



**Washington State
Department of Transportation**

Transportation Building
310 Maple Park Avenue S.E.
P.O. Box 47300
Olympia, WA 98504-7300
360-705-7000
TTY: 1-800-833-6388
www.wsdot.wa.gov

September 5, 2024

Pat Sullivan, Director
Office of Financial Management
PO Box 43113
Olympia, WA 98504-3113

Dear Director Sullivan:

Enclosed is the Washington State Department of Transportation's (WSDOT) budget request for the 2025-27 biennium. Our approach balances responsiveness to the Office of Financial Management's (OFM) budget instructions while also providing transparency about the state's transportation needs. In consideration of the OFM budget instructions, which indicate that current revenue projections can support existing programs but not new growth, we have focused our request on addressing the most immediate service and delivery needs.

During this budget development cycle WSDOT conducted parallel reviews, each with an approach focused on the agency's highest critical needs and priorities reflected in the three sections below.

Agency Budget Submittal – Current Law

This constrained approach prioritizes essential needs to maintain most of our current operations while recognizing the financial realities outlined by OFM. Our submittal includes standard adjustment items such as fuel rate adjustments, utility cost increases, insurance rate adjustments, reappropriations, and other technical adjustments. These investments are foundational to fund, even in the face of fiscal challenges.

Unfunded Current Service & Delivery Items

Even if the critical investment adjustments are addressed in the current law budget, the department will still not be able to sustain current service levels in key operational programs like Ferry Operations, Facilities, and Highway Maintenance and Operations. Therefore, the department is also providing information about the known cost increases and the associated performance impacts of not receiving funding for these items. Please refer to Attachment A - Unfunded Current Service and Delivery Items, which lists additional items critical to sustaining a safe, reliable, and efficient transportation system or represent unfunded commitments in existing projects.

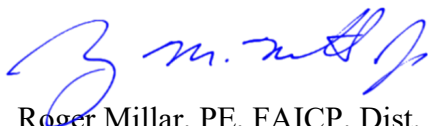
Unfunded Critical Priorities

While WSDOT's current law biennial budget submittal is based on maintaining most of our existing investment assumptions, there are still high priority critical needs to be addressed. These investments directly affect the safety, efficiency, and reliability of our infrastructure and are also necessary to meet the obligations of Washington State. For more details, please see Attachment B - Unfunded Critical Priorities.

- Fish Barrier Removal: Comply with federal court injunctions to remove fish barriers and restore natural habitats.
- Operations & Maintenance: Address ongoing needs, including the operations and maintenance of roads, bridges, and safety areas.
- Safety: Enhance road safety through targeted initiatives aimed at reducing speeding, reckless driving, and crashes in work zones.
- Preservation: Ensure a state of good repair for pavements, bridges, and other transportation assets.
- Washington State Ferries: Sustain ferry operations, including the preservation and upgrading of vessels and terminals to ensure system reliability.

Thank you for considering our 2025-27 budget request. While the department's budget request is constrained, it does not address the longer-term financial challenges identified by the Legislature as a part of their 2024 Supplemental Transportation Budget deliberations. We know the Governor and Legislature have difficult decisions ahead as they develop their 2025-27 Biennium Transportation Budget, and we look forward to working together to meet the state's transportation needs.

Sincerely,



Roger Millar, PE, FAICP, Dist. M. ASCE
Secretary of Transportation

RM:mw

Attachments:

- A – Unfunded Current Service and Delivery Items
- B – Unfunded Critical Priorities

The Washington State Department of Transportation (WSDOT) understands the fiscal challenges the transportation budget faces in the 2025-27 biennium budget. Below are summaries of current service and delivery items that have ongoing increased needs but were not included in the agency's current law proposal. These items are crucial to the continued effectiveness and sustainability of our transportation system and provided for awareness of the impacts they have on the transportation system performance and condition.

Capital Facilities (Program D Operating & Capital)

- Clean Buildings Compliance – ongoing increased need of \$1.8 million for compliance with the Clean Buildings Performance Standards (Energy Use Reduction) (RCW 19.27A.210). Currently, WSDOT has approximately 20 buildings that are identified as either a "Tier 1 Covered Building" or a "Tier 2 Covered Building." If not funded WSDOT will either incur fines up to \$600,000 every compliance period (five years) or will reduce existing critical maintenance services to fund compliance requirements which will increase the risk of building closures.
Corson Avenue Maintenance Facility at 30% design is estimated at \$72 million.

