**Transportation Investment Package Action Proposal Draft 1**

**Recommendation:**

**Governor develop a principle driven transportation investment package reflective of stakeholder input that includes policy reforms to support a long-term sustainable transportation system.**

**Key Context Surrounding a Transportation Investment Proposal:**

* **Carbon Reduction Policies**
  + Governor priority
  + Carbon Related Revenue Source included in both Saldana and Hobbs proposals
* **Legislative Efforts**
  + JTC Needs Assessment- currently occurring, 10-year look at needs and revenue options and direction that “assessment of needs and revenue sources” submitted by June 30, 2020. Starting July 1, 2020 a panel shall review the assessment and provide final recommendations to legislature for consideration during 2021 session.
  + Sen. Hobbs – public revenue package revealed in 2019 and 2020 *aka Forward Washington*
  + Sen. Saldana – proposal in the works, working closely with environmental stakeholders and others
  + Rep. Fey notes he will be putting forth his own proposal
* **Revenue Shortfalls**
  + Experiencing reductions in gas tax, ferry fares, toll revenues based on 2020 reduction of traffic and ridership
  + I-976 related loss of revenues
  + Local jurisdiction revenue shortfalls combined with impacts from I-976
* **Inclusion of WSP, DOL and other Transportation Agency Needs:**
  + Include needs for next 10-years from all agencies funded in the transportation budget
  + Transportation budget funds more than WSDOT- opportunity to address needs across budget
* **Framework- Typical revenue package has included:**
  + Revenue bill- includes revenue increases and any associated policies and, if tolling is included in the investment plan, toll authorization should be included in the revenue bill (60% approval is not required for toll authorization).
  + Spending bill- typically a two-year addendum to the biennial budget which appropriates new revenue raised in the revenue bill
  + Bond bill- requires 60% approval
  + Reform package of bills

**Step 1: Narrow down big picture goals and guiding principles**

**Define Governors Goal:** *DRAFT example*: Advance a transportation investment package that focuses on developing a safe, equitable, sustainable, resilient and multimodal system and that takes bold steps to reduce carbon emissions in the transportation sector.

**Develop Principles**: Transportation investment package should reflect a set of principles set forth by the Governor such as:

* **Safety** – strategies to increase safety of all modes, specific projects i.e. I-5 bridge across the Columbia River
* **Sustainability-** clean, green, preservation, maintenance, ,“practical design”, electrification of transportation system (including ferries)
* **Resiliency** – fish culverts, addressing climate change impacts on transportation infrastructure….
* **Multimodal** – VMT reduction strategies, demand management prioritized over new capacity, Ultra High Speed Rail, transit support, bicycle/pedestrian support….
* **Equitable** – health, equity and environmental justice principles, community engagement…..
* **Stakeholder Engagement** – engage stakeholders, build momentum…..

**Identify Governor Must Haves:** possibilities include:

* **Ultra High Speed Rail** corridor
* **Fully funding fish passage barrier** **removal** (state with consideration of providing revenue for local culverts)
* **I-5 bridge** between WA and OR
* **Electrification of transportation sector**: additional electric ferries, robust and extensive EV infrastructure, etc.
* **Preservation and Maintenance**- recognize as a “green” investment- take care of what we have versus building new
* **Project Selection** statutory transportation goal performance evaluations included environmental, equity and health
* **Safety Needs** including WSP needs, Traffic Safety Commission recommendations, etc.
* Other?

**Key Recommendations for Step 1:**

* Engage WSDOT early in developing draft options for the Governor to consider. Each principle will need further definition including specifics on categories to be included. Leverage existing work being done by Sec. Millar and Department.
* Engage Department of Commerce early to assist in making a strong economic development connection to the investment package. Additionally, Commerce can assist in developing an energy conscious package to maximize clean energy efforts.
* Connect the investment package discussions with carbon reduction strategies and potential, realistic opportunities for revenue from policies such as carbon tax, cap and trade, etc.

**Participants in Step 1:**  Debbie, Chris, Reed, Lauren, WSDOT, Dept. of Commerce, Keith, Exec Team, Governor. Draft options would be provided Governor for decision.

