



**Washington State
Department of Transportation**
Paula J. Hammond, P.E.
Secretary of Transportation

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September 22, 2011

Marty Brown, Director
Office of Financial Management
PO Box 43113
Olympia, WA 98504-3113

Re: 2012 Supplemental Budget

Dear Mr. Brown:

Washington State Department of Transportation is submitting for your review and consideration the 2012 supplemental budget request, which primarily addresses legally-mandated workload changes and technical concerns. The electronic copy of the capital project list will also be submitted today.

We look forward to working with you and your budget team as the Governor's supplemental budget is developed. Please don't hesitate to contact Doug Vaughn or our budget staff with any questions. Doug can be reached at 360-705-7500.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paula J. Hammond', with a large, sweeping flourish at the end.

Paula J. Hammond, P.E.
Secretary of Transportation

PJH:ka
Enclosure

cc: Doug Vaughn, WSDOT Budget Director

Recommendation Summary (CB Detail)

Agency: 405 Department of Transportation
Version: S2 2012 Supplemental Budget

1:13:21PM
 9/22/2011

Dollars in Thousands

	Annual Average FTEs	General Fund State	Other Funds	Total Funds
2011-13 Current Biennium Total				
Total Carry Forward Level				
Percent Change from Current Biennium				
Carry Forward plus Workload Changes				
Percent Change from Current Biennium				
M2 8F Fuel Rate Adjustment			6,136	6,136
M2 FA Ferry Engine Room Watch Turnover			542	542
M2 FB Maintain Passenger Rail Service			3,725	3,725
M2 FC Update Central Service Charges			(2,192)	(2,192)
M2 FD Distribute Workers Comp Adjustment				
M2 FE Adjust Rail Federal Funds	0.9		100	100
M2 FF Update Local Fund Authority	0.3		123	123
M2 FG Increased Software Contract Costs			303	303
M2 FH Local Stormwater Assessments			354	354
M2 FJ Savings from Fuel Hedging			(1,137)	(1,137)
M2 FK Maintain Ferries Service Levels	15.7		4,000	4,000
M2 FR Capital Reappropriations			399,773	399,773
M2 FS Adjust to 2012 Capital Project List			(414,090)	(414,090)
Total Maintenance Level			(2,363)	(2,363)
Percent Change from Current Biennium				
Subtotal - Performance Level Changes	0.0			
2011-13 Total Proposed Budget	16.9		(2,363)	(2,363)
Percent Change from Current Biennium				

2012 Supplemental Budget Decision Package

Agency: 405 Department of Transportation

Decision Package Code/Title: 8F – Increase in TEF Rental due to Fuel Costs

Budget Period: 2011-13 Biennium

Budget Level: M2 – Maintenance Level

- Programs:**
- B00 – Toll Operations and Maintenance**
 - C00 – Information Technology**
 - D00 – Facilities - Operating**
 - E00 – Operations TEF**
 - F00 – Aviation**
 - H00 – Program Delivery Mgmt & Support**
 - M00 – Highway Maintenance & Operations**
 - Q00 – Traffic Operations - Operating**
 - S00 – Transportation Management & Support**
 - T00 – Transportation Planning, Data, & Research**
 - V00 – Public Transportation**
 - X00 – Ferries – Operating**
 - Z00 – Local Programs**

Recommendation Summary Text:

Funding is provided for Transportation Equipment Fund (TEF) increased equipment rental rates due to higher fuel costs and a revised forecast of consumption. (Fuel costs are included in the cost of equipment rental.) The department has about 4,800 items of motorized equipment that will use approximately 7.6 million gallons of fuel in 2011-13 to operate and maintain the highway system. Based primarily on the September 2011 fuel price forecast, department programs require \$1.9 million in additional funding to maintain the current level of service.

Fiscal Detail:

Agency Total by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
039-1 Aviation-State	1,000		1,000	1,000	1,000
09F-1 HOT Lanes	1,000	1,000	2,000	2,000	2,000
108-1 MVA-State	916,000	913,000	1,829,000	1,829,000	1,829,000
109-1 Puget Snd Ferry	13,000	13,000	26,000	26,000	26,000
218-1 Multimodal-State	1,000		1,000	1,000	1,000
Total Appropriated Funds	932,000	927,000	1,859,000	1,859,000	1,859,000
410-6 Non-appropriated	2,207,000	2,070,000	4,277,000	4,277,000	4,277,000
Staffing FTEs	-	-	-	-	-

Detail by Fund and Program

039-1 Aeronautics	FY 2012	FY 2013	2011-13	2013-15	2015-17
Pgm. F-Aviation	1,000		1,000	1,000	1,000

Fund 09F-1 HOT Lanes	FY 2012	FY 2013	2011-13	2013-15	2015-17
Pgm. B-Toll Oper&Maint.	1,000	1,000	2,000	2,000	2,000

Fund 108-1 MVA-State	FY 2012	FY 2013	2011-13	2013-15	2015-17
Pgm. C-Information Tech.	2,000	1,000	3,000	3,000	3,000
Pgm. D-Facilities Oper.	9,000	8,000	17,000	17,000	17,000
Pgm. H-Pgm. Delivery, Mgmt.	8,000	7,000	15,000	15,000	15,000
Pgm. M-Highway Maint.	832,000	831,000	1,663,000	1,663,000	1,663,000
Pgm. Q-Traffic Operations	58,000	58,000	116,000	116,000	116,000
Pgm. S-Transp. Mgmt.	-	2,000	2,000	2,000	2,000
Pgm. T-Transp.Planning,Data	5,000	5,000	10,000	10,000	10,000
Pgm. Z-Local Programs	2,000	1,000	3,000	3,000	3,000
Subtotal Fund 108-1	916,000	913,000	1,829,000	1,829,000	1,829,000

Fund 109-1 Puget Snd Ferry	FY 2012	FY 2013	2011-13	2013-15	2015-17
Pgm. X-Ferries-Operating	13,000	13,000	26,000	26,000	26,000

Fund 218-1 Multi-Modal	FY 2012	FY 2013	2011-13	2013-15	2015-17
Pgm. V-Public Transp.	1,000		1,000	1,000	1,000

Fund 410-6 Non-approp.	FY 2012	FY 2013	2011-13	2013-15	2015-17
Program E-TEF	2,207,000	2,070,000	4,277,000	4,277,000	4,277,000

Package description:

The Transportation Equipment Fund (TEF) program is responsible for providing motor vehicles and other equipment used by all department programs. As a non-appropriated proprietary internal service fund, TEF charges rent for the use of this equipment. Rental rates paid by department programs include the cost of diesel fuel and gasoline.

This decision package provides funding necessary to meet increased rental rates related to higher fuel costs (\$1,766,000) and a revised forecast of consumption (\$93,000) without requiring reductions in program and project delivery commitments.

This decision package has a two-fold effect: provides \$1.9 million in appropriations to programs for increased equipment rental charges that are paid to TEF; and provides \$4.3 million in non-appropriated spending authority for TEF to purchase the fuel used by the department and other agencies.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

The desired outcome is to enable the department to provide the current level of service for activities such as snow and ice removal, roadside maintenance, and other activities necessary to maintain the state's transportation system.

Performance measure detail:

N/A

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

Yes. This decision package supports the agency's 2009-15 Strategic Plan Objective 2.1: "Maintain highway and bridge systems to optimize their short and long-term usefulness and minimize life-cycle costs."

Does this decision package provide essential support to one of the Governor's priorities? If so, please describe.

Yes. This decision package supports the Governor's Priorities of Government statewide result area "Improve statewide mobility of people, goods, and services." The funding will provide essential fuel for equipment used by the department to accomplish its mission of constructing and maintaining the state's highways.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

Yes. This decision package supports the Priorities of Government statewide results area "Improve statewide mobility of people, goods, and services," and would rate as a high priority in the Priorities of Government process.

What are the other important connections or impacts related to this proposal?

TEF's vehicles and equipment are essential to accomplishing the department's mission of constructing and maintaining the state's highways. There are no substitutes for this equipment, and there are minimal opportunities to economize on the use of fuel without reducing the activity supported by the equipment.

What alternatives were explored by the agency, and why was this alternative chosen?

The department has instituted the following fuel conservation measures: 1) a "no idle" policy that requires vehicle operators to turn off engines prior to leaving their vehicles; 2) using energy efficient LED lighting on equipment when feasible; 3) providing training on driving techniques to conserve fuel; 4) implementing a preventive maintenance program to keep equipment operating at peak efficiency; and 5) purchasing new equipment and updating existing equipment with fuel-saving technology when possible.

All methods of reducing fuel consumption have been explored and there are no substitutes for fuel purchases that would not affect levels of service by the agency.

What are the consequences of not funding this package?

TEF would either have to reduce planned equipment purchases (which would affect the availability of mission-critical equipment), or department programs would have to reduce other expenditures in order to pay for the increase in equipment rental.

What is the relationship, if any, to the capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure calculations and assumptions.

The expenditure calculations are based on an updated fuel consumption forecast using the average of the prior two years by month, and the September 2011 fuel price forecast produced by the Transportation Revenue Forecast Council. Below is a table showing the forecasted change in fuel consumption and prices from the March 2011 forecast, the basis for the existing budget.

TEF 2011-13 Estimated Expenditures for Fuel

Current Budget Based on March 2011 Forecast

	WSDOT			Other Agencies			Total Program E		
	FY 12	FY 13	Biennium	FY 12	FY 13	Biennium	FY 12	FY 13	Biennium
Gasoline									
Gallons	1,518,821	1,492,728	3,011,549	2,818,986	2,817,593	5,636,579	4,337,807	4,310,321	8,648,128
Price Per Gallon	\$3.3131	\$3.4594	\$3.3856	\$3.3132	\$3.4593	\$3.3863	\$3.3131	\$3.4594	\$3.3861
Total Unleaded	\$5,032,000	\$5,164,000	\$10,196,000	\$9,340,000	\$9,747,000	\$19,087,000	\$14,372,000	\$14,911,000	\$29,283,000
Diesel									
Gallons	2,218,015	2,316,081	4,534,096	429,352	433,540	862,892	2,647,367	2,749,621	5,396,988
Price Per Gallon	\$3.5892	\$3.5297	\$3.5588	\$3.5891	\$3.5291	\$3.5590	\$3.5892	\$3.5297	\$3.5588
Total Straight Diesel	\$7,961,000	\$8,175,000	\$16,136,000	\$1,541,000	\$1,530,000	\$3,071,000	\$9,502,000	\$9,705,000	\$19,207,000
Total Gas & Diesel									
Gallons	3,736,836	3,808,808	7,545,644	3,248,338	3,251,133	6,499,471	6,985,174	7,059,941	14,045,115
Dollars	\$12,993,000	\$13,339,000	\$26,332,000	\$10,881,000	\$11,277,000	\$22,158,000	\$23,874,000	\$24,616,000	\$48,490,000

