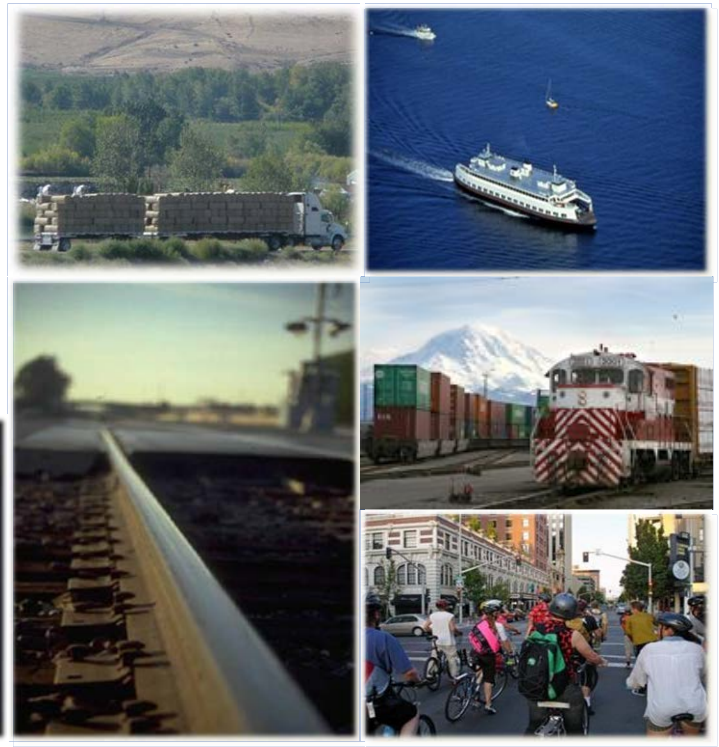
Washington State Transportation Commission

# TRANSPORTATION 101

## Moving People and Goods



# Who is the Washington State Transportation Commission?

**An independent, seven-member body of citizens appointed by the Governor** for six-year terms – three from east of the mountains and four from the west. The WSDOT Secretary and the Governor's Office serve as non-voting members.

## Roles and Responsibilities

- **Proposes transportation policy and finance recommendations** to the Governor and Legislature.
- Serves as the **State Tolling Authority,** adopts all state highway and bridge tolls and sets fares for Washington State Ferries.
- **Provides a public forum** for transportation policy development.
- Develops and issues a comprehensive, balanced **20-year statewide transportation plan**.
- **Conducts a statewide outreach program**, including on-line surveys to gather public input into state transportation policy, to promote transportation education, and to understand local and regional transportation needs and challenges.

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# What is the statewide transportation system?

- 18,046 miles of city streets.
- 39,748 miles of county roads and seven county ferries.
- Over 7,000 miles of state highways and 22 ferries.
- 465 miles of Columbia-Snake River barge transport.
- Reservation roads, DNR and Forest Service roads.
- 31 transit agencies.
- 75 port districts in 33 of 39 counties.
- Sidewalks and bike paths.
- Over 5.5 million licensed passenger vehicles, trucks and motorcycles.
- Amtrak, Sounder, Link light rail, streetcars.
- Freight trains and trucking companies.
- Airlines and maritime shipping lines.
- Bicycles.

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# The Past

## Federal

- 90% of the Interstate System was built with federal gas tax money.
- Congress last increased the federal gas tax to 18.4 cents per gallon in 1993.

## Washington State

- Tacoma Narrows Bridge, both Lake Washington floating bridges, the I-5 bridge between Vancouver and Portland, all were toll bridges.
- State gas tax increases in 2003 and 2005 were bonded to build capital projects.
- Puget Sound ferries were privately owned and operated until the state bought 16 vessels and 20 terminals in 1951.
- State gas tax as a percent of retail price of gas has declined from about 25% in the 40s, 50s and 60s. With the August 1, 2015 increase it is about 15% today.

## Local

- Sales tax revenue is the primary fund source for city streets and most transit systems.
- Property tax revenue is the primary fund source for county roads.

