

# **Capital Program Development & Management Summary**



# 2016 Supplemental Budget Capital Program Executive Summary

The Washington State Department of Transportation provides and supports safe, reliable and cost-effective transportation options to improve livable communities and economic viability for people and businesses. Investments in transportation create living-wage jobs, spur economic recovery, and promote vibrant communities and position businesses for participation in the global economy. Transportation is truly the foundation that moves goods to market, people to jobs and families to activities.

Recognizing the importance of transportation for the State of Washington, the Legislature passed a \$16 Billion 16 year transportation funding package in July 2015. The Connecting Washington (CW) package makes investments across a broad spectrum of transportation activities including highway maintenance, highway improvements and preservation, ferry operating and capital, facilities, safety, fish barrier removal, transit, pedestrian and bicycle improvements.

This supplemental request incorporates the legislative Connecting Washington investments into the applicable capital programs. No changes are being recommended to project title or scopes in this request. However, WSDOT is recommending that selected projects should be moved to more appropriate budget programs than may have been reflected in the legislative Connecting Washington package. Those changes include:

- Dolorway Intersection Improvements – From Z to I;
- 9<sup>th</sup> Street Plaza Roundabout – From Z to I;
- I-90/Golf Course Road – From Z to I;
- SR 241/Mabton Bridge – From I to P;
- SR 502 Main Street Project/Widening – From I to Z;
- I-5/Mellen Street Connector – From I to Z;
- US 12/Wildcat Bridge Replacement – From I to P; and
- Ridgefield Rail Overpass – From I to Z.

This supplemental budget also proposes to delete duplicative deferred Nickel/TPA funded projects when the project is funded for construction with CW package funding. The projects that have been reduced are:

- SR 3/Belfair Bypass – New Alignment;
- I-5/SR 161/SR 18 Interchange Improvements;
- SR 28/Jct US 2 and US 97 to 9<sup>th</sup> St. Stage 1 – New Alignment;
- I-405/NE 44<sup>th</sup> St to 112<sup>th</sup> Ave SE – Widening;
- I-405/NE 132<sup>nd</sup> St – New Interchange;
- I-405/Tukwila to Bellevue Widening and Express Toll Lanes;
- SR 510/Yelm Loop – New Alignment;
- SR 20/Sharpes Corner Vicinity – New Interchange; and
- SR 4/Abernathy Creek Br – Replace Bridge.

## **6 Year Capital Project Delivery Plan**

This budget cycle marks the first time that WSDOT has had a 6-year detailed delivery plan in place while a budget proposal is being developed. In July 2015, the department implemented the first 6 year plan for

highway preservation and improvement projects. The 6-year plan is required for the department to meet federal requirements and have 4 years of projects in the Statewide Transportation Improvement Program (STIP). Previously, the department provided 2 years of projects built largely around the biennial budget process. The 6 year plan is scheduled for annual updates following each legislative session. This timing allows for incorporating new legislative direction immediately prior to working with the MPO and RTPO on updating their Transportation Improvement Programs (TIP). The 6-year plan has some important differences than what is included in our agency budget assumptions:

- The plan federal funding level is assumed to be MAP 21. This is consistent with MPO/RTPO assumptions. The 2015-17 budget was built at the baseline forecast level, which assumes a 20 percent - 25percent reduction from MAP 21 levels. The department's 2016 supplemental budget proposes to assume MAP 21 levels through the 2019-21 biennium. Biennia after 2019-21 will be updated in the biennial budget submittal for 2017-19.
- The plan also assumes a level of over programming designed to provide enough flexibility to make sure there are enough federal projects to obligate all available federal funding. This approach is needed to ensure that we delivery our federal program as changes in the program occur. These changes include project delivery savings, project deferrals due to delivery obstacles, and additional federal funding such as redistributed and bonus obligation authority. The budget submittal does not assume over programming.

The 6 year plan is the department's detailed delivery plan. Over programmed projects that do not move into construction because federal funding capacity or savings did not materialize are assumed to be constructed in the following year.

### **Challenges**

Although, the Connecting Washington transportation package provided exceptional funding for important transportation activities, there are still a few areas that have challenges in the near future.

