

Decision Packages

Agency: 405 Department of Transportation
Decision Package Code/Title: 5W Fuel Costs
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program X – Ferries Maintenance & Operations

Recommendation Summary

Washington State Ferries (WSF) is the largest consumer of biodiesel fuel in state government. The department requests a reduction to 2015-17 appropriation authority consistent with projected fuel prices from the September 2015 Five-percent Biodiesel (B5) Adjusted Forecast.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
109-1 State	-1,850,000	-3,127,000	-4,977,000	-4,977,000	-4,977,000
Total	-1,850,000	-3,127,000	-4,977,000	-4,977,000	-4,977,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program X - Operating					
109-1 State	-1,850,000	-3,127,000	-4,977,000	-4,977,000	-4,977,000
Total by Fund	-1,850,000	-3,127,000	-4,977,000	-4,977,000	-4,977,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

Package Description

Ferries’ fuel budgets are based on the number of gallons consumed per-year at the forecasted biodiesel price per-gallon. The total projected need for the 2015-17 biennium budget is based on the adjusted B5 biodiesel price in the September 2015 Fuel Price Forecast of \$2.25 per-gallon for the biennium, including all applicable taxes and fees and the impact of fuel hedges. The most recent September 2015 forecast anticipates a lower per-gallon price, compared to the 2015 enacted budget.

The department uses actual B5 biodiesel prices, including delivery fees, applicable taxes, and the markup costs WSF must pay as the baseline in forecasting. On July 1, 2013, WSF began receiving a sales-tax exemption on biodiesel fuel purchases. This exemption has been incorporated into the baseline B5 biodiesel price forecast. An adjustment to the baseline is then applied to the B5 biodiesel price.

To mitigate the volatility of using a single price point in its forecasting, the department compares the crude oil prices of five forecasting entities – WSDOT official forecast, Global Insight, New York Mercantile Exchange (NYMEX), Consensus Economics, and Economy.com – and determines the difference between the baseline forecast and the five forecasting entities’ average price. This difference is used to adjust the retail gas, diesel, and B5 biodiesel prices from the baseline prices. Based on the September 2015 B5 Adjusted Forecast, the average non-hedged fuel price is projected to be \$2.11 per-gallon for the 2015-17 biennium, down from the \$2.26 per non-hedged gallon price from the March 2015 forecast, which was used for the base fuel appropriation.

In addition, the department is authorized to execute fuel hedges. To date, the department has hedged 26,754,000 gallons for the 2015-17 biennium at an average price of \$2.30 per gallon, down from the \$2.75 per hedged gallon price reflected in the March 2015 forecast. Hedges are entered into for budget

stability and have always been locked in below prices that are forecasted at the time of the hedge; subsequent further declines in forecasted prices account for hedged prices exceeding non-hedged prices.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

Approval of this request will align the WSF budget to expected costs, allowing WSF to continue to provide the legislatively approved level of ferry service.

Because the ferries are a marine highway, ferry operations support improved commute times and improved road conditions. When travelers are able to take more direct ferry routes, rather than lengthy road routes, their travel times are shorter and roadway wear is reduced. Approximately 23 million riders and 12.6 million cars are carried over Puget Sound each year. Because fuel is critical to ferry service, the package supports an efficient transportation system in the Puget Sound.

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 request contributes to the department's strategic plan, Results WSDOT, Goal 2: Modal integration. The proposal aligns the WSF budget to expected costs of continuing to provide marine transportation in the Puget Sound area.

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

Yes. This request supports the Governor's Results Washington priority, Goal 2: Prosperous economy, specifically contributing to a sustainable and efficient transportation infrastructure, aligning the budget to expected diesel fuel costs that are part of delivering ferry service.

Identify important connections or impacts related to this proposal.

This is a technical adjustment to align the budget to most-recently forecasted diesel fuel prices.

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

The alternative of not adjusting the WSF fuel budget would dedicate unneeded resources to this activity, unnecessarily committing account balance and precluding its use for other priorities.

What are the consequences of adopting this package?

N/A

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

N/A

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

N/A

Expenditure Calculations and Assumptions

The forecast is based on the September 2015 Adjusted B5 Biodiesel Forecast for the 2015-17 biennium (please see attachment A). All fuel purchased at Harbor Island is based on a five percent biodiesel blend, with the price based on the department’s September 2015 official forecast for biodiesel.

For base fuel assumed in the 2015-17 fuel budget (36,467,404 gallons):

2015-17 Fuel Budget – Adjusted B5 Forecast price (September 2015) at \$2.25/gal:	\$ 82.0 M
<u>2015-17 Fuel Budget – Adjusted B5 Forecast price (March 2015) at \$2.39/gal:</u>	<u>87.0 M</u>
Difference in Dollars	(\$ 5.0 M)

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 2016	FY 2017	2015-17	2017-19	2019-21
E. Goods and Services	-1,850,000	-3,127,000	-4,977,000	-4,977,000	-4,977,000
Total	-1,850,000	-3,127,000	-4,977,000	-4,977,000	-4,977,000
Program X - Operating					
E. Goods and Services	-1,850,000	-3,127,000	-4,977,000	-4,977,000	-4,977,000
Total	-1,850,000	-3,127,000	-4,977,000	-4,977,000	-4,977,000

Washington State Ferries Fuel Cost Estimates
Estimates Based on September 2015 Motor Fuel Price Forecast
(as of September 17, 2015)

	FY 2016	FY 2017	2015-2017 Biennium (Projected)
Fuel Appropriation: Chapter 10, 2015 Laws PV, Section 221 (4).			\$87,036,000
Total Gallons Required	18,233,702	18,233,702	36,467,404
<i>Hedged</i>			
Total Gallons Hedged	14,658,000	12,096,000	26,754,000
<i>Average price per gallon hedged fuel, including fees</i>	\$2.46	\$2.10	\$2.30
Subtotal Cost of Hedged Fuel, Including Fees (rounded to \$ in 1,000s)	\$36,030,000	\$25,427,000	\$61,457,000
<i>Non-Hedged</i>			
Total Gallons Not Hedged	3,575,702	6,137,702	9,713,404
<i>Average price per gallon biodiesel (B5), including fees</i>	\$1.94	\$2.21	\$2.11
Subtotal Cost of Non-Hedged Fuel, Including Fees (rounded to \$ in 1,000s)	\$6,937,000	\$13,564,000	\$20,501,000
TOTAL Fuel Costs Including Fees	\$42,967,000	\$38,992,000	\$81,959,000
<i>Average Cost per Gallon, Including Fees</i>	\$2.36	\$2.14	\$2.25
Fuel Hedging Consultant Cost	\$50,000	\$50,000	\$100,000
Total Cost of Fuel and Hedging Consultant	\$43,017,000	\$39,042,000	\$82,059,000
<i>Average Cost per Gallon Including Fees and Hedging Consultant</i>	\$2.36	\$2.14	\$2.25
Variance: Updated Cost Estimate versus Appropriation			(\$4,977,000)

Note: Chapter 16, Laws of 2011 (2ESSB 5742) exempts WSF from having to pay sales tax on fuel purchased for ferries beginning in 2013-15.