Highway Maintenance & Operations (Program M)

- Encampment Cleanup & Site Restoration – \$3.5 million in funding was removed in 2025-27 carry-forward level. The total 2025-27 carry-forward level of \$5.5 million will not be sufficient to keep pace with the progress made in coordination with the Encampment Resolution Program. At this funding level, progress made on cleared sites will be lost.
- Striping Policy Compliance MUTCD Requirements – ongoing increased need of \$11.15 million for new retro reflectivity standards for highway striping. As of 2023, 42.94% of our system was considered deficient for current MUTCD retro reflectivity standards with higher standards going into effect in September 2026. This is a significant safety risk to the traveling public.

Highway Improvement Program (Program I)

In the project list and biennial budget, the department is including funding associated with cost increases **only** for portions of projects already under contract and in construction. Other additional known increases are:

- M00900R – I-405/Renton to Bellevue – Corridor Widening: \$45 million needed in outer biennia to address a cost increase for the fish barrier solution on Ripley Lane.
- 316706C – SR 167/SR 410 to SR 18 – Congestion Management: The I-405/SR 167 Program is currently finalizing the CEVP results on this project and an increase is expected to be included in a November update once the agency has validated the estimates.
- M00600R – SR 167/SR 509 Puget Sound Gateway: The Gateway program is currently finalizing the results from the Stage 2B CEVP and an increase is expected to be included in a November update once the agency has validated the results.
- L1000113 – I-90/SR 18 Interchange Improvements: \$16 million is needed to move forward with constructing the weigh station project.

Washington State Ferries Construction – Capital (Program W)

- Terminal Electrification BIN L1000341: Completed Pre-Design Studies for the Seattle and Bainbridge Island Terminal Electrification projects estimate an increased need of \$115 million in 2025-27 and a \$22.2 million in 2027-29 for a Total increase of \$137.5 million.
- Administrative Support BIN's 998901J (W1) and 998951A (W2) are linked and are funded proportionally to match total program splits between W1 & W2 each biennium. The net increase for the two BIN's is \$634,000. Individually the W2 Vessels BIN 998951A had an increase of \$7.5 million and W1 Terminals 998901J had a decrease \$6.9 million. This total increase represents 2 FTE's that were shifted from the Vessel Project Support BIN 20000006 to the Administrative Support BIN 998951A (W2) and shows a related net \$530,000 decrease.

- Vessel Preservation Increases on existing projects of \$72.3 million needed to preserve critical vessel assets to reduce unscheduled out of service events impacting service operations and the traveling public:

| BIN | Vessel | Increase |
|----------|-------------------------------------|----------------|
| 944405D | MV Chelan Preservation | \$9.5 million |
| L2021072 | Vessel and Terminal Preservation | \$8.8 million |
| 944442B | MV Spokane Preservation | \$5.8 million |
| 944441B | MV Walla Walla Preservation | \$5.8 million |
| 944406D | MV Sealth Preservation | \$5.3 million |
| 944401D | MV Issaquah Preservation | \$4.8 million |
| 944404D | MV Cathlamet Preservation | \$4.7 million |
| 944403D | MV Kitsap Preservation | \$4.4 million |
| 944499D | MV Tacoma Preservation | \$4.4 million |
| 944499E | MV Wenatchee Preservation | \$3.8 million |
| Varies | Preservation across 7 other Vessels | \$15.2 million |

- Vessel Preservation needs on projects in the outer biennia - \$1.36 billion needed in outer biennia to preserve critical vessel assets to reduce unscheduled out of service events impacting service operations and the traveling public. This amount is spread over the outer 14 years or 7 biennia. Prior budget versions had no funding identified in the final 8 years of the vessel preservation plan, and the \$1.36 billion includes those needs.
- Vessel Improvement on projects in the outer biennia - \$52.6 million of funding in outer biennia is needed to deliver planned improvements.