**Step 2: Identify Stakeholders and Stakeholder Process**

**Potential Stakeholder Groups and Potential Organizations to Include:**

* **Tribes**: work with JT to ID
* **Labor:** Building Trades, Operating Engineers, work with Caitlyn to ID
* **Business:** AWB, WA Business Alliance, AGC, work with Charles to ID
* **Environmental:** Climate Solutions, WEC, Futurewise, Nature Conservancy, work with Reed to ID
* **Transit:** WSTA, Transportation Choices Coalition, work with Jon Snyder to ID
* **Bike/Ped:** Work with Jon Snyder to ID
* **Cities:** AWC
* **Counties**: Association of Counties
* **MPO/RTPOs**: Work with WSDOT to ID
* **Freight:** WTA, others?
* **Ports:** NW Seaport Alliance, WPPA
* **Economic Development Organization** work with Charles to ID
* **Legislators:** four corners, Saldana, Fitzgibbon…
* **State Agencies**: WSDOT, Commerce, Commission, Transportation Safety Commission, WSP, DOL, other TR agencies

**Stakeholder Process Options:**

* **Formal Task Force** with Governor as convener and formal meetings (virtual).
* **Informal individual outreach** to stakeholders, gather input regarding identification of transportation needs and priorities, input on revenue sources, and address reform requests. Coalesce input and create a draft product for reaction.
* **Combination**: informal individual outreach paired with formal meetings ideally led by Governor, Exec Team appointee or consultant. Outcomes for each meeting would need to be clearly identified with much of the work taking place prior to and after each meeting.

**Participants in Step 2:** Request assistance with stakeholder identification from Policy Team, WSDOT, Commerce and Exec Team. Debbie to engage WSDOT and Commerce and any others from Gov office to brainstorm stakeholders, process and specific information to gather from stakeholders. Facilitator for leading group meetings would be needed should a task force or regular group meetings be conducted.

**Step 3: Identification of Transportation Needs**

**Leverage What We Know:** Access existing resources and information on transportation needs from sources such as WSDOT, stakeholder work previously conducted (i.e. Cities needs assessment study, request Roundtable study, etc.), existing plans and studies. Align these with JTC needs assessment as much as possible. Categorize needs based on Governor’s principles.

**Timeline:** Develop a 4-year, 7-year and 10-year needs overview. *Need to work with OFM to ensure this is doable.*

**“Buy-Back First” Approach?** Identify existing gaps or problem areas for transportation infrastructure and decide whether or not the strategy is “fund these first”:

* **I-976:** $600.0 million a biennium reduction in funding for multi-modal options (including transit, vanpool, bicycle, pedestrian and safe routes to schools programs)
* **COVID-19:** Estimated $100.0 million a month reduction in revenues (gas tax, toll revenues, ferry fares). Recognize the projects and programs this funding supports will either need “adjustments” or new resources in order to continue with the status quo (i.e. continuation of ferry service levels and maintenance and operations on tolled facilities supported by toll revenue). Gas tax funds WSP, WSDOT and other smaller agencies which pass funding through to local jurisdictions for transportation investments. A portion of the gas tax also funds local governments.
* **Fish Culverts:** Roughly $700.0 million a biennium through 2030 is needed to remain on track to meet the 2030 injunction deadline. This does not include additional funding requested by local governments to support fish passage barrier work up or down stream of state barriers.
* **I-5 Bridge:** The current budget includes $37.5 million to start work on the I-5 bridge between Washington and Oregon. Additional funding will be needed to continue progress on the bridge replacement.
* **Preservation Back-Log:** WSDOT preservation backlog exceeds $6.0 billion. Funding this backlog would prioritize existing infrastructure over new capacity.
* **Additional Unfunded Projects and/or Projects Not Started:** current transportation plan includes many projects lacking full funding as well as projects reliant upon bonding of toll revenue. Unsure if toll revenue bonds are feasible post-COVID-19. Many projects have not yet started. Continue these projects?
* **Non-WSDOT Transportation Budget Needs**: Including WSP enforcement needs and DOL needs per reduction of revenue.
* **Local Transportation Needs**: Given I-976 impacts local jurisdictions (Transportation Benefit District fees were repealed) combined with overall reductions in revenues to cities, counties and transit agencies, there is a growing need for local jurisdiction revenue or authorization to collect revenue.

