



Corridor Program

Summary

I-405/SR 167 Executive Advisory Group Meeting

Thursday, Dec. 2, 2021

Zoom

3:15 – 4:00 p.m.

Executive Advisory Group members and elected officials in attendance:

- Secretary of Transportation Roger Millar, Chair
- Deputy Mayor Jay Arnold, City of Kirkland
- Commissioner Shiv Batra, Washington State Transportation Commission
- Mayor Angela Birney, City of Redmond
- Councilmember Randy Corman, City of Renton
- Mayor Daryl Eiding, City of Edgewood
- Rep. Debra Entenman, Washington State House of Representatives
- Rep. Davina Duerr, Washington State House of Representatives
- Mike Griffus, Pierce Transit
- Rep. Shelley Kloba, Washington State House of Representatives
- Kelly McGourty, Puget Sound Regional Council
- Mayor Dana Ralph, City of Kent
- Senator Rebecca Saldaña, Washington State Senate
- Rep. Vandana Slatter, Washington State House of Representatives
- Councilmember Mason Thompson, City of Bothell
- Rep. Amy Walen, Washington State House of Representatives
- Councilmember Janice Zahn, City of Bellevue

Guests in attendance:

- Ed Barry, WSDOT
- Victor Bishop, Eastside Transportation Association
- Erica Bramlet, Transportation Committee, Washington State Senate
- Jeff Brauns, City of Newcastle
- Steve Breaux, WSDOT
- Rob Brown, City of Kent
- Madeline Cavazos, Office of King County Council Chair Claudia Balducci
- Paul Cornish, Sound Transit
- Dylan Counts, WSDOT
- Amy Danberg, WSDOT
- Ken Davies, City of Puyallup
- Samantha DeMars-Hanson, I-405/SR 167 Program
- April Delchamps, WSDOT
- Augusta DeVries, I-405/SR 167 Program
- Stephen Dickson, Snohomish County
- Ingrid Gaub, City of Auburn
- Emily Glad, WSDOT
- Reema Griffith, Washington State Transportation Commission
- Ron Kessack, City of Bellevue
- Cyndy Knighton, City of Tukwila
- Katie Kuciemba Halse, City of Bellevue
- Aaron Halbert, Washington State Transportation Commission
- Barrett Hanson, I-405/SR 167 Program
- Diana Hart, City of Woodinville
- Peter Heffernan, King County Metro
- Michael Kosa, City of Sumner
- Doug Levy, City of Renton
- Eddie Low, City of Bothell
- Daniel Masterson, Senate Transportation Committee
- Robin Mayhew, WSDOT



Corridor Program

- Julie Meredith, WSDOT
- Victoria Miller, I-405/SR 167 Program
- Chris Murphy, KIRO 7
- Ryan Olson, WSDOT
- Loren Othón, House Democratic Caucus
- Martin Pastucha, City of Renton
- Joel Pfundt, City of Kirkland
- Jason Richter, Office of State Treasurer
- Ruth Roberson, Office of Financial Management
- Kristin Sandstrom, WSDOT
- Jim Seitz, City of Renton
- Carl See, Washington State Transportation Commission
- Andrew Singelakis, City of Bellevue
- Ariel Taylor, Sound Transit
- Wendy Taylor, I-405/SR 167 Program
- Jen Tetatzin, Pierce County
- Christine Thomas, Transportation Committee, Washington State House of Representatives
- Noah Tunick, Community Transit
- Julie Underwood, City of Kirkland
- Bernard van de Kamp, Sound Transit
- Karl Westby, I-405/SR 167 Program
- Lacey Jane Wolfe, City of Bellevue

Presenters:

- Secretary of Transportation Roger Millar, Chair
- Colleen Gants, I-405/SR 167 Communicator and Facilitator, WSDOT
- Doug Vaughn, CFO, WSDOT
- Rob Woeck, Deputy Program Administrator, I-405/SR 167 Program, WSDOT

Note: These meeting notes are intended to capture the discussion at the meeting, including questions and comments from the group. This is not intended to be a formal testimony or a complete transcript of the meeting. Meeting materials, including the PowerPoint presentation, are available on the web at:

<https://wsdot.wa.gov/construction-planning/major-projects/i-405sr-167-corridor-program#Engagement>

I. Introductions and Agenda Review

Roger Millar, Secretary of Transportation, welcomed the Interstate 405/State Route 167 Executive Advisory Group (EAG) members. He introduced Rob Woeck, Deputy Program Administrator on the I-405/SR 167 Program, Julie Meredith, Assistant Secretary of Urban Mobility and Access and Megaprograms, and Doug Vaughn, WSDOT Chief Financial Officer.

