



CITY OF KIRKLAND
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MEMORANDUM

To: Kurt Triplett, City Manager
From: Lorrie McKay, Intergovernmental Relations Manager
Date: September 12, 2011
Subject: INITIATIVE 1125: CONCERNING STATE EXPENDITURES ON TRANSPORTATION

RECOMMENDATION:

City Council holds a public hearing and considers the attached resolution expressing opposition to Initiative Measure No. 1125 concerning state expenditures on transportation.

BACKGROUND:

Initiative 1125 was filed with the Secretary of State's office on January 20, 2011. Supporters submitted over 320,000 signatures to the secretary of state's office in July, well above the 241,000 needed to qualify an initiative for the ballot. The initiative was certified to the November 2011 statewide ballot on July 25, 2011. The ballot language is as follows:

Initiative Measure No. 1125 concerns state expenditures on transportation

This measure would prohibit the use of motor vehicle fund revenue and vehicle toll revenue for non-transportation purposes, and require that road and bridge tolls be set by the legislature and be project-specific.

Should this measure be enacted into law? Yes [] No []

The full text of the initiative is included as Attachment 1. If approved by the voters the measure would place a wide variety of restrictions on transportation spending in the state. It would prohibit motor vehicle fund revenue and vehicle toll revenue from being used for non-transportation purposes. It would prohibit non-highway use of state highway lanes funded by gas taxes or vehicle tolls. It would require the legislature to set tolls, and would provide that a toll on a particular road or bridge, including the Interstate 90 floating bridge, could be used only for construction, operation, or maintenance of that particular road or bridge.

Impacts on Revenue¹

- Little to no direct fiscal impact on cities
- Impacts on revenue indeterminate for projects whose tolling needs have not yet been assessed
- State Treasurer² states that having the Legislature set and adjust toll rates will make issuing toll revenue-only bonds prohibitively expensive, effectively eliminating this option

¹ [State Office of Finance and Management](#)

for transportation project financing and reducing capacity for funding transportation projects

- No other toll revenue bond issuer in the country subjects toll rates to legislative approval
- Investors in toll revenue bonds see independence of toll-setting bodies as a key credit characteristic
- I-1125 does not change existing tolls, toll rates or toll methodologies, so there are no fiscal impacts on current projects if rates remain the same
- Provisions apply to new tolls, increased tolls and changes to toll methodology to increase revenue

Specific Projects

- **State Route 520 Bridge**

- Tolls are already authorized and set for this project and follow current restrictions on the use of tolls for highway purposes, therefore I-1125 will not have fiscal impact in FY2012-17
- In the event of a toll increase, Legislature will have to act according to provisions in the initiative, complete a new toll rate analysis and supplemental environmental review, adding up to \$3.2 million in new costs
 - Previous analysis indicates a possible 11% loss in toll revenue if a fixed toll rate is set at an average of the variable toll rates.
 - Federal Urban Partnership grants awarded to WSDOT, King County and King County Ferry District were conditioned on variable tolling on the 520 bridge. If a toll rate increase is needed and a uniform toll rate implemented, the state, King County and King County Ferry District would lose the authority to use the remainder of the grant money and could be required to repay the grant money already spent (approximately \$100 million between the county and state).
 - Financing options for the authorized \$1.95 billion in bonds secured by toll revenue or toll and gas tax revenue could be limited if Legislature is required to set toll rates

- **I-405 HOV Lanes**

- Tolls are not currently set, but required by current law to be variable
- Putting a uniform toll rate in place would require additional toll rate analysis and environmental review, with an additional cost of up to \$2.5 million
- Impacts on toll revenue are indeterminate in without a new toll rate analysis

- **I-90 Tolling and Future Projects**

- Unknown if Legislature will authorize tolls for future projects, therefore fiscal impact is indeterminate
- Bonds secured by toll revenue only would not be an option for financing these projects

² [State Treasurer James McIntire's Statement on Initiative 1125](#)

Sponsors

Tim Eyman
Kemper Freeman

Opponents

Keep Washington Rolling Coalition (includes Washington Roundtable, Washington State Labor Council, Futurewise, Transportation Choices Coalition)

Pros identified by Proponents of I-1125

- Requiring elected officials to set tolls provides accountability and transparency
- Tolling can be seen as a regressive, inequitable fee for low-income drivers
- Prevents continuous tolling from being used as general tax revenue
- Reaffirms restrictions in the 18th amendment: fees from cars, including license fees, fuel excise taxes, other state highway revenue sources, must be used for highway purposes