Revised Budget Based on September 2011 Fuel Forecast

	WSDOT			Other Agencies			Total Program E		
	FY 12	FY 13	Biennium	FY 12	FY 13	Biennium	FY 12	FY 13	Biennium
Gasoline									
Gallons	1,480,658	1,459,986	2,940,644	2,862,999	2,862,262	5,725,261	4,343,657	4,322,248	8,665,905
Price Per Gallon	\$3.6261	\$3.6952	\$3.6604	\$3.6130	\$3.6950	\$3.6540	\$3.6261	\$3.6952	\$3.6562
Total Unleaded	\$5,369,000	\$5,395,000	\$10,764,000	\$10,344,000	\$10,576,000	\$20,920,000	\$15,713,000	\$15,971,000	\$31,684,000
Diesel									
Gallons	2,262,517	2,369,990	4,632,507	430,874	436,983	867,857	2,693,391	2,806,973	5,500,364
Price Per Gallon	\$3.8497	\$3.8173	\$3.8331	\$3.8480	\$3.8171	\$3.8324	\$3.8497	\$3.8173	\$3.8330
Total Diesel	\$8,710,000	\$9,047,000	\$17,757,000	\$1,658,000	\$1,668,000	\$3,326,000	\$10,368,000	\$10,715,000	\$21,083,000
Total Gas & Diesel									
Gallons	3,743,175	3,829,976	7,573,151	3,293,873	3,299,245	6,593,118	7,037,048	7,129,221	14,166,269
Dollars	\$14,079,000	\$14,442,000	\$28,521,000	\$12,002,000	\$12,244,000	\$24,246,000	\$26,081,000	\$26,686,000	\$52,767,000

Change From March 2011 to September 2011 Fuel Forecasts

	WSDOT			Other Agencies			Total Program E		
	FY 12	FY 13	Biennium	FY 12	FY 13	Biennium	FY 12	FY 13	Biennium
Gasoline									
Gallons	(38,163)	(32,742)	(70,905)	44,013	44,669	88,682	5,850	11,927	17,777
Price Per Gallon	0.3130	0.2358	0.2748	0.2997	0.2356	0.2677	0.3130	0.2358	0.2701
Total Unleaded	\$337,000	\$231,000	\$568,000	\$1,004,000	\$829,000	\$1,833,000	\$1,341,000	\$1,060,000	\$2,401,000
Diesel									
Gallons	44,502	53,909	98,411	1,522	3,443	4,965	46,024	57,352	103,376
Price Per Gallon	0.2604	0.2876	0.2743	0.2589	0.2880	0.2735	0.2604	0.2876	0.2742
Total Diesel	\$749,000	\$872,000	\$1,621,000	\$117,000	\$138,000	\$255,000	\$866,000	\$1,010,000	\$1,876,000
Total Gas & Diesel									
Gallons	6,339	21,168	27,506	45,535	48,112	93,647	51,874	69,280	121,154
Dollars	\$1,086,000	\$1,103,000	\$2,189,000	\$1,121,000	\$967,000	\$2,088,000	\$2,207,000	\$2,070,000	\$4,277,000

The next table shows how the \$2.2 million in total increased cost for the department is reduced to the request for \$1.9 million. The capital construction programs, Programs I, P, and W will absorb \$330,000 in fuel cost increases. Also shown is how the funding should be split by fund and fiscal year.

2011-13 Change in TEF Equipment Rental Due to Fuel									
From March 2011 Forecast to September 2011 Forecast									
		Funding Needed			Split by Program, Fund & Fiscal Year				
Pgm.	Description	Forecast Change in Equipment Rental	Adjustment for Capital Programs Absorbing Change in Fuel Cost	Change in Funding Needed	Pgm.	Fund	FY 12	FY 13	Total
B	Toll Oper. & Maint.	\$2,000		\$2,000	B	09F-1	\$1,000	\$1,000	\$2,000
C	Info. Tech.	\$3,000		\$3,000	C	108-1	\$2,000	\$1,000	\$3,000
D	Facilities	\$17,000		\$17,000	D	108-1	\$9,000	\$8,000	\$17,000
F	Aviation	\$1,000		\$1,000	F	039-1	\$1,000	\$0	\$1,000
H	Pgm Delivery	\$15,000		\$15,000	H	108-1	\$8,000	\$7,000	\$15,000
I	Improvements	\$33,000	(\$33,000)	\$0	I	108-1	\$0	\$0	\$0
M	Highway Maint & Oper.	\$1,663,000		\$1,663,000	M	108-1	\$832,000	\$831,000	\$1,663,000
P	Preservation	\$294,000	(\$294,000)	\$0	P	108-1	\$0	\$0	\$0
Q	Traffic Operations	\$116,000		\$116,000	Q	108-1	\$58,000	\$58,000	\$116,000
S	Trans. Mgmt.	\$2,000		\$2,000	S	108-1	\$0	\$2,000	\$2,000
T	Planning, Data, Rsrch.	\$10,000		\$10,000	T	108-1	\$5,000	\$5,000	\$10,000
V	Public Transportation	\$1,000		\$1,000	V	218-1	\$1,000	\$0	\$1,000
W	Ferries Construction	\$3,000	(\$3,000)	\$0	W	099-1	\$0	\$0	\$0
X	Ferries Operations	\$26,000		\$26,000	X	109-1	\$13,000	\$13,000	\$26,000
Y	Rail Programs	\$0		\$0	Y	218-1	\$0	\$0	\$0
Z	Local Programs	\$3,000		\$3,000	Z	108-1	\$2,000	\$1,000	\$3,000
	Subtotal WSDOT	\$2,189,000	(\$330,000)	\$1,859,000			\$932,000	\$927,000	\$1,859,000
	Other Agencies	\$2,088,000							
	Total Program E	\$4,277,000							

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

Fuel costs are ongoing.

Objects of Expenditure—Non-appropriated Funds

Object of Expenditure Detail - Program E					
Object of Expenditure	FY 2012	FY 2013	2011-13	2013-15	2015-17
E - Goods and Services	1,086,000	1,103,000	2,189,000	2,189,000	2,189,000
F - Cost of Goods Sold	1,121,000	967,000	2,088,000	2,088,000	2,088,000
Total by Object	2,207,000	2,070,000	4,277,000	4,277,000	4,277,000

Objects of Expenditure—Appropriated Funds

Object of Expenditure Detail - Department Programs					
Object of Expenditure	FY 2012	FY 2013	2011-13	2013-15	2015-17
E - Goods and Services - Equipment Rent	932,000	927,000	1,859,000	1,859,000	1,859,000
Total by Object	932,000	927,000	1,859,000	1,859,000	1,859,000

2012 Supplemental Budget Decision Package

Agency: 405 Department of Transportation

Decision Package Code/Title: FA – Ferry Engine Room Watch Turnover

Budget Period: 2011-13 Biennium

Budget Level: M2 – Maintenance Level

Program: X00 – Ferries Operating

Recommendation Summary Text:

Funding is provided to comply with a 2009 Marine Employees Commission (MEC) decision that requires the department to pay vessel engine room employees for exchanging information between watches (shifts). A settlement agreement was reached between department management and the union representing ferry vessel engine room employees, MEBA, in the summer of 2011 for ongoing watch turnover pay.

Fiscal Detail:

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
109-1 Puget Sound Ferry Operations Account	271,000	271,000	542,000	558,000	558,000
Total by Fund	271,000	271,000	542,000	558,000	558,000
	FY 2011	FY 2012	2011-13	2013-15	2015-17
Staffing FTEs			-	-	-

Package description:

On July 24, 2009, a Marine Employees Commission (MEC) decision directed the department to pay ferry vessel engine room crews for exchanging information between watches (shifts). As part of that decision, Washington State Department of Transportation (WSDOT) management and the Marine Engineers’ Beneficial Association (MEBA), the union representing ferry vessel engine room employees, were directed by MEC to settle the issue including ongoing payment for watch turnovers. The parties reached a settlement agreement in the summer of 2011 to provide stipend pay to engine room employees engaged in watch turnover as of July 1, 2011.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Funding will allow the ferry vessel engine room employees to continue exchanging vital information during watch turnovers, and will allow the department to compensate these employees per the settlement agreement between MEBA and the department.

Performance measure detail:

N/A

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

Yes. The proposal is linked to managing and operating state transportation facilities in order to improve the safety and reliability of the state's transportation systems and maintain structures, facilities, support systems and service to optimize their short-term and long-term usefulness.

An exchange of information between watch turnovers for ferry vessel engine room crew is necessary for the safe operation of ferry vessels. In this exchange, issues related to propulsion, steering, etc., as well as the status of mechanical, hydraulic, and electrical systems necessary for propulsion and steering, are discussed during a watch turnover. This exchange of information between ferry vessel engine room crews allows the department to manage and operate ferry vessels, which is essential to transporting travelers, commercial traffic, and linking communities.

Does this decision package provide essential support to one of the Governor's priorities? If so, please describe.

Yes. The proposal is linked to two priorities:

- Improve statewide mobility of people, goods and services.
- Strengthen government's ability to achieve results efficiently and effectively.

The operation of ferry vessels requires an exchange of information between ferry vessel engine room crews. This, in turn, allows the department to manage and operate ferry vessels to move people, goods, and services. The department meets its obligations, under the settlement agreement, under the MEC decision on watch turnovers, and as required by collective bargaining agreement, to pay engine room employees for running the ferry engine, propulsion and steering systems.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

Yes. The exchange of information is important to running the state's ferries safely and efficiently.

What are the other important connections or impacts related to this proposal?

The MEBA union is directly impacted by this proposal. The MEC, now under the Public Employment Relations Commission (PERC), has jurisdiction over marine collective bargaining agreements and is the determining body of the engine room watch turnover grievance filed by MEBA.

What alternatives were explored by the agency, and why was this alternative chosen?

Not paying per the settlement agreement would be a violation of the agreement and the MEC decision, which could result in additional penalties and costs.

What are the consequences of not funding this package?

Due to costs associated with implementing watch turnover provisions, the department would likely be required to reduce WSF's non-labor budget, which may result in delays for vessel or terminal maintenance. Without proper maintenance there could be a disruption of ferry service due to vessels breaking down or due to terminals not being able to receive ferries for loading and unloading.

What is the relationship, if any, to the capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure calculations and assumptions.

Costs are based on data for watch turnovers from two earlier payouts on watch turnovers made in 2010 and in 2011.

There are approximately 375 engine room employees eligible to be paid a stipend during watch turnovers, equivalent to six minutes of overtime pay at time and a half.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

Costs are ongoing. FY 2014 and other out years assume the three percent wage reduction in place for the 2011-13 biennium will continue.

Objects of Expenditure.

