

HOUSE BILL REPORT

ESHB 3096

As Amended by the Senate

Title: An act relating to financing the state route number 520 bridge replacement project.

Brief Description: Financing the state route number 520 bridge replacement project.

Sponsors: By House Committee on Transportation (originally sponsored by Representatives Clibborn and McIntire; by request of Governor Gregoire).

Brief History:

Committee Activity:

Transportation: 1/30/08, 2/6/08 [DPS].

Floor Activity:

Passed House: 2/29/08, 63-30.

Senate Amended.

Passed Senate: 3/5/08, 29-19.

Brief Summary of Engrossed Substitute Bill

- Institutes various requirements for the design of the State Route 520 Bridge Replacement and HOV project.
- Requires the inclusion of several assumptions regarding revenue sources and savings in the finance plan for the State Route 520 Bridge Replacement and HOV project.
- Allows the Washington State Department of Transportation (WSDOT) to seek approval from the Legislature for the collection of tolls on the existing and replacement State Route 520 Bridge following the submission of the tolling implementation report required by the act.
- Requires the WSDOT to work with the Federal Highways Administration to determine the actions necessary to toll the I-90 Floating Bridge.
- Establishes the State Route 520 Tolling Implementation Committee to evaluate a variety of issues related to the tolling of the State Route 520 Bridge.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 19 members: Representatives Clibborn, Chair; Flannigan, Vice Chair; Appleton, Armstrong, Campbell, Dickerson, Eddy, Hudgins, Jarrett, Loomis, Rolfes, Sells, Simpson, Springer, Takko, Upthegrove, Wallace, Williams and Wood.

Minority Report: Do not pass. Signed by 7 members: Representatives Ericksen, Ranking Minority Member; Schindler, Assistant Ranking Minority Member; Herrera, Kristiansen, Rodne, Smith and Warnick.

Staff: David Munnecke (786-7315).

Background:

The State Route 520 (SR 520) Evergreen Point Bridge is a one and a half mile, 42-year-old bridge crossing Lake Washington in King County. The bridge is scheduled for replacement due to its vulnerability to seismic activity and storm events. In addition to the deteriorating physical condition, the bridge lacks shoulders for disabled and emergency vehicles and experiences considerable amounts of congestion.

Legislation passed during the 2007 session directed the Office of Financial Management to hire a mediator and appropriate planning staff to develop a project impact plan for addressing the impacts of the project design on Seattle city neighborhoods and parks, including the Washington park arboretum, and institutions of higher education. The mediator was directed to provide to the Joint Transportation Committee and the Governor a progress report by August 1, 2007, and a final project impact plan by December 1, 2008.

In that same legislation, the project design is described as having six total lanes, with four general purpose lanes and two lanes that are for high occupancy vehicle travel that could also accommodate high capacity transportation, including bus rapid transit. The bridge must also be designed to accommodate light rail in the future.

As a project in the Regional Transportation Investment District (RTID) proposal, the SR 520 bridge would have received state sales tax paid on the project. This sales tax rebate had been considered as revenue to the project. However, given voters recent rejection of the RTID funding package, a sales tax rebate is no longer available to the SR 520 bridge project. Additionally, the project will not receive \$1.1 billion that would have been provided through the RTID funding package.

In 2007 Washington State Department of Transportation (WSDOT) was awarded a grant from the United States Department of Transportation's Congestion Initiative, known as the Lake Washington Urban Partnership. The grant provided \$139 million, of which \$86 million was provided for active traffic management (such as traveler information and speed harmonization) and variable tolling on the SR 520 bridge. All but \$1.6 million of the grant is

only accessible once a variable tolling policy has been approved, legal authority exists for tolling to commence, and variable tolling is implemented on the SR 520 bridge project.

Summary of Engrossed Substitute Bill:

The design of the State Route 520 Bridge Replacement and HOV project must include six total lanes, with two lanes for transit and high-occupancy vehicle (HOV) use and four general purpose lanes. The project must also be designed to accommodate effective connections for transit, including high-capacity transit, to the light rail station at the University of Washington.

The finance plan for the State Route 520 Bridge Replacement and HOV project must include recognition of revenue sources that include:

- \$1.7 billion in state and federal funds;
- \$1.5 to \$2 billion in tolling revenue, including revenue from early tolls that could begin in late 2009;
- \$85 million in federal urban partnership funds; and
- contribution from private and other governmental sources.

The finance plan must also include recognition of savings from:

- early construction of traffic improvements on state route 520 between the eastern shore of Lake Washington and 108th Avenue Northeast in Bellevue;
- early construction of a single string of pontoons that support two lanes for transit and HOV use and four general purpose lanes;
- preconstruction tolling to reduce total financing costs; and
- a rebate to the project of the sales taxes paid on construction of the project.

A SR 520 tolling implementation committee (Committee) is formed, consisting of three members, the Puget Sound Regional Council executive director, the secretary of the WSDOT or his or her designee, and a member of the Washington State Transportation Commission from King County. The Committee must evaluate various issues relating to the SR 520 bridge replacement project, including the form the tolling may take, traffic diversion, tolling and traffic management technology, partnership opportunities, and also must survey citizens about the project. A report is due from the Committee to the Governor and Legislature by January 2009.

