

I-405/SR 167 Corridor Program

Executive Advisory Group

August 24, 2021

Roger Millar, P.E., AICP	WSDOT Secretary of Transportation
Julie Meredith, P.E.	WSDOT UMA and Megaprograms Assistant Secretary
Karen Kitsis	Sound Transit Deputy Director, Planning, Environment and Project Development
Paul Cornish, P.E.	Sound Transit BRT Program Director
Lisa Hodgson, P.E., DBIA	WSDOT I-405/SR 167 Program Administrator
Jason Richter	Office of the State Treasurer, Deputy Treasurer
Doug Vaughn	WSDOT CFO

Agenda

- Introductory Remarks
- Public Comment
- Sound Transit Partnership Update
- I-405/SR 167 Corridor Update:
 - Review status of proviso work
- Closing

Introductory Remarks

Roger Millar, WSDOT Secretary of Transportation

Looking back and where we are now

June 2021 Meeting

- Sound Transit partnership update
- Legislative direction - developing funding and phasing options
- Establish policy framework and identify needs
- Project updates

August 2021 Meeting

- Sound Transit partnership update
- Review status of proviso work

Public comment

Facilitated by:

Colleen Gants

I-405/SR 167 Corridor Communications

I405SR167Program@WSDOT.WA.GOV

Sound Transit partnership update

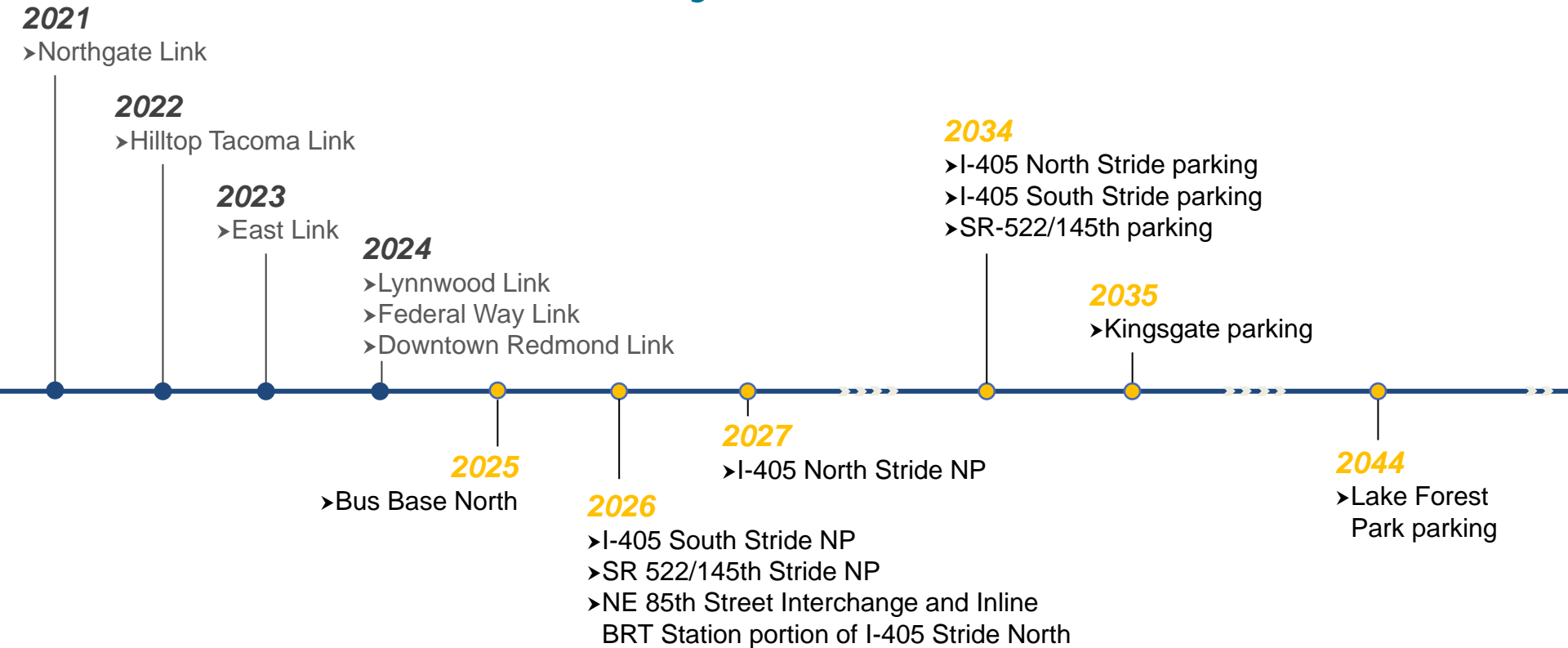
*Karen Kitsis, Deputy Director, PEPPD
Paul Cornish, BRT Program Director*



Adopted approach to realignment

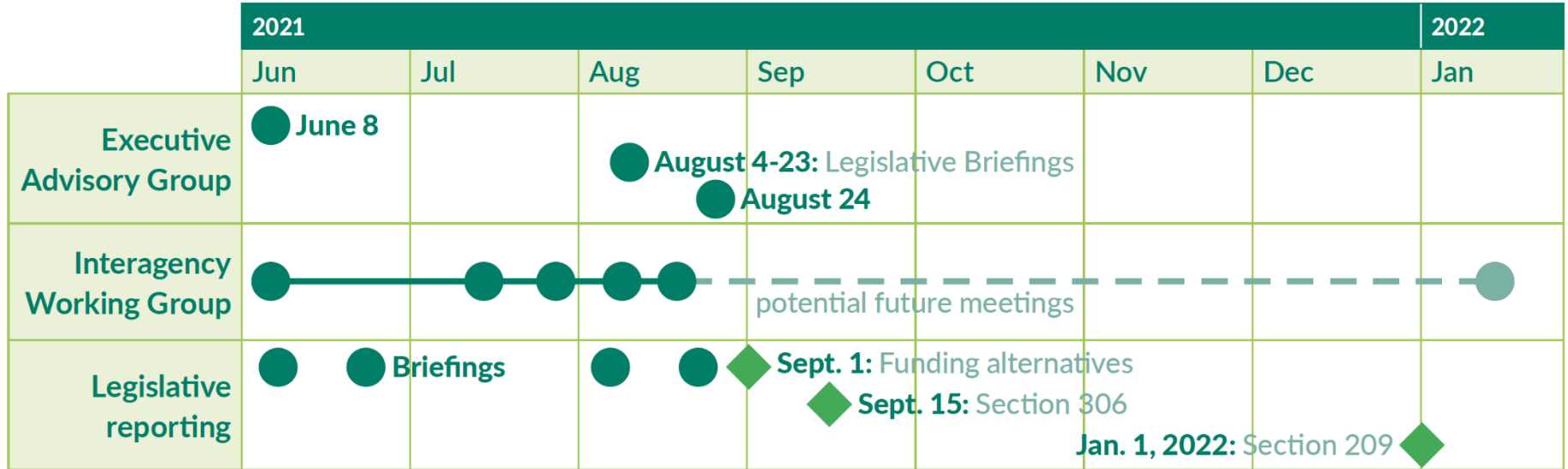
- **Combines cost, schedule & revenue efforts**
- Work towards initial target schedule with the affordable schedule as safety net
- Engage stakeholders to tackle project level funding gaps through cost savings and seeking additional financial capacity
- Prepare environmental documents to support the target schedule
- Identify project milestones by which decisions are made as to whether to continue on the target schedule
- BRT program affordable and target schedules are the same