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# The Present

## Federal

- Since 2008, Congress has transferred over $73 billion from the general fund to Highway Trust Fund and Mass Transit Fund.
- Highway Trust Fund is projected to be insolvent in December 2015.

## State

- 2015-17 Washington State Transportation Budget: $7.6 billion. This is less than 10% of total state budget.
- The *Connecting Washington* transportation package invests $16 billion over 16 years:
  - $8.8 billion for road and safety projects.
  - $1.4 billion for highway maintenance and preservation.
  - $1.3 billion for non-highway projects such as bike paths, rail and transit.

## Local

- Over $3 billion annual county, city and transit investment statewide.

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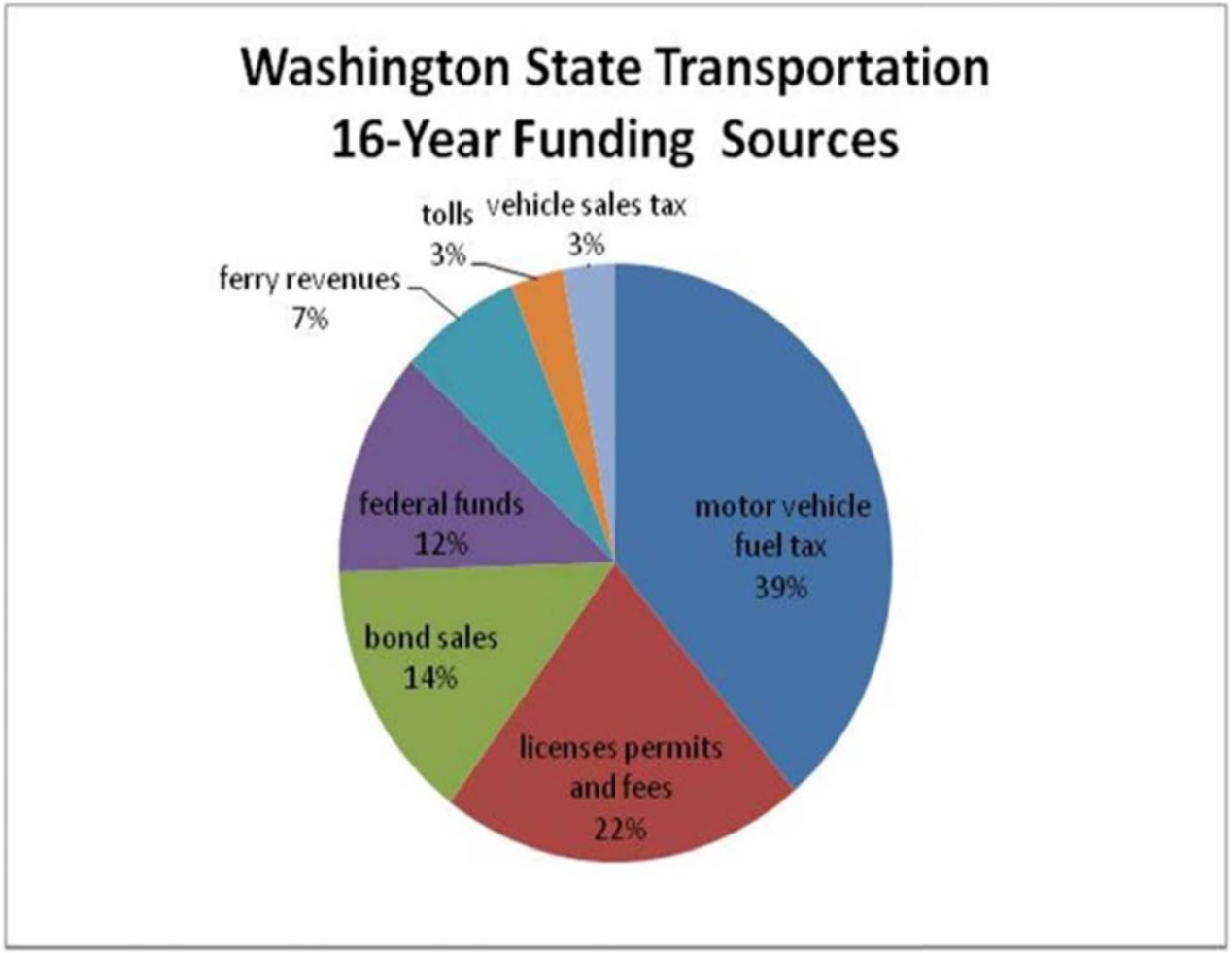
# What are the Sources of State Transportation Revenue?




