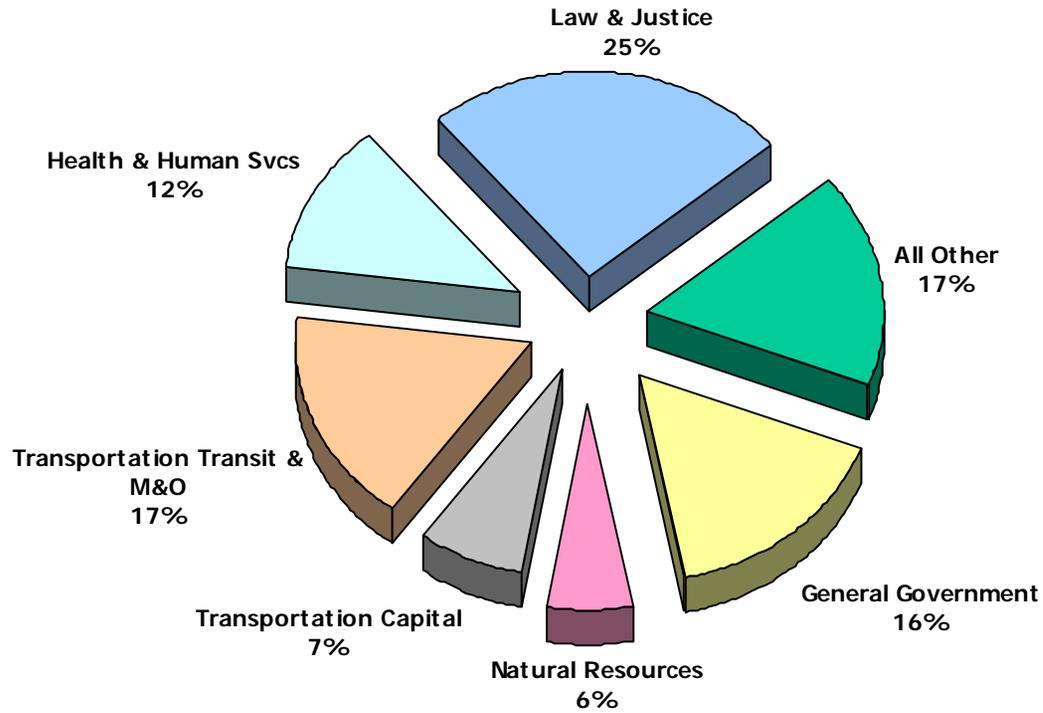
Unincorporated

- Up to 1% Sales Tax

County Road Levy Summary

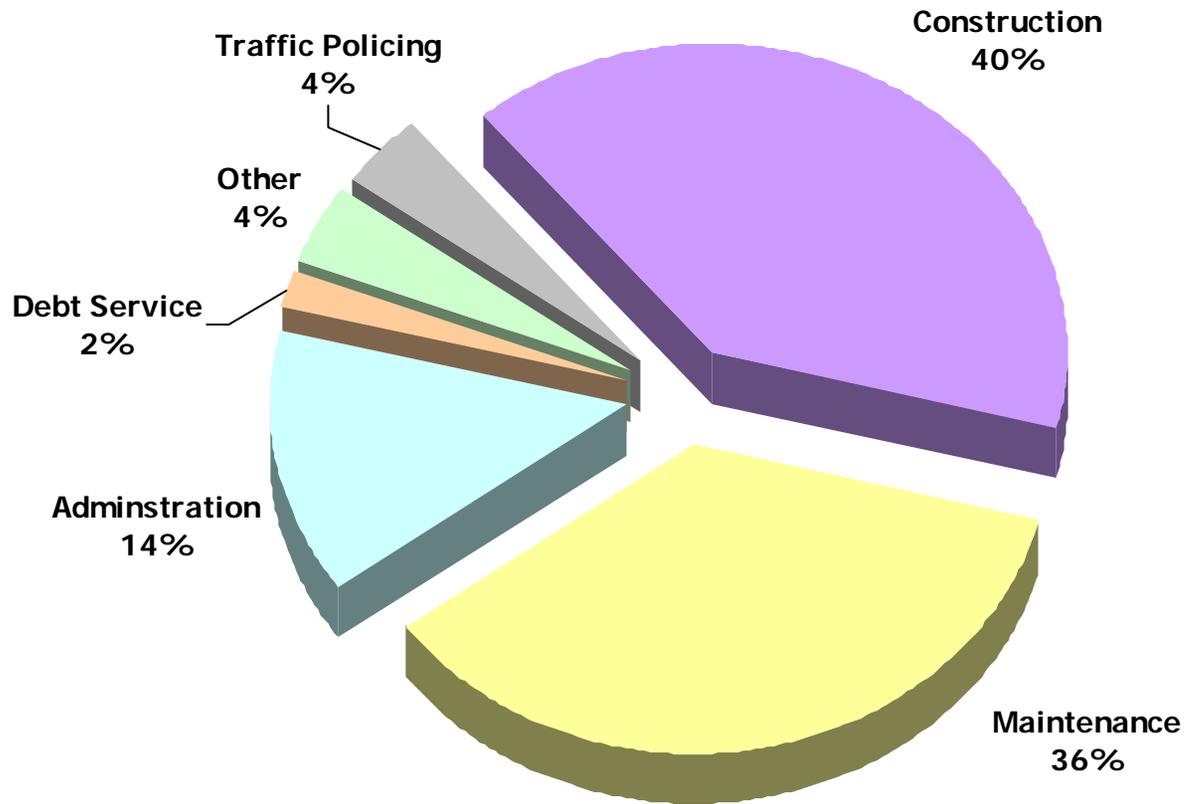
- **2002 Revenue produced by full levy of \$2.25/\$1,000**
 - \$386 million – if full levy applied
 - \$327 million – actual revenue produced
 - **\$306 million in revenue to the road fund**
 - **\$21 million diverted for traffic enforcement and other purposes**