Stride BRT delivery date overview



Legislative Proviso Workplan

Working together

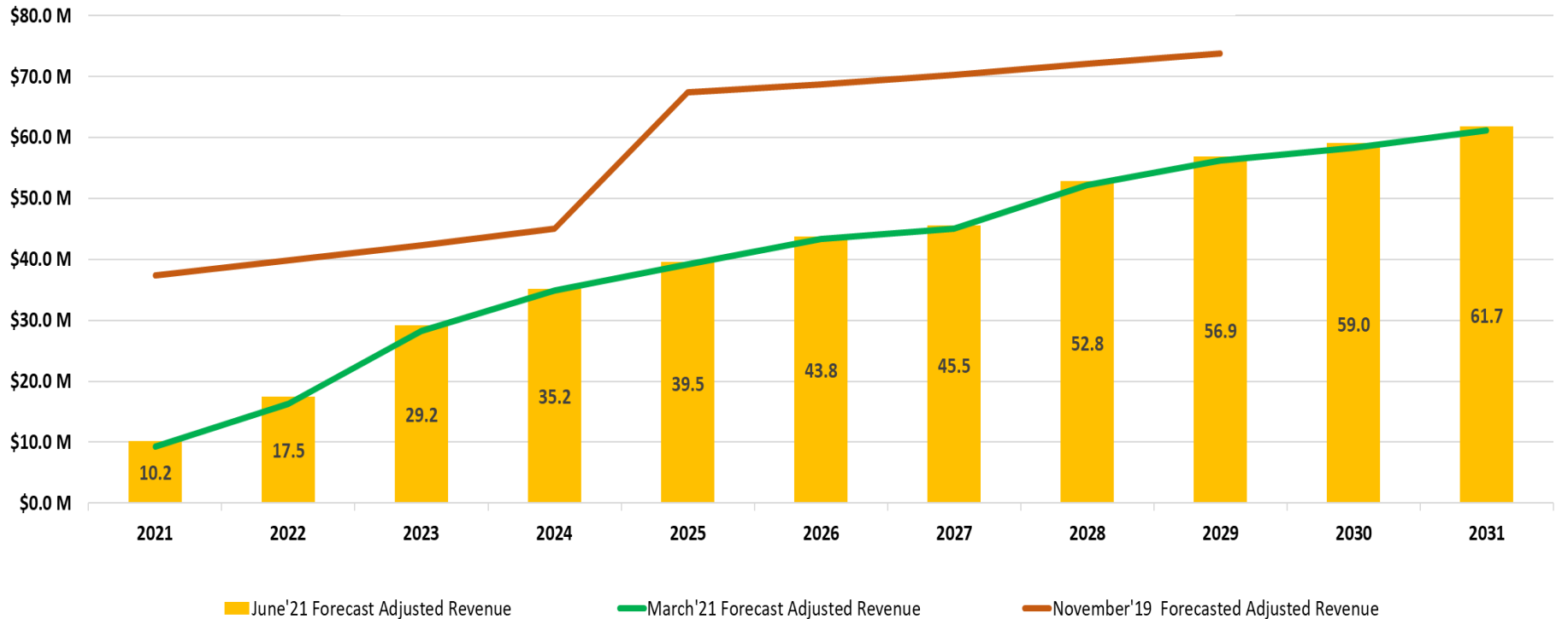


What we're hearing

- Prioritize funding and delivery of projects with system benefits/synergies that complement I-405 BRT and all ETL projects from Lynnwood to Burien, including those currently under construction.
- Corridor faces a funding challenge, not a phasing challenge.
 - Explore a wide variety of alternative funding options, be creative and report on all options, and identify the legislative authorization requirements.
 - Revenue-generating projects help to advance delivery of the program and overall system benefits.
 - Look for partnering opportunities and funding solutions, including grants.
 - Consider increased costs when delaying projects.
- Expedite delivery without negatively impacting delivery timing of other projects.

June Forecast T&R Recover Trends

I-405 & SR 167: FY 2021-2031 Forecasted Annual Adjusted Toll Revenue (\$ millions)



Financial analyses

2019

2020

2021

- ESSB 5825 provided toll authorization up to \$1.16B
- OST performed analysis on ESSB 5825: Toll revenue and financing supported \$938M* in project funding
- OST performed analysis of Governor's proposed budget: Updated toll revenue and financing estimates supported \$660M* (or 65%) in project funding
- Current Law Budget: \$1.178B
- WSDOT and OST will provide analysis of 2021-23 Current Law Budget to determine funding and phasing options in response to budget provisos

* Does not include N 8th Street Project construction

ESSB 5825 & Current Law Delivery Schedule

#	Project	Year:	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40+
1	SR 522 to SR 527 Project						★	→	★													
2	<i>Renton to Bellevue (Contract 2) (Connecting Washington)</i>					★																
	<i>Renton to Bellevue (Contract 3) (Toll Revenue Funded)</i>																					
	• SR 167 Toll Up. & SB Aux				★	→					★											
	• Interchange Improvements										★	No Change										
3	SR 167 Master Plan Study		★	→	★																	
4	<i>SR 167 Congestion Mgmt</i>																					
	• SR 167 NB ETL Extension				★	→					★											
	• SR 167 SB ETL Extension										★	No Change										
5	N 8 th St Direct Access				★	→	★				★											
6	NE 85 th St Toll Points Only						★															
								Contingent upon ST Realignment Process														

Legend	
★	Current Law Opening
★	Pre-COVID / ESSB 5825
★	Renton to Bellevue ETL opens
↔	Delivery change from current law

* Design only

** Not originally funded in 5825

Toll Policy Assumptions

WSTC must set toll rates and occupancy requirements prior to bonding.

Policy	Assumption
Toll-Free HOV	3+ during peak hours, 2+ during off-peak hours
Toll Hours	5 a.m. to 7 p.m., Monday to Friday
Minimum Toll	\$0.50 SR 167 and \$0.75 on I-405 until 50 miles combined, \$0.75 on both facilities
Maximum Toll	\$9 on SR 167 and \$10 on I-405 until 50 miles combined, then \$10 on both facilities

OST Analysis: Current Law

Key Assumptions:

- 30-year amortization with level debt service
- 2.50x coverage, incl. RSA
- Prefunded R&R
- Accelerated RSA funding
- Does not include \$32.9M in ARPA funds

Fiscal Year	Project Funds	Bond Proceeds	PayGo Funding	Funding Gap	% of Project
	Requested**	Delivered			Funds
					Delivered
2021	\$21,042,897	\$0	\$21,042,897	\$0	100%
2022	23,300,000	0	15,200,000	(8,100,000)	65%
2023	9,700,000	7,335,000	0	(2,365,000)	76%
2024	156,000,000	87,800,000	0	(68,200,000)	56%
2025	190,000,000	107,500,000	0	(82,500,000)	57%
2026	175,000,000	85,200,000	11,000,000	(78,800,000)	55%
2027	202,000,000	92,900,000	29,950,000	(79,150,000)	61%
2028	296,000,000	141,200,000	36,550,000	(118,250,000)	60%
2029	89,000,000	40,050,000	32,400,000	(16,550,000)	81%
2030	0	0	0	0	0%
2031	0	0	0	0	0%
Total	\$1,162,042,897	\$561,985,000	\$146,142,897	(\$453,915,000)	61%