**Federal gas tax** = 18.4¢ per gallon.

**State gas tax** = 44.5¢/gallon.

**Ferry fares** will generate $357 million in 2015/17, covering nearly 70% of WSF operating costs.

**Toll revenue** pays for debt, maintenance and operations for each tolled facility.

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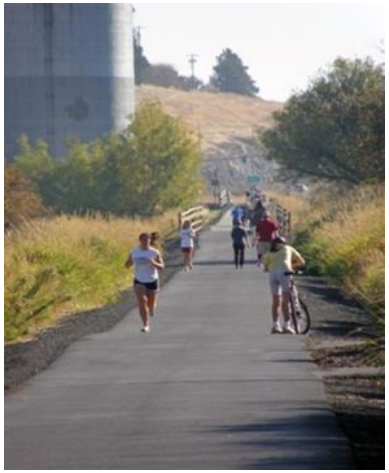
# The Present:
# Local Transportation Revenue

- 70% of cities' transportation funding comes from local revenue sources, primarily from sales tax.
- About 62% of counties' transportation funding is locally generated, primarily from the county road share of the property tax.
- 11% of cities' and counties' transportation revenue is federal funds.
- 19% of cities' transportation revenue and 27% of counties' comes from the state
  - 2.96¢ of state gas tax is distributed to cities
  - 4.92¢ of state gas tax is distributed to counties
- Local transit service revenue typically comes from:
  - Locally-approved sales tax
  - Fare box receipts
  - Federal grants
- Port revenue comes from user fees, leases, property tax and grants.



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# The Present:
# Personal Spending

- In 2012, Washington citizens and businesses spent over $17.3 billion on gasoline and other transportation fuel.
- In 2013, new car and truck sales in the state exceeded $13.2 billion.
- Washington citizens and businesses spend about 4 times as much on transportation as state and local government does.
- The average Washington household spends $3,250 – $4,400 annually on vehicle fuel, compared to $607 for home heating.
- Average state and federal gas tax paid by a household annually is $559 - $669.

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# Gas Tax Breakdown

**49.4¢ PER-GALLON STATE FUEL TAX**

**–**

**9.5¢** 261 Transportation Partnership projects*

**5¢** 160 Nickel projects

**421 PROJECTS**

**11.9¢** Connecting Washington**

**11¢** Cities and counties local roads

**4¢** Pay off bonds funded by pre-2003 fuel tax

**=**

**8¢**

Available for use on state highways, bridges and ferries:

- maintenance and operations
- preservation
- safety improvements

* Of the 9.5 cents, 8.5 cents is used by the state for highway projects, 1 cent goes to cities and counties for street and road improvements.

** The 11.9-cent gas tax increase will be phased in over the next two years. The first 7.0-cent increase occurs on August 1, 2015, followed by a 4.9-cent gas tax increase on July 1, 2016.