Object of Expenditure Detail					
Object of Expenditure	FY 2012	FY 2013	2011-13	2013-15	2015-17
A - Salaries and Wages	236,000	236,000	472,000	486,000	486,000
B - Benefits	35,000	35,000	70,000	72,000	72,000
Total by Object	271,000	271,000	542,000	558,000	558,000

Salary and FTE Detail						
List positions by classification	FTEs			Dollars		
	FY 2012	FY 2013	Biennial Average	FY 2012	FY 2013	Total
Staff Chief/Alt Staff Chief/Chief Engineers			-	105,000	105,000	210,000
Assistant Engineers			-	51,000	51,000	102,000
Oilers			-	80,000	80,000	160,000
Total	-	-	-	236,000	236,000	472,000

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List positions by classification	FTEs		Dollars	
	2013-15	2015-17	2013-15	2015-17
Staff Chief/Alt Staff Chief/Chief Engineers			218,000	218,000
Assistant Engineers			104,000	104,000
Oilers			164,000	164,000
Total	-	-	486,000	486,000

2012 Supplemental Budget Decision Package

Agency: 405 Department of Transportation

Decision Package Code/Title: FB – Maintain Amtrak Cascades Passenger Rail Service

Budget Period: 2011-13 Biennium

Budget Level: M2 – Maintenance Level

Program: Y – Rail Operating Program

Recommendation Summary Text:

Funding is provided to maintain current levels of Amtrak Cascades passenger rail service. In the 2011-13 budget, state support for passenger rail service was reduced by \$7.5 million based on an assumption that higher Amtrak Cascades revenues from the 2009-11 biennium would continue. Due to an error in Amtrak’s accounting system, it was later discovered that an excess amount of revenue was attributed to the Washington sponsored trains during the 2009-11 biennium. In addition, an underlying inflation factor for the maintenance contract for state-owned Talgo trains has been triggered after contract negotiations ended in impasse. Because of these changes in financial assumptions for Amtrak and Talgo contract costs, an increase of \$3.7 million is required to continue current levels of service.

Fiscal Detail:

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
218-1 Multimodal-State	-	3,725,000	3,725,000	3,725,000	3,725,000
Total by Fund	-	3,725,000	3,725,000	3,725,000	3,725,000
	FY 2011	FY 2012	2011-13	2013-15	2015-17
Staffing FTEs			-		

Package description:

The 2011-13 budget for the Rail Operating Program includes \$24.1 million for passenger rail service, specifically to support a contract with Amtrak for operation of the Amtrak Cascades service and a contract with Talgo for the maintenance of state-owned train sets. Based on the changes in financial assumptions, higher than expected contract costs are assumed, which result in a funding deficit for state passenger rail service. The current funding of \$24.1 million is now expected to only support current contracted services through the first 19 months of the biennium.

Under the contract for Amtrak Cascades service, the state support is defined as the difference between the expenditures and revenues attributed to this service. The state pays Amtrak based on a negotiated scheduled payment throughout the year. By the end of each fiscal year, Amtrak reconciles the amount paid under the contract to the actual revenues and costs for that time period. The 2011-13 biennial budget included a reduction of \$7.5 million for the passenger rail service, which was estimated based on an Amtrak credit of \$5.5 million for fiscal year 2010. The budget reduction also assumed a continuation of higher revenues and a lower state support costs into the 2011-13 biennium.

On April 21, 2011, Amtrak informed the department that approximately \$2.1 million of the \$5.5 million credit for fiscal year 2010 was in error. Revenues from certain “thruway bus service” associated with national Amtrak service were mistakenly attributed to Washington’s revenue for state-sponsored routes under the new Amtrak accounting system.

During the 2011 session, the department and Talgo were negotiating contractual terms for the upcoming period. The department presented proposals to hold costs to 2009-11 levels and implement efficiency changes. Contract negotiations ended at impasse. The underlying contract requires an annual three percent inflation increase if an agreement is not reached.

Based on the updated information regarding Amtrak and Talgo contracts, an estimated increase of \$3.7 million is necessary to meet current contractual obligations and maintain service levels.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Funding for this package would allow the department to continue providing the legislatively approved level of passenger rail service through the Pacific Northwest Rail Corridor in the state of Washington between Canada and Oregon borders.

Performance measure detail:

N/A.

Is this decision package essential to implement a strategy identified in the agency’s strategic plan? If so, please describe.

Yes. This proposal allows the department to continue providing the existing level of service for the passenger rail service. The department’s strategic plan identifies an objective to ensure that passenger rail service and state airport capacity are adequate to meet transportation demands, which supports the strategic goal of mobility and congestion relief. State sponsored passenger rail service helps relieve congestion along the I-5 Corridor and helps the citizens of the state to maintain their mobility from border to border (North/South) of Washington state.

Does this decision package provide essential support to one of the Governor’s priorities? If so, please describe.

Yes. Passenger rail service supports the Governor’s priority to have a seamless transportation system which supports the prosperity of our state and also addresses the safety of our travelers.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

Yes. Funding is necessary to ensure that passenger rail service meets transportation demands and improves statewide mobility of people, goods and services by maintaining alternatives for the traveling public that minimize congestion and reduce bottlenecks. It also improves quality of life and the environment by conserving energy and improving air quality by reducing the use of personal vehicles.

What are the other important connections or impacts related to this proposal?

This increased appropriation for passenger rail service will maintain current levels of service for Amtrak Cascades. Under a grant received through the American Recovery Reinvestment Act's (ARRA) funding for High-Speed Rail Projects, Washington has committed to increasing current levels of service between Portland and Seattle upon completion of the high speed rail capital improvement projects.

What alternatives were explored by the agency, and why was this alternative chosen?

In the past, some increases in Amtrak costs have been offset by increases in ridership. In addition, fare increases can offset the level of state support required for Amtrak Cascades. However, elasticity must be considered when increasing passenger rail fares so that revenues from fare increases are not undone by a loss in ridership. The cost estimates in this decision package already include assumptions regarding revenue growth from ridership and fare increases. If funding is not provided for the higher than expected contract costs, the department will be required to implement service reductions.

What are the consequences of not funding this package?

The frequency of passenger service would need to be reduced. However, with the ARRA funding for High-Speed Rail Projects, the state has committed to adding more routes between Seattle and Portland.

What is the relationship, if any, to the capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the proposed change?

None.

Expenditure calculations and assumptions.

2011-13 Transportation Budget Proviso	\$24,091,000
Revised Cost Estimates for 2011-13	
Amtrak Service SFY 2012 - estimate	\$9,380,000
Amtrak Service SFY 2013 - estimate	\$9,651,000
Adjustment due to Talgo Maintenance w/Amtrak	\$400,000
Talgo Maintenance SFY 2012	\$4,133,000
Talgo Maintenance SFY 2013	\$4,252,000
	<hr/>
	\$27,816,000
 2012 Supplemental Budget Adjustment	 \$3,725,000

History and Estimates for Amtrak Cascades Services

FY 2008	486,294	\$24,571,690	\$14,073,124	(\$10,498,566)
FY 2009	502,960	<u>\$28,355,632</u>	<u>\$16,723,181</u>	<u>(\$11,632,451)</u>
2007-09		\$52,927,322	\$30,796,305	(\$22,131,017)
FY 2010	570,482	\$30,316,395	\$21,146,257	(\$9,170,138)
FY 2011	576,693	<u>\$32,830,930</u>	<u>\$23,974,455</u>	<u>(\$8,856,475)</u>
2009-11		\$63,147,325	\$45,120,712	(\$18,026,613)
FY 2012 Estimate	579,439	\$34,136,000	\$24,756,000	(\$9,380,000)
FY 2013 Estimate	589,735	<u>\$35,319,680</u>	<u>\$25,668,680</u>	<u>(\$9,651,000)</u>
2011-13		\$69,455,680	\$50,424,680	(\$19,031,000)

Notes

Estimates for 2011-13 are based on the following assumptions:

- Ticket revenues are increased by four percent per year to account for ridership growth and fare adjustments to reflect inflation.
- The costs of the fixed fee Amtrak contract increases by three percent per year, according to contract provisions.
- Fuel costs are estimated to increase five percent per year.
- Railroad direct costs are increased by five percent per year.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

These cost adjustments are all ongoing.

Objects of Expenditure.

Object of Expenditure Detail					
Object of Expenditure	FY 2012	FY 2013	2011-13	2013-15	2015-17
E - Goods and Services	-	3,725,000	3,725,000	3,725,000	3,725,000
Total by Object	-	3,725,000	3,725,000	3,725,000	3,725,000

2012 Supplemental Budget Decision Package

Agency: 405 Department of Transportation

Decision Package Code/Title: FC – Update Central Service Charges

Budget Period: 2011-13 Biennium

Budget Level: M2 – Maintenance Level

Program: U – Charges From Other Agencies

Recommendation Summary Text:

Funding is reduced to align the Washington State Department of Transportation (WSDOT) budget with the expenditure estimates from the Office of Financial Management (OFM) for payments for services provided by the Office of the Attorney General (AG), the Department of Personnel (DOP), the Department of Enterprise Services (DES), and the Office of Minority and Women's Business Enterprises (OMWBE).

Fiscal Detail:

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
108-1 MVA-State	(335,000)	(335,000)	(670,000)	(670,000)	(670,000)
218-1 Multimodal-State	(761,000)	(761,000)	(1,522,000)	(1,522,000)	(1,522,000)
Total by Fund	(1,096,000)	(1,096,000)	(2,192,000)	(2,192,000)	(2,192,000)
	FY 2011	FY 2012	2011-13	2013-15	2015-17
Staffing FTEs	-	-	-	-	-

Package description:

Funding is reduced to align WSDOT's 2011-13 biennium budget with expenditure estimates from OFM for payments to other state agencies. Specifically, updated information regarding charges for services provided by AG, DOP, DES, and OMWBE has resulted in a net savings of \$2.2 million.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

N/A.

Performance measure detail:

N/A.

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

N/A.

Does this decision package provide essential support to one of the Governor's priorities? If so, please describe.

N/A.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

N/A.

What are the other important connections or impacts related to this proposal?

N/A.

What alternatives were explored by the agency, and why was this alternative chosen?

None.

What are the consequences of not funding this package?

N/A.

What is the relationship, if any, to the capital budget?

N/A.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure calculations and assumptions.

Expenditure estimates are based on the updated 2011-13 Central Service model provided by OFM on July 26, 2011. Additionally, this decision package includes updated costs estimates for the data center and OFM financial systems, provided by OFM.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

All reductions are ongoing.

Objects of Expenditure.