OST Analysis: Current Law

Cash flow (1 of 2)

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]
Fiscal Year Ending 30-Jun	Adjusted Gross Toll Revenues*	O&M Expenses	RSA Account Deposits	Net Toll Revenues*	Net Debt Service 2023 Financing	Net Debt Service 2025 Financing	Net Debt Service 2027 Financing	Net Debt Service 2028 Financing	Total Net Debt Service	Debt Service Coverage
				[A+B+C]					[E+F+G+H]	[D/I]
2021	9,889,053	(15,308,899)	-	(5,419,846)	-	-	-	-	-	-
2022	17,893,979	(11,946,768)	(5,947,211)	0	-	-	-	-	-	-
2023	29,029,147	(13,182,178)	(15,846,970)	0	-	-	-	-	-	-
2024	35,518,895	(14,949,139)	(20,567,619)	2,136	-	-	-	-	-	-
2025	67,472,089	(23,968,470)	(23,319,417)	20,184,202	(4,313,263)	-	-	-	(4,313,263)	4.68
2026	76,463,379	(25,651,599)	-	50,811,780	(6,208,343)	(11,602,626)	-	-	(17,810,969)	2.85
2027	82,071,809	(26,718,620)	-	55,353,189	(6,203,743)	(11,600,484)	-	-	(17,804,227)	3.11
2028	92,885,898	(28,155,590)	-	64,730,308	(6,204,833)	(11,601,389)	(5,595,537)	-	(23,401,758)	2.77
2029	96,267,316	(28,478,545)	-	67,788,771	(6,205,743)	(11,599,469)	(5,593,480)	(3,681,686)	(27,080,377)	2.50
2030	117,592,951	(32,155,835)	-	85,437,116	(6,206,128)	(11,604,321)	(5,593,093)	(10,720,437)	(34,123,978)	2.50
2031	120,427,348	(33,189,480)	-	87,237,867	(6,205,385)	(11,599,406)	(5,593,953)	(11,409,423)	(34,808,166)	2.51
2032	122,941,907	(34,523,442)	-	88,418,465	(6,203,347)	(11,604,356)	(5,590,797)	(11,409,193)	(34,807,692)	2.54
2033	125,509,584	(36,215,413)	-	89,294,171	(6,205,097)	(11,602,720)	(5,593,087)	(11,410,826)	(34,811,729)	2.57
2034	128,136,211	(36,965,106)	-	91,171,106	(6,205,821)	(11,599,323)	(5,595,357)	(11,407,941)	(34,808,441)	2.62
2035	130,815,372	(38,139,485)	-	92,675,887	(6,205,402)	(11,604,295)	(5,592,043)	(11,410,033)	(34,811,772)	2.66
2036	133,555,278	(39,259,112)	-	94,296,166	(6,203,736)	(11,602,937)	(5,593,141)	(11,410,820)	(34,810,633)	2.71
2037	136,350,566	(40,292,400)	-	96,058,166	(6,205,448)	(11,600,189)	(5,593,539)	(11,409,965)	(34,809,141)	2.76
2038	139,212,302	(41,367,807)	-	97,844,495	(6,205,549)	(11,600,838)	(5,593,545)	(11,412,585)	(34,812,516)	2.81
2039	142,132,137	(42,409,673)	-	99,722,464	(6,203,674)	(11,603,962)	(5,593,037)	(11,409,139)	(34,809,811)	2.86
2040	145,116,548	(43,498,022)	-	101,618,526	(6,204,774)	(11,599,724)	(5,591,904)	(11,409,570)	(34,805,971)	2.92
2041	148,163,424	(44,592,290)	-	103,571,134	(6,203,281)	(11,602,620)	(5,594,788)	(11,408,474)	(34,809,162)	2.98
2042	151,282,633	(45,768,995)	-	105,513,638	(6,204,173)	(11,602,124)	(5,591,659)	(11,410,126)	(34,808,081)	3.03
2043	154,464,293	(46,959,806)	-	107,504,487	(6,206,883)	(11,602,530)	(5,592,370)	(11,409,678)	(34,811,461)	3.09
2044	157,716,971	(48,274,379)	-	109,442,593	(6,205,828)	(11,603,561)	(5,591,654)	(11,411,431)	(34,812,474)	3.14
2045	161,040,788	(49,591,891)	-	111,448,897	(6,206,028)	(11,599,311)	(5,594,164)	(11,410,055)	(34,809,558)	3.20
2046	163,932,192	(50,935,005)	-	112,997,187	(6,206,910)	(11,604,067)	(5,594,650)	(11,409,850)	(34,815,477)	3.25
2047	166,864,977	(52,239,812)	-	114,625,165	(6,207,890)	(11,602,191)	(5,592,768)	(11,410,535)	(34,813,383)	3.29
2048	169,853,718	(53,537,533)	-	116,316,185	(6,203,826)	(11,602,990)	(5,593,167)	(11,411,207)	(34,811,189)	3.34
2049	172,894,874	(54,881,939)	-	118,012,936	(6,204,851)	(11,600,315)	(5,595,628)	(11,410,942)	(34,811,736)	3.39
2050	175,993,530	(56,323,995)	-	119,669,535	(6,205,704)	(11,604,067)	(5,594,592)	(11,409,528)	(34,813,891)	3.44
2051	179,150,301	(57,734,964)	-	121,415,337	(6,205,371)	(11,603,792)	(5,594,707)	(11,411,061)	(34,814,930)	3.49
2052	182,369,637	(59,346,838)	-	123,022,799	(6,203,849)	(11,599,588)	(5,590,803)	(11,409,393)	(34,803,632)	3.53
2053	185,647,831	(60,851,220)	-	124,796,612	(6,205,636)	(11,599,725)	(5,592,978)	(11,409,417)	(34,807,755)	3.59
2054	188,984,693	(62,442,150)	-	126,542,544	-	(11,603,915)	(5,590,930)	(11,410,892)	(28,605,736)	4.42
2055	192,388,636	(64,157,996)	-	128,230,641	-	(11,600,932)	(5,593,926)	(11,408,678)	(28,603,536)	4.48
2056	195,694,855	(65,899,345)	-	129,795,510	-	-	(5,591,693)	(11,411,063)	(17,002,756)	7.63
2057	199,009,047	(67,646,614)	-	131,362,434	-	-	(5,593,960)	(11,412,744)	(17,006,704)	7.72
Total	\$4,894,734,173	(\$1,547,560,352)	(\$65,681,217)	\$3,281,492,604	(\$178,060,510)	(\$348,057,758)	(\$167,796,945)	(\$322,476,683)	(\$1,016,391,895)	

*T&R Forecast from WSDOT as of July 2, 2021. Annual Net Toll Revenue is reduced by the amount deposited into the RSA.