2002 County Expenditures



Source = State Auditor's Office
2002 Audited data from the
Local Government Financial Reporting System

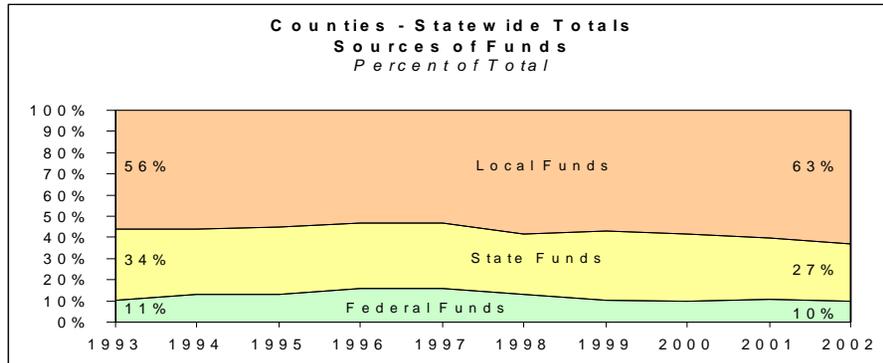
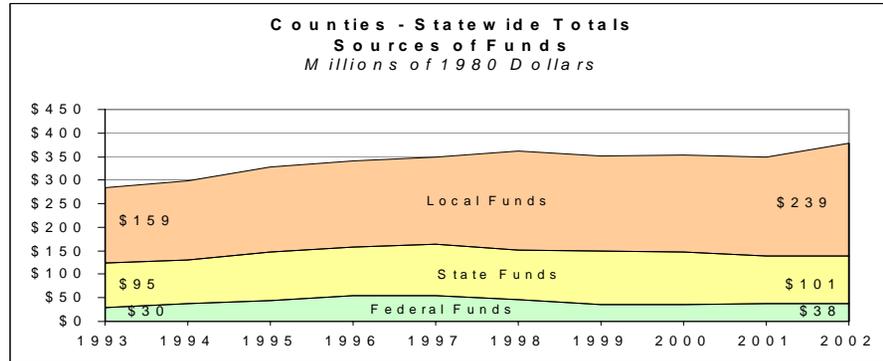
2002 County Transportation Expenditures \$756.8 Million



Source = WSDOT 2002 Road and Street Report

How are county roads funded?