Object of Expenditure Detail					
Object of Expenditure	FY 2012	FY 2013	2011-13	2013-15	2015-17
E - Goods and Services	(1,096,000)	(1,096,000)	(2,192,000)	(2,192,000)	(2,192,000)
Total by Object	(1,096,000)	(1,096,000)	(2,192,000)	(2,192,000)	(2,192,000)

2012 Supplemental Budget Decision Package

Agency: 405 Department of Transportation

Decision Package Code/Title: FD – Distribute Workers’ Compensation Adjustment to Programs

Budget Period: 2011-13 Biennium

Budget Level: M2 – Maintenance Level

Program: U – Charges From Other Agencies

Recommendation Summary Text:

The incremental funding adjustment from the 2011-13 Transportation Budget for workers’ compensation is requested to be transferred from Program U and allocated to the programs that will incur these expenditures. This will allow the Washington State Department of Transportation (WSDOT) to provide more accurate budget information to the Office of Financial Management (OFM), the legislature, and the public.

Fiscal Detail:

Transfer From:

Program U

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
108-1 MVA-State	(1,248,000)	(1,248,000)	(2,496,000)	(2,496,000)	(2,496,000)

Transfer to:

Program B

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
09F-1 HOT Lanes Op-State	3,000	3,000	6,000	6,000	6,000
108-1 MVA-State	2,000	2,000	4,000	4,000	4,000
511-1 TNB-State	9,000	9,000	18,000	18,000	18,000
Total Funds	14,000	14,000	28,000	28,000	28,000

Program C

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
108-1 MVA-State	84,000	84,000	168,000	168,000	168,000

Program D

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
108-1 MVA-State	30,000	30,000	60,000	60,000	60,000

Program F

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
039-1 Aeronautics-State	4,000	4,000	8,000	8,000	8,000

Program H

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
108-1 MVA-State	89,000	89,000	178,000	178,000	178,000

Program K

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
108-1 MVA-State	1,000	1,000	2,000	2,000	2,000

Program M

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
108-1 MVA-State	554,000	554,000	1,108,000	1,108,000	1,108,000

Program Q

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
108-1 MVA-State	87,000	87,000	174,000	174,000	174,000

Program S

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
108-1 MVA-State	66,000	66,000	132,000	132,000	132,000

Program T

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
108-1 MVA-State	70,000	70,000	140,000	140,000	140,000

Program V

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
218-1 Multimodal-State	8,000	8,000	16,000	16,000	16,000

Program X

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
109-1 PSFO-State	221,000	221,000	442,000	442,000	442,000

Program Y

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
218-1 Multimodal-State	4,000	4,000	8,000	8,000	8,000

Program Z

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
108-1 MVA-State	16,000	16,000	32,000	32,000	32,000

Package description:

The incremental funding adjustment from the 2011-13 Transportation Budget for workers' compensation is requested to be transferred from Program U and allocated to the programs that will incur these expenditures. This will allow WSDOT to provide more accurate budget information to OFM, the legislature, and the public.

Base funding for workers' compensation charges are currently included in the WSDOT program budgets. If the incremental funding is not distributed to the programs, the base workers' compensation expenditures would be charged to the programs while these incremental workers' compensation expenditures would be charged to Program U.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

N/A.

Performance measure detail:

N/A.

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

As part of WSDOT's strategic goal of stewardship, there is an accountability and communications objective to ensure that WSDOT's performance management and communication programs continue to demonstrate agency accountability and performance to the public, Governor, and Legislature, and maximize the return on and value of taxpayer dollars. Aligning this incremental funding for workers' compensation charges will support WSDOT's objective to provide transparency and accountability.

Does this decision package provide essential support to one of the Governor's priorities? If so, please describe.

N/A.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

N/A.

What are the other important connections or impacts related to this proposal?

If the incremental workers' compensation funding is not distributed, workers' compensation expenditures would not be charged to the correct program.

What alternatives were explored by the agency, and why was this alternative chosen?

None.

What are the consequences of not funding this package?

If the incremental workers' compensation funding is not distributed, workers' compensation expenditures would not be charged to the correct program, which would add complexity to accounting records and complicate the tracking and reporting on WSDOT's workers' compensation costs.

What is the relationship, if any, to the capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure calculations and assumptions.

The transfer amount is based on the amount appropriated in the 2011-13 Transportation Budget for workers' compensation changes. WSDOT used the appropriated FTE levels in the 2011-13 Transportation Budget, less the FTEs covered by the Jones Act (approximately 1,066 ferry employees), to distribute the workers' compensation expenditures to the programs.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

Costs are ongoing.

Objects of Expenditure.

Object of Expenditure Detail					
Object of Expenditure	FY 2012	FY 2013	2011-13	2013-15	2015-17
B - Benefits	-	-	-	-	-
Total by Object	-	-	-	-	-

2012 Supplemental Budget Decision Package

Agency: 405 Department of Transportation

Decision Package Code/Title: FE – Adjust Federal Funds for Integrated State Rail Plan

Budget Period: 2011-13 Biennium

Budget Level: M2 – Maintenance Level

Program: Y – Rail Operating Program

Recommendation Summary Text:

Federal appropriation authority is increased by \$100,000 to align with federal grant amounts available for the development of an Integrated State Rail Plan. One FTE staff position is provided to support the work to combine and update the state’s current Freight Rail Plan and Passenger Rail Plans into an Integrated State Rail Plan.

Fiscal Detail:

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
218-2 Multimodal-Federal		100,000	100,000		
Total by Fund	-	100,000	100,000	-	-
	FY 2011	FY 2012	2011-13	2013-15	2015-17
Staffing FTEs	0.7	1.0	0.9		

Package description:

In Fiscal Year 2010, the Washington State Department of Transportation (WSDOT) was awarded \$400,000 for development of an Integrated State Rail Plan as part of the High-Speed Intercity Passenger Rail (HSIPR) program. Of this total, \$100,000 was originally included in the 2011 supplemental budget, and \$300,000 was appropriated in 2011-13 biennium. The Governor’s veto of the 2011 supplemental budget for the Rail Operating Program eliminated the \$100,000 appropriation authority for the 2009-11 biennium. Because of delays in the federal approval process for the expenditure of these funds, this amount is now expected to be expended during the 2011-13 biennium. Therefore, the Rail Operating Program requests a \$100,000 increase in federal appropriation authority for the 2011-13 biennium, which will align the appropriation authority with the total grant amount.

One FTE staff position will develop the Integrated State Rail Plan that combines and updates the state’s current Freight Rail Plan and Passenger Rail Plans and to meet the National Rail Plan format requirements. This project position will be responsible for conducting research and analysis; presenting and writing reports to support Rail & Marine policy development and operation management; and updating planning studies, traffic forecast, operation simulation, and conceptual capital project design needed for Passenger Rail Plans. When \$300,000 of the grant funding was added in the 2011-13 biennial budget, the accompanying FTE authority was not included. As the adjustment is made to provide the full appropriation authority for the grant, WSDOT requests that one FTE be added to the Rail Operating Program for the work associated with the grant.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Increased federal appropriation authority will allow the department to complete an Integrated State Rail Plan that combines and updates the state's current Freight Rail Plan and Passenger Rail Plan from the HSIPR program and also to meet the National Rail format which will prepare for future Higher Speed Rail grant applications to the Federal Rail Administration (FRA).

Performance measure detail:

N/A

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

Yes. This request meets the department's goal to move people, goods, and services reliably, safely, and efficiently by operating transportation systems efficiently and managing demand effectively to relieve congestion.

Does this decision package provide essential support to one of the Governor's priorities? If so, please describe.

Yes. Funding authority will be used to support planning efforts so that passenger rail service will be adequate to meet transportation demands and improve statewide mobility of people, goods and services. This supports the Governor's priority to have a seamless transportation system which supports the prosperity of our state and also addresses the safety of our travelers.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

Yes, funding provided is necessary to ensure that passenger rail service meets transportation demands and improves statewide mobility of people, goods and services by maintaining alternatives for the traveling public that minimize congestion and reduce bottlenecks. It also improves quality of life and the environment by conserving energy and improving air quality by reducing the use of personal vehicles.

What are the other important connections or impacts related to this proposal?

This effort will allow the department to meet the Federal Rail Administration's HSIPR grant requirements as well as prepare for future grant applications.

What alternatives were explored by the agency, and why was this alternative chosen?

Contracting with consultants was considered. However, hiring project staff to complete this work is expected to be more cost effective than contracting.

What are the consequences of not funding this package?

If additional appropriation authority is not provided, the completion of the Integrated State Rail Plan could be delayed, which could jeopardize future WSDOT grant applications for the FRA.

What is the relationship, if any, to the capital budget?

N/A.

What changes would be required to existing statutes, rules, or contracts, in order to implement the proposed change?

None.

Expenditure calculations and assumptions.

Increasing the federal appropriation authority by \$100,000 will provide the full expenditure authority associated with WSDOT's \$400,000 grant award to develop an Integrated State Rail Plan. Providing authority for one FTE staff will align FTE staff authority with WSDOT's plans to hire a project position to support this grant work during the 2011-13 biennium. WSDOT assumes a Transportation Planning Specialist 5 position is required starting in November 2011. Any labor costs that exceed the requested \$100,000 will be covered by the \$300,000 that was funded in the 2011-13 biennium.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

The cost adjustment and request for one FTE staff are one-time.

Objects of Expenditure.

Object of Expenditure Detail					
Object of Expenditure	FY 2012	FY 2013	2011-13	2013-15	2015-17
A - Salaries and Wages		82,000	82,000		
B - Benefits		18,000	18,000		
Total by Object	-	100,000	100,000	-	-

Salary and FTE Detail						
List positions by classification	FTEs			Dollars		
	FY 2012	FY 2013	Biennial Average	FY 2012	FY 2013	Total
Transportation Planning Specialist 5	0.7	1.0	0.9	59,488	84,984	144,472
Note: Labor costs above \$100K will be covered by the \$300K appropriated for the same grant in the 2011-13 budget.						
Total	0.7	1.0	0.9	59,488	84,984	144,472

2012 Supplemental Budget Decision Package

Agency: 405 Department of Transportation

Decision Package Code/Title: FF – Update Local Fund Authority

Budget Period: 2011-13 Biennium

Budget Level: M2 – Maintenance Level

Program: Q – Traffic Operations

Recommendation Summary Text:

The Traffic Operations program provides services that are reimbursed by other governmental entities. The local appropriation authority is increased to match expected levels of contracted work.

Fiscal Detail:

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
108-7 MVA-Local		123,000	123,000	123,000	123,000
Total by Fund	-	123,000	123,000	123,000	123,000
	FY 2011	FY 2012	2011-13	2013-15	2015-17
Staffing FTEs		0.6	0.3	0.3	0.3

Package description:

The Traffic Operations program provides services that are reimbursed by other governmental entities. Services include staffing at the Olympic Region Traffic Management Center (TMC), and software development for other state’s Commercial Vehicle Information systems. The current amount of local appropriation authority is set at \$127,000 which is not adequate to support existing contracts.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Increasing local appropriation from \$127,000 to \$250,000 authorizes the Traffic Operations Program to continue delivering contracted services.

Performance measure detail:

N/A.

Is this decision package essential to implement a strategy identified in the agency’s strategic plan? If so, please describe.