Non-Hedged Price Per-Gallon from Figure 21, Near-and Long-term Annual Fuel Price, Page 21 of September 2015 Transportation Revenue Forecast Summary (Volume I).

Agency: 405 Department of Transportation
Decision Package Code/Title: 8F Fuel Rate Adjustment
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

- Programs** **B – Toll Operations and Maintenance**
 C – Information Technology
 D – Facilities-Capital
 E – Transportation Equipment Fund
 F – Aviation
 H – Program Delivery and Management
 M – Highway Maintenance and Operations
 Q – Traffic Operations
 S – Transportation Management and Support
 T – Transportation Planning, Data, and Research
 X – Ferries-Operating
 Z – Local Programs

Recommendation Summary

Various WSDOT programs use gas and diesel fuel for motor vehicles and equipment to maintain and operate the state highway system. The September 2015 Fuel Price Forecast projects lower fuel costs in the 2015-17 biennium. The department requests a decrease of \$876,000 to enacted appropriations for programs that use gas and diesel fuel. The department also requests a \$2.2 million decrease in Transportation Equipment Fund (TEF) spending authority for TEF purchases of fuel for the department and for fuel sold to other agencies.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
039-1 State	-1,000	0	-1,000	-1,000	-1,000
09F-1 HOT-State	-1,000	0	-1,000	-1,000	-1,000
108-1 MVA-State	-544,000	-317,000	-861,000	-861,000	-861,000
109-1 State	-8,000	-4,000	-12,000	-12,000	-12,000
218-1 MMA-State	-1,000	0	-1,000	-1,000	-1,000
410-6 NonAp	-1,072,000	-1,111,000	-2,183,000	-2,183,000	-2,183,000
Total	-1,627,000	-1,432,000	-3,059,000	-3,059,000	-3,059,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program B - Operating					
09F-1 HOT-State	-1,000	0	-1,000	-1,000	-1,000
Total by Fund	-1,000	0	-1,000	-1,000	-1,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program C - Operating					
108-1 MVA-State	-1,000	-1,000	-2,000	-2,000	-2,000
Total by Fund	-1,000	-1,000	-2,000	-2,000	-2,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Program D - Operating					
108-1 MVA-State	-8,000	-5,000	-13,000	-13,000	-13,000
Total by Fund	-8,000	-5,000	-13,000	-13,000	-13,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program E - Operating					
410-6 NonAp	-1,072,000	-1,111,000	-2,183,000	-2,183,000	-2,183,000
Total by Fund	-1,072,000	-1,111,000	-2,183,000	-2,183,000	-2,183,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program F - Operating					
039-1 State	-1,000	0	-1,000	-1,000	-1,000
Total by Fund	-1,000	0	-1,000	-1,000	-1,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program H - Operating					
108-1 MVA-State	-4,000	-3,000	-7,000	-7,000	-7,000
Total by Fund	-4,000	-3,000	-7,000	-7,000	-7,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program M - Operating					
108-1 MVA-State	-506,000	-294,000	-800,000	-800,000	-800,000
Total by Fund	-506,000	-294,000	-800,000	-800,000	-800,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program Q - Operating					
108-1 MVA-State	-20,000	-11,000	-31,000	-31,000	-31,000
Total by Fund	-20,000	-11,000	-31,000	-31,000	-31,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program S - Operating					
108-1 MVA-State	-1,000	0	-1,000	-1,000	-1,000
Total by Fund	-1,000	0	-1,000	-1,000	-1,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program T - Operating					
108-1 MVA-State	-3,000	-2,000	-5,000	-5,000	-5,000
Total by Fund	-3,000	-2,000	-5,000	-5,000	-5,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program X - Operating					
109-1 State	-8,000	-4,000	-12,000	-12,000	-12,000
Total by Fund	-8,000	-4,000	-12,000	-12,000	-12,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program Y - Operating					
218-1 MMA-State	-1,000	0	-1,000	-1,000	-1,000
Total by Fund	-1,000	0	-1,000	-1,000	-1,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program Z - Operating					
108-1 MVA-State	-1,000	-1,000	-2,000	-2,000	-2,000
Total by Fund	-1,000	-1,000	-2,000	-2,000	-2,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

Package Description

TEF is responsible for the acquisition and operating costs of about 6,500 vehicles and equipment of all types. Department programs use this equipment to operate and maintain the highway system and to support department activities. In the 2015-17 biennium, programs will use approximately seven million gallons of fuel.

As a non-appropriated, proprietary, internal service fund, TEF charges rent for the use of equipment. The rental rates paid by department programs include fuel costs; these rental rates will decrease in 2015-17 because of lower fuel costs. The decrease of \$876,000 will reduce operating programs' costs for the TEF equipment rental-rate decrease, allowing the programs' appropriations to be reduced. The impact of decreased TEF rental rates for capital programs is absorbed in the cost of capital projects.

This package also requests a decrease in TEF non-appropriated spending authority of \$2.2 million for the decreased purchase cost of fuel for the department and for fuel sold to other agencies.

Narrative Justification and Impact**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 or more of the Governor's Results Washington priorities? If so, please describe.

N/A

Identify important connections or impacts related to this proposal.

This decision package is a technical adjustment to reflect expected fuel prices and does not change planned activities or services.

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

N/A

What are the consequences of adopting this package?

N/A

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

N/A

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

N/A

Expenditure Calculations and Assumptions

This request is based on the September 2015 fuel-price forecast of the Transportation Revenue Forecast Council. The calculations also take into account actual consumption and prices through August 2015, in addition to a forecast of fuel consumption for September 2015 forward, based on the prior two-year average for each forecasted month.