- Critical investment in court required fish passage
- Funding highway maintenance and preservation
- Funding ferry preservation and improvement projects

### **Critical investment in court required fish passage**

The department faces a 2013 federal court injunction that requires the state to significantly increase the effort for removing state-owned culverts that block habitat for salmon and steelhead by 2030. While under appeal, we are one year in and costs to complete over 800 projects will continue to increase. While the CW package provides \$300 million over 16 years, this funding along with identified existing funding is not sufficient to meet the court mandate.

The department proposes the ongoing investment level for barrier removal to be a minimum of \$80 million per biennium, which is roughly equal to the 2015-17 biennium investment level. If that minimum culvert replacement program can be sustained, the department estimates that 50-75 percent of habitat could be restored in 15 years, which is the time period the court has outlined to address barrier correction.

### **Highway Maintenance and Preservation Funding**

While the CW provides \$1.2 billion over 16 years for highway preservation activities, the department estimates that \$2 billion additional is needed over 10 years to preserve the system with 90 percent of the assets at a good or fair rating.

### **Ferry Capital Funding**

The planned capital investment levels beyond 2017 assumed in the 2015 legislative project list for ferries cannot be supported by current revenues. State fuel tax revenues dedicated for ferry and terminal

preservation and other ferry capital needs are hardly sufficient to cover debt repayment for projects built in the 1990s. In recent biennia, the ferry system has relied on transfers and funding from other state transportation accounts to preserve the existing system, as well as to build new ferry vessels. Absent new revenue, additional reductions will be required to balance beyond next biennium.

## **Other Concerns**

### **Flexibility for Project Delivery**

Currently, there is no flexibility to adjust biennial cash flow funding on CW funded projects to accommodate unanticipated changes in actual project delivery. WSDOT requests at a minimum that flexibility similar to what is provided for TPA and Nickel funded projects be provided for CW funded projects. Without the flexibility, the department may find itself in a position of stopping a project or delaying the start of a project if the biennial cash flow level for that project is insufficient to maintain current delivery schedules on the project. Insufficient funding flexibility will likely lead to increased costs and inefficient project delivery.

### **Duplicative and Conflicting Practical Design Provisions**

There currently exist two provisions regarding Practical Design reporting requirements. These are 2ESHB 1299 Section 306 (20) and ESHB 2012 Section 1 (2b). The legislative intent was for the provision in 2ESHB1299 to lapse when the language in ESHB 2012 was passed. However, ESHB 2012 was not passed by the date in the provision of June 30, 2015. WSDOT requests the language in 2ESHB 1299 Section 306 (20) be repealed in order to eliminate the duplicative and conflicting reporting requirements.

## **Capital Program Highlights**

WSDOT's Capital Program budget proposal continues the delivery of the project and program commitments assumed in the 2015 Legislative Sessions, including construction of the projects funded as part of the 2003 Nickel, 2005 Transportation Partnership and Connecting Washington packages. Every capital program requires re-appropriation of funds deferred from 13-15 into 15-17 which are required for completion of projects. Other adjustments affecting multiple programs/subprograms include moving CW projects between programs to reflect current delivery assumptions and adding additional federal funding to budget to MAP 21 levels. Additional highlights of the individual programs are detailed below.

### **Facilities Program**

The Facilities Program's 2016 supplemental budget request includes the following project changes:

1. Preservation and Improvement Minor Works Projects

Estimated Cost: Increase funding by \$1.66 million (including reappropriations) to \$4.230 million

This request is to restore funding for preservation of the department's facilities. Of the departments' 284 primary buildings (buildings over 2,000 sq. ft.), 68 percent are more than 25 years old. This funding is critical to preserve the facilities and provide safe environments for the personnel and equipment that maintain, operate, preserve and improve the highway system.