Cons identified by Opponents of I-1125

- Banning variable tolling would make it difficult to get bonds for projects
 - Bond issuers want to know the state can adjust tolling pricing in order to pay bonds back
 - Eliminating this flexibility or putting tolling rates in the hands of the legislature would prevent investment or increase interest rates
- Setting tolling rates is a technical issue to be handled by traffic engineers, not a political issue to be handled by the Legislature and subject to the two-thirds majority rule from I-1053
- Halting infrastructure projects, like the 520 bridge, negatively affects jobs and economic growth
- Ending tolling once the project is paid off does not cover long-term maintenance costs of the road or bridge
- Halts light rail extension to Eastside because restrictions on tolling revenue and highway use wouldn't allow voter-approved light rail on the I-90 bridge
- Tolling is needed to balance out a decrease in gas tax revenue
- Variable tolls are one of four nationally recommended mechanisms to relieve congestion, based on a performance audit by the State Auditor's Office and USDOT
- Creating transportation choices provides social equity
- Variable tolling distributes costs more fairly by placing more costs on peak hour drivers, who are creating the need for more capacity, and prevents the need for statewide measures, like raising the gas tax, that require drivers who do not use the specific road to help pay for the costs of the project

Under RCW 42.17.130, the Council may vote on a resolution to support or oppose a ballot proposition "so long as (a) any required notice of the meeting includes the title and number of the ballot proposition, and (b) members of the legislative body or members of the public are afforded an approximately equal opportunity for the expression of any opposing view;..."

Attachment 1 – Text of Initiative 1125
Attachment 2 – Yes on I-1125 literature
Attachment 3 – No on I-1125 literature
Attachment 4 – State Treasurer's Statement on I-1125
Attachment 5 – Resolution

PROTECT GAS-TAXES AND TOLL-REVENUES ACT
PROTECT THE 18TH AMENDMENT TO WASHINGTON'S CONSTITUTION

AN ACT Relating to transportation; amending RCW 47.56.030, 47.56.810, 47.56.820, 47.56.830, and 47.56.790; adding new sections to chapter 46.68; and creating new sections.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

POLICIES AND PURPOSES

NEW SECTION. **Sec. 1.** The 18th Amendment to the Washington Constitution protects gas taxes and toll revenues. But politicians and special interest groups have been working for years to sidestep the 18th Amendment's protections and divert those revenues to non-transportation purposes. This measure protects our gas taxes and toll revenues from a legislative raid by giving voters the chance to reaffirm their support for the 18th Amendment to the Washington Constitution. This measure would:

(1) Prohibit state government from diverting gas taxes and toll revenues in the motor vehicle fund or other funds to the general fund or other funds and used for non-transportation purposes;

(2) Prohibit state government from transferring or using gas-tax-funded or toll-revenue-funded lanes on state highways for non-highway purposes; and

(3) Require tolls to be dedicated to the project they're paying for, ending such tolls when the project is completed, and only allowing tolls to be used for purposes consistent with the 18th Amendment to the Washington Constitution. Tolls on a project must be spent on that project and may not be diverted and spent on other things (allowing tolls to be imposed on anyone and spent on anything stops them from being tolls and makes them into de facto taxes).

**GAS TAXES AND TOLL REVENUES CANNOT BE DIVERTED TO THE GENERAL FUND
OR OTHER FUNDS AND USED FOR NON-TRANSPORTATION PURPOSES**

NEW SECTION. **Sec. 2.** State government, the department of transportation, and other agencies may not transfer revenues in the motor vehicle fund or any toll fund to the general fund or other funds and used for non-transportation purposes.

**GAS-TAX-FUNDED OR TOLL-REVENUE-FUNDED LANES ON STATE HIGHWAYS CANNOT
BE TRANSFERRED OR USED FOR NON-HIGHWAY PURPOSES**

NEW SECTION. **Sec. 3.** State government, the department of transportation, and other agencies may not transfer or use gas-tax-funded or toll-funded lanes on state highways for non-highway purposes.

**TOLLS ON A PROJECT MUST BE DEDICATED TO THAT PROJECT, ENDED WHEN
THE PROJECT IS COMPLETED, AND USED ONLY FOR PURPOSES CONSISTENT
WITH THE 18TH AMENDMENT TO THE WASHINGTON CONSTITUTION**

Sec. 4. RCW 47.56.030 and 2008 c 122 s 8 are each amended to read as follows:

- (1) Except as permitted under chapter 47.29 or 47.46 RCW:
 - (a) Unless otherwise delegated, and subject to RCW 47.56.820, the department of transportation shall have full charge of the

planning, analysis, and construction of all toll bridges and other toll facilities including the Washington state ferries, and the operation and maintenance thereof.