Secretary Millar reviewed the agenda, starting with public comment and opening remarks, followed by a presentation from the WSDOT leadership on the response to two legislative provisos relating to funding and phasing on the corridor.

II. Public comment

Colleen Gants, I-405/SR 167 Communicator and Meeting Facilitator, noted that the project team did not receive any public comments or requests for verbal public comment.

III. Introductory remarks

Secretary Millar reflected on the challenges WSDOT has faced over the past two years and the financial challenges that came with them. Even though revenues are up from the September 2021 forecast, they are still below the pre-pandemic forecast in fuel tax and most other revenue streams. With the assistance provided by the federal government, and assuming the revenues included in the original Connecting Washington finance plan, it



Corridor Program

appears the legislative project list that accompanied the 2021-23 biennial budget was funded. However, gaps still exist in some facilities, such as I-405, that are particularly impacted by the pandemic's effect on toll revenues. Puget Sound Gateway and SR 520 Bridge Megaprograms are projecting cost increases; it is a hot construction market and things are costing more. Commitments to fish passage continues to contribute to the funding gap as well. We could also see some cost increases for other projects as we begin to better understand the impact of project delays and market conditions. Funding is one part of what is required to deliver legislative expectations, there are also workforce considerations for WSDOT and its partners.

Although today may be the first time EAG members hear about WSDOT's budget shortfalls, Secretary Millar said that in the coming weeks and months WSDOT will be sharing specifics related to projects and capital needs agencywide. Recently, WSDOT briefed the Joint Transportation Committee co-chairs and ranking leadership about the financial challenges WSDOT faces as we identify a path forward to deliver essential improvements to our multimodal highway system.

Secretary Millar pointed out the tremendous progress WSDOT has made with these Megaprograms, including making commitments in our environmental documents to Tribal Nations and community stakeholders, and to the public to finish what we started. He reiterated WSDOT's commitment to work closely with the Governor's office and the Legislature to address financial challenges and keep the EAG in the loop going forward.

Next, Secretary Millar highlighted a recent good news story about the King County Eastail. WSDOT had the opportunity to join King County Parks in celebrating the opening of 2.5 miles of new Eastail between Renton to Bellevue. WSDOT partnered with King County Parks to fund and deliver this segment of trail as part of the Renton to Bellevue project. He congratulated the team and those EAG members involved, including King County Councilmember Claudia Balducci, Bellevue Councilmember Janice Zahn, and Renton Councilmember Valerie O'Halloran.

IV. Legislative Proviso Work

Rob Woeck, I-405/SR 167 Deputy Program Administrator, reviewed the recently released interim financial plan and the cost gap range for the I-405/SR 167 program. He reiterated the information shared at meetings, that Current Law moved projects out and there is still a funding gap associated with Current Law. Due to toll revenue shortfalls and bonding constraints, there is less money to complete the projects appropriated in 2019. Following the 2021 legislative session, WSDOT received two provisos - one focusing on funding and phasing options for the SR 522 to SR 527 project and a second one that focuses on the entire corridor and how we can get back to Current Law and minimize the funding gap. The EAG meeting today will focus on the second proviso, clarifying the assumptions and information presented in the interim financial plan, delivered to the Legislature Sept. 15, 2021.

Next, Rob provided a recap of stakeholder engagement and collaboration over the past few months, including recent briefings with the Legislature and OFM. Rob said the team anticipates holding another EAG in spring after legislative session. At previous EAG and IWG meetings, members expressed their preference to not delay any projects and advance projects early to align with Sound Transit I-405 BRT and be consistent with Renton to Bellevue express toll lanes. That means WSDOT and the Legislature need to be as creative as possible and to identify funding to fill the gap.

The project team looked at a modified delivery approach, which prioritized projects that brought in more toll revenue earlier to close the gap which would let WSDOT deliver more projects and system benefits overall. The low end of the range was at \$175 million with a trade-off of ten-year delays for interchange projects. The feedback from stakeholders was that they preferred the upper end of the range at \$450 million, advancing some early projects and keeping the other projects at Current Law.