Yes. These agreements for traffic management services address the department’s goal of mobility and congestion relief by increasing the operating capacity of the current system and reducing the causes and severity of congestion.

Does this decision package provide essential support to one of the Governor’s priorities? If so, please describe.

Yes. This request provides essential support to the Governor’s priority to have a seamless transportation system which supports the prosperity of our state and also addresses the safety of our travelers.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

Yes. This decision package contributes to statewide results by providing resources to safely and efficiently operate the highway system. The maintenance and operation of the highway system is a high priority.

What are the other important connections or impacts related to this proposal?

This request supports executed contracts between the department and the City of Lakewood, Pierce County, and the states of Oregon and North Carolina.

What alternatives were explored by the agency, and why was this alternative chosen?

These contracts benefit all parties and therefore no alternatives were considered.

What are the consequences of not funding this package?

Unanticipated receipts will be requested to provide the additional local authority.

What is the relationship, if any, to the capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure calculations and assumptions.

Description	Estimated Biennial Costs
Oregon Department of Transportation	\$50,000
North Carolina Department of Transportation	\$6,000
Pierce County TMC Support	\$154,000
City of Lakewood TMC Support	\$40,000
Total	\$250,000
Current Local Appropriation	\$127,000
Difference	\$123,000

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

The costs will continue as stated unless individual agreements are terminated or added.

Objects of Expenditure.

Object of Expenditure Detail					
Object of Expenditure	FY 2012	FY 2013	2011-13	2013-15	2015-17
A - Salaries and Wages		20,000	20,000	20,000	20,000
B - Benefits		6,000	6,000	6,000	6,000
C - Personal Service Contracts			-		
E - Goods and Services		97,000	97,000	97,000	97,000
G - Travel			-		
J - Capital Outlay			-		
Total by Object	-	123,000	123,000	123,000	123,000

Salary and FTE Detail						
List positions by classification	FTEs			Dollars		
	FY 2012	FY 2013	Biennial Average	FY 2012	FY 2013	Total
Traffic Safety Systems Operator 3		0.6	0.3		20,000	20,000
			-			-
			-			-
			-			-
Total	-	0.6	0.3	-	20,000	20,000

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List positions by classification	FTEs		Dollars	
	2013-15	2015-17	2013-15	2015-17
Traffic Safety Systems Operator 3	0.3	0.3	20,000	20,000
Total	0.3	0.3	20,000	20,000

2012 Supplemental Budget Decision Package

Agency: 405 Department of Transportation

Decision Package Code/Title: FG – Increased Software Contract Costs

Budget Period: 2011-13 Biennium

Budget Level: M2 – Maintenance Level

Program: C – Information Technology

Recommendation Summary Text:

Funding is required for the increasing cost of maintaining the current level of software licenses and maintenance agreements that support all Washington State Department of Transportation (WSDOT) project delivery, program activities, and business operations. These licenses and agreements are critical to support the department’s mission to “keep people and business moving by operating and improving the state’s transportation systems vital to our taxpayers/citizens and communities.” As WSDOT business requirements increase, the agency relies more on information technology solutions.

Fiscal Detail:

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
108-1 MVA-State	151,000	152,000	303,000	303,000	303,000
Total by Fund	151,000	152,000	303,000	303,000	303,000
	FY 2011	FY 2012	2011-13	2013-15	2015-17
Staffing FTEs	-	-	-	-	-

Package description:

The department requests funding to maintain software licenses and maintenance agreements that support communications, project development and reporting, bridge design, project management, environmental, business activities (accounting, imagining, inventory, disaster recovery), and information technology infrastructure (servers, networks, mainframe, operating systems). The increase cost in software agreements is mainly due to the Microsoft Enterprise License agreement. The cost of this agreement increased due to WSDOT’s ongoing migration to Windows 7 operating system and Internet Explorer (IE) 8.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Funding this package will allow the department to maintain its current level of information technology (IT) software support.

Performance measure detail:

N/A

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

The department's performance is reliant on information technology for efficient operations.

Does this decision package provide essential support to one of the Governor's priorities? If so, please describe.

Yes. The department uses information technology in meeting the Governor's priority to provide a seamless transportation system which supports the prosperity of our state and also addresses the safety of our travelers. IT systems also provide tools which support transparency and accountability.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

Yes. These licenses and agreements are critical to the department's project delivery, program activities, and business operations. Those activities support the Priorities of Government goal to improve statewide mobility of people, goods, and services.

What are the other important connections or impacts related to this proposal?

N/A

What alternatives were explored by the agency, and why was this alternative chosen?

The department currently is very proactive in negotiating contract terms and standardizes software to decrease the amount of products in use. Discontinued use of proposed software license and maintenance items was not determined as a good business practice alternative.

What are the consequences of not funding this package?

Some contracts may have to be terminated, requiring the department to return to manual or less efficient operations. Software licenses are essential to the department. As documented in the "State Auditor's Office IT Services and Cost Study", WSDOT's Office of Information Technology has been identified for having a low IT cost profile. This is in part due to the IT staff workload ratio being higher than industry averages. Further reduction in resources to support software could have a significant impact on service delivery both internal and external to WSDOT. Additionally, some costs may be allocated to other program(s), which could impact program service delivery and/or project costs.

What is the relationship, if any, to the capital budget?

N/A.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None are required.

Expenditure calculations and assumptions.

The Office of Information Technology manages more than 121 individual software licenses and maintenance agreements. The estimated costs for these software agreements are based on either signed contracts or the actual costs of the prior year invoice. The software agreements have been grouped into three categories: 1) Software agreement increases; 2) software agreements that remained the same; and 3) software agreement decreases.

	(A)	(B)	(C)	(D)	(E)	(F)
	2007-09 Actual Costs	2009-11 Actual Costs	2011-13 Estimated Costs	Biennial Increase	Amount Funded in 2011-13 Budget	2012 Supplemental Request (D minus E)
Software Agreements increasing (63)	4,195,615	5,551,514	7,627,306	2,206,792		
Software Agreements unchanged (29)	634,161	546,930	546,930	0		
Software Agreements decreasing (29)	2,621,573	2,621,950	1,360,900	(1,261,050)		
TOTAL	7,451,349	8,720,394	9,535,136	945,742	642,995	302,747

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

All costs are ongoing.

Objects of Expenditure.

Object of Expenditure Detail					
Object of Expenditure	FY 2012	FY 2013	2011-13	2013-15	2015-17
E - Goods and Services	151,000	152,000	303,000	303,000	303,000
Total by Object	151,000	152,000	303,000	303,000	303,000

2012 Supplemental Budget Decision Package

Agency: 405 Department of Transportation

Decision Package Code/Title: FH – Increased Local Stormwater Assessments

Budget Period: 2011-13 Biennium

Budget Level: M2 – Maintenance Level

Program: M – Highway Maintenance

Recommendation Summary Text:

More local governments are charging assessments and/or raising the rates they charge for mitigation of stormwater runoff from state highways. Funding is provided in the Highway Maintenance Program for these increased costs.

Fiscal Detail:

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
108-1 MVA-State	177,000	177,000	354,000	354,000	354,000
Total by Fund	177,000	177,000	354,000	354,000	354,000
	FY 2011	FY 2012	2011-13	2013-15	2015-17
Staffing FTEs			-		

Package description:

RCW 90.03.525 authorizes local governments to charge the department for mitigation of stormwater runoff from state highways. Assessments have increased because more governments are charging assessments and/or raising of the rates they charge. In 2007-09, Program M stormwater assessment fees totaled \$3.5 million. In 2009-11, the fees increased by \$354,000 to \$3.8 million. This funding increase will allow the Highway Maintenance Program to have sufficient funds to pay locally imposed fees for stormwater runoff from state highways.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Having sufficient funding will allow the department to meet local governments' expectations that stormwater fees will be paid, pursuant to RCW 90.03.525. Efficiencies and outputs will remain the same.

Performance measure detail:

N/A

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

Yes. This request is essential to implement the department's Preservation Strategic Initiative: "Identify and resolve maintenance needs resulting from system additions and delivery cost increases."

Does this decision package provide essential support to one of the Governor’s priorities? If so, please describe.

Yes. This decision package supports the Priorities of Government statewide results area “Improve statewide mobility of people, goods, and services.”

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

Yes. This decision package supports the Priorities of Government statewide results area “Improve statewide mobility of people, goods, and services,” and would rate high in the Priorities of Government process.

What are the other important connections or impacts related to this proposal?

Between fifteen to twenty local governments submit stormwater plans and assessments to the department annually. Local governments have recently received stormwater permits from the Department of Ecology and are developing administrative and capital programs to be in compliance with Ecology’s permits. Consequently, more local governments are submitting stormwater plans and charging assessments. The department is required by RCW 90.03.525 to pay these assessments after the local government has submitted its plan showing how the fee will be used to mitigate stormwater runoff from state highways. During 2011, the Joint Transportation Committee is conducting a study of the stormwater assessment processes implemented under RCW 90.03.525 and will present its findings and recommendations for any changes during the 2012 legislative session. This may lead to changes in this program and possibly the amount of the stormwater assessments to the department.

What alternatives were explored by the agency, and why was this alternative chosen?

Using existing funding was considered, but not selected, because this would require reductions in highway maintenance activities. Such reductions would increase the highway maintenance backlog and reduce levels of service. Requesting additional funds was the alternative chosen in order for the department to be fiscally responsible in paying local government assessments without compromising highway maintenance.

What are the consequences of not funding this package?

The department will not have sufficient funds to pay all local government stormwater assessments without reducing highway maintenance levels of service. Not paying the assessments is not an option as it is required by law.

What is the relationship, if any, to the capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure calculations and assumptions.

The \$354,000 requested was calculated as the difference between the stormwater assessment fees paid in 2009-11 compared to 2007-09. The following table shows the history of Program M expenditures to local governments for stormwater assessment fees.