(b) The (~~transportation commission~~) legislature, subject to the requirements of RCW 43.135.055 as amended by Initiative Measure No. 1053, shall determine and establish the tolls and charges thereon. Except for Washington state ferries toll facilities, revenue from tolls or charges on a highway, freeway, road, bridge, or street may only be used for the cost of construction and capital improvements to that particular highway, freeway, road, bridge, or street and all revenues from such tolls may only be used for purposes consistent with the eighteenth amendment to the Washington Constitution.

(c) Unless otherwise delegated, and subject to RCW 47.56.820, the department shall have full charge of planning, analysis, and design of all toll facilities. The department may conduct the planning, analysis, and design of toll facilities as necessary to support the legislature's consideration of tolls (~~authorization~~).

(d) The department shall utilize and administer toll collection systems that are simple, unified, and interoperable. To the extent practicable, the department shall avoid the use of toll booths. The department shall set the statewide standards and protocols for all toll facilities within the state, including those authorized by local authorities.

(e) Except as provided in this section, the department shall proceed with the construction of such toll bridges and other facilities and the approaches thereto by contract in the manner of state highway construction immediately upon there being made available funds for such work and shall prosecute such work to completion as rapidly as practicable. The department is authorized to negotiate contracts for any amount without bid under (e) (i) and (ii) of this subsection:

(i) Emergency contracts, in order to make repairs to ferries or ferry terminal facilities or removal of such facilities whenever continued use of ferries or ferry terminal facilities constitutes a

real or immediate danger to the traveling public or precludes prudent use of such ferries or facilities; and

(ii) Single source contracts for vessel dry dockings, when there is clearly and legitimately only one available bidder to conduct dry dock-related work for a specific class or classes of vessels. The contracts may be entered into for a single vessel dry docking or for multiple vessel dry dockings for a period not to exceed two years.

(2) The department shall proceed with the procurement of materials, supplies, services, and equipment needed for the support, maintenance, and use of a ferry, ferry terminal, or other facility operated by Washington state ferries, in accordance with chapter 43.19 RCW except as follows:

(a) When the secretary of the department of transportation determines in writing that the use of invitation for bid is either not practicable or not advantageous to the state and it may be necessary to make competitive evaluations, including technical or performance evaluations among acceptable proposals to complete the contract award, a contract may be entered into by use of a competitive sealed proposals method, and a formal request for proposals solicitation. Such formal request for proposals solicitation shall include a functional description of the needs and requirements of the state and the significant factors.

(b) When purchases are made through a formal request for proposals solicitation the contract shall be awarded to the responsible proposer whose competitive sealed proposal is determined in writing to be the most advantageous to the state taking into consideration price and other evaluation factors set forth in the request for proposals. No significant factors may be used in evaluating a proposal that are not specified in the request for proposals. Factors that may be considered in evaluating proposals include but are not limited to: Price; maintainability; reliability; commonality; performance levels; life cycle cost if applicable under this section; cost of transportation or delivery; delivery schedule offered; installation cost; cost of spare parts; availability of

parts and service offered; and the following:

(i) The ability, capacity, and skill of the proposer to perform the contract or provide the service required;

(ii) The character, integrity, reputation, judgment, experience, and efficiency of the proposer;

(iii) Whether the proposer can perform the contract within the time specified;

(iv) The quality of performance of previous contracts or services;

(v) The previous and existing compliance by the proposer with laws relating to the contract or services;

(vi) Objective, measurable criteria defined in the request for proposal. These criteria may include but are not limited to items such as discounts, delivery costs, maintenance services costs, installation costs, and transportation costs; and

(vii) Such other information as may be secured having a bearing on the decision to award the contract.

(c) When purchases are made through a request for proposal process, proposals received shall be evaluated based on the evaluation factors set forth in the request for proposal. When issuing a request for proposal for the procurement of propulsion equipment or systems that include an engine, the request for proposal must specify the use of a life cycle cost analysis that includes an evaluation of fuel efficiency. When a life cycle cost analysis is used, the life cycle cost of a proposal shall be given at least the same relative importance as the initial price element specified in the request of proposal documents. The department may reject any and all proposals received. If the proposals are not rejected, the award shall be made to the proposer whose proposal is most advantageous to the department, considering price and the other evaluation factors set forth in the request for proposal.

Sec. 5. RCW 47.56.810 and 2008 c 122 s 3 are each amended to read as follows:

The definitions in this section apply throughout this subchapter unless the context clearly requires otherwise:

(1) "Tolling authority" means the governing body that is legally empowered to review and adjust toll rates. (~~Unless otherwise delegated, the transportation commission~~) As required by RCW 43.135.055 as amended by Initiative Measure No. 1053, the legislature is the tolling authority for all state highways.

(2) "Eligible toll facility" or "eligible toll facilities" means portions of the state highway system specifically identified by the legislature including, but not limited to, transportation corridors, bridges, crossings, interchanges, on-ramps, off-ramps, approaches, bistate facilities, and interconnections between highways.