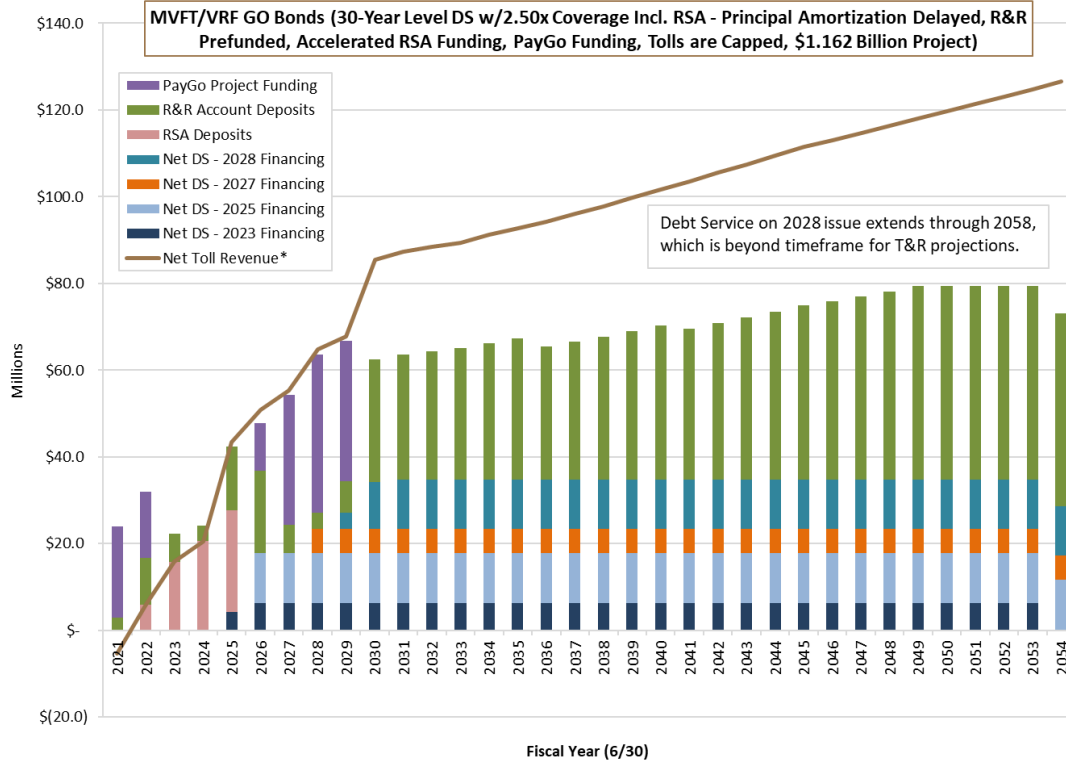
OST Analysis: Current Law

Cash flow (2 of 2)

Fiscal Year Ending 30-Jun	[K]	[L]	[M]	[N]	[O]	[P]
	Net Toll Revenues After Debt Svc.	R&R Account Deposits	Coverage Incl. R&R and RSA	PayGo Project Contributions	Net Toll Revenues After DS, R&R, RSA and PayGo	Net Toll Revenues After DS, R&R, RSA and PayGo**
	[D+H]		[D]/[I+L]		[K+L+N]	
						66,600,000
2021	(5,419,846)	(2,990,215)	-	(21,042,897)	(29,452,958)	37,147,042
2022	-	(10,796,010)	-	(15,200,000)	(25,996,010)	11,151,032
2023	-	(6,488,768)	-	-	(6,488,768)	4,662,264
2024	2,136	(3,664,399)	0.00	-	(3,662,263)	1,000,001
2025	15,870,939	(14,830,627)	1.05	-	1,040,312	2,040,313
2026	33,000,812	(19,005,214)	1.38	(11,000,000)	2,995,598	5,035,910
2027	37,548,963	(6,576,384)	2.27	(29,950,000)	1,022,579	6,058,489
2028	41,328,550	(3,740,863)	2.38	(36,550,000)	1,037,687	7,096,176
2029	40,708,394	(7,297,219)	1.97	(32,400,000)	1,011,175	8,107,351
2030	51,313,138	(28,293,439)	1.37	-	23,019,699	31,127,050
2031	52,429,702	(28,819,434)	1.37	-	23,610,268	54,737,319
2032	53,610,774	(29,613,320)	1.37	-	23,997,454	78,734,772
2033	54,482,442	(30,197,795)	1.37	-	24,284,648	103,019,420
2034	56,362,665	(31,462,464)	1.38	-	24,900,201	127,919,621
2035	57,864,115	(32,470,411)	1.38	-	25,393,705	153,313,326
2036	59,485,533	(30,560,447)	1.44	-	28,925,087	182,238,413
2037	61,249,026	(31,746,079)	1.44	-	29,502,947	211,741,360
2038	63,031,980	(32,943,194)	1.44	-	30,088,786	241,830,146
2039	64,912,654	(34,207,975)	1.44	-	30,704,679	272,534,825
2040	66,812,555	(35,486,049)	1.45	-	31,326,506	303,861,331
2041	68,761,973	(34,795,095)	1.49	-	33,966,877	337,828,208
2042	70,705,557	(36,101,622)	1.49	-	34,603,935	372,432,143
2043	72,693,027	(37,436,179)	1.49	-	35,256,848	407,688,991
2044	74,630,119	(38,737,656)	1.49	-	35,892,463	443,581,455
2045	76,639,340	(40,088,895)	1.49	-	36,550,445	480,131,900
2046	78,181,710	(41,123,493)	1.49	-	37,058,217	517,190,117
2047	79,811,782	(42,219,658)	1.49	-	37,592,124	554,782,241
2048	81,504,996	(43,358,290)	1.49	-	38,146,706	592,928,947
2049	83,201,200	(44,550,000)	1.49	-	38,651,200	631,580,147
2050	84,855,645	(44,550,000)	1.51	-	40,305,645	671,885,792
2051	86,600,407	(44,550,000)	1.53	-	42,050,407	713,936,199
2052	88,219,168	(44,550,000)	1.55	-	43,669,168	757,605,366
2053	89,988,857	(44,550,000)	1.57	-	45,438,857	803,044,223
2054	97,936,808	(44,550,000)	1.73	-	53,386,808	856,431,030
2055	99,627,105	(44,550,000)	1.75	-	55,077,105	911,508,136
2056	112,792,755	(21,200,000)	3.40	-	91,592,755	1,003,100,891
2057	114,355,730	(2,000,000)	6.91	-	112,355,730	1,115,456,620
Total	\$2,265,100,710	(\$1,070,101,193)		(\$146,142,897)	\$1,048,856,620	

**Per WSDOT, the I-405/SR 167 Account had a fund balance of \$66.6M at the beginning of FY 2021.

OST Analysis: Current Law



*Net Toll Revenue - As of 7/2/21; Total I-405 & SR 167 Corridor — Post-COVID | Peak Period Exemptions for HOV 3+ on I-405 N, HOV 3+ on I-405 S & HOV 2+ (FY 30-) / HOV 3+ (FY 31+) on SR 167 | Rev. Governor's Budget + N 8th \$250 M + SR 167 Toll Upgrade FY 2030 | Toll Caps. Net Toll Revenue reflects amounts before deposits into the RSA. Expenditures in excess of Net Toll Revenue are assumed to be made from fund balance, incl. the \$66.6 million balance in the I-405/SR 167 Account at the beginning of FY 2021.