Washington State Ferries – Operating (Program X)

- Vessel Crew Above COI – ongoing increased need of \$16.5 million for additional deckhands and engine room crew to ensure sufficient crew to allow the vessel to sail. If additional funding is not provided, it will result in WSF hiring less staff than originally intended or laying off staff that have already been hired. This will negatively impact WSF's ability to provide reliable service.
- Enterprise Asset Management (EAM) – ongoing increased need of \$2.6 million to fully implement this system and finish the project. If funding is not provided, then the system will not be usable and WSF will need to revert to an older program (MPET).
- Dispatch and Customer Communications – ongoing increased need of \$873,000 for a new dispatch system scheduled to be implemented in 2025-27. Impacts if funding is not received are that WSF will not be able to functionally manage crews that operate the ferry system. This could result in additional service disruptions. Also, there is increased risk that passengers will not receive timely notifications about delays and other pertinent travel information.
- Terminal Traffic Control – ongoing increased need of \$1.1 million to perform traffic control at six terminals. This helps WSF provide additional contracted traffic control on city streets and state highways. Without this funding there is an increased risk of traffic related incidents at ferry terminals.
- Colman Ferry Dock Security – ongoing increased need of \$1.65 million for 24-hour security, seven days a week for the Colman Dock (Seattle Terminal). If additional funding is not provided, there is an increased risk of security issues for WSF employees and ferry passengers.
- Orcas Island Stop – ongoing need of \$160,000 for WSF to provide additional summer service in the San Juan Islands, specifically to Orcas Island. Providing this funding allows WSF to meet the needs of its riders by providing these additional opportunities for travelling to Orcas Island.
- Passenger-Only Service Kitsap Transit/King County Water Taxi – \$12.1 million for supplemental passenger-only ferry service which mitigates the impact of having only one of two WSF vessels operating on the Seattle-Bremerton route and two of three WSF vessels operating on the Triangle route (Fauntleroy, Southworth, Vashon). Without the funding this expanded passenger-only ferry service will not be provided.

- Ongoing Labor Costs & Familiarization – ongoing increased need of \$13.9 million for operating costs, which include deck and engine room labor costs and familiarization of newly assigned vessel crew. The impact to the program and ferry service without this funding is core services will be reduced, including the number and frequency of sailings.

Rail – Capital (Program Y)

In 2019, Amtrak began negotiating a longer-term maintenance program (Technical Support and Spares, and Supplies Agreement, or TSSSA). In April 2024, Amtrak presented a 21-year TSSSA proposal for the national state-owned fleet with costs totaling over \$1 billion for all the involved states. WSDOT's portion of these cost projections are approximately \$195 million over the next 21 years (\$9.3 million annually). Without this funding, starting in 2026 Washington may need to pay back 2011 ARRA grant funds and service disruption is likely, followed by stoppage.

The Washington State Department of Transportation (WSDOT) recognizes the challenging fiscal outlook for the 2025-27 biennium. We streamlined our focus to highlight the essential unfunded needs required to fulfill our mission to establish a safe, reliable, and sustainable multimodal transportation system. Below are high-level summaries of each need which represent the bare minimum necessary to keep Washingtonians safe and our infrastructure from further degrading.

Fish Barrier Removal (\$5 billion)

In March 2013, a federal court mandated WSDOT fix numerous fish barrier culverts in a specified area, upheld by a U.S. Supreme Court decision in June 2018 leading to a permanent injunction. About 1,000 culverts under state highways are affected. By June 2024, 146 barriers have been corrected, improving access to 50% of blocked habitat. To comply with the injunction requirement of restoring 90% potential habitat, around 300 more barriers need correction which requires \$3.5 billion, along with addressing 75 newly identified barriers needing \$500 million. Additionally, \$1 billion is needed for structurally failing culverts. There's a long-term need for more funding to address deferred culverts to open the remaining 10% of blocked habitat and newly identified barriers, including those at the end of their useful life.

Operations & Maintenance (\$315-350 million ongoing per biennia)

Operations and Maintenance is integral to ensuring the functionality of the state's highway infrastructure, encompassing over 20,000 lane miles, 3,000 bridges and 1,100 traffic signal systems. It also manages safety rest areas, mountain passes, and emergency response for disasters and traffic incidents. The program faces significant unfunded needs due to damaged assets, changing regulations and increased responsibilities without corresponding funding.

Field operations suffer from building closures due to asbestos and outdated equipment, impacting employee efficiency, safety, morale and recruitment ability. This results in asset conditions below a state of good repair, posing safety risks and legal liabilities. Additionally, outdated equipment leads to longer response and recovery times during weather events, further disrupting roadways. Shifting to a proactive approach with consistent funding would enhance efficiency and service, while closing the funding gap would improve resilience against future challenges. Operating assets at their lowest lifecycle cost ensures optimal resource utilization.