(3) "Toll revenue" or "revenue from an eligible toll facility" means toll receipts, all interest income derived from the investment of toll receipts, and any gifts, grants, or other funds received for the benefit of the eligible toll facility that may only be used for purposes consistent with the eighteenth amendment to the Washington Constitution.

Sec. 6. RCW 47.56.820 and 2008 c 122 s 4 are each amended to read as follows:

(1) (~~Unless otherwise delegated~~) As required by RCW 43.135.055 as amended by Initiative Measure No. 1053, only the legislature may authorize the imposition of tolls on eligible toll facilities.

(2) All revenue from an eligible toll facility must be used only to construct, improve, preserve, maintain, manage, or operate the eligible toll facility on or in which the revenue is collected subject to the limitations in RCW 47.56.830. Expenditures of toll revenues are subject to appropriation and must be made only for the following purposes as long as the expenditure is consistent with the eighteenth amendment to the Washington Constitution:

(a) To cover the operating costs of the eligible toll facility, including necessary maintenance, preservation, administration, and

toll enforcement by public law enforcement within the boundaries of the facility;

(b) To meet obligations for the repayment of debt and interest on the eligible toll facilities, and any other associated financing costs including, but not limited to, required reserves and insurance;

(c) To meet any other obligations to provide funding contributions for any projects or operations on the eligible toll facilities;

(d) To provide for the operations of conveyances of people or goods; or

(e) For any other improvements to the eligible toll facilities.

Sec. 7. RCW 47.56.830 and 2008 c 122 s 5 are each amended to read as follows:

Any proposal for the establishment of eligible toll facilities shall consider the following policy guidelines:

(1) Overall direction. Washington should use tolling to encourage effective use of the transportation system and provide a source of transportation funding.

(2) When to use tolling. Tolling should be used when it can be demonstrated to contribute a significant portion of the cost of a project that cannot be funded solely with existing sources or optimize the performance of the transportation system. Such tolling should, in all cases, be fairly and equitably applied in the context of the statewide transportation system and not have significant adverse impacts through the diversion of traffic to other routes that cannot otherwise be reasonably mitigated. Such tolling should also consider relevant social equity, environmental, and economic issues, and should be directed at making progress toward the state's greenhouse gas reduction goals.

(3) Use of toll revenue. All revenue from an eligible toll facility must be used only to improve, preserve, manage, or operate the eligible toll facility on or in which the revenue is collected as long as the revenues are spent on purposes consistent with the

eighteenth amendment to the Washington Constitution. Additionally, toll revenue should provide for and encourage the inclusion of recycled and reclaimed construction materials.

(4) Setting toll rates. Toll rates must be set by the legislature as required by RCW 43.135.055 as amended by Initiative Measure No. 1053, must be uniform and consistent, (~~which~~) may not include variable pricing, and must be set to meet anticipated funding obligations. To the extent possible, the toll rates should be set to optimize system performance, recognizing necessary trade-offs to generate revenue.

(5) Duration of toll collection. (~~Because transportation infrastructure projects have costs and benefits that extend well beyond those paid for by initial construction funding,~~) Tolls on future toll facilities (~~(may remain in place to fund additional capacity, capital rehabilitation, maintenance, management, and operations, and to optimize performance of the system)~~) must end after the cost of the project is paid.

(6) Dedication of tolls. As referenced in RCW 47.56.030, tolls on a project must be spent on that project and may not be diverted elsewhere and all revenues from such tolls may only be used for purposes consistent with the eighteenth amendment to the Washington Constitution.

Sec. 8. RCW 47.56.790 and 2008 c 270 s 5 are each amended to read as follows:

The department shall work with the federal highways administration to determine the necessary actions for receiving federal authorization to toll the Interstate 90 floating bridge. The department must periodically report the status of those discussions to the governor and the joint transportation committee. Toll revenue imposed and collected on the Interstate 90 floating bridge must be used exclusively for toll facilities and capital improvements to Interstate 90 and may only be used for purposes consistent with the eighteenth amendment to the Washington Constitution.

