

Budget deficit that affects us all

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Good morning:

As the Governor said in her message to all employees yesterday, Washington State is faced with a staggering budget deficit that affects us all. There are immediate actions that will need to be taken by the Governor and Legislature. We should expect major General Fund program changes through the rest of this biennium and a difficult session for legislators, employees and stakeholders. With the emphasis on smaller government given the looming budget deficits, government will not look in the future like it has in the past.

WSDOT is faced with similar challenges, though our transportation revenue decline is nowhere near the pace of the General Fund. Our game changer is the fact that we are nearing completion of the \$15.5 billion capital investment program supported by the 2003 and 2005 gas-tax increases and that we have not had the revenue to keep up with the cost of doing business throughout our agency's programs and services.

WSDOT continues to deliver the largest construction program in the state's history. You, along with our partners, have done an outstanding job delivering these projects and keeping our highway and ferry operations moving safely and reliably, and supporting our local agencies and partner transportation providers. But as project construction winds down considerably over the next four years, and as we are pressured to live within currently available funds, we need to size our agency to the level of work we will have. It is likely that staff reductions over the next two biennia will be significant and will have impacts throughout the agency.

We began limiting our outside hiring two years ago and have been responsive to the need for seeking efficiencies and identifying strategies to work with the resources we have to deliver our services, programs and projects. In the next biennium budget planning, we are short \$212 million just to continue the current level of operating and services we currently perform. Difficult choices will have to be made by the Governor in her budget and the Legislature in theirs as we work through the details of our 2011-2013 budget next session. We are headed into a period of transition, and I know this creates uncertainty and concern.

We have been active in demonstrating the needs and condition of the transportation system in the event of no new revenue. With a new class of first-time legislators and the public at large, we will be continuing our education on the importance of transportation investments to our recovering economy and long-term economic vitality.

There have been discussions and speculation about possible new transportation revenue. It is unclear with the recent election outcomes and economic news how this may play out. What is clear is that whatever the revenue situation we may face, there will be fundamental changes within WSDOT to transform the way we do business and deliver capital projects. It is important to me that we work through all of this in a way that honors our employees and fosters a supportive environment. We will use a thorough and thoughtful process to review our organizational structure and identify opportunities to remain a strong and effective transportation agency.

I have asked Dave Dye to oversee and lead this process with assistance from Katy Taylor. Two groups are forming to work on this effort. One team will look specifically at the functional areas, particularly engineering services, which will be directly impacted by declining revenues. A second team will identify the impacts on the rest of the agency and address them in a coordinated approach.

A very important component of this effort is your involvement, understanding and support. We are creating a roadmap that will, in part, determine how WSDOT will look and deliver in the future. An internal website is being created in the next few weeks to provide information with regular updates, and it will include a mechanism for you to provide feedback. Also, our executive team plans to visit WSDOT offices and facilities throughout the state over the coming months to hear directly from you.

WSDOT is known and respected for our great employees and excellent work. We are relied on to improve and keep our highways and ferries operational, and respond to whatever Mother Nature sends our way. Your unfailing dedication to our mission is recognized and valued by the Governor, Legislature and citizens. I am very proud of each of you and your contributions to this agency and the people of our state.

Paula