Considerations

Available
Funds



Timing of
Projects

SR 522 to SR 527 Phasing Options (Proviso 306)

Sec. 306: SR 522 to SR 527

Explore phasing and funding alternatives

Substitute Senate Bill 5165, Section 306 (9)(b)

For the Department of Transportation – Improvements, Program I

The department may advance the I-405/SR 522 to I-5 Capacity Improvements project (L2000234) and construct the project earlier than is scheduled in the LEAP transportation document referenced in subsection (2) of this section if additional funding is identified and submitted through the existing unanticipated receipts process by September 1, 2021. The department and state treasurer shall pursue alternatives to toll revenue funding including but not limited to federal loan and grant programs. The department shall explore phasing and modifying the project to attempt to align project completion with the anticipated deployment of bus rapid transit on the corridor in the 2023-2025 biennium. The department shall report back to the transportation committees of the legislature on this work by September 15, 2021.

- May advance and construct earlier than is scheduled if funding is identified and submitted by Sept. 1, 2021.
- Shall pursue alternatives to toll revenue funding.
- Shall explore phasing and modifying the project.
- Report to the Legislature by Sept. 15, 2021.

SR 522 to SR 527 phased delivery options

1. Separate local improvements at SR 527 interchange
2. Geographical phases (north/south)
3. Directional phases (northbound and southbound)
4. Advance fish passage

Option 3: Directional phases (northbound and southbound)



Phase 1 – Southbound and SR 522 interchange

- Additional southbound ETL lane
- Additional northbound ETL lane to SR 522 direct access
- SR 522 direct access and inline station
- SR 522 transit hub
- Brickyard inline station (pending Sound Transit realignment)

Phase 2 – Northbound and SR 527 interchange

- Additional northbound ETL lane from SR 522 to SR 527
- SR 527 direct access and inline station

Benefits and challenges

- Ⓑ Achieve ~60% of the user time savings
- Ⓑ Delivers BRT infrastructure from SR 527 to the south
- Ⓑ Increased revenue compared to existing system; >full (no NB ETL)
- Ⓢ Increased BRT travel times until Phase 2 completed
- Ⓢ Delayed ETL & inline BRT station and direct access at Canyon Park regional growth center
- Ⓢ Increased costs due to inefficiency and escalation

North End Phased delivery scenario

- Delivers southbound system benefits (phase 1) but delays northbound (phase 2)
- Reduces funding gap from Current Law by approximately \$20M
- Total: approximately \$1.2B (includes \$40M escalation)
- All other projects delivery on Current Law schedule

#	Project	Year:	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40+	
1	SR 522 to SR 527 Project					Phase 1	★		★			★											
	<i>Renton to Bellevue (Contract 3)</i>																						
2	• SR 167 Toll Up. & SB Aux											★											
	• Interchange Improvements											★											
3	SR 167 Master Plan Study				★																		
	<i>SR 167 Congestion Mgmt</i>																						
4	• SR 167 NB ETL Extension											★											
	• SR 167 SB ETL Extension									★													
5	N 8 th St Direct Access											★											
6	NE 85 th Toll Points Only																						

Legend	
★	Project Opening in scenario
★	Current law opening (if different)
↔	Delivery change from current law

OST Analysis: North End Phased

Key Assumptions:

- 30-year amortization with level debt service
- 2.50x coverage, incl. RSA
- Prefunded R&R
- Accelerated RSA funding
- Does not include \$32.9M in ARPA funds

Fiscal Year	Project Funds	Bond Proceeds	PayGo Funding	Funding Gap	% of Project
	Requested**	Delivered			Funds Delivered
2021	\$21,042,897	\$0	\$21,042,897	\$0	100%
2022	38,300,000	0	15,200,000	(23,100,000)	40%
2023	119,700,000	77,805,000	0	(41,895,000)	65%
2024	146,000,000	94,900,000	0	(51,100,000)	65%
2025	86,000,000	55,500,000	0	(30,500,000)	65%
2026	45,000,000	10,000,000	15,200,000	(19,800,000)	56%
2027	70,000,000	34,300,000	34,150,000	(1,550,000)	98%
2028	262,000,000	131,700,000	31,400,000	(98,900,000)	62%
2029	294,000,000	145,000,000	30,750,000	(118,250,000)	60%
2030	90,000,000	16,000,000	28,050,000	(45,950,000)	49%
2031	30,000,000	0	30,000,000	0	100%
Total	\$1,202,042,897	\$565,205,000	\$205,792,897	(\$431,045,000)	64%

Scenarios for financial analysis (Proviso 209)

Sec. 209: I-405/SR 167 corridor

Submit a bond proceeds corridor plan

Substitute Senate Bill 5165, Section 209 (8)

For the Department of Transportation – Toll Operations and Maintenance, Program B

The department shall submit a plan to the legislature for the Interstate 405 and state route number 167 express toll lanes account detailing how bond proceeds can cover the proposed construction plan on the Interstate 405 and state route number 167 express toll lane corridor outlined on LEAP Transportation Document 2021-1 as developed April 23, 2021, by January 1, 2022.

- Submit a plan detailing how bond proceeds can cover the proposed construction plan from the 2021-23 transportation budget.
- Report to the Legislature by Jan. 1, 2022.

Modified delivery scenario

- Adjusts delivery schedule by prioritizing delivery of BRT and ETL system
- Reduces funding gap from Current Law by approximately \$250M
- Total: approximately \$1.2B (includes \$80M escalation)
- Interchange improvements and N 8th move out 10 years from current law