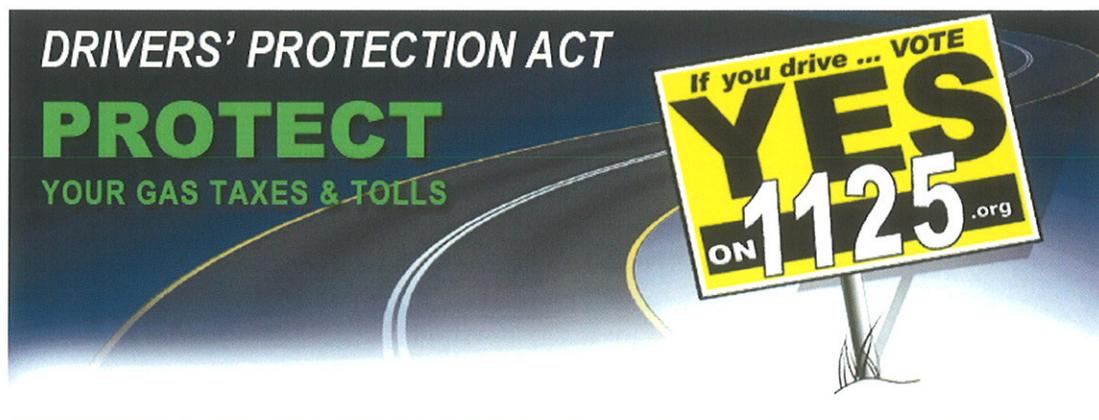
MISCELLANEOUS

NEW SECTION. **Sec. 9.** The provisions of this act are to be liberally construed to effectuate the intent, policies, and purposes of this act.

NEW SECTION. **Sec. 10.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec. 11.** This act is called the "Protect Gas-Taxes and Toll-Revenues Act - Protect the 18th Amendment to Washington's Constitution."

--- END ---



TRUE OR FALSE

TRUE OR FALSE?

TRUE OR FALSE?

I-1125 IS A RECIPE FOR GRIDLOCK

If this passes it would kill the voter-approved plan to build light rail across Lake Washington on the I-90 bridge. I-1125 threatens hundreds of current and future projects around the state.

FALSE!

I-1125 has **NOTHING** to do with stopping light rail. It simply states that the legislature must adhere to the [18th Amendment](#). Go ahead and toll the roads, but the [18th Amendment](#) states that the money raised must be used for highway purposes. I-1125 merely requires adherence to current statutes. Any claims of project delay due to funding changes must, by definition, be an admission that there were plans to violate the law.¹

TRUE OR FALSE?

I-1125 WILL COST TAXPAYERS MORE AROUND WASHINGTON

If I-1125 passes, we will be forced to look for alternative funding-like the gas tax instead of user-fee based tolling-for vital projects, meaning communities across the state will pay more.

FALSE!

Current law requires a 2/3 vote of the legislature to raise taxes. Tolls being deposited into a general slush fund would be de facto taxes. This is an end-run around I-1053 which passed by 64% last fall. We simply want to close this loophole and insure any tax or fee increases are done by current statutes. Should these taxes be made into law, it would only be after you have had the opportunity to be heard. This will keep the process transparent and the legislators accountable to their constituents. Opponents to I-1125 prefer unelected, unaccountable, bureaucrats to assess, collect, and distribute these revenues.

TRUE OR FALSE?

I-1125 turns our transportation system into a game of politics, not policy

Currently, an independent, non-partisan commission sets toll rates in the state.

TRUE!

However, current law requires that all new or increased fees must be established in legislation approved by majorities in both houses of the legislature. Opponents to I-1125 seek to circumvent the law by having unelected, unaccountable bureaucrats assess, collect, and distribute these funds.

¹ Sound Transit 2 (Puget Sound): Snohomish, King, and Pierce county voters passed a measure increasing the regional general sales tax in July 2008. The measure is intended to raise \$17.8 billion over 15 years to pay for a variety of transit improvements, including light rail, streetcar, and commuter rail expansion as well as additional service on commuter rail and express buses. <http://www.seattle.gov/transportation/docs/tmp/briefingbook/SEATTLE%20TMP%207%20BP%20-%20n%20-%20Capital%20Funding.pdf>



[HOME](#)

WHY I-1125?

It's time to stand up for the 97% of us who choose to drive cars everyday. **I-1125** was filed to protect our right to travel where we want, when we want, and how we want.

INITIATIVE 1125

Filed January 20, 2011

OFFICIAL TITLE:
PROTECT GAS-TAXES AND TOLL-REVENUES ACT, PROTECT THE 18TH AMENDMENT TO WASHINGTON'S CONSTITUTION

[READ / DOWNLOAD THE ENTIRE TEXT](#)

I-1125 requires that we keep these common sense and long-standing transportation policies:

- TOLL REVENUES ARE THE SAME AS GAS TAXES - PROTECTED BY THE **18TH AMENDMENT** AND CAN ONLY BE USED FOR HIGHWAY PURPOSES. **(just the way it's always been.)**
- TOLLS CAN ONLY BE USED FOR THE SPECIFIC ROAD PROJECT BEING TOLLED. **(just the way it's always been.)**
- TOLLS CAN ONLY BE USED FOR CAPITAL COSTS. **(just the way it's always been.)**
- TOLLS END WHEN THE PROJECT IS PAID FOR. **(just the way it's always been.)**
- TOLLS DO NOT VARY. THEY ARE THE SAME 24/7 AND EVERYONE PAYS. **(just the way it's always been.)**
- TOLLS ARE SET BY THE LEGISLATURE WHO CAN BE HELD ACCOUNTABLE, INSTEAD OF UNELECTED BUREAUCRATS. (As required by last year's **I-1053** - only elected officials can raise taxes and fees).