Department fuel costs are included in TEF rental rates. The forecasted rental decrease by program is shown in the following table. Capital programs I, P, and W are assumed to absorb the decrease in fuel costs into the cost of capital projects.

2015-17 Change in TEF Equipment Rental Due to Fuel Based on the September 2015 Forecast				
Pgm.	Description	Adjustment for Capital Programs		
		Forecast Change in Equipment Rental	Absorbing Change in Fuel Cost	Change in Funding Needed
B	Toll Oper. & Maint.	(\$1,000)	\$0	(\$1,000)
C	Info. Tech.	(\$2,000)	\$0	(\$2,000)
D	Facilities	(\$13,000)	\$0	(\$13,000)
F	Aviation	(\$1,000)	\$0	(\$1,000)
H	Pgm Delivery	(\$7,000)	\$0	(\$7,000)
I	Improvements	(\$16,000)	\$16,000	\$0
M	Highway Maint & Oper.	(\$800,000)	\$0	(\$800,000)
P	Preservation	(\$163,000)	\$163,000	\$0
Q	Traffic Operations	(\$31,000)	\$0	(\$31,000)
S	Trans. Mgmt.	(\$1,000)	\$0	(\$1,000)
T	Planning, Data, Rsrch.	(\$5,000)	\$0	(\$5,000)
V	Public Transportation	\$0	\$0	\$0
W	Ferries Construction	(\$2,000)	\$2,000	\$0
X	Ferries Operations	(\$12,000)	\$0	(\$12,000)
Y	Rail Programs	(\$1,000)	\$0	(\$1,000)
Z	Local Programs	(\$2,000)	\$0	(\$2,000)
	Subtotal WSDOT	(\$1,057,000)	\$181,000	(\$876,000)
	Other Agencies	(\$1,126,000)		
	Total Program E	(\$2,183,000)		

The following table shows the assumptions for average prices, consumption by gallons and type of fuel, with the budget for 2015-17 based on the March 2015 forecast, compared to the September 2015 fuel-cost forecast.

Change in Estimated TEF Expenditures for Fuel from March 2015 to September 2015 Forecast

Current 2015-17 Budget Based on March 2015 Forecast

	WSDOT			Other Agencies			Total Program E		
	FY 16	FY 17	Biennium	FY 16	FY 17	Biennium	FY 16	FY 17	Biennium
Gasoline									
Gallons	1,276,453	1,274,168	2,550,621	3,132,964	3,139,844	6,272,808	4,409,417	4,414,012	8,823,429
Price Per Gallon	\$2.6762	\$2.8999	\$2.7879	\$2.6761	\$2.8998	\$2.7881	\$2.6762	\$2.8999	\$2.7880
Total Unleaded	\$3,416,000	\$3,695,000	\$7,111,000	\$8,384,000	\$9,105,000	\$17,489,000	\$11,800,000	\$12,800,000	\$24,600,000
Diesel									
Gallons	2,291,593	2,242,196	4,533,789	319,215	316,546	635,761	2,610,808	2,558,742	5,169,550
Price Per Gallon	\$3.1245	\$3.3543	\$3.2381	\$3.1233	\$3.3550	\$3.2386	\$3.1245	\$3.3543	\$3.2382
Total Straight Diesel	\$7,160,000	\$7,521,000	\$14,681,000	\$997,000	\$1,062,000	\$2,059,000	\$8,157,000	\$8,583,000	\$16,740,000
Total Gas & Diesel									
Gallons	3,568,046	3,516,364	7,084,410	3,452,179	3,456,390	6,908,569	7,020,225	6,972,754	13,992,979
Dollars	\$10,576,000	\$11,216,000	\$21,792,000	\$9,381,000	\$10,167,000	\$19,548,000	\$19,957,000	\$21,383,000	\$41,340,000

Forecast for 2015-17 Based on September 2015 Fuel Forecast

	WSDOT			Other Agencies			Total Program E		
	FY 16	FY 17	Biennium	FY 16	FY 17	Biennium	FY 16	FY 17	Biennium
Gasoline									
Gallons	1,260,641	1,259,550	2,520,191	3,128,831	3,146,269	6,275,100	4,389,472	4,405,819	8,795,291
Price Per Gallon	\$2.5852	\$2.6906	\$2.6379	\$2.5933	\$2.6911	\$2.6423	\$2.5852	\$2.6906	\$2.6411
Total Unleaded	\$3,259,000	\$3,389,000	\$6,648,000	\$8,114,000	\$8,467,000	\$16,581,000	\$11,373,000	\$11,856,000	\$23,229,000
Diesel									
Gallons	2,272,207	2,223,847	4,496,054	296,075	291,818	587,893	2,568,282	2,515,665	5,083,947
Price Per Gallon	\$2.9253	\$3.3456	\$3.1332	\$2.9216	\$3.3446	\$3.1315	\$2.9253	\$3.3456	\$3.1330
Total Diesel	\$6,647,000	\$7,440,000	\$14,087,000	\$865,000	\$976,000	\$1,841,000	\$7,512,000	\$8,416,000	\$15,928,000
Total Gas & Diesel									
Gallons	3,532,848	3,483,397	7,016,245	3,424,906	3,438,087	6,862,993	6,957,754	6,921,484	13,879,238
Dollars	\$9,906,000	\$10,829,000	\$20,735,000	\$8,979,000	\$9,443,000	\$18,422,000	\$18,885,000	\$20,272,000	\$39,157,000

Change From March 2015 to September 2015 Forecast for 2015-17

	WSDOT			Other Agencies			Total Program E		
	FY 16	FY 17	Biennium	FY 16	FY 17	Biennium	FY 16	FY 17	Biennium
Gasoline									
Gallons	(15,812)	(14,618)	(30,430)	(4,133)	6,425	2,292	(19,945)	(8,193)	(28,138)
Price Per Gallon	(\$0.0910)	(\$0.2093)	(\$0.1501)	(\$0.0828)	(\$0.2087)	(\$0.1457)	(\$0.0910)	(\$0.2093)	(\$0.1470)
Total Unleaded	(157,000)	(306,000)	(463,000)	(270,000)	(638,000)	(908,000)	(427,000)	(944,000)	(1,371,000)
Diesel									
Gallons	(19,386)	(18,349)	(37,735)	(23,140)	(24,728)	(47,868)	(42,526)	(43,077)	(85,603)
Price Per Gallon	(\$0.1991)	(\$0.0087)	(\$0.1049)	(\$0.2017)	(\$0.0104)	(\$0.1071)	(\$0.1991)	(\$0.0087)	(\$0.1052)
Total Diesel	(513,000)	(81,000)	(594,000)	(132,000)	(86,000)	(218,000)	(645,000)	(167,000)	(812,000)
Total Gas & Diesel									
Gallons	(35,198)	(32,967)	(68,165)	(27,273)	(18,303)	(45,576)	(62,471)	(51,270)	(113,741)
Dollars	(670,000)	(387,000)	(1,057,000)	(402,000)	(724,000)	(1,126,000)	(1,072,000)	(1,111,000)	(2,183,000)