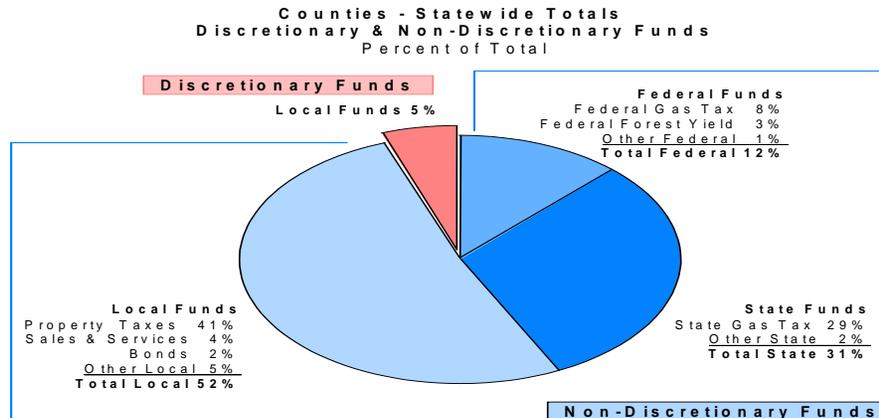
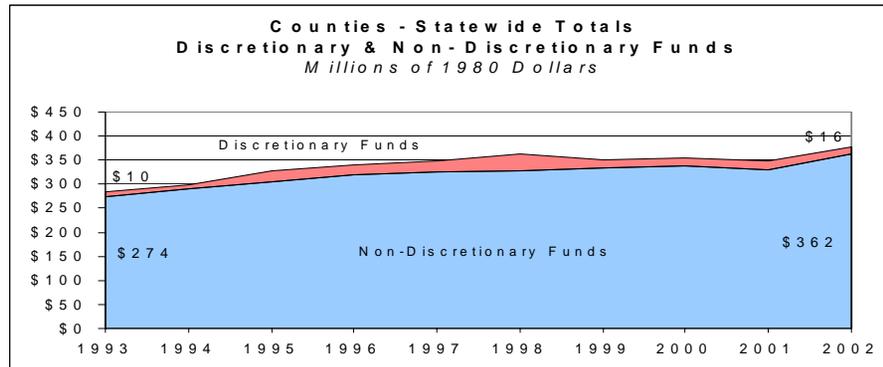
Sources of funds for Counties



Federal, State & Local
Adjusted for inflation – 1980 dollars

How flexible is county road funding?