2. Re-appropriations – \$773,000

### **Highway Construction Program**

The Highway Construction Program's 2016 supplemental budget request includes the following proposed changes:

## **Improvement Program Mobility (I1)**

1. Re-appropriations - \$227 million
2. SR 99/Alaskan Way Viaduct – Replacement – Defer \$113 million out of 2015-17 to reflect the current delivery schedule and assumptions
3. I-5/Tacoma HOV Improvements (Nickel/TPA) – Advance \$23 million into 2015-17 reflecting current delivery assumptions
4. I-405 – Provide \$20 million of TPA/Nickel savings to start preliminary engineering on the CW I-405 project Renton to Bellevue. Approximately \$36 million in savings on the Nickel/TPA moved to 2017-19
5. SR 161/24<sup>th</sup> St E to Jovita – Add Lanes – Cost increase estimated at \$3 million due to project delays

## **Safety Program (I2)**

1. Re-appropriations - \$20 million.

## **Economic Initiatives (I3)**

1. Re-appropriations - \$3.9 million
2. I-90/Snoqualmie Pass East – Hyak to Keechelus Dam – Corridor Improvement – The project cost has increased by \$13.5 million due to an underpayment of sales tax. This cost is in the 2013-15 biennium and the 2015-17 biennium.

## **Environmental Retrofit (I4)**

1. Re-appropriations - \$24.5 million
2. Starting in 2017-19, planned expenditures are added to provide a minimum of \$80 million per biennium for fish passage barrier removal.

## **DPS/Program Support (I5)**

1. \$5 million is added to increase the budgeted amount of DPS to proposed sustainable levels of activity required for support of overall program delivery.
2. \$6.9 million of state funding is added and \$6.9 million of federal funding is reduced to align federal funding with federally eligible activities

## **Preservation Program Highlights Pavement Preservation (P1)**

1. Re-appropriations - \$18 million
2. Projects that were in the list as over programmed with PE and RW funding only have been funded for construction
3. Federal funding has been added to program up to the forecasted MAP 21 levels of funding

### **Bridge Preservation (P2)**

1. Re-appropriations - \$20 million

### **Other Highway Facilities (P3)**

1. Re-appropriations - \$14 million
2. Added a concrete bridge deck reserve - \$12 million

### **DPS/Program Support (P4)**

1. \$5 million is added to increase the budgeted amount of DPS to proposed sustainable levels of activity required for support of overall program delivery.
2. \$5 million is added for legal related matters that are not eligible for payment from the self-insured liability account (SILA).

### **Traffic Capital Program Highlights**

The Traffic Capital Program delivers intelligent Transportation System (ITS) projects that improve commercial vehicle operations, traveler information, and safety and congestion relief by applying advanced technology transportation solutions.

1. Re-appropriations - \$2 million

### **Ferry Capital Program Highlights**

The ferry capital program provides for the preservation and improvement of the vessel fleet and terminals. The following items are requested:

1. Re-appropriations - \$60 million
2. Emergency Repairs - \$3 million
3. WSF Remodel of headquarters - \$1.1 million
4. Sea Wall cost increase - \$500,000
5. Slip modifications for 144 car ferries - \$1.5 million
6. Passenger Counting equipment to meet Coast Guard mandate - \$300,000
7. Vessel security and navigational equipment - \$1.9 million
8. Vessel work in progress cost increases - \$9 million
9. New vessel work – steering system and regulatory - \$6 million
10. Additional funding to address reservation system issues - \$555,000

### **Rail Program Highlights**

In January 2010, the United States Department of Transportation announced that Washington State would receive ARRA High Speed Passenger Rail funding to add trips, improve on-time performance, and increase train speeds on the Pacific Northwest Rail Corridor (Canada to Oregon). To date, \$766.6 million in ARRA funding has been awarded to Washington State. Based on negotiations with the Federal Railroad Administration (FRA), BNSF and Sound Transit specific projects were identified to be

constructed under the ARRA program. Construction of the ARRA High Speed Passenger Rail projects is expected to be completed by the statutory date of September 30, 2017.

1. Re-appropriations - \$138 million

### **Highways and Local Programs Highlights**

Local Programs is the WSDOT office responsible for administration and management of all federal and state funds that support local agency transportation systems. By providing engineering and technical assistance to cities, counties, ports, tribal governments, transit, metropolitan and regional planning organizations, Local Programs helps build and improve local transportation systems.

1. Re-appropriations - \$15.5 million