The WSDOT may seek approval from the Legislature to begin tolling on the existing SR 520 bridge and its replacement only after the Committee has submitted its report. The WSDOT must also work with the Federal Highways Administration to determine what steps would be needed to toll the Interstate 90 bridge. The State Transportation Commission must set the toll rates for the facility and the WSDOT must determine the method of collection.

EFFECT OF SENATE AMENDMENT(S):

State and local sales and use tax due on site acquisition, construction, and equipment related to the SR 520 bridge replacement project may be deferred until five years after the project is open to traffic, and is then due in equal yearly installments over the next decade.

The financial plan for the SR 520 bridge replacement project must include the recognition of savings from a deferral of the sales tax paid on construction costs rather than from a rebate of the sales tax.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) The SR 520 bridge is an important project for the whole state. The current bridge is vulnerable to both high winds and earthquakes and needs to be replaced. Compromises have been made on both sides of the lake regarding the type of bridge that should be built. The failure of Proposition 1 left the state with too little money to build the bridge under the current plan, so this bill will lead to the development of a replacement plan that will take into consideration issues such as traffic diversion.

A plan is needed to move the SR 520 bridge replacement forward. This is one of the region's highest priorities, and it needs to be done right for both now and the future. Many options have been discussed at great length regarding both the bridge and the pontoons, and action should be taken now. People grow concerned when things don't get done, and this bill is a statement that the bridge will get done. The plan should include four general purpose lanes, two continuous high occupancy vehicle lanes that are available throughout the day, and pontoons that allow for high capacity transit.

Tolling is seen as a potential revenue source for the bridge, and it is both viable and necessary. The committee created by the act needs to continue discussion with the effected cities, look at local diversion and diversion from other tolled facilities, determine the most appropriate tolling scenario, and require that toll revenue be spent only on constructing and operating the bridge. In the end, the region will need to have a comprehensive report on tolling.

The cost of collecting tolls on the Tacoma Narrows Bridge is approximately 15 percent of the revenue collected, which should decrease over time as the amount of revenue grows. The cost of collecting tolls on the new SR 520 bridge should be lower than this since the tolls will be collected without the use of toll takers.

People need to be given transportation options based on their needs. They need to be able to choose between cars and transit depending on their situation. King County is ready to buy buses to operate on the bridge, and wants to work with the WSDOT on operations and on obtaining the federal funding available under the Urban Partnership Program.

(With concerns) Adequate infrastructure needs to be built. The communities on the east side of the lake represent \$11 billion in sales tax revenue versus \$15 billion in sales tax revenue on the west side of the lake, and infrastructure to serve this concentration of businesses is vital. Anything less than six lanes with the ability to carry high capacity transit is inadequate. A bridge for the future is what is needed, and it makes sense to pay for this now rather than paying for additional pontoons and capacity at a later date.

People working in Redmond use the bridge on a daily basis, including approximately one-third of Microsoft's employees. The SR 520 bridge matters to large employers, who can potentially move to other areas.

Tolling is a crucial revenue source now that Proposition 1 has failed. Early tolling is a powerful tool, but other tolling issues such as traffic diversion need to be explored. Tolling needs to be used to manage congestion as well, and other routes should potentially be tolled in order to pay for the new bridge.

Users of a facility need to be confident that their expenditures are serving their needs. Therefore, tolls should be spent to improve the corridor on which the money is collected. Polling has shown that motorists believe that once a facility has been paid for the tolls should come off.

The description of the project should be left out of the bill, since the bill is about financing. The footprint of the bridge needs to remain as it is, and the concern needs to be with moving the most people within the footprint of the bridge.

(Opposed) The business-as-usual approach does not work, and we should not participate in it. The current design is constrained, does not provide an adequate benefit, and is not the best long-term solution. This legislation is unacceptable, as is the proposed completion date.

It is unacceptable to toll the bridge and spend the money elsewhere. A special session should be called, and the General Fund should instead be opened to fund the construction of the new bridge.

This may make Montlake uncomfortable, but something needs to be done. If necessary, the state's power of eminent domain should be used to move the construction of an appropriate bridge forward.

Persons Testifying: (In support) Jim Lauinger, City of Kirkland; Phil Noble, City of Bellevue; John Marchione, City of Redmond; Jennifer Ziegler, Office of the Governor; Paula Hammond, Secretary, Washington State Department of Transportation; Bob Drewel, Puget Sound Regional Council; Richard Ford, Washington State Transportation Commission; and Ron Posthuma, King County.

(With concerns) Betty Nokes, Bellevue Chamber of Commerce; Christine Hoffman, Redmond Chamber of Commerce; Leslie Lloyd, Bellevue Downtown Association; Steve Mullin, Washington Roundtable; Brad Boswell, Seattle Chamber of Commerce; Genesee C. Adkins,

Transportation Choices Coalition; Dave Overstreet, Automobile Association of America Washington; and Tim Gould, Sierra Club.

(Opposed) Representative Glenn Anderson.

Persons Signed In To Testify But Not Testifying: None.