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

Fuel cost increases are expected to be ongoing.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
E. Goods and Services	-1,225,000	-708,000	-1,933,000	-1,933,000	-1,933,000
F. Net Cost of Goods Sold/Fuel	-402,000	-724,000	-1,126,000	-1,126,000	-1,126,000
Total	-1,627,000	-1,432,000	-3,059,000	-3,059,000	-3,059,000
Program B - Operating					
E. Goods and Services	-1,000	0	-1,000	-1,000	-1,000
Total	-1,000	0	-1,000	-1,000	-1,000
Program C - Operating					
E. Goods and Services	-1,000	-1,000	-2,000	-2,000	-2,000
Total	-1,000	-1,000	-2,000	-2,000	-2,000
Program D - Operating					
E. Goods and Services	-8,000	-5,000	-13,000	-13,000	-13,000
Total	-8,000	-5,000	-13,000	-13,000	-13,000
Program E - Operating					
E. Goods and Services	-670,000	-387,000	-1,057,000	-1,057,000	-1,057,000
F. Net Cost of Goods Sold/Fuel	-402,000	-724,000	-1,126,000	-1,126,000	-1,126,000
Total	-1,072,000	-1,111,000	-2,183,000	-2,183,000	-2,183,000
Program F - Operating					
E. Goods and Services	-1,000	0	-1,000	-1,000	-1,000
Total	-1,000	0	-1,000	-1,000	-1,000
Program H - Operating					
E. Goods and Services	-4,000	-3,000	-7,000	-7,000	-7,000
Total	-4,000	-3,000	-7,000	-7,000	-7,000
Program M - Operating					
E. Goods and Services	-506,000	-294,000	-800,000	-800,000	-800,000
Total	-506,000	-294,000	-800,000	-800,000	-800,000
Program Q - Operating					
E. Goods and Services	-20,000	-11,000	-31,000	-31,000	-31,000
Total	-20,000	-11,000	-31,000	-31,000	-31,000
Program S - Operating					
E. Goods and Services	-1,000	0	-1,000	-1,000	-1,000
Total	-1,000	0	-1,000	-1,000	-1,000
Program T - Operating					
E. Goods and Services	-3,000	-2,000	-5,000	-5,000	-5,000
Total	-3,000	-2,000	-5,000	-5,000	-5,000
Program X - Operating					
E. Goods and Services	-8,000	-4,000	-12,000	-12,000	-12,000
Total	-8,000	-4,000	-12,000	-12,000	-12,000
Program Y - Operating					
E. Goods and Services	-1,000	0	-1,000	-1,000	-1,000
Total	-1,000	0	-1,000	-1,000	-1,000
Program Z - Operating					
E. Goods and Services	-1,000	-1,000	-2,000	-2,000	-2,000
Total	-1,000	-1,000	-2,000	-2,000	-2,000

Agency: 405 Department of Transportation
Decision Package Code/Title: AA Capital Projects
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Programs **D – Facilities**
 I – Highway Improvements
 P – Highway Preservation
 Q – Traffic Operations
 W – Ferries
 Y – Rail
 Z – Local Programs

Recommendation Summary

The Washington State Department of Transportation (WSDOT) requests adjustments to the appropriation authority for the department’s seven capital programs. The department’s 2016 capital project list includes technical corrections and updates to the timing and cost of projects currently authorized by the Legislature.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
02M-1 ERAA-State	1,000	0	1,000	0	0
096-1 HIA-State	4,000	4,000	8,000	0	0
097-1 RV-State	-50,000	-50,000	-100,000	0	0
099-1 PSCC-State	2,864,000	2,863,000	5,727,000	0	0
099-2 PSCC-Federal	-4,958,000	-4,961,000	-9,919,000	0	0
099-7 PSCC-Local	-3,704,000	-3,704,000	-7,408,000	0	0
09H-1 TPA-State	-78,876,000	-78,876,000	-	0	0
			157,752,000		
108-1 MVA-State	7,224,000	7,223,000	14,447,000	0	0
108-2 MVA-Federal	-2,151,000	-2,150,000	-4,301,000	0	0
108-7 MVA-Local	1,495,000	1,498,000	2,993,000	0	0
16J-1 520-State	-1,911,000	-1,911,000	-3,822,000	0	0
17P-1 520C-State	-500,000	-500,000	-1,000,000	0	0
20H-1 CWA-State	-1,749,000	-1,751,000	-3,500,000	0	0
215-1 SpC-State	-3,000,000	-3,000,000	-6,000,000	0	0
218-1 MMA-State	-934,000	-934,000	-1,868,000	0	0
218-2 MMA-Federal	-228,000	-230,000	-458,000	0	0
535-1 AWV-State	-25,055,000	-25,055,000	-50,110,000	0	0
550-1 Nic-State	-26,595,000	-26,597,000	-53,192,000	0	0
Total	-	-	-	0	0
	138,123,000	138,131,000	276,254,000		
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program D - Capital					
108-1 MVA-State	443,000	443,000	886,000	0	0
Total by Fund	443,000	443,000	886,000	0	0
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Program I - Capital					
09H-1 TPA-State	-75,439,000	-75,438,000	-	0	0
			150,877,000		
108-1 MVA-State	498,000	498,000	996,000	0	0
108-2 MVA-Federal	-11,722,000	-11,721,000	-23,443,000	0	0
108-7 MVA-Local	1,429,000	1,432,000	2,861,000	0	0
16J-1 520-State	-2,416,000	-2,416,000	-4,832,000	0	0
17P-1 520C-State	-500,000	-500,000	-1,000,000	0	0
20H-1 CWA-State	-2,057,000	-2,058,000	-4,115,000	0	0
215-1 SpC-State	-3,000,000	-3,000,000	-6,000,000	0	0
218-1 MMA-State	-1,104,000	-1,104,000	-2,208,000	0	0
535-1 AWV-State	-25,055,000	-25,055,000	-50,110,000	0	0
550-1 Nic-State	-20,786,000	-20,788,000	-41,574,000	0	0
Total by Fund	-	-	-	0	0
	140,152,000	140,150,000	280,302,000		
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program P - Capital					
097-1 RV-State	-50,000	-50,000	-100,000	0	0
09H-1 TPA-State	-3,437,000	-3,438,000	-6,875,000	0	0
108-1 MVA-State	6,046,000	6,045,000	12,091,000	0	0
108-2 MVA-Federal	9,462,000	9,461,000	18,923,000	0	0
108-7 MVA-Local	135,000	136,000	271,000	0	0
16J-1 520-State	505,000	505,000	1,010,000	0	0
20H-1 CWA-State	350,000	350,000	700,000	0	0
550-1 Nic-State	-6,619,000	-6,620,000	-13,239,000	0	0
Total by Fund	6,392,000	6,389,000	12,781,000	0	0
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program Q - Capital					
108-1 MVA-State	237,000	237,000	474,000	0	0
108-2 MVA-Federal	109,000	110,000	219,000	0	0
108-7 MVA-Local	-69,000	-70,000	-139,000	0	0
Total by Fund	277,000	277,000	554,000	0	0
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program W - Capital					
099-1 PSCC-State	2,864,000	2,863,000	5,727,000	0	0
099-2 PSCC-Federal	-4,958,000	-4,961,000	-9,919,000	0	0
099-7 PSCC-Local	-3,704,000	-3,704,000	-7,408,000	0	0
218-1 MMA-State	-1,367,000	-1,367,000	-2,734,000	0	0
550-1 Nic-State	810,000	811,000	1,621,000	0	0
Total by Fund	-6,355,000	-6,358,000	-12,713,000	0	0
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program Y - Capital					
02M-1 ERAA-State	1,000	0	1,000	0	0
218-1 MMA-State	2,041,000	2,042,000	4,083,000	0	0
218-2 MMA-Federal	-228,000	-230,000	-458,000	0	0
Total by Fund	1,814,000	1,812,000	3,626,000	0	0
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program Z - Capital					
096-1 HIA-State	4,000	4,000	8,000	0	0
20H-1 CWA-State	-42,000	-43,000	-85,000	0	0
218-1 MMA-State	-504,000	-505,000	-1,009,000	0	0
Total by Fund	-542,000	-544,000	-1,086,000	0	0
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