Sources of Funds for Counties Discretionary, versus Non-Discretionary Funds



Adjusted for inflation – 1980 dollars

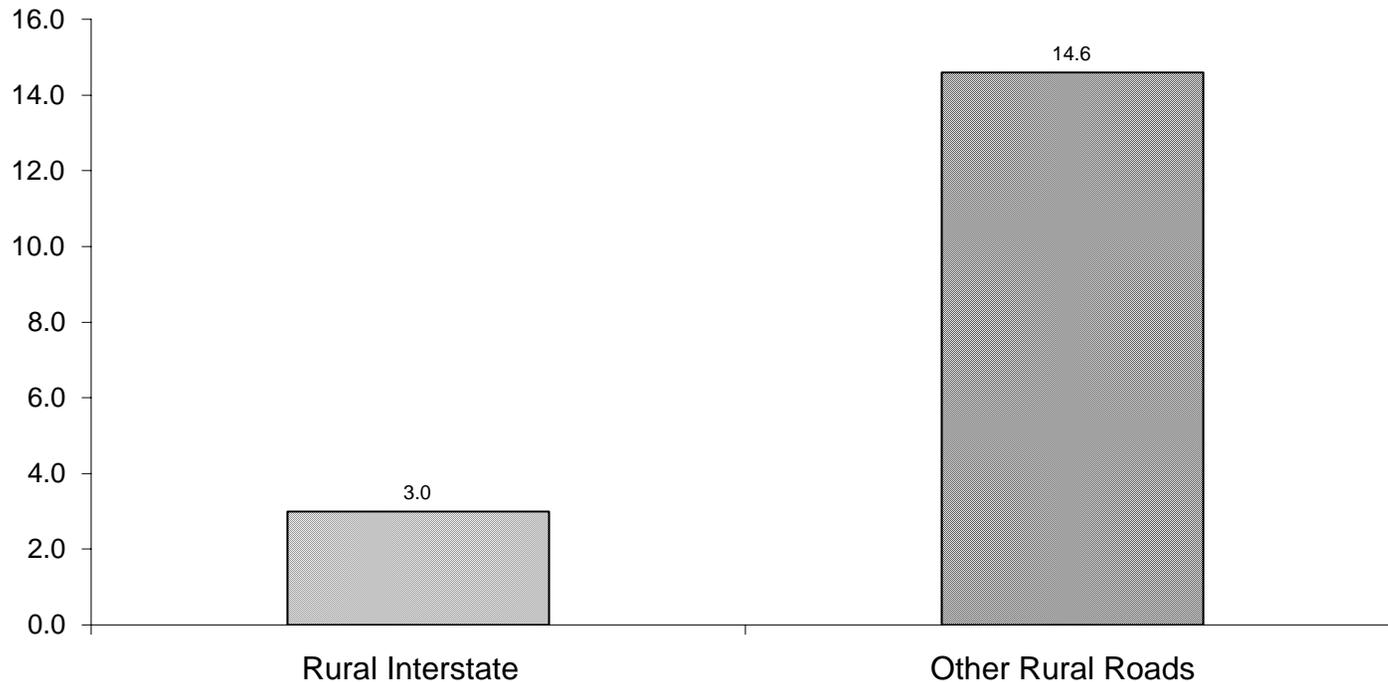
Two-lane rural road safety

Rate of Fatalities and Disabling Injuries

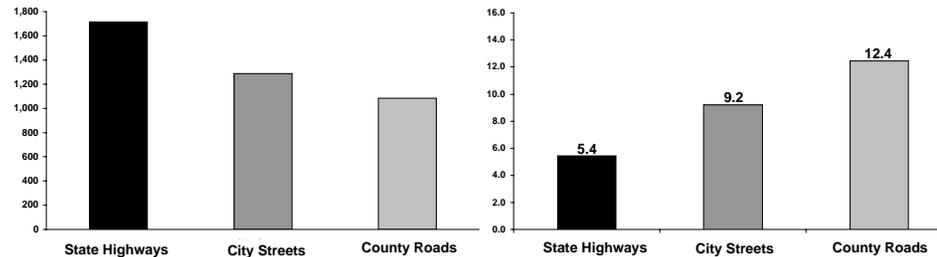
By Rural Interstates and Other Rural Roads

Rate Per 100 Million VMT

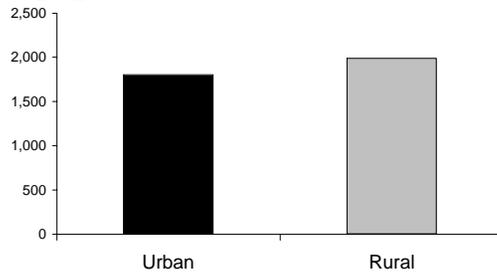
2002



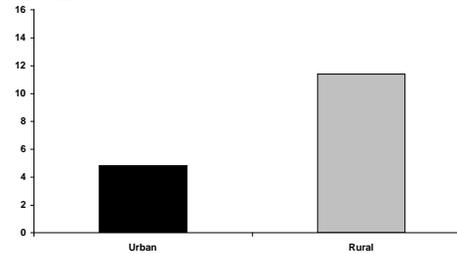
Not all roads are equal



Number of Fatalities and Disabling Injury Collisions By Urban and Rural Roadways 2002



Rate of Fatalities and Disabling Injury Collisions By Urban and Rural Roadways Rate Per 100 Million VMT 2002