OPPONENTS TO I-1125 SEEK TO CHANGE THESE PRECEDENTS.

IN SUMMARY

I-1125 is needed because policies coming from Olympia are radically reversing these long-standing principles and turning tolls into "FOREVER" taxes. I-1125 also keeps them from spending your toll dollars on non-highway purposes – even programs unrelated to transportation.

I-1125 reaffirms your support of **18th Amendment** protections, sending a clear message to Olympia to stay away from politically correct social engineering designed to raise the congestion misery index high enough to force you out of your car.

We are not opposed to tolls - we support them. But, we believe in the long-standing policies above that require tolls remain project-specific, end when the project is paid for, establish a price that's the same for everyone 24/7, and that revenues be used only for highway purposes – **JUST AS IT HAS ALWAYS BEEN.** That's all **I-1125** is about.

LEARN MORE AT [TRUTH ABOUT TRAFFIC.ORG](http://TRUTHABOUTTRAFFIC.ORG)

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Frequently Asked Questions: The Truth Behind Initiative I 125



Who is really behind I-1125?

I-1125 is the latest scheme to halt transportation projects and cause gridlock from initiative kingpin Tim Eyman. Eyman is primarily funded by a single wealthy donor, and paid nearly 1 million dollars to paid signature gatherers to get this latest “initiative of the people” on the ballot.

What does I-1125 really do?

Like with many of Eyman’s initiatives, the devil is in the details.

Masquerading as an initiative about tolls, I-1125 is really an attempt to halt or stall major transportation mobility projects around the state. I-1125 seeks to ban the use of variable tolling and limit where and when tolls could be used. I-1125 doesn’t prevent tolling, it merely hands the ability to toll over to the state legislature. Currently, an independent, non-partisan commission of experts sets toll rates in the state. No other state in the country allows politicians to set and control tolling rates. The idea of a legislator from Seattle setting toll rates in Eastern Washington or having a politician in Walla Walla determining important transportation policies in the Puget Sound area makes no sense.

What projects are at stake?

Among those in danger are the Evergreen Point floating bridge replacement across Lake Washington, Clark County’s Columbia River Crossing and Seattle’s Alaskan Way Viaduct. And some already planned mobility projects, like the improvements slated for SR 167 and 509 may face a funding crisis if I-1125 is approved. The threat doesn’t just stop there--it also means that hundreds of smaller projects, including many in rural areas, would be affected as well--creating a backlog of projects we can’t afford and miring our communities in gridlock.

Who opposes I-1125?

The health of our communities and the health of our economy relies on good transportation policy that keeps people moving. I-1125 threatens to create gridlock around the state, damaging our quality of life and our economy. That’s why experts in transportation planning across the state and a nearly unprecedented coalition of businesses, labor and community leaders have come together to oppose Initiative I 125 under the banner of Keep Washington Rolling.

How much will I-1125 cost?

I-1125 could cost taxpayers billions of dollars. The State Treasurer cautions that the initiative would blow a \$500 million hole in the financing for the 520 Evergreen Ppint floating bridge project alone--- meaning the state would revert to using gas taxes to pay back those bonds. And any future bonding would also be threatened, the Treasurer cautioned, explaining that no other state allows the legislature to set toll prices because independent bond houses often won’t bond--or bonds would cost an additional \$18 million for every \$100 million--when the financing is at the whim of politicians.

The Office of Financial Management also found that I-1125 would blow a hole in transportation funding in Washington, including sacrificing half or more of \$123 million in federal grant funding that is currently slated to be spent in Washington on transportation projects and job creation.

Paid for by Keep Washington Rolling/PO Box 2505-Seattle, WA 98111

Web: www.voteNo1125.com -or- Facebook.com/KeepWaRolling Contact: info@voteNO1125.com

How will I-1125 affect low-income families?

Proponents of I-1125 want you to believe that transportation policies that keep our roads moving, like variable tolling are bad for low income families. The reality is that if I-1125 passes it will have a devastating effect on low income families because it will cost taxpayers more around the state. Without the ability to bond major projects against tolling revenue, the state will be forced to turn to the gas-tax and other sources of revenue, meaning taxpayers around the state will pay more for projects that they may never use. Tolls are fairer. Tolls are a user fee -- people only pay for what they use. That's fairer than raising taxes on everyone—or diverting limited resources— to fund critical projects.