Program M Expenditures for Stormwater Assessments From Local Governments						
Local Government Entity	1999-01	2001-03	2003-05	2005-07	2007-09	2009-11
PIERCE COUNTY	\$360,595	\$350,205	\$326,987	\$117,832	\$265,976	\$345,241
CITY OF RENTON	61,872	64,110	83,449	52,520	85,290	95,051
CITY OF PUYALLUP	33,541	31,605	244			
CITY OF OLYMPIA	86,668	67,098	58,687	32,431	66,295	67,108
CITY OF KENT	102,536	98,160	91,385	61,251	59,744	95,188
CITY OF TUCKWILLA	116,083	98,772	61,682	91,290	133,166	97,489
CITY OF BOTHEL	30,101	41,947	34,486			52,905
CITY OF SEATAC	92,924	68,224	68,224	68,224	68,224	74,552
CITY OF VANCOUVER	67,000	90,596		219,595		432,724
CITY OF ISSAQUAH	74,701	67,608				
KITSAP COUNTY	67,001	35,252	81,453	183,998	221,385	20,692
KING COUNTY	1,228,004	1,309,578	1,309,578	1,374,906	1,435,490	1,520,694
SNOHOMISH COUNTY	133,390	288,723	331,010	319,516	391,315	161,157
SKAGIT COUNTY	92,178	30,043	36,872	36,872	36,871	36,871
CITY OF FEDERAL WAY	161,838	32,283	35,252			
BELLINGHAM STORMWATER FEES			69,015	89,272	88,727	88,727
CITY OF TACOMA	520	436	731	1,164		4,631
PORT ANGELES STORMWATER ENHANCEMENT	2,343					
CITY OF BELLEVUE				421,603	470,453	535,373
DOUGLAS COUNTY SWU	28,119	9,828	29,484	9,828	29,484	21,529
SPOKANE SWU	2,573					
CLARK COUNTY STORMWATER UTILITY FEES	149,328	161,322	161,322	93,196	91,918	162,978
NORTHBEND ASSESSMENT FEES		10,792			14,395	
Total	\$2,891,317	\$2,856,583	\$2,779,862	\$3,173,498	\$3,458,733	\$3,812,911
\$ Change from Previous Biennium		(\$34,735)	(\$76,721)	\$393,636	\$285,235	\$354,178
% Change from Previous Biennium		-1.2%	-2.7%	14.2%	9.0%	10.2%
Source: WSDOT Accounting System						

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

This is an ongoing request. The department anticipates that additional funds will be required in future biennia as local governments will continue to charge for and increase their stormwater assessments.

Objects of Expenditure.

Object of Expenditure Detail					
Object of Expenditure	FY 2012	FY 2013	2011-13	2013-15	2015-17
E - Goods and Services	177,000	177,000	354,000	354,000	354,000
Total by Object	177,000	177,000	354,000	354,000	354,000

2012 Supplemental Budget Decision Package

Agency: 405 Department of Transportation

Decision Package Code/Title: FJ – Fuel Hedging Savings

Budget Period: 2011-13 Biennium

Budget Level: M2 – Maintenance Level

Program: X00 – Ferries Maintenance and Operations

Recommendation Summary Text:

Funding is reduced to reflect the amount of fuel that has been hedged. Washington State Ferries is the largest consumer of diesel fuel in state government, using approximately 17.5 million gallons per fiscal year.

Fiscal Detail:

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
109-1 PSFOA	(1,081,000)	(56,000)	(1,137,000)		
Total by Fund	(1,081,000)	(56,000)	(1,137,000)	-	-
	FY 2012	FY 2013	2011-13	2013-15	2015-17
Staffing FTEs	-	-	-	-	-

Package description:

In 2011, the Washington State Legislature authorized the department to enter into a distributor-controlled fuel hedging program for the 2011-13 biennium to mitigate the impact of market fluctuations and pressure on short-term and long-term fuel costs to the Ferries Division. Fuel hedging is a contractual tool used to reduce exposure to volatile and potentially rising fuel costs.

The Ferries Division consumes approximately 17.5 million gallons of fuel per fiscal year. To date, the department has executed two hedges totaling 4.0 million gallons of fuel at an average price of \$3.23 per gallon excluding taxes and fees. Based on the March 2011 forecast, which was used to estimate the budgeted price of fuel reflected in the 2011-13 Transportation Budget, the price of fuel excluding taxes and fees was projected to be \$3.51 per gallon.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

N/A.

Performance measure detail:

N/A .

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

Yes. This request meets the department's strategic initiative to support operational needs and ensure the safety of people.

Does this decision package provide essential support to one of the Governor's priorities? If so, please describe.

N/A.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

N/A.

What are the other important connections or impacts related to this proposal?

Fuel is an essential input for the operation of ferries, but based on the fuel hedging contract, Ferries 2011-13 funding level can be reduced.

What alternatives were explored by the agency, and why was this alternative chosen?

N/A.

What are the consequences of not funding this package?

N/A.

What is the relationship, if any, to the capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure calculations and assumptions.

Savings are calculated by using the difference between the budgeted price of fuel per gallon excluding taxes and fees and the hedged price per gallon excluding taxes and fees. This difference is multiplied by the gallons hedged. Sales tax savings are estimated using 8.9% sales tax rate. Savings from hedging are offset by the cost of the Fuel Hedging Advisor assumed to be \$4,000 per month beginning September 2011 for the consultant's time and \$2,000 per year for the consultant's travel. The Table in Appendix A provides additional detail on the calculations.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

Savings are assumed to be one time since fuel was only hedged through September 2012.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2012	FY 2013	2011-13	2013-15	2015-17
C - Personal Service Contracts	42,000	50,000	92,000		
E - Goods and Services	(1,123,000)	(106,000)	(1,229,000)		-
Total by Object	(1,081,000)	(56,000)	(1,137,000)	-	-

2012 Supplemental Budget Decision Package

Agency: 405 Department of Transportation

Decision Package Code/Title: FK – Maintain Ferries Service Levels

Budget Period: 2012-13 Biennium

Budget Level: M2 – Maintenance Level

Program: X00 – Ferries Maintenance and Operations

Recommendation Summary Text:

The 2011-13 Transportation Budget reduced ferry operations funding by \$4 million, but directed that this amount be restored if Substitute House Bill 2053 (Additive Transportation Funding) was not enacted. The bill was not enacted, so funding in the amount of \$4 million is restored.

Fiscal Detail:

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
109-1 PSFOA		4,000,000	4,000,000	4,000,000	4,000,000
Total by Fund	-	4,000,000	4,000,000	4,000,000	4,000,000
	FY 2012	FY 2013	2011-13	2013-15	2015-17
Staffing FTEs	-	31.4	15.7	15.7	15.7

Package description:

The 2011-13 Transportation Budget reduced ferry operations funding by \$4 million, but directed that this amount be restored if Substitute House Bill 2053 (Additive Transportation Funding) was not enacted by June 30, 2011.

SHB 2053 was not enacted, hence, the department is requesting that appropriation authority for Ferries Maintenance and Operations (Program X) be increased by \$4,000,000 in order to restore ferry service funding.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Funding will allow the Ferries Division to continue ferry service at the legislatively-approved level.

Performance measure detail:

N/A

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

This proposal is essential to provide marine transportation in the Puget Sound area and to maintain the current level of ferry service. This request meets the department's strategic initiative to support ferry operation and ensure safety.

Does this decision package provide essential support to one of the Governor’s priorities? If so, please describe.

This request meets the Governor’s priority to provide a seamless transportation system in order to keep our state prosperous and our travelers safe. Ferry service is essential to the movement of people, goods and services across Puget Sound, especially for ferry-dependent communities such as Vashon Island and the San Juan Islands. Funding this package allows the ferry system to continue to provide the legislatively-approved level of ferry service.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

As ferries are considered a marine highway, this funding adjustment is necessary to maintain current mobility levels for freight, and commercial and personal vehicles on the marine portion of the state highway system. Ferry service is critical to the state’s Puget Sound transportation system. Consequently, this item rates high in the Governor’s Priorities of Government process.

What are the other important connections or impacts related to this proposal?

This package is necessary to comply with Chapter 367, Laws of 2011 Section 221 Subsection 21.

What alternatives were explored by the agency, and why was this alternative chosen?

This request meets legislative intent of the 2011-13 Transportation Budget so no alternatives were explored.

What are the consequences of not funding this package?

Washington State Ferries will not be able to comply with Chapter 367, Laws of 2011 Section 221 Subsection 21 and will need to implement the service reductions outlined in Subsection 12.

What is the relationship, if any, to the capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure calculations and assumptions.

N/A.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

Costs are all ongoing.

Objects of Expenditure.

Object of Expenditure Detail					
Object of Expenditure	FY 2012	FY 2013	2011-13	2013-15	2015-17
A - Salaries		2,080,000	2,080,000	2,080,000	2,080,000
B - Benefits		520,000	520,000	520,000	520,000
E - Goods and Services		1,400,000	1,400,000	1,400,000	1,400,000
Total by Object	-	4,000,000	4,000,000	4,000,000	4,000,000

2012 Supplemental Budget Decision Package

Agency: 405 Department of Transportation

Decision Package Code/Title: FR – Capital Reappropriations

Budget Period: 2011-13 Biennium

Budget Level: M2 – Maintenance Level

Program:

- D0C – Facilities – Capital**
- I0C – Improvements**
- P0C – Preservation**
- Q0C – Traffic Operations – Capital**
- W0C – Ferries – Capital**
- Y0C – Rail – Capital**
- Z0C – Local Programs – Capital**

Recommendation Summary Text:

Some projects funded with the department’s 2009-11 capital projects did not progress as expected leaving appropriation and associated work to be finished in 2011-13. Providing this reappropriation of funds will allow projects to continue toward completion at which point the full benefits of the project can be realized.

Fiscal Detail:

D0C- Facilities - Capital

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
108-1 MVA-State	58,240	53,760	112,000		
Total by Fund	58,240	53,760	112,000	-	-
	FY 2011	FY 2012	2011-13	2013-15	2015-17
Staffing FTEs			-		

IOC – Improvements

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
09H-1 TPA-State	59,167,680	54,616,320	113,784,000		
108-1 MVA-State	3,115,840	2,876,160	5,992,000		
108-2 MVA-Fed	33,128,680	30,580,320	63,709,000		
108-7 MVA-Local	10,153,360	9,371,640	19,525,000		
108-8 MVA-Stim	4,378,920	4,042,080	8,421,000		
16J-1 SR520-State	28,792,920	26,578,080	55,371,000		
215-1 Spec. C-State	64,480	59,520	124,000		
218-1 Multimodal-State	520	480	1,000		
550-1 Nickel-State	1,619,280	1,494,720	3,114,000		
11E-1 FMMA-State	27,560	25,440	53,000		
511-1 TNB-State	20,280	18,720	39,000		
Total by Fund	140,469,520	129,663,480	270,133,000	-	-
	FY 2011	FY 2012	2011-13	2013-15	2015-17
Staffing FTEs			-		

P0C – Preservation

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
108-1 MVA-State	4,785,000	4,417,000	9,202,000		
108-2 MVA-Fed	23,596,000	21,781,000	45,377,000		
108-7 MVA-Local	526,000	487,000	1,013,000		
550-1 Nickel-State	12,000	11,000	23,000		
09H-1 TPA-State	1,392,000	1,285,000	2,677,000		
Total by Fund	30,311,000	27,981,000	58,292,000	-	-
	FY 2011	FY 2012	2011-13	2013-15	2015-17
Staffing FTEs			-		

Q0C – Traffic Operations – Capital

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
108-1 MVA-State	1,149,000	1,060,000	2,209,000		
108-2 MVA-Fed	764,000	705,000	1,469,000		
Total by Fund	1,913,000	1,765,000	3,678,000	-	-
	FY 2011	FY 2012	2011-13	2013-15	2015-17
Staffing FTEs			-		