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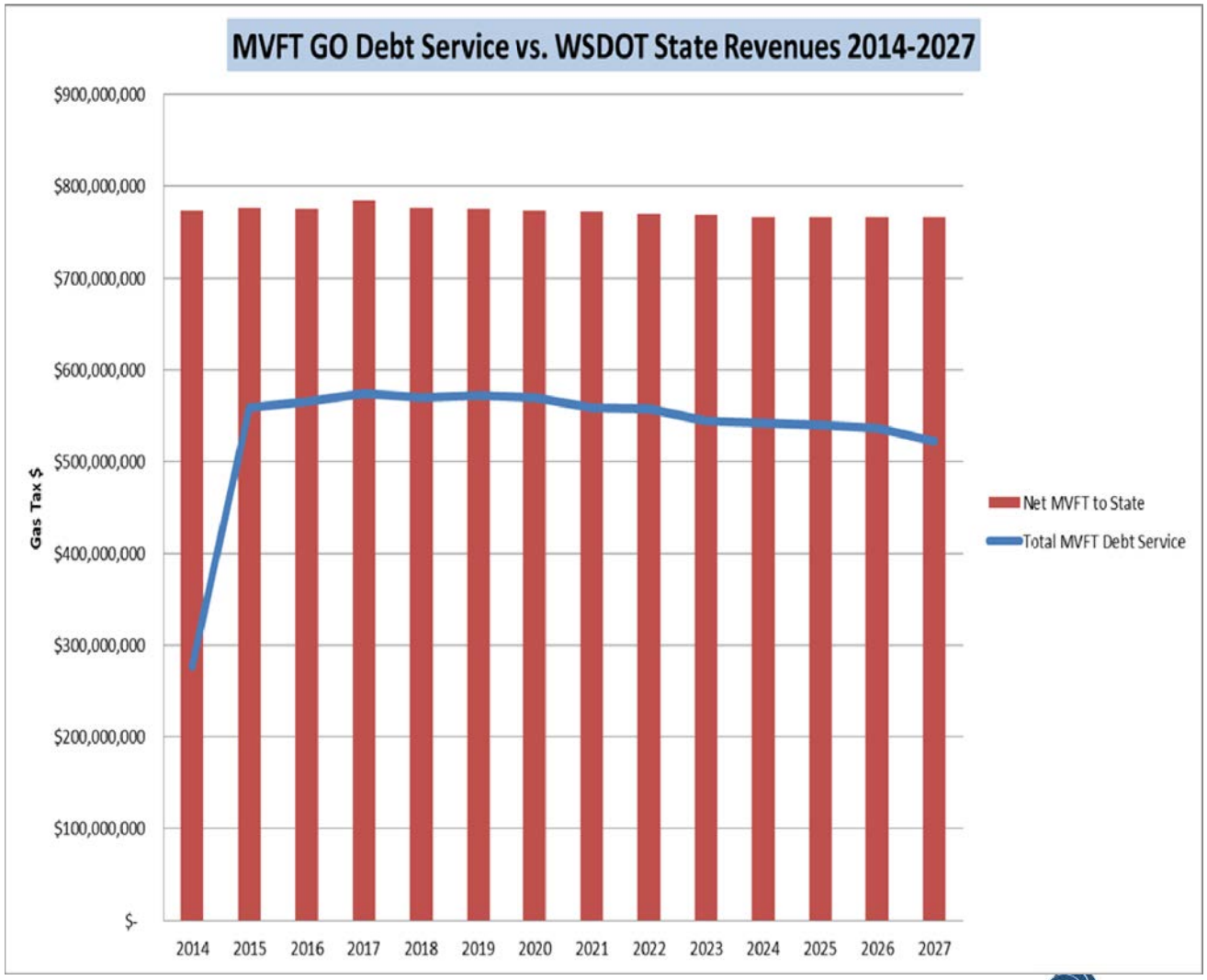
# State Gas Tax Revenue Obligations

Over the next decade approximately **70%** of the State's net portion of motor vehicle fuel tax revenue is obligated to pay debt service for projects completed in the past 10 years or currently near completion

This debt ratio is expected to continue even longer with passage of *Connecting Washington*