Don't fewer projects mean fewer jobs?

Yes. By halting or stalling major projects, we will lose thousand of living wage construction jobs that many families rely on. And it isn't just construction jobs that we need to worry about--countless more jobs will disappear or never be created if businesses move away from our state or don't invest here because they can't they can't move goods and employees around our region.

What do experts say?

Transportation planning experts around the state are lining up to oppose I-1125. Every State Transportation Secretary for the past 17 years is opposed to I-1125. And the State Treasurer recently noted just how dangerous I-1125, cautioning that politicizing our tolling system would make our system unstable and discourage investment in Washington. The analysis found that the uncertainty created by allowing politicians to set toll rates will cost Washington State billions in bond financing for important projects while increasing financing costs for taxpayers by hundreds of millions. Washington can't afford to lose billions of dollars in funding right now or see our transportation bonds downgraded.

What would I-1125 mean for voter approved projects like light rail on I-90?

According to Eyman, if I-1125 passes it would kill the voter-approved plan to build light rail across Lake Washington on the I-90 floating bridge. That alone would create gridlock and cost our economy hundreds of jobs and billions in lost wages, all while putting the future economic vitality of the region at risk. We can't afford I-1125.



Keep Washington Rolling

Initiative 1125 will appear on the November ballot. Masquerading as a measure about tolling, 1125 is a dangerous and irresponsible initiative designed to halt major transportation projects across the state. At a time when our economy most needs help, I-1125 would blow a hole in transportation funding, miring our communities in gridlock, and further slowing our economic recovery.

I-1125: Stalling progress, increasing gridlock

I-1125 threatens hundreds of current and future projects around the state. Among those in danger are the Evergreen Point floating bridge replacement across Lake Washington, Clark County's Columbia River Crossing and Seattle's Alaskan Way

Viaduct. And some already planned mobility projects, like the improvements slated for SR 167 and 509 may face a funding crisis if I-1125 is approved. The threat doesn't just stop there--it also means that hundreds of smaller projects, including many in rural areas, would be affected as well--creating a backlog of projects we can't afford and miring our communities in gridlock. These delays will threaten not just our quality of life but the desirability of our state to live, work and do business in.

I-1125 will cost taxpayers more around Washington

The Office of Financial Management found that I-1125 would blow a hole in transportation funding in Washington, including sacrificing half or more of \$123 million in federal grant funding that is currently slated to be spent in Washington on transportation projects and job creation. If I-1125 passes, we will be forced to look for alternative funding--like the gas tax instead of user-fee based tolling--for vital projects, meaning communities across the state will pay more. We can't afford Tim Eyman's prescription for gridlock. We can't afford I-1125.

Turns our transportation system into a game of politics, not policy

Currently, an independent, non-partisan commission sets toll rates in the state. I-1125 would take toll rates out of the hands of that independent commission and turn it over to the state legislature. The idea of a legislator from Seattle setting toll rates in Eastern Washington or having a politician in Walla Walla determining important transportation policies in the Puget Sound area makes no sense -- that's why no other state in the country lets politicians set toll rates. In Washington State, variable tolling, or HOT lanes, used along the Highway 167 corridor has helped improve the efficiency of the HOV system and relieve congestion in the general purpose lanes. Current planning to use HOT lanes along I-405 come with strong performance standards to ensure variable tolling is working. I-1125 compromises our ability to ensure that independent transportation experts oversee important decisions--like monitoring performance standards--and allows toll setting to become at the whim of the legislature.

I-1125: A recipe for recession

The State Treasurer recently noted just how dangerous politicizing this issue is. The analysis found that the uncertainty created by allowing politicians to set toll rates will cost Washington State billions in bond financing for important projects while increasing financing costs for taxpayers by hundreds of millions. Washington can't afford to lose billions of dollars in funding right now or see our transportation bonds downgraded.

Who is opposed to I-1125?

The health of our communities and the health of our economy relies on good transportation policy that keeps people moving. I-1125 threatens to create gridlock around the state, damaging our quality of life and our economy. That's why experts in transportation planning across the state and a nearly unprecedented coalition of businesses, labor and community leaders have come together to oppose Initiative 1125 under the banner of Keep Washington Rolling.

I-1125 will harm our economy and cost us jobs when we need them most.

Please vote NO on I-1125.

Paid for by Keep Washington Rolling/PO Box 2505-Seattle, WA 98111

Web: www.voteNo1125.com -or- Facebook.com/KeepWaRolling Contact: info@voteNO1125.com



Washington State Treasurer

James L. McIntire

News

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State Treasurer James McIntire's Statement on Initiative 1125

Contact: Chris McGann 360-902-9033

Friday, August 12, 2011 - The State Treasurer's Office has provided a financial analysis of Initiative 1125 as input for the Fiscal Impact Statement published by the Office of Financial Management.