Our field equipment and traffic management centers face reliability risk due to aging infrastructure making it essential to upgrade and modernize these systems to ensure optimal performance. Efficient freeway incident response and monitoring are critical for minimizing disruptions and enhancing safety. Additionally, supporting the updated land mobile radio system and managing the increased costs of maintaining weigh station infrastructure are crucial tasks.

Safety (10-year need \$2.375 billion)

Crashes on Washington roadways have escalated to the highest levels since 1990, with 810 fatalities and 2,875 serious injuries in 2023. Without significant intervention, fatal and serious crashes will continue to rise. Washington state can mitigate this crisis by directing more resources for safety to state highways in population centers, rural areas and in work zones. A \$475 million biennial investment would provide:

- \$300 million per biennium for regional safety would help cities and WSDOT partner to transform outdated state highways running through population centers where fatal crashes are more than double the state average. Funding would provide for reduced vehicle speeds, safe access to, from and along the road, eliminate active transportation system gaps, improve active transportation crossing opportunities and enhance intermodal connections around public transportation and schools.
- \$150 million per biennium in rural safety would help counties and WSDOT implement proven safety countermeasures like installing new guardrail/barriers, speed management, enhanced striping and delineation, and intersection improvements.
- \$25 million per biennium for work zone safety program enhancements for workers and travelers that advances work zone safety through technological innovation and enhanced enforcement efforts.

These investments would not only align with Washington's Target Zero safety priorities but also bolster efforts to modernize and transform highways into safer, more inclusive spaces for all road users.

Preservation (10-year need \$3 billion)

The state's transportation infrastructure is the very backbone of our state's economy and way of life. New projects aim to meet growing demands, but decades of underfunding preservation have put the health of our existing system in jeopardy and has impacted our ability to achieve all policy goals including safety.

Pavement and bridges across the state are showing the ramifications of underfunding for the last 20 years. Spare service life from investment in the 1990s is gone. Current investment in preservation is 40 percent of what is needed to preserve our assets in a state of good repair. As a result, the traveling public is noticing system deterioration in the form of unplanned emergency work most recently on the Tacoma Narrows Bridge, reduced speed limits on highways to name just a few public facing ramifications of underfunding. The condition of highways today mean increased funding won't result in functional roadways immediately. It will take time to address the preservation backlog for the significant parts of the system that have deteriorated. Highways are just part of the WSDOT assets facing preservation deficiencies. Other assets include multimodal assets like public transportation and rail, intra-agency assets like our aging facilities and fleet.

Addressing our vast preservation needs requires a steady approach. Our preferred strategy would build up investment over 30 years toward a fully funded state of good repair. The first step in an investment strategy like that would assume an additional \$500-600 million in the first biennium, steadily increasing investment in future biennia. The first 10-year investment would be an additional \$2 to \$3 billion in preservation funding.

Restoring Ferry Service (\$5.25 - \$5.5 billion)

Washington's ferry system is vital for maintaining the reliability and resilience of the state's transportation network, particularly for communities heavily dependent on ferry services. Addressing WSF's unfunded needs is crucial for meeting environmental goals and preserving critical infrastructure. The focus is on sustaining and operating the system efficiently rather than expanding it, ensuring functionality amidst growing demands. This includes transitioning to hybrid-electric power by 2040, which is essential for emission reduction, resiliency, and cost savings. Funding is required for new hybrid electric vessels, conversion of existing vessels to hybrid electric, and terminal electrification to facilitate this transition.

Asset management is integral to resilience, with preservation being a key aspect for the successful operation of the ferry system. Terminal and vessel preservation needs steadily increase posing risks to service. This includes terminal building replacements and the preservation of various assets within each terminal, as well as vessel system preservation and mid-life refurbishments to extend vessel service life.

Modernizing fleet operations technology is a priority, moving towards a more digital environment with mobile equipment for crew members and electronic updates for consistent fleetwide usage. Despite a 40% increase in funding over the past four years, additional staffing is needed to support new programs and resources, particularly in operations, vessels, finance, administration, and planning.

Fully Funding the 2024 Supplemental Legislative Financial Plan

The legislative financial plan for the 2024 supplemental budget forecasts deficits across various accounts from the 2027-29 biennium onwards, with the shortfall worsening through the 2029-31 biennium. Key accounts such as capital, Move Ahead Washington, Motor Vehicle and Multimodal show projected negative ending balances reaching around \$900 million by 2029-31. Factoring in the risk of underfunding by over \$400 million, the deficit could escalate to about \$1.3 billion by the end of the biennium.