

# Connecting Washington

## Forces affecting the state's transportation system

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Secretary of Transportation



# There are growing demands on the transportation system

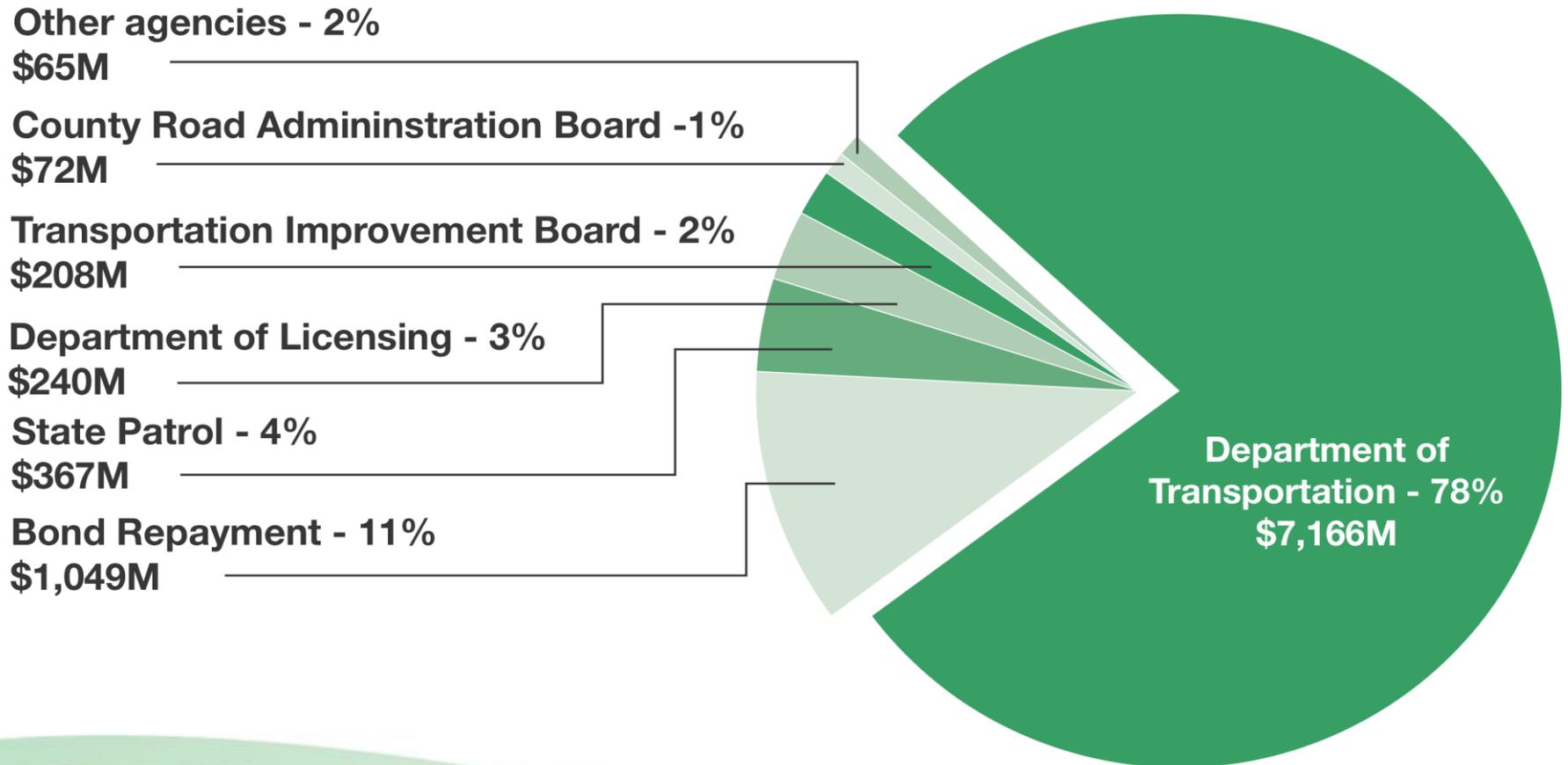
The population is growing -- this means more people will be driving on the roads and more resources will be required to maintain the system.

- The **population** of Washington state is expected to **grow 12.6%**, **non agricultural employment** by **18%**.
- **Vehicle miles traveled** statewide in 2010 - **56.5 billion**. The projection for 2020 - **60 billion**
- **Ferry ridership** is expected to **increase by 14.5%**
- **Transit ridership** is expected to **grow by 90%** between now and 2040, according to Puget Sound Regional Council.
- **Freight** is predicted to grow by **5%** annually between 2008 and 2035. Freight volumes are expected to triple to 975 million tons annually by 2035.