The public has expressed interest in the Treasurer's professional opinion about how I-1125 would impact the financing of major highway projects. This document provides an explanation of our analysis.

"It is important for the public to understand the effect this initiative would have on transportation projects that are so important to our state's continued economic vitality," McIntire said. .

Most significantly from a financial perspective, I-1125 would require the Legislature to set tolls. Toll are currently set by the Washington State Transportation Commission

"Requiring tolls to be set and adjusted by the Legislature rather than by an independent toll-setting body makes the cost of bonds secured solely by toll revenue prohibitively expensive and would be unprecedented nationally," McIntire said. "We simply cannot sell toll-backed bonds if the Legislature is the toll-setting authority."

Because investors in toll revenue bonds see the independence of toll-setting bodies as a critical credit characteristic, no other toll revenue bond issuer in the nation sets tolls subject to legislative approval. [Public Resource Advisory Group (PRAG, an independent financial advisory firm) analysis transmitted to the state February 4, 2011].

Passage of I-1125 would remove more than \$500 million in FY 2014 toll revenue bond proceeds from the baseline financing plan for the 520 bridge replacement project now underway. "By removing toll-only bonds from consideration, passage of Initiative 1125 would blow a huge hole in the financing plan for 520," McIntire said.

Similarly, I-1125 would eliminate toll revenue bond financing as a way to help pay for other major highway projects such as the 1-5 Columbia River Crossing, the Alaskan Way Viaduct replacement, and projects to extend SR 167 in Puyallup and SR 509 in South King County.

If passed, I-1125 puts at risk the financing for hundreds of millions of dollars of planned gas tax projects around the state.

Initiative 1125 would prohibit motor vehicle fuel tax revenue and vehicle toll revenue from being used for non-transportation purposes. It would prohibit non-highway use of state highway lanes funded by gas taxes or vehicle tolls. And, it would prohibit tolls from a particular road or bridge, including the Interstate 90 floating bridge, from being used to pay for another road or bridge.

"By eliminating toll revenue bonds as a way to pay for these mega projects, I-1125 increases the need to rely on bonds secured by already over-subscribed motor vehicle fuel tax revenues," McIntire said. "I-1125 also removes tolling I-90 as a potential source of funds to pay for completion of the 520 project."

For more information visit the Office of the State Treasurer's website at www.tre.wa.gov

RESOLUTION R-4891

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND STATING THE CITY COUNCIL'S OPPOSITION TO INITIATIVE 1125 ON THE NOVEMBER 8, 2011, GENERAL ELECTION BALLOT.

WHEREAS, Initiative 1125 (I-1125) will be presented to the voters of the State of Washington at the general election on November 8, 2011; and

WHEREAS, I-1125 would prohibit the use of tolls from the Interstate 90 floating bridge to help pay for the State Route 520 bridge replacement project and prohibit the building of light rail on Interstate 90; and

WHEREAS, I-1125 would further require that tolls only be imposed or increased or a toll methodology changed if approved by the Legislature, instead of by the independent, non-partisan State Transportation Commission; and

WHEREAS, I-1125 would abolish variable tolling, requiring additional financial analysis estimated by the Washington State Office of Financial Management ("OFM") to cost up to \$5.7 million; and

WHEREAS, certain federal grants were awarded to the Washington State Department of Transportation, King County and King County Ferry District conditioned on implementing variable tolling on the existing State Route 520 bridge; and

WHEREAS, according to OFM, if a toll rate increase is needed and a uniform toll rate was implemented, the state, King County and King County Ferry District would lose the authority to use the remainder of the grant money and could be required to repay the grant money and could be required to repay the grant money already spent (approximately \$100 million between the county and state); and

WHEREAS, the State Treasurer has stated that passage of I-1125 will place hundreds of millions of dollars of road projects throughout the state at risk, as well as potentially creating a five hundred million dollar gap in the budget for replacing the 520 bridge, a project that is necessary for the public safety and economic well-being of residents of Kirkland and the Eastside; and

WHEREAS, as provided in RCW 42.17.130, the City Council of the City of Kirkland desires to show its opposition to I-1125;

NOW, THEREFORE, be it resolved by the City Council of the City of Kirkland as follows:

Section 1. The City Council opposes Initiative 1125.

Section 2. The City Council urges Kirkland voters to vote no on Initiative 1125 on November 8, 2011.

Passed by majority vote of the Kirkland City Council in open meeting this ____ day of _____, 2011.

Signed in authentication thereof this ____ day of _____, 2011.

MAYOR

Attest:

City Clerk