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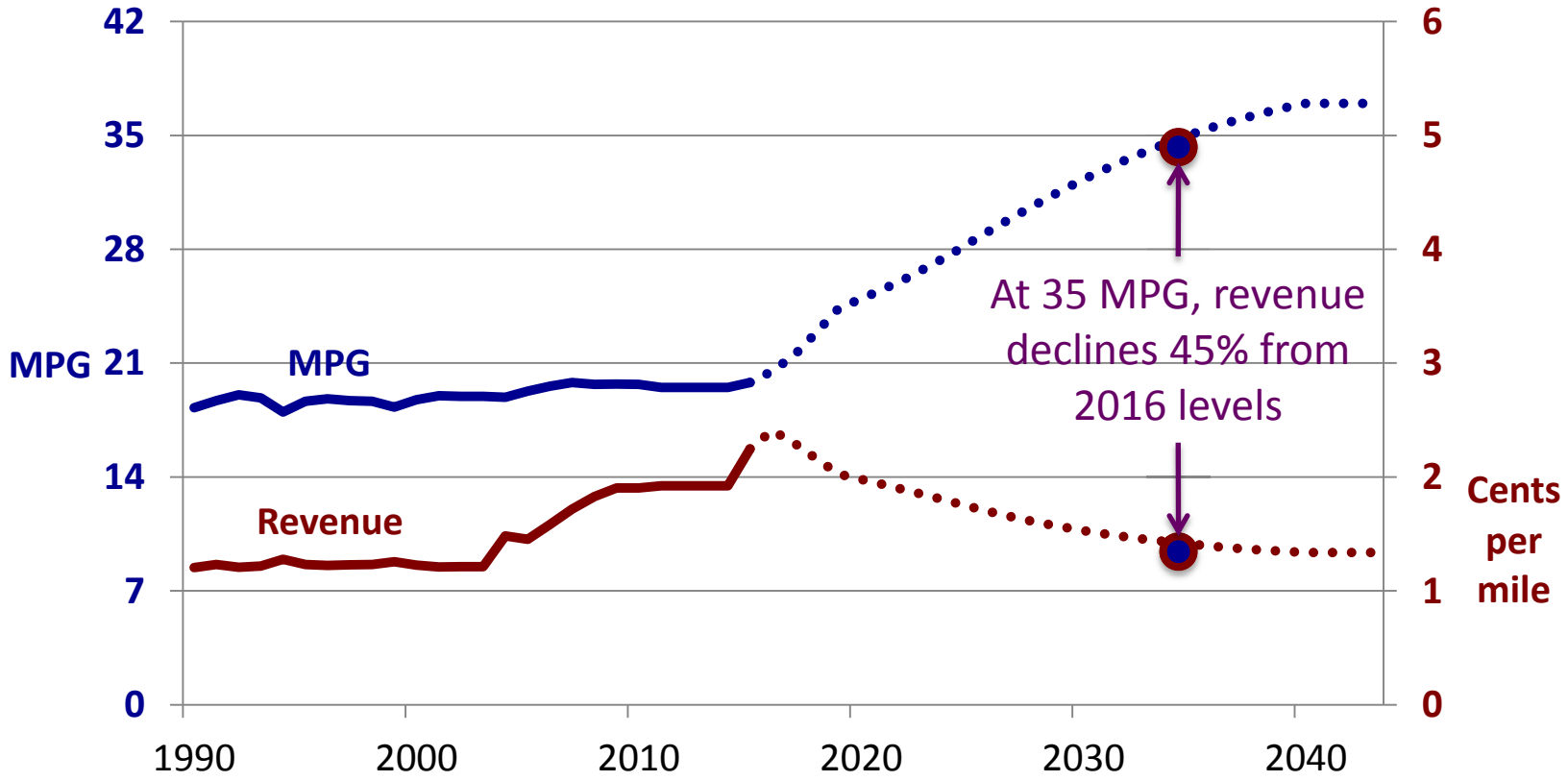
# Impacts of Improving Vehicle MPG

**As fleet MPG improves**

**fuel tax revenues decline**




*State fuel tax rate increases in 1990, 2003, 2005-2008, and 2015-2016*

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# What does the Future Bring?

## Washington is at a transportation funding crossroads

- Transportation infrastructure is aging.
- Statewide, over $175 billion in transportation system investments are needed in the next 20 years.
- Long-term needs vs. short-term revenue solutions.
- Population to grow by 21% in the next two decades.
- A fixed fuel tax, the primary source of transportation revenue, doesn't keep pace with increases in transportation costs and improving fuel efficiency.
- Debt service payments are absorbing most of the fuel tax revenue, leaving less money for on-going expenses.