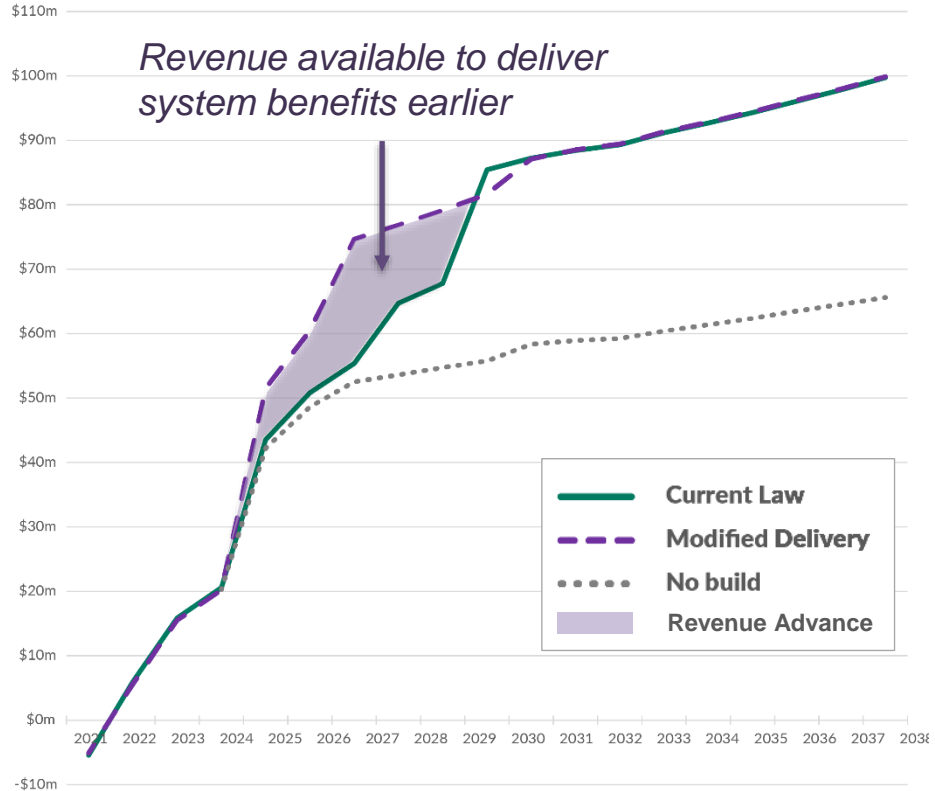
#	Project	Year:	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40+	
1	SR 522 to SR 527 Project							★	★														
	<i>Renton to Bellevue (Contract 3)</i>																						
2	• SR 167 Toll Up. & SB Aux					★					★												
	• Interchange Improvements										★											★	
3	SR 167 Master Plan Study				★																		
	<i>SR 167 Congestion Mgmt</i>																						
4	• SR 167 NB ETL Extension				★						★												
	• SR 167 SB ETL Extension									★		★											
5	N 8 th St Direct Access										★											★	
6	NE 85 th St Toll Points Only							★	★														
								Contingent upon ST Realignment Process															

Legend	
★	Project Opening in scenario
★	Current Law Opening
↔	Delivery change

Modified Delivery

Forecasted Net Toll Revenue

- Modified delivery revenue increases forecasted net revenue by ~\$60M
- Anticipated to help reduce funding gap of projects



OST Analysis: Modified Delivery

Key Assumptions:

- 30-year amortization with level debt service
- 2.50x coverage, incl. RSA
- Prefunded R&R
- Accelerated RSA funding
- Does not include \$32.9M in ARPA funds

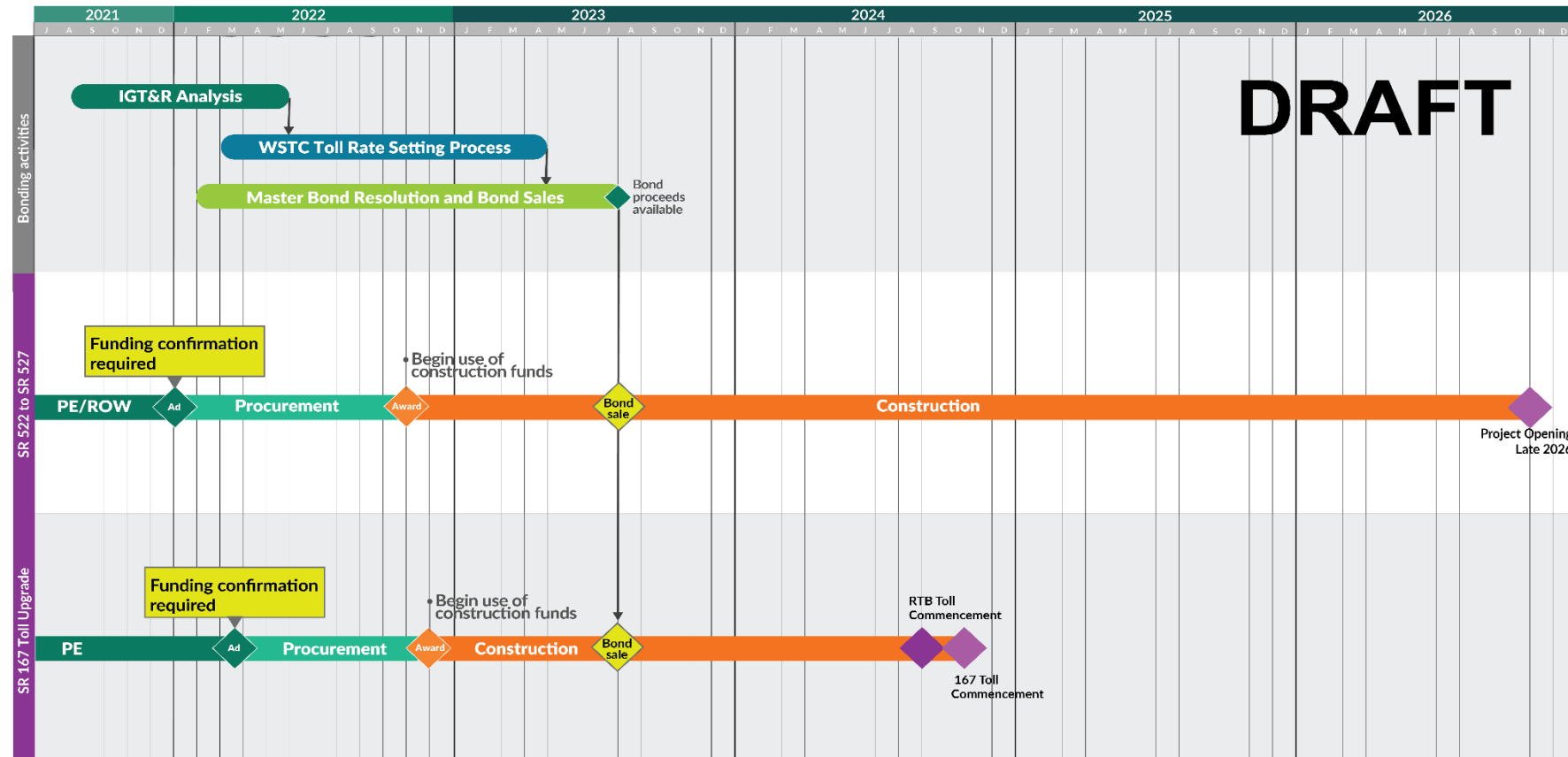
Fiscal Year	Project Funds	Bond Proceeds	PayGo Funding	Funding Gap	% of Project
	Requested**	Delivered			Funds
					Delivered
2021	\$21,042,897	\$0	\$21,042,897	\$0	100%
2022	23,300,000	0	21,000,000	(2,300,000)	90%
2023	176,700,000	132,525,000	0	(44,175,000)	75%
2024	225,000,000	168,750,000	0	(56,250,000)	75%
2025	138,000,000	97,000,000	0	(41,000,000)	70%
2026	106,000,000	61,000,000	14,500,000	(30,500,000)	71%
2027	24,000,000	0	24,000,000	0	100%
2028	30,000,000	0	30,000,000	0	100%
2029	30,000,000	0	30,000,000	0	100%
2030	15,000,000	0	15,000,000	0	100%
2031	0	0	0	0	0%
2032	0	0	0	0	0%
2033	0	0	0	0	0%
2034	0	0	0	0	0%
2035	0	0	0	0	0%
2036	10,000,000	0	10,000,000	0	100%
2037	40,000,000	0	40,000,000	0	100%
2038	203,500,000	91,000,000	112,500,000	0	100%
2039	199,500,000	90,000,000	109,500,000	0	100%
Total	\$1,242,042,897	\$640,275,000	\$427,542,897	(\$174,225,000)	86%

Summary

#	Project	Higher Gap (current law) +/- \$450M	Lower Gap (modified delivery) +/- \$200M
1	SR 522 to SR 527 Project	2027	2026
<i>Renton to Bellevue (Contract 3)</i>			
2	• SR 167 Toll Up. & SB Aux	2029	2024
	• Interchange Improvements	2029	2039
3	SR 167 Master Plan Study	2023	2023
<i>SR 167 Congestion Management</i>			
4	• SR 167 NB ETL Extension	2029	2024
	• SR 167 SB ETL Extension	2028	2030
5	N 8 th St Direct Access	2029	2039
6	NE 85 th St Toll Points Only	2025*	2026*

based on August 2021 assumptions

WSDOT WSTC OST Design-Builder



This schedule describes a possible option for modifying the program's modified delivery approach in response to the proviso. It does not represent a recommendation or decision by WSDOT.