W0C – Ferries – Capital

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
099-1 PSC-State	3,135,000	3,134,000	6,269,000		
099-2 PSC-Fed	5,082,000	5,082,000	10,164,000		
099-7 PSC-Local	74,000	73,000	147,000		
09H-1 TPA-State	151,000	151,000	302,000		
Total by Fund	8,442,000	8,440,000	16,882,000	-	-
	FY 2011	FY 2012	2011-13	2013-15	2015-17
Staffing FTEs			-		

Y0C – Rail – Capital

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
02M-1 ERAA	32,000	32,000	64,000		
218-1 MMA-State	4,903,000	4,902,000	9,805,000		
218-2 MMA-Fed	12,299,000	12,299,000	24,598,000		
094-1 TInA-State	2,219,000	2,218,000	4,437,000		
Total by Fund	19,453,000	19,451,000	38,904,000	-	-
	FY 2011	FY 2012	2011-13	2013-15	2015-17
Staffing FTEs			-		

Z0C – Local Programs - Capital

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
09H-1 TPA-State	1,131,000	1,044,000	2,175,000		
108-1 MVA-State	585,000	540,000	1,125,000		
108-2 MVA-Fed	608,920	562,080	1,171,000		
218-1 Multimodal - State	2,351,000	2,170,000	4,521,000		
11E-1 FMMA-State	1,333,000	1,231,000	2,564,000		
09E-1 FMIA-State	112,000	104,000	216,000		
Total by Fund	6,120,920	5,651,080	11,772,000	-	-
	FY 2011	FY 2012	2011-13	2013-15	2015-17
Staffing FTEs			-		

Package description:

Work programmed to be completed in 2009-11 was not completed as expected. This could be the result of many different factors including environmental delays, weather, issues obtaining permits, delays in obtaining federal authorization, etc. Providing this reappropriation of funds will allow projects to continue toward completion at which point the full benefits of the project can be realized.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

This is a reappropriation of funds for work that was expected to be completed in 2009-11. If funding is provided, work can continue on a significant amount of capital projects, resulting in economic benefits and enhancing safety and mobility for the state's citizens.

Performance measure detail:

N/A.

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

Yes. The projects funded in this package support the strategic goals of the department: safety, preservation, mobility or congestion relief, environment, stewardship, and economic vitality.

Does this decision package provide essential support to one of the Governor's priorities? If so, please describe.

Yes. Completion of these projects furthers the Governor's priority to have a seamless transportation system which supports the prosperity of our state and also addresses the safety of our travelers.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

Yes. This decision package supports the Priorities of Government statewide results area "Improve statewide mobility of people, goods, and services," and would rate as a high priority in the Priorities of Government process.

What are the other important connections or impacts related to this proposal?

None.

What alternatives were explored by the agency, and why was this alternative chosen?

Funding for these capital projects was originally provided in 2009-11. This request re-appropriates unspent funding to the 2011-13 biennium for work that is underway.

What are the consequences of not funding this package?

If the reappropriation of funds is not provided, the construction of capital projects will be stopped, impacting the state's economy and preventing the state's citizens from enjoying the benefits of the project.

What is the relationship, if any, to the capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure calculations and assumptions.

The reappropriation amount was calculated at the project level using the assumption that if the 2009-11 reappropriation amount exceeds the project's request in 2011-13, then the reappropriation request was reduced to the 2011-13 request.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

This is a reappropriation of funds provided last biennium.

Objects of Expenditure.

All expenditures are Object J.

2012 Supplemental Budget Decision Package

Agency: 405 Department of Transportation

Decision Package Code/Title: FS – Adjust to 2012 Capital Project List

Budget Period: 2011-13 Biennium

Budget Level: M2 – Maintenance Level

Programs: **D0C – Facilities – Capital**
 I0C – Improvements
 P0C – Preservation
 Q0C – Traffic Operations – Capital
 W0C – Ferries – Capital
 Y0C – Rail – Capital
 Z0C – Local Programs – Capital

Recommendation Summary Text:

The Washington State Department of Transportation requests adjustments to the appropriation authority for the department’s seven capital programs. The department’s 2012 capital project list includes technical corrections and updates to the timing and cost of projects currently authorized by the Legislature.

Fiscal Detail:

D0C- Facilities - Capital

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
108-1 MVA-State	-	-	-	-	-
Total by Fund	-	-	-	-	-
	FY 2011	FY 2012	2011-13	2013-15	2015-17
Staffing FTEs			-		

IOC – Improvements

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
09H-1 TPA-State	(112,707,000)	(112,618,000)	(225,325,000)	29,354,000	16,727,000
108-1 MVA-State	2,765,000	3,495,000	6,260,000	4,595,000	499,000
108-2 MVA-Fed	1,034,000	6,429,000	7,463,000	25,815,000	(17,883,000)
108-7 MVA-Local	27,571,000	31,496,000	59,067,000	145,998,000	165,660,000
16J-1 SR520-State	(74,063,000)	(75,620,000)	(149,683,000)	(16,027,000)	21,695,000
218-1 Multimodal-State	-	-	-	(6,946,000)	6,948,000
550-1 Nickel-State	(243,000)	(3,000)	(246,000)	12,473,000	(884,000)
AWV-1 AWV-State	-	-	-	354,400,000	45,600,000
11E-1 FMMA-State	-	-	-	-	1,078,000
511-1 TNB-State	2,759,000	2,993,000	5,752,000	11,519,000	11,519,000
Total by Fund	(152,884,000)	(143,828,000)	(296,712,000)	561,181,000	250,959,000
	FY 2011	FY 2012	2011-13	2013-15	2015-17
Staffing FTEs			-		

POC – Preservation

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
108-1 MVA-State	5,774,000	7,022,000	12,796,000	4,145,000	5,537,000
108-2 MVA-Fed	(57,727,000)	(58,757,000)	(116,484,000)	29,294,000	(26,560,000)
108-7 MVA-Local	-	-	-	(285,000)	-
108-8 MVA-Stim	(2,178,000)	(2,360,000)	(4,538,000)	-	-
550-1 Nickel-State	-	-	-	(11,000)	-
09H-1 TPA-State	(4,138,000)	(4,259,000)	(8,397,000)	(1,690,000)	(16,589,000)
511-1 TNB-State	124,000	135,000	259,000	3,060,000	1,103,000
736-1 Puy Tribal-State	-	-	-	-	-
Total by Fund	(58,145,000)	(58,219,000)	(116,364,000)	34,513,000	(36,509,000)
	FY 2011	FY 2012	2011-13	2013-15	2015-17
Staffing FTEs			-		

QOC – Traffic Operations – Capital

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
108-1 MVA-State	-	-	-	1,000	-
108-2 MVA-Fed	-	-	-	1,000	-
Total by Fund	-	-	-	2,000	-
	FY 2011	FY 2012	2011-13	2013-15	2015-17
Staffing FTEs			-		

W0C – Ferries – Capital

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
099-1 PSC-State	1,068,000	1,067,000	2,135,000	16,211,000	31,399,000
099-2 PSC-Fed	780,000	780,000	1,560,000	8,565,000	1,645,000
099-7 PSC-Local	27,000	26,000	53,000	620,000	-
09H-1 TPA-State	-	-	-	(10,836,000)	-
218-1 MMA-State	(1,606,000)	(1,605,000)	(3,211,000)	(7,074,000)	1,000
550-1 Nickel-State	(3,048,000)	(3,047,000)	(6,095,000)	-	1,000
Total by Fund	(2,779,000)	(2,779,000)	(5,558,000)	7,486,000	33,046,000
	FY 2011	FY 2012	2011-13	2013-15	2015-17
Staffing FTEs			-		

Y0C – Rail – Capital

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
218-1 MMA-State	96,000	95,000	191,000	1,417,000	-
218-2 MMA-Fed	5,920,000	5,920,000	11,840,000	48,969,000	(29,024,000)
094-1 TInA-State	-	-	-	(1,000,000)	-
Total by Fund	6,016,000	6,015,000	12,031,000	49,386,000	(29,024,000)
	FY 2011	FY 2012	2011-13	2013-15	2015-17
Staffing FTEs			-		

Z0C – Local Programs - Capital

Detail by Fund	FY 2012	FY 2013	2011-13	2013-15	2015-17
108-1 MVA-State	(42,000)	48,000	6,000	-	-
108-2 MVA-Fed	(1,293,000)	(1,304,000)	(2,597,000)	3,250,000	-
218-1 Multimodal - State	(420,000)	(79,000)	(499,000)	-	-
11E-1 FMMA-State	(2,213,000)	(2,184,000)	(4,397,000)	1,316,000	-
09E-1 FMIA-State	-	-	-	1,684,000	-
Total by Fund	(3,968,000)	(3,519,000)	(7,487,000)	6,250,000	-
	FY 2011	FY 2012	2011-13	2013-15	2015-17
Staffing FTEs			-		

Package description:

The Washington State Department of Transportation is requesting technical adjustments to the funding for projects authorized by the Legislature in the 2011-13 Transportation Budget. The changes in appropriation authority represent the net adjustment required after individual projects have been updated for current cost estimates, revised schedules and other technical changes. The department's seven capital programs provide benefits to state and local roadways, ferries, and rail. Investments in these capital programs will preserve and improve the state's transportation infrastructure, which will benefit Washington's economy and travelers.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

If funding is provided, work can start or continue on a significant amount of capital projects, resulting in economic benefits and enhancing safety and improving mobility for the state's citizens.

Performance measure detail:

N/A.

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

Yes. The projects funded in this package support the strategic goals of the department: safety, preservation, mobility or congestion relief, environment, stewardship, and economic vitality.

Does this decision package provide essential support to one of the Governor's priorities? If so, please describe.

Yes. Completion of these projects furthers the Governor's priority to have a seamless transportation system which supports the prosperity of our state and also addresses the safety of our travelers.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

Yes. This decision package supports the Priorities of Government statewide results area "Improve statewide mobility of people, goods, and services," and would rate as a high priority in the Priorities of Government process.

What are the other important connections or impacts related to this proposal?

None.

What alternatives were explored by the agency, and why was this alternative chosen?

Funding for these capital projects was originally provided in the 2011-13 Transportation Budget. In the case of limited funding, the choices could include delays in project delivery and/or changes to the project list in total. This funding request adjusts appropriations in the 2011-13 biennium to reflect technical updates to the individual projects authorized by the Legislature.

What are the consequences of not funding this package?

If funding is not provided, the construction of capital projects will be stopped, impacting the state's economy and preventing the state's citizens from enjoying the benefits of the projects.

What is the relationship, if any, to the capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure calculations and assumptions.