Package Description

WSDOT is requesting technical adjustments to the funding for projects authorized by the legislature in the 2015-17 biennial 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

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, enhanced safety, and improved mobility for the state's citizens.

Performance Measure Detail

This request contributes to the Results Washington Goal 2, Outcome measure 3.1, Maintain infrastructure at 2012 baseline condition levels.

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

This decision package contributes to the department's strategic plan, Results WSDOT, goals: Goal 1 Strategic Investments, Goal 2 Modal Integration, and Goal 3 Environmental Stewardship.

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

The package contributes the Governor's Results Washington priority, Goal 2: Prosperous economy. Specifically, it contributes to a reliable and sustainable transportation infrastructure.

Identify important connections or impacts related to this proposal.

This decision package supports the Governor's Results Washington priority, Goal 2: Prosperous economy by improving statewide mobility of people, goods, and services. Completion of these projects furthers the Results Washington priority to have a sustainable, efficient infrastructure, which meets tomorrow's needs.

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

Funding for these capital projects was originally provided in the 2015-17 transportation budget. In the case of limited funding, choices could include delays in project delivery and/or changes to the project list in total. This funding request adjusts appropriations in the 2015-17 biennium to reflect technical updates to the individual projects authorized by the Legislature.

What are the consequences of adopting this package?

If funding is not provided, the construction of capital projects will be stopped, affecting 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 state capital budget?

N/A

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

N/A

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?

N/A

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
J. Capital Outlays	-137,581,000	-137,587,000	-275,168,000	0	0
N. Grants, Benefits and Client Services	-542,000	-544,000	-1,086,000	0	0
Total	-138,123,000	-138,131,000	-276,254,000	0	0
Program D - Capital					
J. Capital Outlays	443,000	443,000	886,000	0	0
Total	443,000	443,000	886,000	0	0
Program I - Capital					
J. Capital Outlays	-140,152,000	-140,150,000	-280,302,000	0	0
Total	-140,152,000	-140,150,000	-280,302,000	0	0
Program P - Capital					
J. Capital Outlays	6,392,000	6,389,000	12,781,000	0	0
Total	6,392,000	6,389,000	12,781,000	0	0
Program Q - Capital					
J. Capital Outlays	277,000	277,000	554,000	0	0
Total	277,000	277,000	554,000	0	0
Program W - Capital					
J. Capital Outlays	-6,355,000	-6,358,000	-12,713,000	0	0
Total	-6,355,000	-6,358,000	-12,713,000	0	0
Program Y - Capital					
J. Capital Outlays	1,814,000	1,812,000	3,626,000	0	0
Total	1,814,000	1,812,000	3,626,000	0	0
Program Z - Capital					
N. Grants, Benefits and Client Services	-542,000	-544,000	-1,086,000	0	0
Total	-542,000	-544,000	-1,086,000	0	0

Agency: 405 Department of Transportation
Decision Package Code/Title: AC Capital Projects - Reappropriations
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program **D – Facilities**
 I – Highway Improvements
 P – Highway Preservation
 Q – Traffic Operations
 W - Ferries
 Y – Rail
 Z – Local Programs