Corridor Program

To meet the early delivery schedule of 2026 for this modified version, WSDOT needs a commitment from the Governor's office and the Legislature in January 2022, and legislative action in the 2022 session. Current Law has a \$450 million gap due to the lack of toll revenue and also requires action from the Legislature in the 2022 session or key projects would move out until funding is identified, further delaying system benefits.

Doug Vaughn, WSDOT CFO, reviewed the alternative funding options provided in the report, which are strategies that the Legislature has utilized on previous toll projects and could be considered to possibly help fill the funding gap. WSDOT worked with OST to explore the options and identify the order of magnitude that some of these sources could provide: GARVEE bonds, Motor Vehicle Fund (MVF) loans, deferred sales tax, and TIFIA loans. With similar projects, it took a combination of new funding sources and strategies to bridge the gap, not just one option. There is no single answer and there are trade-offs to all options. All these options require legislative action (and TIFIA requires federal approval).

Doug mentioned that since the last EAG meeting the September and November forecasts came out. Ten-year projections are still well below pre-COVID levels, with corridor funding at approximately 38% lower than pre-pandemic levels, so we are not seeing the relief that we had hoped for on the revenue side. He also acknowledged that Congress recently passed and the President signed the Infrastructure Investment and Jobs Act.

Then, Rob reviewed the schedule and process to get to bonding. He highlighted the areas where funding certainty is required by legislative approval. Current Law delivery has an ad date of fall 2022, and that is the latest date for WSDOT to meet the 2027 delivery timeframe. He noted, Legislative action is required in 2022 for either schedule and with funding confirmation in the 2022 session, some projects could still be delivered on an advanced schedule.

Lastly, Rob reviewed next steps, which include finalizing the financial plan by January 1 and having an EAG after the 2022 legislative session.

Discussion:

- Bothell Councilmember Mason Thompson asked what level of commitment "funding certainty" entails.
 - Rob answered that WSDOT has to work with the legislative office and the Governor's office to identify what specifically it would look like, but it would generally mean not going out to ad until we are certain we have the funding for the entire project(s).
 - Secretary Millar added that WSDOT has in the past worked with a letter from the Four Corners (House and Senate Majority and Minority leaders) confirming funding, but never before for this amount of funding. WSDOT could work with the attorney general the Legislature identify what something like that could look like.
- Kirkland Deputy Mayor Jay Arnold asked if we know when the federal money from the infrastructure bill might be headed toward Washington for use?
 - Secretary Millar said the preliminary analysis shows that over the next five years, \$1.7 billion of the new transportation money will come to Washington through federal-aid highway formula programs. A percentage will be suballocated to the local jurisdictions. Under the state/ local split under the FAST act, WSDOT retained 61 percent of the federal aid highway formula money and local governments received 39 percent. The Governor's office will convene an advisory group after session to determine the state / local split under IJJA. It is ultimately the Governor's decision to recommend and the Legislature's decision to appropriate funding. He added that there are new discretionary grant programs within the bill. We anticipate a new round of RAISE grants in April of 2022 and INFRA will follow but WSDOT could not go to ad until we have heard confirmation that we won the grant, so delivery timelines are not guaranteed.



Corridor Program

- Bellevue Councilmember Janice Zahn asked what WSDOT is recommending the Governor's office include in the 2022 supplementary transportation budget. She reiterated that the I-405 users have been paying tolls for quite a few years and they would like to see that come back to their corridor.
 - Secretary Millar said that they are leaving that up to the Governor. WSDOT has connected with the Governor's office so they know about these projects and are aware of the timing and needs.
- Councilmember Zahn also asked how the project team will communicate with the EAG in the coming months as things get moving.
 - Rob said the project team anticipates reaching out to the EAG whenever they have questions and during legislative session if there are further developments that need to be shared with the EAG.

IV. Wrap up

Secretary Millar acknowledged and thanked retiring Renton Councilmember Randy Corman for his 23 years of service on the EAG. Secretary Millar thanked the group for their continued partnership and participation and reiterated that they will keep EAG members apprised as they learn more. The meeting adjourned at 4 p.m.