The appropriation requested is based on the biennial needs identified by each individual project team. This information is reviewed at the program level to ensure consistency with department policies.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

As a capital request, there are costs associated with delivering projects and programs that extend into future biennia. These costs are identified by the project teams. At the program level, the department has assumed a “current law” approach in developing its budget request. This means that out-year expenditures for certain accounts may not be financially constrained over a six or ten-year period. Projects have been left on the schedule identified by the 2011 Washington State Legislature.

Objects of Expenditure.

All expenditures are Object J.

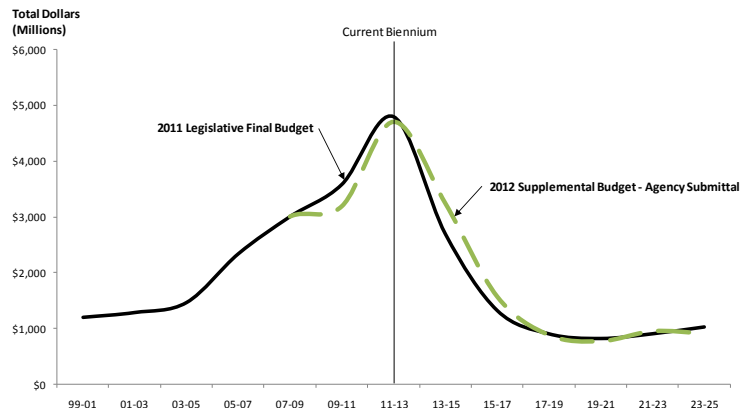
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Overview

The Washington State Department of Transportation’s 2012 Supplemental Budget request includes technical corrections necessary to deliver its capital program in 2011-13. The funding needs for the projects have been updated by the project teams to match the most current delivery schedules. At the program level, the department has assumed a “current law” approach in developing its budget request. This means that out-year expenditures for certain accounts may not be financially constrained over a six or ten-year period. Projects have been left on the schedule identified by the 2011 Washington State Legislature.

2012 Agency Request versus 2011 Legislative Final Budget - Highway Construction Program
Program Expenditures

*Includes the Improvement and Preservation programs with two exceptions:
 Excludes expenditures for the Tacoma Narrows Bridge and expenditures in the Improvement program reimbursed by Sound Transit.*



Traditionally, each year the department applies inflation to the preliminary engineering, right-of-way, and construction phases of the projects. For this legislative session, the department applied inflation to a preliminary project list and shared the results with the Office of Fincial Management and legislative staff. It was determined that the change was so minor and that the factors that affect inflation are subject to significant change that applying inflation for this budget submission was not necessary. Had the June 2011 inflation been applied the increase to the Preservation and Improvement Programs would be as follows:

Program	Inflationary Increase	
	11 - 13	Total
Preservation	753,278	4,093,240
Improvement	171,854	1,540,595
TOTAL	925,132	5,633,834

Program Highlights

Facilities Program

- The department is requesting a re-appropriation of 2009-11 funds for two minor repair projects. The Olympic Regional Office Complex is in the process of replacing its single restroom shared by 60 people with two restrooms. The Everett Maintenance Facility has a 1940’s era boiler system that is failing. It is being replaced with an efficient heat pump system.

Improvement Program

- The funding for the Alaskan Way Viaduct corridor has been increased to include the Port of Seattle’s contribution to the Viaduct project, the City of Seattle’s contribution to utility relocation, and a contribution expected from tolling the facility.
- The SR 520 Floating Bridge Replacement project is aligned with the most recent revenue and funding assumptions for the project, including recognition of the recent favorable bid on the Floating Bridge and Landings project. The sales tax deferral allowed by statute is also reflected in the project starting in the FY 2021-23 biennium.
- A project has been added for the renewal and rehabilitation (R and R) costs of the new Tacoma Narrows Bridge (TNB). Also, included in the TNB program is the sales tax deferral that begins in FY 2011-13 biennium.

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- Additional funding is requested for the Columbia River Crossing project. The Columbia River Crossing project completed and submitted its Final Environmental Impact Statement in September 2011, to be followed by a federal Record of Decision from the project's two federal agency sponsors, the US Department of Transportation's Federal Highway Administration and Federal Transit Administration by December 2011. The additional funds will allow the project to complete the final design phase and begin purchase of right of way within the project corridor. Project construction is expected to begin by fall of 2013.
- The department is implementing the direction provided in the 2011 Transportation Budget, which authorizes the design on the next phase of the Snoqualmie Pass Corridor using savings realized from a favorable bid on the project. This project will build a six-lane highway for two miles near Keechelus Dam. The project will also reduce the number of animal/vehicle hits by constructing a wildlife crossing structure over I-90 east of Lake Keechelus.
- A new Budget Item (BIN) structure is proposed for the SR 9 Corridor improvements. The funding for two of projects that were deferred is proposed to be redirected to higher priority projects on the southeastern portion of the corridor.
- The department proposes advancing funding on the SR 167 HOT Lane project to facilitate a property exchange and address utility work.

Preservation Program

- Additional funding is requested to address damage from emergency slides and floods. Federal Emergency Relief funds are used for projects that repair damage that occurred under an emergency proclamation by the Governor. Occasionally, this damage does not reach the level of a federal emergency proclamation, in which case the department uses Motor Vehicle State funds to pay for the repairs.
- The 16-year capital plan has included projects that reserve funding for programmatic activities, such as replacing asphalt or concrete roadways. To simplify the programming, these placeholders were typically funded with federal Surface Transportation Program, Federal Bridge Replacement, or state Motor Vehicle Account funds. The department's submittal funds these placeholders using the eligible federal programs and aligns with the latest state forecast available at the time.
- Funding is included for the Thea Foss Waterway resulting from settlements and judgments related to natural resource damage that occurred in the waterway. Funding is also needed to address costs associated with the cleanup of the Palermo Well site. In 2007, the department was found responsible for future response costs incurred by the Environmental Protection Agency.

Ferry Program

- The construction of the second 144-capacity Vessel remains in the project list. While the funding for this project was dependent on the passage of the Car Fee Bill the department's proposal leaves the project on the list to continue the legislative discussion of funding the vessel.
- Project reserves have been added to the Seattle and Mukilteo Terminal projects. The reserve amount for the Mukilteo Multimodal project is based on the Cost Estimate Validation Process (CEVP) that was concluded in September 2011. The reserve amount for the Seattle Terminal OHL and Building Replacement project will be updated after the CEVP is completed in October.
- The department is proposing to restore emergency repair funding to its historical average.

Rail Program

- The American Recovery and Reinvestment (ARRA) Program was restructured to match the cooperative agreement as approved by the Federal Railroad Administration including program

management and unallocated contingency. Newly obligated funds (\$15M from Florida redistribution, and \$16.1M from Ohio redistribution) were also added to the program.

Proviso Changes for Capital Programs (Engrossed Substitute House Bill 1175)

- Policy changes being proposed by the department:
 - Consolidate various reporting requirements found in Programs H, I, P, and Z into one, new section broken into monthly, quarterly, and annual reporting requirements. It is the department's objective in provided timely, vetted information to the transportation leadership and the state's citizens. One of the ways this is done is through the reporting requirements found in the transportation budget. The consolidation of the various reporting requirements is intended to streamline the information provided to OFM and the Legislature. Through this revision, the department will provide information in a consistent format and more frequently.
 - Eliminate the Earned Value (EV) requirement for ferry projects. An alternative would be narrow requirement to use earned value method of project delivery for selected terminal projects which have significant preliminary engineering phases and activities.
 - The EV report is a tool that was created for the design team to enable them to assess the schedule and budget for a given project during the design phase. The report is just an indicator that a corrective action might be needed to prevent potential overruns or delays. The report does not provide justifications, reasons, or description of the risk and it does not provide recommendations on how to address the issue. This type of information is provided on regular basis through other reporting requirements found in the transportation budget.
 - A significant challenge in complying with the proviso as written is that terminal projects with short delivery timelines are not good candidates for applying EV methods because there is not sufficient time to identify unfavorable trends and take corrective actions. The work on smaller projects is completed before the quarterly EV report is due. The time and resources needed to produce the report for these types of projects exceed the benefits.
 - WSDOT does not control projects' schedule while in the construction phase. The contractor controls the schedule. The delivery status and progress of work are measured based on the amount of work completed by the contractor on certain bid items versus the payments made in a given period of time. There is nothing in the contract that clearly defines and measures deliverables, which is known in the industry as "Schedule of Values" (the only deliverable that is clearly defined: "The Project is done").
 - For Program Z, provide flexibility to make transfers among projects, similar to Section 603 provisions for Programs I and P. Highways and Local Programs Capital Program funds benefit local cities and towns. These projects are delivered by local transportation agencies, which means the delivery is not under the department's control. On occasion, the financial needs for one of these local projects exceeds the amount they identified would be needed in the budget. When this happens, given the restricted nature of Section 310(7), Highways and Local Programs is not able to accommodate adjustments in excess of the amount identified in the budget. To avoid delaying the delivery of local projects, the department is proposing that Highways and Local Programs be given the same flexibility as allowed the Highway Construction Program under Section 603.
 - Add provisions to Section 311 acknowledging the department's authority to move state and federal appropriation between projects and recognizing the department's desire to program federal funds on fewer and larger projects. Also, consolidates the department's

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ability to transfer state and federal funds between Program I, P, and Z with the Office of Financial Management’s approval. It is the department’s objective to maximize the use of federal and state funds. In doing so, we follow a principle of using the most restrictive fund source first and programming federal funds on fewer and larger projects. This provides flexibility in the latter part of an act or extension and saves costs associated with managing a federal project. Providing additional guidance to the department on the legislative priorities will clarify the principles by which the department administers its Motor Vehicle state and federal programs.

- Technical changes being proposed by the department:
 - Make technical corrections to projects/provisos by moving to correct programs and eliminating obsolete language.
 - In Program I, eliminate the reference to the Bunkhouse purchase in 2011-13. The property was purchased in 2009-11.
 - Transfer SR 520 Avondale Rd project from Program Z to I. This is a state highway and WSDOT is the lead.
 - Transfer SR 522 Improvements/61st Avenue NE from Program I to Z. This is a local agency project one block north of SR 522.
 - For Program Y, eliminate the requirement to acquire additional grain train railcars once a certain level of funding is available. This requirement was fulfilled when the department purchased 29 grain train sets.

Program Change Summary

The following is summary of the dollar amount changes:

2011-13 Capital Program (dollars in millions)	2012 Agency Proposal (including re- appropriation)	2011 Legislative Budget¹ (11LEGFIN)	Difference
D - Facilities	5.5	5.4	0.1
I - Improvement	4,007.7	4,034.3	-26.6
P - Preservation	695.6	753.7	-58.1
Q - Traffic Ops	15.7	12.0	3.7
W - Ferry Division	294.7	283.3	11.3
Y - Rail	477.4	426.4	50.9
Z - Local Programs	95.5	91.2	4.3
Total Change	5,592.1	5,606.3	\$- 14.4

Note:

1 - Excludes sub-program I6 Sound Transit