Recommendation Summary

The Washington State Department of Transportation (WSDOT) requests adjustments to the appropriation authority for the department’s seven capital programs. The department’s 2016 capital project list includes reappropriations for project funding authorized by the Legislature in the prior biennium but remained unexpended.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
02M-1 ERAA-State	319,000	319,000	638,000	0	0
094-1 TlnA-State	60,000	60,000	120,000	0	0
096-2 HIA-Federal	151,000	150,000	301,000	0	0
097-1 RV-State	392,000	393,000	785,000	0	0
099-1 PSCC-State	6,085,000	6,085,000	12,170,000	0	0
099-2 PSCC-Federal	11,857,000	11,855,000	23,712,000	0	0
099-7 PSCC-Local	403,000	404,000	807,000	0	0
09F-1 HOT-State	100,000	100,000	200,000	0	0
09H-1 TPA-State	76,004,000	76,002,000	152,006,000	0	0
106-1 HSF-State	841,000	841,000	1,682,000	0	0
108-1 MVA-State	10,246,000	10,244,000	20,490,000	0	0
108-2 MVA-Federal	67,366,000	67,366,000	134,732,000	0	0
108-7 MVA-Local	3,657,000	3,658,000	7,315,000	0	0
16J-1 520-State	2,581,000	2,580,000	5,161,000	0	0
218-1 MMA-State	7,063,000	7,062,000	14,125,000	0	0
218-2 MMA-Federal	64,678,000	64,678,000	129,356,000	0	0
550-1 Nic-State	20,017,000	20,014,000	40,031,000	0	0
Total	271,820,000	271,811,000	543,631,000	0	0
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program D - Capital					
09H-1 TPA-State	416,000	416,000	832,000	0	0
108-1 MVA-State	1,695,000	1,694,000	3,389,000	0	0
Total by Fund	2,111,000	2,110,000	4,221,000	0	0
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Program I - Capital					
09H-1 TPA-State	73,661,000	73,661,000	147,322,000	0	0
108-1 MVA-State	4,058,000	4,058,000	8,116,000	0	0
108-2 MVA-Federal	43,791,000	43,792,000	87,583,000	0	0
108-7 MVA-Local	3,451,000	3,452,000	6,903,000	0	0
16J-1 520-State	2,581,000	2,580,000	5,161,000	0	0
550-1 Nic-State	8,137,000	8,134,000	16,271,000	0	0
Total by Fund	135,679,000	135,677,000	271,356,000	0	0
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program P - Capital					
097-1 RV-State	392,000	393,000	785,000	0	0
09F-1 HOT-State	100,000	100,000	200,000	0	0
09H-1 TPA-State	653,000	652,000	1,305,000	0	0
108-1 MVA-State	3,897,000	3,897,000	7,794,000	0	0
108-2 MVA-Federal	20,511,000	20,511,000	41,022,000	0	0
108-7 MVA-Local	136,000	137,000	273,000	0	0
550-1 Nic-State	408,000	407,000	815,000	0	0
Total by Fund	26,097,000	26,097,000	52,194,000	0	0
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program Q - Capital					
108-1 MVA-State	410,000	410,000	820,000	0	0
108-2 MVA-Federal	607,000	606,000	1,213,000	0	0
108-7 MVA-Local	70,000	69,000	139,000	0	0
Total by Fund	1,087,000	1,085,000	2,172,000	0	0
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program W - Capital					
099-1 PSCC-State	6,085,000	6,085,000	12,170,000	0	0
099-2 PSCC-Federal	11,857,000	11,855,000	23,712,000	0	0
099-7 PSCC-Local	403,000	404,000	807,000	0	0
550-1 Nic-State	11,472,000	11,473,000	22,945,000	0	0
Total by Fund	29,817,000	29,817,000	59,634,000	0	0
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program Y - Capital					
02M-1 ERAA-State	319,000	319,000	638,000	0	0
094-1 TinA-State	60,000	60,000	120,000	0	0
218-1 MMA-State	4,205,000	4,205,000	8,410,000	0	0
218-2 MMA-Federal	64,678,000	64,678,000	129,356,000	0	0
Total by Fund	69,262,000	69,262,000	138,524,000	0	0
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program Z - Capital					
096-2 HIA-Federal	151,000	150,000	301,000	0	0
09H-1 TPA-State	1,274,000	1,273,000	2,547,000	0	0
106-1 HSF-State	841,000	841,000	1,682,000	0	0
108-1 MVA-State	186,000	185,000	371,000	0	0
108-2 MVA-Federal	2,457,000	2,457,000	4,914,000	0	0
218-1 MMA-State	2,858,000	2,857,000	5,715,000	0	0
Total by Fund	7,767,000	7,763,000	15,530,000	0	0
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

Package Description

WSDOT is requesting reappropriation of funding for projects originally authorized by the Legislature in the 2013-15 biennial transportation budget. This change in appropriation authority represents 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

What specific performance outcomes does the agency expect?

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

Performance Measure Detail

This request contributes to the Results Washington Goal 2, Outcome measure 3.1, Maintain infrastructure at 2012 baseline condition levels.

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

This decision package contributes to the department's strategic plan, Results WSDOT, goals: Goal 1 Strategic Investments, Goal 2 Modal Integration, and Goal 3 Environmental Stewardship.

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

This decision package supports the Governor's Results Washington priority, Goal 2: Prosperous economy by improving statewide mobility of people, goods, and services. Completion of these projects furthers the Results Washington priority to have a sustainable, efficient infrastructure, which meets tomorrow's needs.

Identify important connections or impacts related to this proposal.

This decision package supports the Governor's Results Washington priority, Goal 2: Prosperous economy by improving statewide mobility of people, goods, and services. Completion of these projects furthers the Results Washington priority to have a sustainable, efficient infrastructure, which meets tomorrow's needs.

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

Funding for these capital projects was originally provided in the 2015-17 transportation budget. In the case of limited funding, choices could include delays in project delivery and/or changes to the project list in total. This funding request adjusts appropriations in the 2015-17 biennium to reflect technical updates to the individual projects authorized by the Legislature.

What are the consequences of adopting this package?

If funding is not provided, the construction of capital projects will be stopped, affecting 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 state capital budget?

N/A

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

N/A

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?

N/A

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
J. Capital Outlays	264,053,000	264,048,000	528,101,000	0	0
N. Grants,Benefits and Client Svcs	7,767,000	7,763,000	15,530,000	0	0
Total	271,820,000	271,811,000	543,631,000	0	0
Program D - Capital					
J. Capital Outlays	2,111,000	2,110,000	4,221,000	0	0
Total	2,111,000	2,110,000	4,221,000	0	0
Program I - Capital					
J. Capital Outlays	135,679,000	135,677,000	271,356,000	0	0
Total	135,679,000	135,677,000	271,356,000	0	0
Program P - Capital					
J. Capital Outlays	26,097,000	26,097,000	52,194,000	0	0
Total	26,097,000	26,097,000	52,194,000	0	0
Program Q - Capital					
J. Capital Outlays	1,087,000	1,085,000	2,172,000	0	0
Total	1,087,000	1,085,000	2,172,000	0	0
Program W - Capital					
J. Capital Outlays	29,817,000	29,817,000	59,634,000	0	0
Total	29,817,000	29,817,000	59,634,000	0	0
Program Y - Capital					
J. Capital Outlays	69,262,000	69,262,000	138,524,000	0	0
Total	69,262,000	69,262,000	138,524,000	0	0
Program Z - Capital					
N. Grants,Benefits and Client Svcs	7,767,000	7,763,000	15,530,000	0	0
Total	7,767,000	7,763,000	15,530,000	0	0