Alternative financing/funding sources

Alternative financing/funding sources

Funding Sources

- New Revenue/Grants
 - State
 - 2022 Supplemental Transportation Budget
 - New law revenue package
 - Federal
 - ARPA (\$32.9M)
 - Surface Transportation Reauthorization
 - The American Jobs Plan
 - Local (still exploring)
 - Joint pursuit of grant opportunities
- Other considerations
 - Alternative funds
 - WSTC Policy

Alternative Financing

- Loans
 - Federal: TIFIA, GARVEE bonds
 - State: MVF loans
- Other considerations
 - Sales tax deferral

GARVEE bonds

- Grant Anticipation Revenue Vehicle (GARVEE) is a tax-exempt debt financing instrument that pledges expected future Federal transportation aid to the payment of debt service
- This financing mechanism generates up-front capital for the project but would also reduce future federal funds available for other transportation activities
- The Legislature authorized GARVEEs to fund a portion of the SR 520 floating bridge project
- Current law budget accounts for federal funds for transportation activities, primarily for preservation
- Committing future existing federal funds to repayment of new GARVEE bonds would require a reduction in future projected investment levels

Legislative action is required to issue GARVEE bonds

Debt Service and Planned Preservation

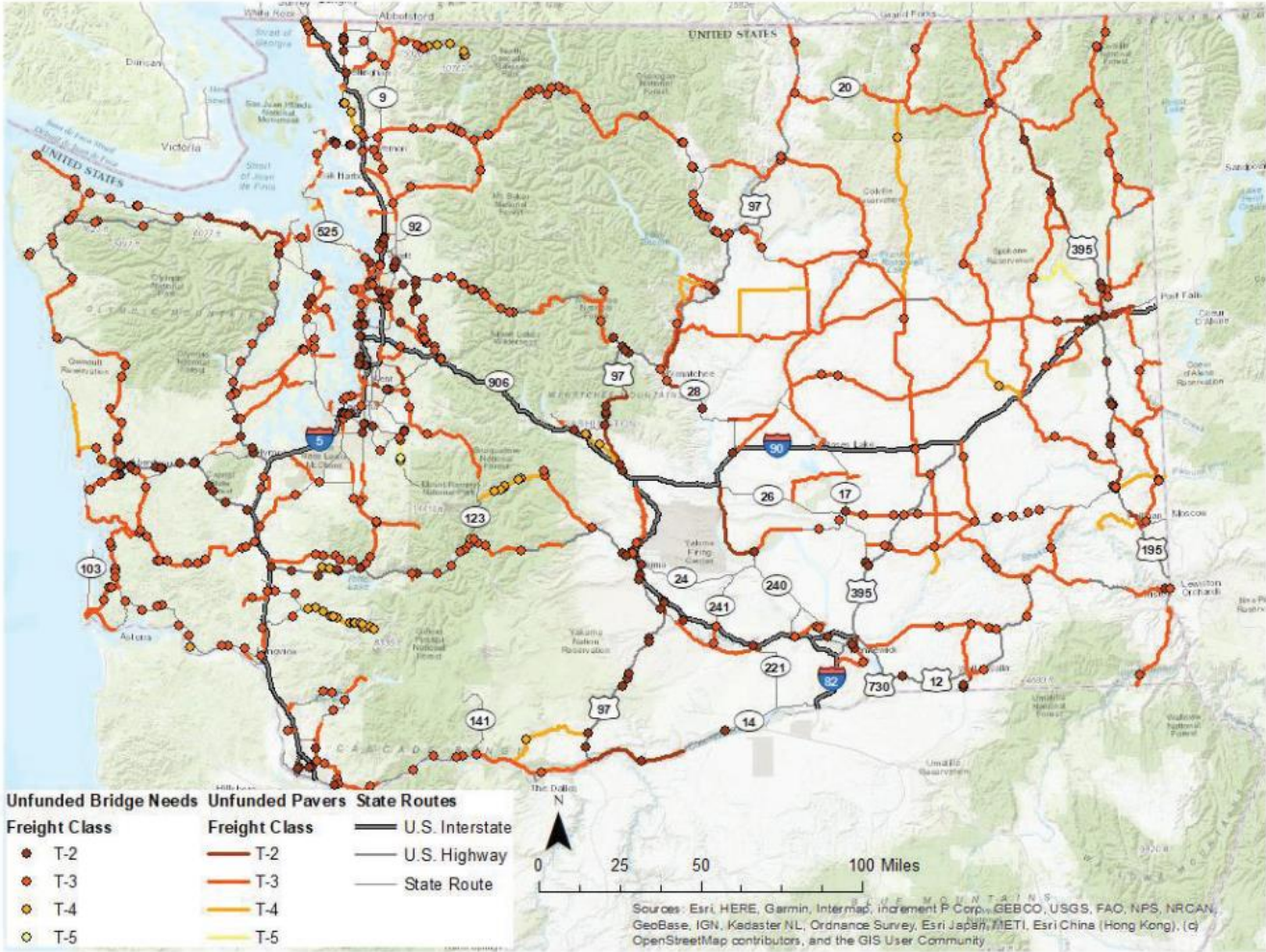
GARVEE Summary

	2019-21	2021-23	2023-25 ²	2025-27	2027-29	2029-31
Actual/Planned Expenditures ¹						
Program P						
Non-Dedicated Federal Funds	438,272,000	434,803,000	673,841,000	711,171,000	700,291,000	735,717,000
	438,272,000	434,803,000	673,841,000	711,171,000	700,291,000	735,717,000
GARVEE Debt Service	199,521,875	199,128,563	198,704,375			
Total	637,793,875	633,931,563	872,545,375	711,171,000	700,291,000	735,717,000

1. Based on the 2021 Legislative Project List (21LEGFIN)

2. The simultaneous increase in preservation funding levels and the continued GARVEE debt service in 2023-25 reflect timing differences between when funds are obligated and the preferred timing for when the appropriation is available for programming expenditures.