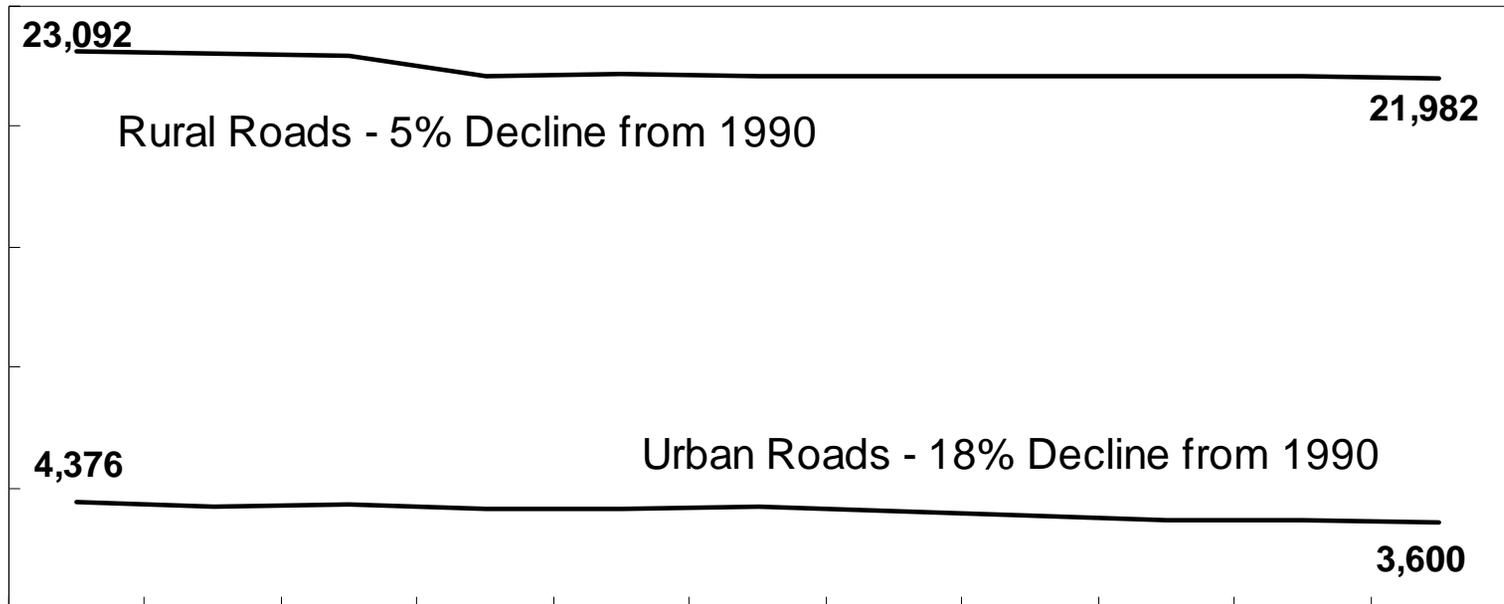
Diversity of County Road System

- **Approximately 85,000 lane miles of roads.**
 - 57,800 miles paved (68%)
 - 27,200 miles unpaved (32%)
- **Freight and Goods system is comprised of over 21,000 lane miles.**
 - Many of these roads have deficiencies that require closures or restrictions.
- **Four counties operate ferries and they have similar operations and maintenance issues as the state system.**