# 2011-13 transportation budget by major agency

## \$9.1 billion



# 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

**37½¢** Per gallon Washington state gas tax rate as of July 1, 2008



**-9½¢**

**261 specific transportation projects statewide\***  
(2005 Transportation Partnership Projects)



**-5¢**

**160 specific transportation projects statewide**  
(2003 Nickel Package projects)

**Funded  
421 projects**

**23¢** **Base Gas Tax**



**-11¢**

Supports **cities and counties** for local roads



**-4¢**

Supports debt service to reduce **bond debt** that funded past highway and ferry projects



**8¢**

Remains for **maintenance and operations** as well as **preservation, safety improvements, and congestion-relief** projects for state highways and ferries

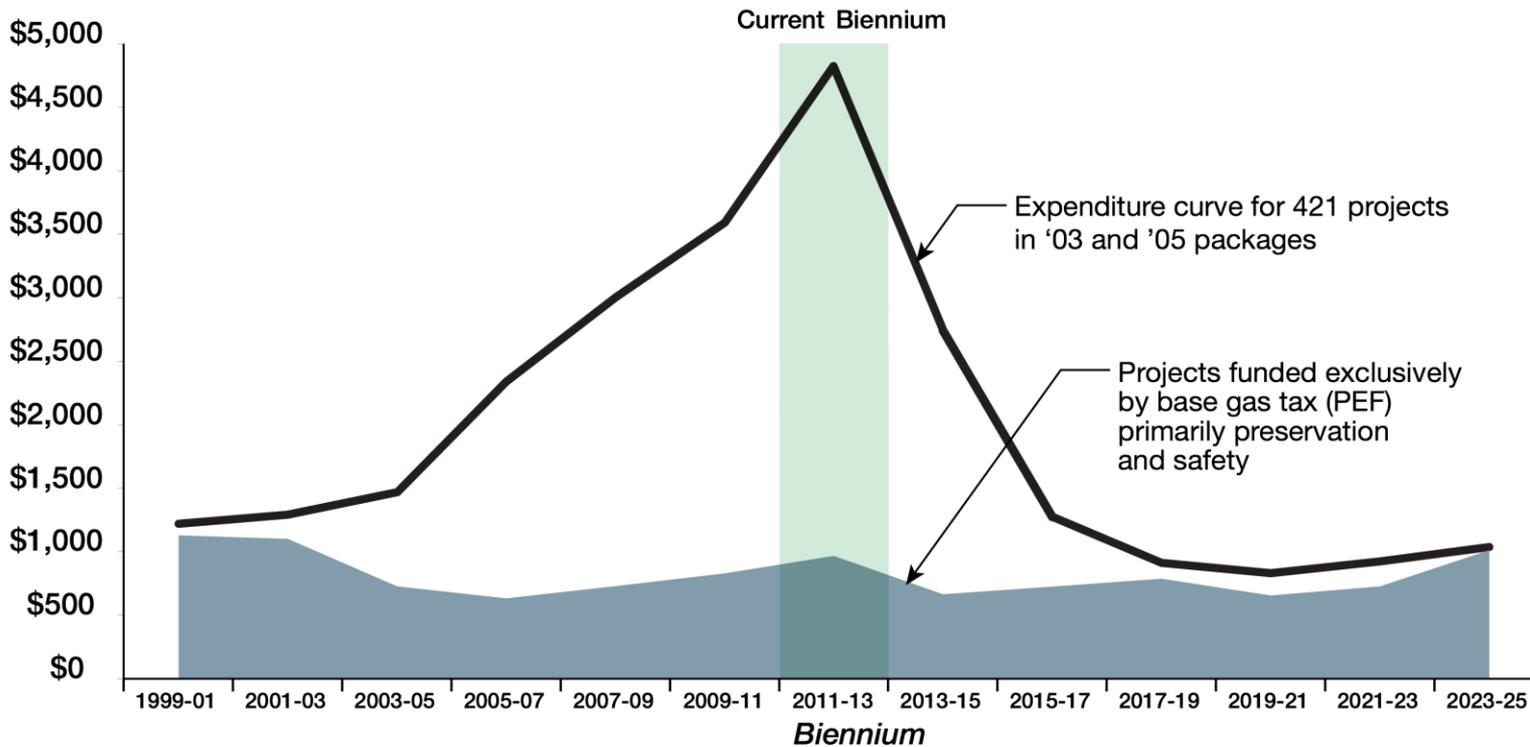
\* Of the 9½ cents, 8½ cents is used by the state for highway projects, 1 cent goes to cities and counties for improvements to streets and roads.

# WSDOT highway construction program

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

Legislatively approved 2011-2013 transportation budget

Dollars in Millions



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

\$6B of the \$15.5B 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.