Agency: 405 Department of Transportation
Decision Package Code/Title: BD Toll Ops and Ongoing Development
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program B – Toll Operations & Maintenance

Recommendation Summary

Funding provided in the 2015-17 biennial transportation budget for Program B (Toll Operations and Maintenance) is insufficient to fully fund the transition of toll operations from the capital program. Additional funding is requested to fund three core management roles and other non-FTE related costs. WSDOT is requesting \$1.5 million to complete the transition from capital funding.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
09F-1 HOT-State	31,000	32,000	63,000	63,000	63,000
16J-1 520-State	463,000	471,000	934,000	934,000	934,000
17P-1 520C-State	18,000	20,000	38,000	38,000	38,000
511-1 TNB-State	256,000	255,000	511,000	511,000	511,000
Total	768,000	778,000	1,546,000	1,546,000	1,546,000
Staffing FTEs	2.5	2.5	2.5	2.5	2.5
Program B - Operating					
09F-1 HOT-State	31,000	32,000	63,000	63,000	63,000
16J-1 520-State	463,000	471,000	934,000	934,000	934,000
17P-1 520C-State	18,000	20,000	38,000	38,000	38,000
511-1 TNB-State	256,000	255,000	511,000	511,000	511,000
Total by Fund	768,000	778,000	1,546,000	1,546,000	1,546,000
Staffing FTEs	2.5	2.5	2.5	2.5	2.5

Package Description

From the inception of the Toll Program, many toll program costs have primarily been funded through distributed capital (Program I) funding contributions from WSDOT’s mega projects: State Route (SR) 520 Floating Bridge, SR 99 Bored Tunnel, and Interstate 405 (I-405) / SR 167 Eastside Corridor. Examples of some of these activities and costs are strategic direction and planning, government relations and legislative responsiveness, financial compliance and budgeting, traffic and revenue analysis, toll rate setting, and payroll and human resource management. These activities are necessary for efficient and effective operational management of a toll program. As the three capital programs near completion and reduce their scope, and toll operations increases its scope, these recurring toll program activities, associated FTEs, and related costs must transition from Program I into the Toll Operations and Maintenance program.

WSDOT submitted a request in the 2015-17 budget cycle for 8.5 FTEs and \$4.0 million to transition critical, ongoing functions from Program I to the Toll Program thus funding these activities with toll revenue and consolidating program operations. The Legislature partially funded the original request providing \$2.5 million out of \$4.0 million requested. This supplemental request is for the remainder totaling \$1.5 million for staff, toll consultants, and goods and services to ensure technical financial

oversight for toll operations of Tacoma Narrows Bridge, SR 167 HOT Lanes, SR 520, the North end of I-405 Express Toll Lanes (ETL) and the SR 99 Bored Tunnel.

Activities covered by this funding include, but are not limited to: Toll Division debt finance and planning, financing oversight and administration, communications to external stakeholders, financial reporting, required state budget and accounting, delivery of state required priority of public disclosure reporting, required federal financial reporting, management of toll rate setting and general toll consultant support services.

The below table is a by-object step through of the 2015-17 agency request, what was funded by the Legislature, the difference between the request and what was funded and the supplemental request.

Object	Agency Request	Funded	Difference	Supplemental Request
Object A/B	\$ 2,050,000	\$ 1,300,000	\$ 750,000	\$ 831,000
Object C	\$ 1,215,000	\$ 889,000	\$ 326,000	\$ 415,000
Object E	\$ 611,000	\$ 311,000	\$ 300,000	\$ 300,000
Object G	\$ 102,000	\$ -	\$ 102,000	\$ -
Object J	\$ 68,000	\$ -	\$ 68,000	\$ -
Total	\$ 4,046,000	\$ 2,500,000	\$ 1,546,000	\$ 1,546,000

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

The Toll Division has an integral role in *Moving Washington's* Transportation Strategy and continuously supports efforts leading to the management of increasing demand through the collection of toll revenue.

In response to the direction from the Legislature in 2012, the Toll Division conducted and implemented the recommendations from a Lean organizational review of the Toll Program and eliminated four WSDOT positions in the 2013-2015 biennium. In early fiscal year 2016, the Toll Division reduced the number of General Toll Consultants (GTC) by one consultant in August, and two more are planned by the end of the fiscal year (two consultants by June, fiscal year 2016). The WSDOT staff requested in this decision package are anticipated to take over many of the duties relinquished in the GTC reductions.

This request reflects the transition process with incremental decreases to the estimated consultant expenditures over the coming years. Toll Division continues to evaluate how and when to balance workload with increasing number of transactions and revenue. In the 2015-2017 biennium, traffic is forecasted to increase to 85 million transactions with \$330 million in projected revenue. This increase in transactions comes with additional workload across the entire program, including budgeting, administrative support, financial reporting, data handling, programming, and networking.

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 request funds core staff and resources to support decision making for the toll program. Tolls are part of the WSDOT strategic direction and integrated in the following ways.

- **Strategic Investment**
 - Tolls provide continuous benefit through traffic management and provide continuous funding to maintain transportation infrastructure.
- **Modal Integration**
 - Tolling provides incentive for increased use of alternative transportation modes by introducing user cost to the roadways.
- **Environmental Stewardship**
 - Tolling promotes environmental benefits and improves safety by reducing congestion, eliminating fluctuations in traffic flow, and reducing peak congestion.
- **Organizational Strength**
 - Tolling involves customer relations, communications, and daily contact with customers. A permanently structured Toll Division organization and culture provides the foundation for integrity, transparency, and trusted relationship with customers.
- **Community Engagement**
 - Tolling costs money so commuters need to understand toll revenue, and how the Toll Division utilizes toll revenue. Community outreach and communication leads to improved understanding of Toll Division goals and builds up credibility.
- **Smart technology**
 - Use of up-to-date technology, like transponders and license plate reading allows continuous flow of traffic, high-speed data availability, electronic communications, and promotes dependability. Networking and standardized reporting allow WSDOT to manage customer service without acquiring additional real estate for tollbooths.