**The motor fuel tax is the largest component of state transportation funding.**

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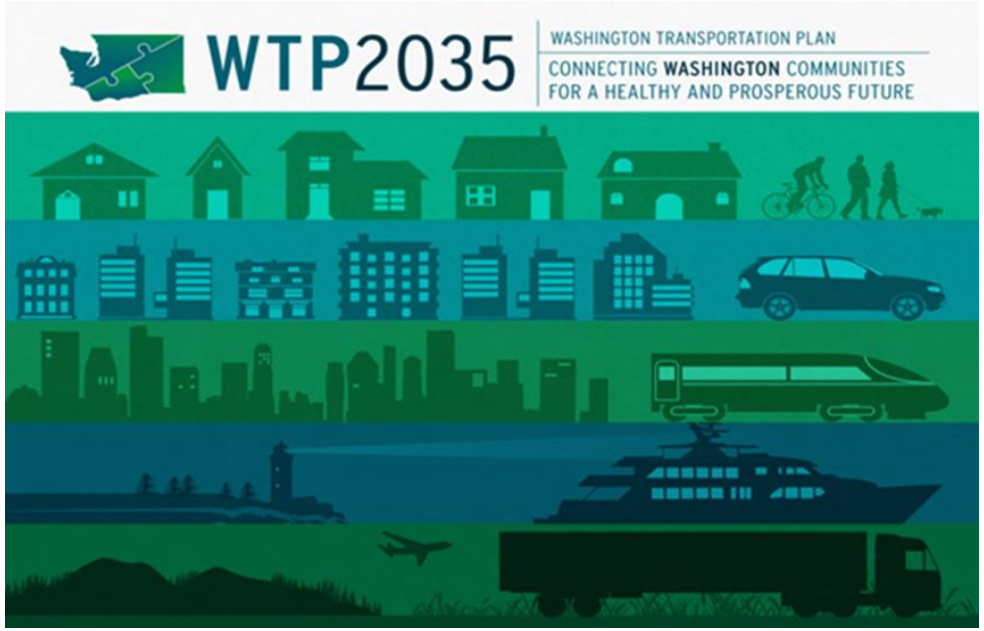
# Blueprint for the Future: The Washington Transportation Plan

**A comprehensive and balanced statewide transportation plan.**

**RCW 47.04.280 sets forth six transportation policy goals:**

- ECONOMIC VITALITY
- PRESERVATION
- SAFETY
- MOBILITY
- ENVIRONMENT
- STEWARDSHIP

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# WTP 2035 Strategies and Recommendations

- 25 broad strategies organized by policy goal.
- 102 specific recommendations to implement the strategies.
- Additional recommendations to strengthen the linkages between transportation and land use.
- Recommendations for delivering results:
  - Efficiencies and reforms
  - Additional transportation revenue.

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# WTP 2035 Key Messages

- Reliable, efficient freight movement is critical for jobs, balance of trade, and economic competitiveness.
- There is an important state role in planning and delivering multimodal transportation services and infrastructure, including public transportation:
  - key corridors
  - connecting communities
  - special needs transportation
- Secure, sustainable funding is needed to ensure the long-term preservation of existing infrastructure and to meet growing demand in many regions of the state.

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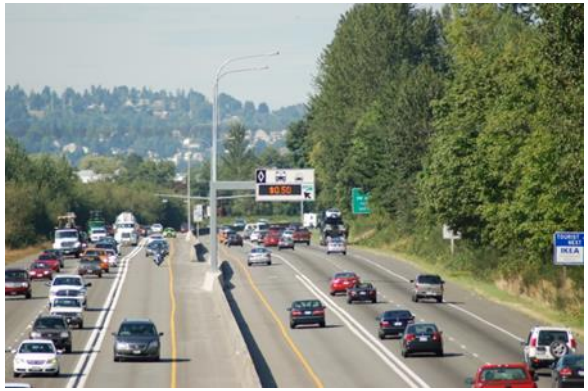
# The Future: More Tolling Likely

## Tolling will generate $140 million in 2015.

- Build a project.
- Manage traffic.
- Build a project and manage traffic.
- Manage a transportation corridor.

## Additional toll facilities opening:

- I-405 Express Toll Lanes open September 27, 2015.



Good To Go!

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# Tolling To Fund a Project

## Tacoma Narrows Bridge

Project Cost: $735 million:

Toll Revenue makes bond payments and finances maintenance and operations.