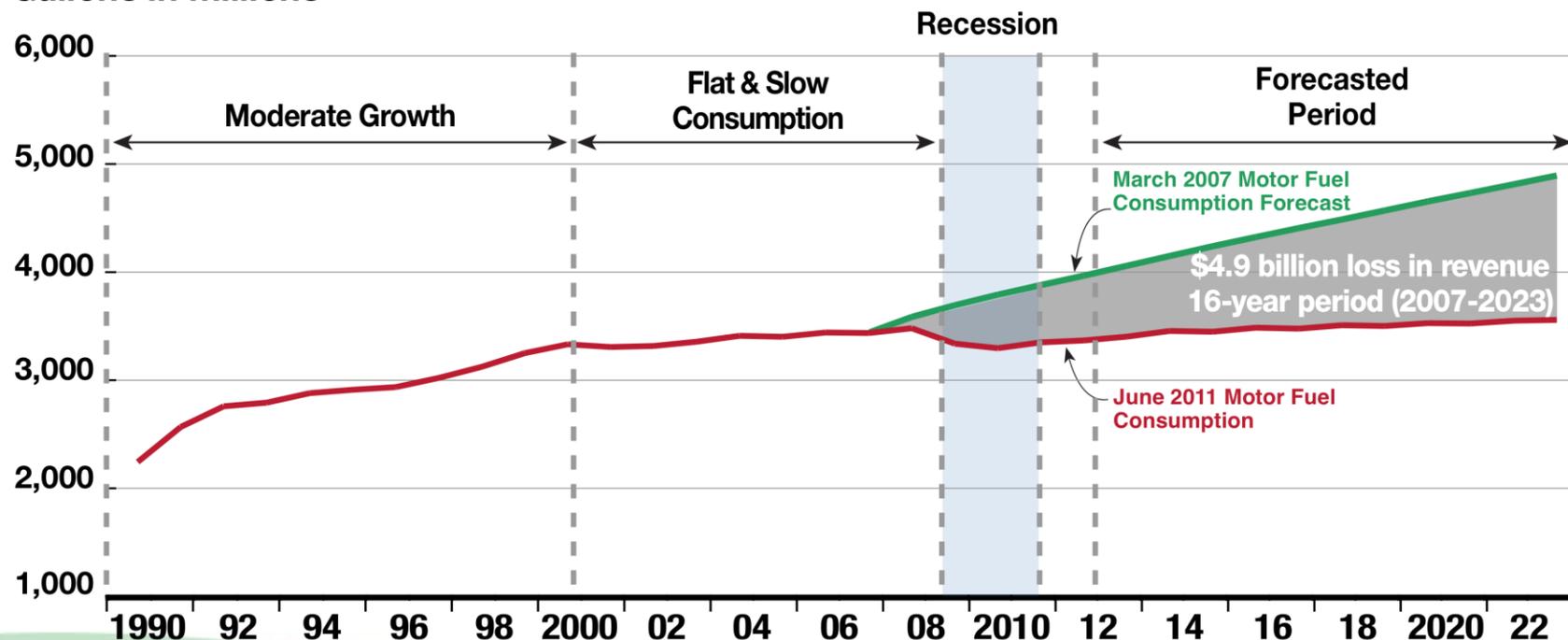
# Gross fuel tax history with forecast comparison