Unfunded Preservation Needs



Motor Vehicle Fund (MVF) Loans

- Provide MVF loans on the construction of the project and repay these loans at a later date
- Loans would generate up-front capital for the project but would also reduce funds available for other transportation activities
- Loans have been made from the MVF to support toll facilities

Legislative action is required to provide loans

Enacted Budget by Category

Motor Vehicle Fund

State Funds Only

\$ in thousands

2021-23 Enacted Budget		
Category	Amount	Percent
Operating	445,683	8%
Capital	3,352,835	62%
Maintenance	496,925	9%
Preservation	308,775	6%
Ferries (Operating & Capital)	629,906	12%
Other Agencies	143,233	3%
Total	5,377,357	100%

Accounts included in Motor Vehicle Fund Roll-Up

- 099 Puget Sound Capital Construction Account
- 09H Transportation Partnership Account
- 108 Motor Vehicle Account
- 109 Puget Sound Ferry Operations Account
- 20H Connecting Washington Account
- 215 Special Category C Account
- 550 Transportation 2003 Account (Nickel Account)

Deferred Sales Tax

- Deferring state and local sales tax reduces the initial project costs
- The sales tax that is deferred would be paid to the general fund at a later date
- Sales taxes were deferred on the SR 520 and Tacoma Narrows Bridge Project
- While this delays sales tax receipts to state and localities, delays in project timelines would have a similar effect
- State and local sales tax on project construction would be deferred by \$40M to \$70M

Legislative action is required to defer sales tax

TIFIA Loan

- The Transportation Infrastructure Finance and Innovation Act (TIFIA) program is a federal program that provides credit assistance (loans) for qualified projects and allows the borrower to pledge expected future revenues to the payment of a loan
- Eligible applicants include state and local governments, transit agencies, railroad companies, special authorities, special districts, and private entities
- The Legislature authorized a TIFIA Loan to fund a portion of the SR 520 floating bridge project
- TIFIA loans offer lower interest rates than typical GO Bonds and interest is not accrued until proceeds are drawn
- The application process for a TIFIA loan can be very lengthy and complicated

Federal approval is required to complete the TIFIA loan

Summary

Alternative Funding Source	Potential Contribution to Solution	Trade-offs	Other Considerations/ Timing
<p>TIFIA <i>A loan negotiated with the Federal government.</i></p>	<p>Results are market-driven, \$10's of millions, not a full solution.</p>	<p>Lower interest rates with greater administrative costs and lack of flexibility/control. Pledges the same toll revenue currently assumed, so any savings are from improved financing terms. SR 520 took two-years.</p>	<p>Using existing triple pledge bond authorization will limit debt to 30 yrs.</p>
<p>GARVEE <i>Debt issued by WA that is repaid with Federal transportation funds.</i></p>	<p>Legislature will determine size and budget impacts.</p>	<p>Legislative project list for 21-23 biennial budget assumes federal funds currently dedicated to repaying SR 520 GARVEE bonds would support future statewide highway preservation investments once repaid. If existing federal funds are used for new GARVEE debt, the Legislature will need to make budget tradeoff decisions and adjust future funding.</p>	<p>Market credit ratings are lower for GARVEE, so length is often shortened to achieve a better interest rate.</p>
<p>Deferred Sales Tax <i>State and local sales tax on project CN deferred until after completion.</i></p>	<p>\$40-\$70M reduced initial project costs</p>	<p>Delay in tax receipts to General Fund (but no sales tax receipts in a no-build scenario)</p>	<p>Legislature determines repayment terms</p>
<p>Motor Vehicle Fund (MVF) Loans <i>Fund transfer from one state account to another.</i></p>	<p>Legislature will determine size and budget impacts.</p>	<p>The legislature will determine capacity for loans based on other budget decisions and funding levels.</p>	<p>Legislature determines repayment terms</p>

Wrap-up

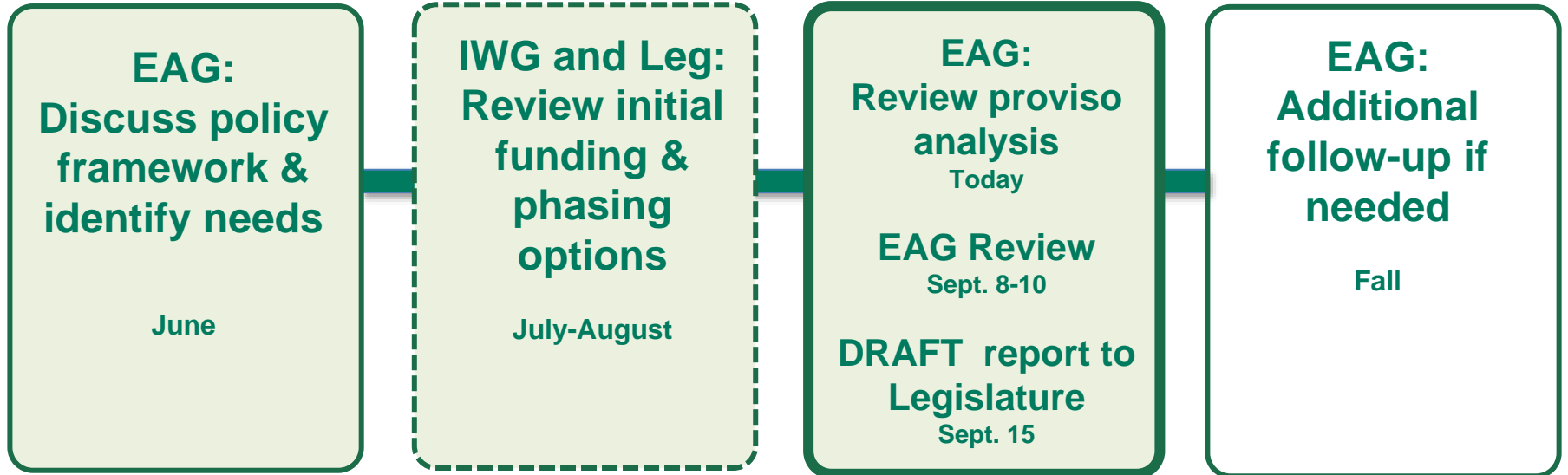
- Legislative action is needed to implement any of these options (TIFIA requires federal).
- Given the severe impact of COVID, it will take a combination of new funding sources and strategies to bridge the gap.
- If authorization and budget direction is received during the 2022 Legislative session, this action would align with the modified opening scenario.

Next steps

What we're hearing

- Prioritize funding and delivery of projects with system benefits/synergies that complement I-405 BRT and all ETL projects from Lynnwood to Burien, including those currently under construction.
- Corridor faces a funding challenge, not a phasing challenge.
 - Explore a wide variety of alternative funding options, be creative and report on all options, and identify the legislative authorization requirements.
 - Revenue-generating projects help to advance delivery of the program and overall system benefits.
 - Look for partnering opportunities and funding solutions, including grants.
 - Consider increased costs when delaying projects.
- Expedite delivery without negatively impacting delivery timing of other projects.

EAG engagement opportunities



Discussion or questions

Lisa Hodgson

I-405/SR 167 Program Administrator

HodgsoL@wsdot.wa.gov

Jason P. Richter

Deputy Treasurer – Debt Management

Jason.richter@tre.wa.gov

Doug Vaughn

WSDOT CFO

VaughnD@wsdot.wa.gov

Thank You