**Participants:** WSDOT, MPOs/RTPOs, Cities, Counties, Ports, Transit, Bike/Ped, and other stakeholders, Commerce to be engaged, Gov policy staff as needed (Jon Snyder, John Flanagan, Sonja Hallum, etc.).

**Step 4: Develop a Project Performance Evaluation System**

Per a budget proviso, WSDOT will be working with a stakeholder group to examine the feasibility of implementing performance evaluations for project selection. This is based on a bill last session (Sen. Saldana and Rep. Shewmake) that would have required an evaluation process designed to evaluate new transportation projects ability to meet the existing transportation goals as well as new health and equity/environmental justice policy goals. The Governor expressed interest in the concept at a meeting with stakeholders last session.

**Participants:** WSDOT, stakeholders, Gov policy staff (possibly Jon Snyder and/or John Flanagan), others?

**Step 5: Identification of Revenue Options**

A variety of revenue options exist. This step requires working with OFM to develop revenue estimates for options that are most supported by the Governor. Options include:

* Gas tax increase
* Sales tax on gas
* Increase sales tax on vehicles and dedicate increased portion to transportation
* Road Usage Charge (this has been proposed as a replacement for gas tax. Could consider a replacement + new revenue)
* Air quality surcharge
* Transportation Network Company (TNC) Charge (Uber, Lyft)
* Impact Fees
* Weight fees
* License and/or registration fees
* Carbon Funding
  + Cap and Trade vs. Carbon Tax vs. LCFS
  + Level of charge and who is included
  + Use of the funding
* Other revenue options will be added to this list.

Revenue considerations could include:

* Long term sustainability of source
* 18th amendment protected expenditures
* Political feasibility
* Collection and distribution efficiency (i.e. do we currently have or would we need to develop culvrtssystems to collect and distribute the revenues)
* Impact on household budget

Recommend developing short (4-year), medium (7-year) and long (10-year) revenue options in case a “mini-package” can succeed in 2021.

Recommend tying revenues to specific investments.

**Participants:** OFM is critical to the development of revenue options, WSDOT, Commerce, Gov policy staff (Reed, Chris, Lauren, Jon, John F, Sonja) and OST for debt financing.

**Step 6: Identification of Policy Changes to Accompany Investments**

Previous revenue packages included “reforms” or policy proposals to either supplement revenue and investment proposals or to find efficiencies in transportation. A few examples that may arise include:

* Electrification policy changes to encourage and support additional EV charging stations
* Changes to tolling policy regarding use of toll funds (i.e. toll revenues from SR 99/Tunnel for bus/transit)
* Policies associated with Road Usage Charge such as flexibility of revenues, program structure (i.e. state fleets first), privacy guarantees, etc.
* Efficiency policies allowing WSDOT flexibility in managing projects.
* Car Tab changes given the Governor’s interest in considering changes to car tab fees
* Bond-ability of revenue sources and necessary implementation policies (i.e. bond bill)
* Additional proposals as the revenue and needs are further clarified

**Participants:** WSDOT, stakeholders, Gov policy staff, OST, etc.

**Step 7: Proposal**

Develop a balance sheet proposal for Governor’s consideration that would identify goal, principles, investment recommendations linked to principles and revenue options to support the investments.

**Keys to Success:**

* Ongoing leadership and support from Exec Team as well as an Exec Team lead is critical.
* Consultant and/or facilitator resources may be required given the short time line.
* OFM inclusion, input and involvement every step is necessary.
* Strategic and thoughtful approach to local funding options and support.
* State agency support including WSDOT, Commerce, WSP, DOL, Traffic Safety Commission and others.
* Technology tools needed to manage virtual meetings (Microsoft Teams, WebEx, Skype, - unsure what tools are available and commonly used by those to be engaged).