## March 2007 vs. June 2011

- **Revenue forecasts have been reduced**

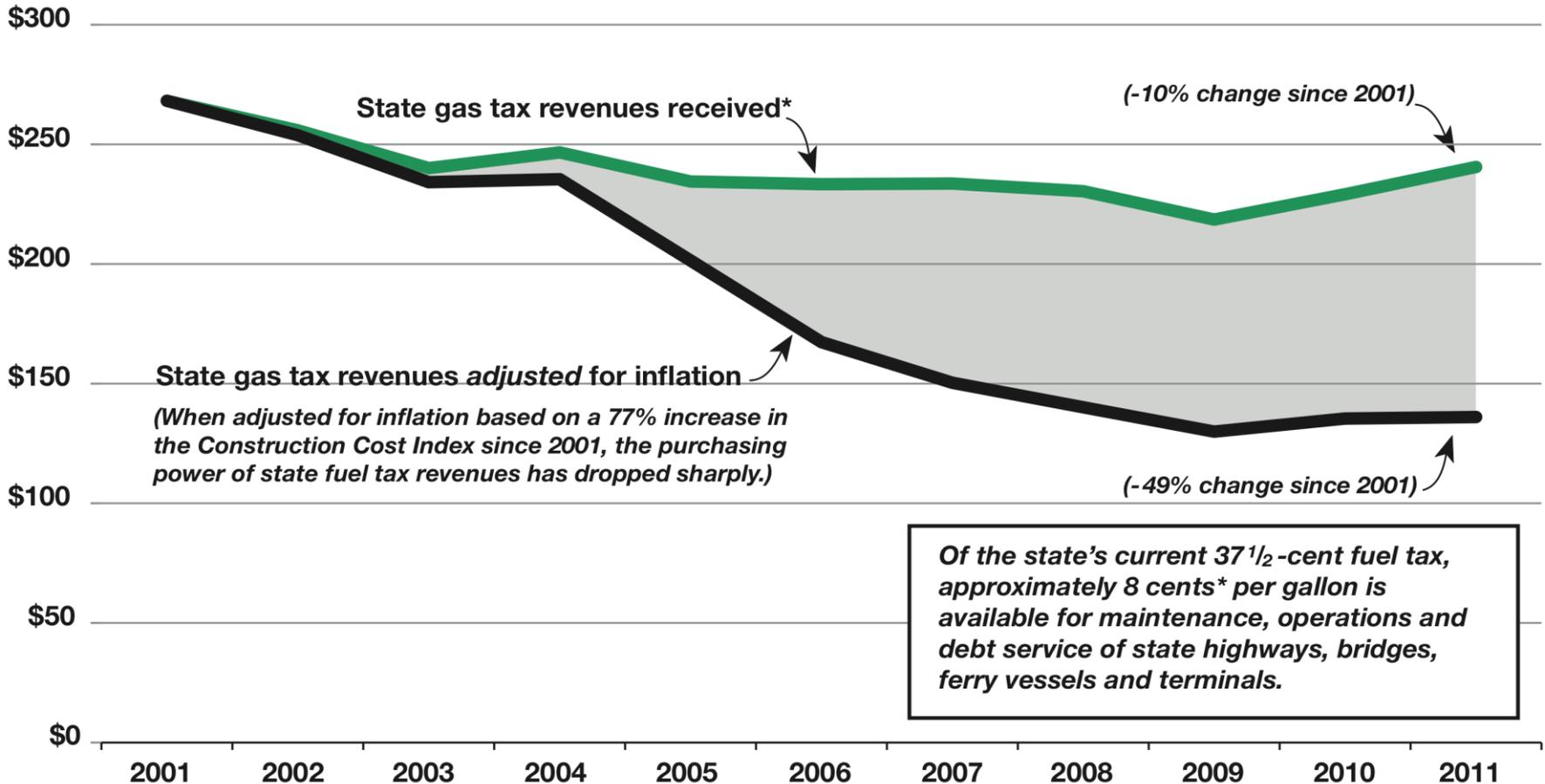
- There are more fuel-efficient and alternative-powered vehicles, along with a weaker economic recovery from the recession.
- Since March 2007, projected fuel tax revenues have fallen by \$4.9 billion over a 16-year period.

*Gallons in millions*



# The state's share of the base gas tax has lost purchasing power since 2001

Actual dollars in millions



*Of the state's current 37 1/2-cent fuel tax, approximately 8 cents\* per gallon is available for maintenance, operations and debt service of state highways, bridges, ferry vessels and terminals.*

\* Includes maintenance, preservation, safety improvements, and other department operations. Less Debt Service.

# Factors that influence transportation revenues and investments

Managing transportation funding in a complex, changing world

## Citizen initiatives and referenda:

- 1993: Voters limit fund transfers and cap expenditures (I-601).
- 1998: Voters allow fund transfers from MVET for transportation projects (R-49).
- 1999: Voters eliminate MVET as funding source for transportation projects (I-695).
- 2002: Voters reject gas tax increase.
- 2003 and 2005: Voters approve gas tax increases.
- 2011: ??????

## User fees

- Tolls
- Ferry fares and transit fares
- Local option tax measures
- Regional tax measures
- Truck weight fees

## Environmental commitments

- Remediation for past projects: Culverts and fish passage barrier removal
- Management of current system: Storm water, sidewalk repairs
- Stewardship of our future system: Air quality, carbon emissions

# The economy has negatively impacted the entire transportation system

- Personal auto travel declines as jobs are lost and households strain to pay \$3-\$4 per gallon for gasoline. Result: less driving means lower gas tax revenues.
- Slowdown in economic activity means less trade, less freight, and less transportation revenue collected.
- Property values and real estate sales are main contributors to county road funding. Each has plummeted.
- Transit systems depend heavily on local sales tax revenues, which dropped 12.7% from 2008 to 2009. Meanwhile, the demand for public transportation is peaking at the same time revenues are dropping.
- The global economic slowdown has directly impacted Puget Sound ports. Seattle's container cargo down 14%, Tacoma's is down 2%.

**How will Washington state and the federal government respond to future demands and growing needs in our transportation system?**

**What state and federal revenues will be available?**

**There is a risk to our transportation system performance by not investing...**