Toll Rates for car (July 1, 2015)

| | |
|---|---|
| *Good to Go:* | *$5.00* |
| *Cash:* | *$6.00* |
| *Pay by Mail:* | *$7.00* |

HOV & transit not exempt from tolls.

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# Tolling To Manage Traffic

## SR 167 High Occupancy Toll (HOT) Lane Pilot Project and I-405 Express Toll Lanes (ETL's)

- Converts HOV lanes to HOT & ETL lanes allowing single occupant drivers to buy into the HOV lanes.
- Speeds must average 45 mph, 95% of the time.
- Rates dynamically adjust to reflect current traffic in HOV lanes.
- On SR 167, speeds have increased by 11% in General Purpose/ free lanes.
- Average toll on SR 167: Less than $2.00.
- HOV & transit exempt from tolls.

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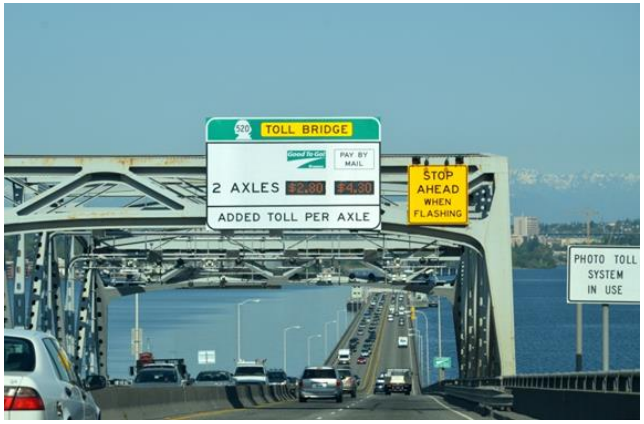
# Tolling to Fund a Project and Manage Traffic

**SR 520 Replacement and HOV Lanes**

- New floating bridge.
- Extends HOV lanes from Redmond to I-5.
- Project Cost: $4.56 billion.
- Variable Tolling.
- Weekday Peak Car Toll Rates (July 1, 2015)
  *Good to Go!* $3.90
  Pay by Mail $5.55
- No tolls 11 pm – 5 am.
- Registered vanpools and transit are exempt from tolls.



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# The Road Usage Charge

A road usage charge is a per mile fee drivers would pay for the use of the road system, rather than paying by the gallon of gas.

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# Road Usage Charge Assessment

**2012 Legislature directs:**

- Transportation Commission to **assess the feasibility** of transitioning from the fuel tax to a road usage charge – informed by a stakeholder steering committee.

  **OUTCOME:** Road usage charging is feasible; identified a laundry list of policy and fiscal issues to be resolved.

**2013 Legislature directs:**

- Transportation Commission to **evaluate the business case** for road usage charging – with ongoing guidance from the steering committee.

  **OUTCOME:** The business case for road usage charging was made; a policy framework was developed.

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# Road Usage Charge Assessment

**2014 Legislature directed:**

- Transportation Commission to **develop a work plan** that: refines & advances the policy analysis; develops a concept of operations; and conducts a financial analysis of the concept of operations. Steering committee continues in its role.
- **Washington DOT to work with other western region states** on interstate travel/ interoperability.
- **State Treasurer to assess implications** of replacing or modifying the gas tax.

**OUTCOME:**

- Transportation Commission recommends demonstration project to test road usage charge approaches, operations, and customer interaction.
- WSDOT reports on how interstate travel under a RUC could function.
- State Treasurer notes caution around elimination of gas tax and the role a road usage charge could play in our state financing.

**2015 Legislature directs continued evaluation, including review of work in other states.**

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# Operational Concepts Assessed

We have focused on four operational concepts to assess a road usage charge system:

- **Time Permit:** A flat fee to drive an unlimited number of miles for a given period of time (month or year).
- **Odometer Charge:** A per-mile charge measured by odometer readings.
- **Automated Distance Charge:** A per-mile charge measured by in-vehicle technology that can distinguish between in-state and out-of-state travel with periodic billing.
- **Smart Phone Application:** A smartphone application would be used for total mileage collection.

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# Thank you!

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