The changing system as a result of annexations and incorporations

Access Road Miles

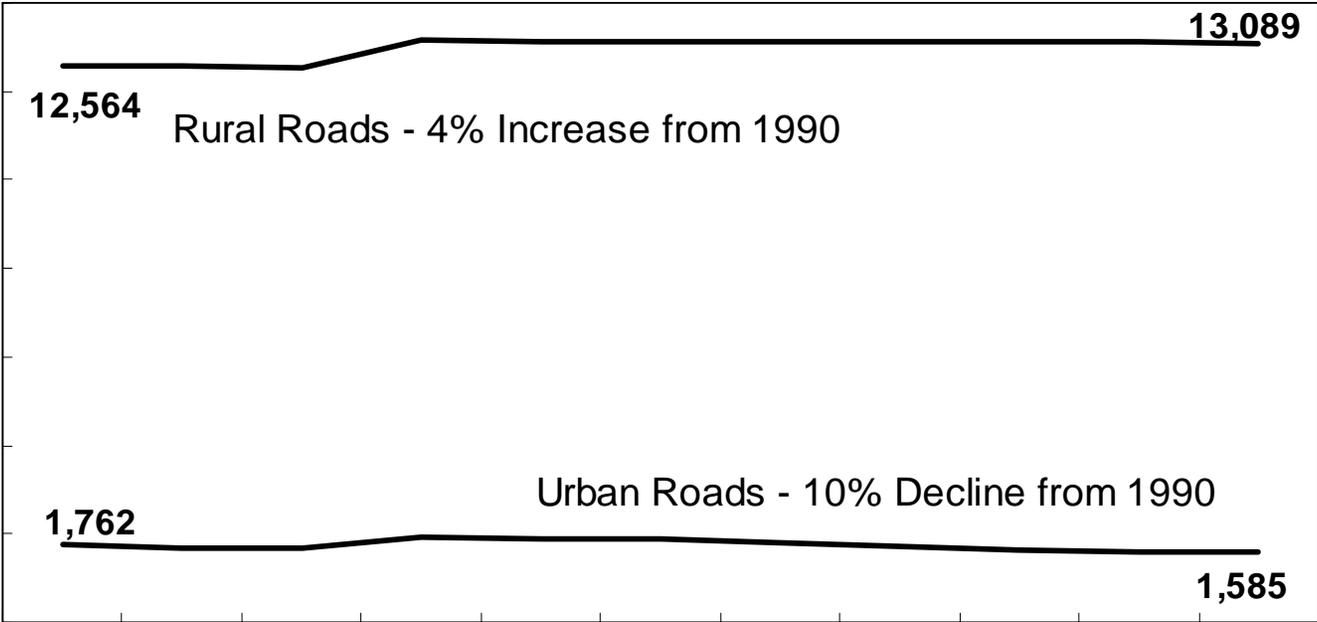
Urban versus Rural



The changing system as a result of annexations and incorporations

Arterial Road Miles

Urban versus Rural



Current Preservation Programs

- Utilizing 1.03 cents of the statewide fuel tax revenue for:
 - County Arterial Preservation Program (CAPP) and
 - Rural Arterial Preservation Program (RAPP).
- CAPP and RAPP fund structural, safety and mobility improvements on a road system of over 28,000 miles.

Rural Arterial Preservation Program

- RAPP helps finance the reconstruction of rural arterial roads, which faced severe deterioration in the wake of railroad abandonment.
- RAPP funds around \$39 million per biennium in projects.
- 2002 accomplishments – Over 146 miles for \$14.7 million.

County Arterial Preservation Program

- In order for the county to receive and use CAPP funds, a computerized Pavement Management System (PMS) must be used to guide the preservation program.
- CAPP funds around \$28 million per biennium in projects.
- 2002 accomplishments – 2,804 miles of road preserved for \$13.95 million. This represents about 10% of the system.

So...

- Every trip begins and ends on a local road.
- Urban counties are using preservation funding for construction to meet growth needs.
- Rural counties are using construction money to preserve the system.
- Inflation pressures exceed road levy growth rate limits.
- Criminal justice costs are significant and are placing increased pressures on the road levy.

What do Counties need?

- We need additional program funding for preservation, maintenance, safety improvements, construction and local freight improvements in order to maintain and improve the system.
- The funding should be flexible enough to allow local elected's and professional staff to manage diverse demands.

TEA-21 Reauthorization

TEA – 21 Funding Totals for Washington State: 1998 - 2003

Funds by formula	\$ 2,740 million
High Priority projects funded in TEA-21 and “demonstration projects” included in appropriations bills.	\$ 198 million
Discretionary projects identified as “earmarks” in the appropriations bills or selected through a national competitive program.	\$ 254 million
Total for Washington State	\$ 3,192 million

TEA-21 Funding categories and amounts for Washington State: 1998-2003

Formula Programs

(dollars in millions)

National Highway System	\$551
Interstate Maintenance	\$491
Bridge	\$625
Statewide Planning & Research	\$54
Metropolitan Planning	\$22
Congestion Mitigation/Air Quality (CMAQ)	\$139
Surface Transportation Program (STP)	
Distributions by Population	\$352
<i>More than 200,000 population</i>	\$195
<i>Less than 200,000 population</i>	\$90
<i>Less than 5,000 population</i>	\$67
State Flexible	\$364
<i>Statewide Competitive</i>	\$88
<i>Rural Economic Vitality</i>	\$68
<i>Population Distribution</i>	\$68
WSDOT	\$140
Safety Enhancements	\$71
Total	\$2,740

High Priority Projects and Earmarks

High Priority projects:

- \$ 1.5 M - Puyallup, Shaw Rd Extension
- \$ 1.4 M - Lacey, I-5 Interchange
- \$ 4.0 M - Vancouver, Mill Plain Blvd
- \$ 1.5 M - Kennewick, Columbia Center Blvd
- \$23.5 M - Bellevue, I-405/NE 8th Interchange

Earmark projects:

National Corridor Planning & Development

- \$32.0 M - Puget Sound area, FAST Corridor projects
- \$ 5.8 M - WSDOT, SR 395

Transportation & Community & System Preservation

- \$1.0 M - WSDOT/Cowlitz Co, I-5/SR 432 Interchange
- \$1.5 M - Grays Harbor, Satsop Development Park Road Improvement

Funding categories and amounts for Washington State for FFY 2004

Formula Programs

(dollars in millions)

National Highway System	\$107
Interstate Maintenance	\$96
Bridge	\$115
Statewide Planning & Research	\$10
Metropolitan Planning	\$5
Congestion Mitigation/Air Quality (CMAQ)	\$27
Surface Transportation Program (STP)	
Distributions by Population	\$69
<i>More than 200,000 population</i>	\$39
<i>Less than 200,000 population</i>	\$19
<i>Less than 5,000 population</i>	\$11
State Flexible	\$68
<i>Statewide Competitive</i>	\$15
<i>Rural Economic Vitality</i>	\$15
<i>Population Distribution</i>	\$15
<i>WSDOT</i>	\$23
Safety Enhancements	\$14
Total	\$525

- FFY 2004 Total - \$525 million
- **Formula funds programmed:**
 - National Highway System
 - Interstate Maintenance
 - Bridge
 - Statewide Planning & Research
 - Metropolitan Planning
 - Congestion Mitigation/Air Quality
 - STP – Distributions by population
- **Formula funds un-programmed:**
 - Statewide Competitive
 - Rural Economic Vitality
 - Safety
 - Enhancements

TEA-21 Reauthorization Status

- Bill expired October 1, 2003, and has been extended five times, most recently to September 24, 2004.
- Three proposals: 45 day extension into November 2004; six-month extension; or one-year extension.
- Conferees have resolved only 80 of the nearly 300 policy sections.
- House bill has 65 earmarks for \$184.9 million for Washington State. Senate earmarks unknown.
- Latest US Treasury forecast estimates the 2004-09 Highway Trust Fund will be \$3.3 billion less than projected in January 2004. Strengthens argument for a lower-funded bill.

Clashing Priorities

- Funding level – White House will not confirm or deny support for the House proposal (\$283 billion)
- Most Democrats want \$318 billion; many Republicans want \$318 billion – Republican leadership wants \$256 billion.
- Size of distribution of gas tax revenue to states (minimum guarantee)
- Share of distribution of funding between highway and transit programs.
- Other obstacles:
 - Lack of time (Congress scheduled to adjourn Oct. 8th)
 - Other business (homeland security, appropriations, etc.)
 - Environmental protection and streamlining
 - Amtrak funding

Funding Proposals

Six year totals shown in billions.

	Contract Authority	Guaranteed Spending
TEA-21	\$217	\$207
USDOT	\$256	\$248
House Original	\$375	\$280
Senate Original	\$318	\$301
<i>"Deal" ???</i>	\$299	\$284
House latest	\$283	\$280

Potential Highway Funding for Washington State

One analysis (six year total contract authority in billions)

Nationwide	TEA-21 \$217b	USDOT \$256b	Senate \$318b	House \$279b
<u>Washington State</u>				
Highway Formula & High Priority funds	\$2.938	n/a	\$4.086	\$3.261
Transit formula	\$0.627	n/a	\$0.973	\$0.918

Source: "Highway Reauthorization Remains A Cliffhanger", Federal Funds Information for States, March 31, 2004.

What do we know?

- Focus is on the overall number and the donor-donee issue.
- No discussion on policy to describe programs such as whether or not there will be a:
 - New Freight program
 - New Safety program
- If unable to come to agreement, likely to have a six-month to year long extension. Leaving long-term action in the hands of the next Congress.
- If postponed, funding levels for FFY 2004 and 2005 may be reduced, based on new projections that reduced the expected revenue to the Highway Trust Fund by \$3.3 billion over 10 years.