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

Yes. This request supports the Governor's Results Washington priorities, Goal 1: Prosperous economy and Goal 2: Sustainable energy and a clean environment. Tolls are part of the Governor's priorities in the following ways.

- **Budget** - provides user based self-reliant funding source for highways and bridges
- **Economy** - by providing an incentive to travel off peak hours it enhances more predictable traffic flow, allows businesses to adjust to a more reliable transportation of goods and services
- **Efficient Government** - maintaining a permanent, interdisciplinary customer friendly workforce improves public relations and cultivates transparency and accountability.
- **Energy and Climate** – Tolling helps customers to prioritize their trips, reduce congestion, and harmonize roadway traffic. Reduced congestion, smoother traffic flow lead to air quality improvement, fuel economy and reduced carbon consumption.

Identify important connections or impacts related to this proposal.

This request funds the transfer of toll-related costs from capital program (I Program) to toll program (B Program). The Toll Division’s goal is to assure that future financial plans, including toll rates are sufficient to cover the full cost required to pay for road improvement in congested areas and that toll operations are sustained to meet the toll facility and toll-related state financing obligations.

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

Toll Division considered several alternatives to this proposal, including the following:

- Do not fund the (2.5) FTEs, personal services and don’t provide for technological improvements and IT. The likely result would be a lapse or slow down on completing SR 520 master bond resolution requirements identified for financing through the year 2056 because staff to conduct compliance certifications and reporting would not be directly available or may need to be repurposed from other positions, possibly leading to workload imbalances in other programs.
- Fund administrative management and oversight, communications from Motor Vehicle Account (MVA) gas tax and other state resource. The department would need to reprioritize its use of MVA funding from other projects.

What are the consequences of adopting this package?

Not funding the package would hinder WSDOT’s ability to transition the toll program from the capital program funding to a more permanent organization model where all applicable operational costs are funded using toll revenue, as well as, collect tolls and meet bond covenants.

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

N/A

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

No statutes and rules will be affected by this request.

Expenditure Calculations and Assumptions

WSDOT is proposing to transition 2.5 FTEs beyond the 6.0 FTEs authorized in the 2015-17 Program B budget. The current toll program staffing level does not meet operational requirements to support the existing toll facilities (TNB, SR 167 HOT Lanes and SR 520 Bridge) and it does not include the impact of additional shared cost from initiating I-405 ETL and SR 99 tunnel tolling.

The request proposes that the Toll Division Director of Finance, Government Relations Manager, and Financial Planning Manager be fully funded through the B Program. These positions lead toll activities both inside and outside of the agency, working with local governments, elected officials and associated staff providing strategic direction and leadership, as well as, meeting WSDOT’s obligations under state law.

Additional expenses in this B Program request are

- Personal Services – funding supports the General Toll Consultant (GTC) to provide staff augmentation with technical expertise of the toll program.
- Network services, and miscellaneous goods and services

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

All costs are ongoing. All future biennia costs have been incorporated into each toll facility’s financial plan and have been shown to have minimal impact to toll rates.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
A. Salaries and Wages	309,000	314,000	623,000	623,000	623,000
B. Employee Benefits	102,000	106,000	208,000	208,000	208,000
C. Professional Service Contracts	207,000	208,000	415,000	415,000	415,000
E. Goods and Services	150,000	150,000	300,000	300,000	300,000
Total	768,000	778,000	1,546,000	1,546,000	1,546,000
Program B - Operating					
A. Salaries and Wages	309,000	314,000	623,000	623,000	623,000
B. Employee Benefits	102,000	106,000	208,000	208,000	208,000
C. Professional Service Contracts	207,000	208,000	415,000	415,000	415,000
E. Goods and Services	150,000	150,000	300,000	300,000	300,000
Total	768,000	778,000	1,546,000	1,546,000	1,546,000

Salary and FTE Detail						
List of Positions by Classification	FTEs			Dollars		
	FY 2016	FY 2017	Biennial Average	FY 2016	FY 2017	Total
WMS Band 4	1.0	1.0	1.0	116,000	116,000	232,000
WMS Band 3	1.0	1.0	1.0	112,000	112,000	224,000
WMS Band 3* FTE and dollars do not align	0.5	0.5	0.5	81,000	86,000	167,000
Total	2.5	2.5	2.5	309,000	314,000	623,000

*The requested FTE and salary dollars do not match (i.e. this position at a full FTE will not have an annual salary of \$160,000 plus) on this position. It is the “balancing” position needed to reconcile the \$1.3 million and 6.0 FTEs provided in the 2015-17 budget with the total need (original request) of 6.0 FTEs and associated salary/benefits currently calculated to account for the 2015-17 employee salary and benefit changes.

Out Biennia				
List of Positions by Classification	FTEs		Dollars	
	2017-19	2019-21	2017-19	2019-21
WMS Band 4	1.0	1.0	232,000	232,000
WMS Band 3	1.0	1.0	224,000	224,000
WMS Band 3* see note above	0.5	0.5	167,000	167,000
Total	2.5	2.5	623,000	623,000

Agency: 405 Department of Transportation
Decision Package Code/Title: BF Customer Service Reform Fund Correct
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program B – Toll Operations & Maintenance

Recommendation Summary

During the 2015-17 Legislative Session, state funding was provided to implement Chapter 292, Laws of 2015 (SSB 5481) to improve integration between the Good to Go! electronic tolling system and the pay-by-mail tolling system through increased communication with customers. The entire appropriation was placed in the State Route (SR) 520 Civil Penalty Account (fund 17P), which leaves the SR 520 toll facility carrying the entirety of the program’s costs, including costs attributable to the Tacoma Narrows Bridge (TNB). This net zero decision package reallocates funding so the Tacoma Narrows Toll Bridge Account (fund 511) shares in the integration effort.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
17P-1 520C-State	-474,000	-146,000	-620,000	-620,000	-620,000
511-1 TNB-State	474,000	146,000	620,000	620,000	620,000
Total	0	0	0	0	0
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program B - Operating					
17P-1 520C-State	-474,000	-146,000	-620,000	-620,000	-620,000
511-1 TNB-State	474,000	146,000	620,000	620,000	620,000
Total by Fund	0	0	0	0	0
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

Package Description

This net-zero request will align source of funds for this effort with the fiscal note for SSB 5481. The legislation directs WSDOT to update the toll program to better evaluate and take action to dismiss, mitigate, or reduce toll civil penalties when appropriate, as well as work with others to provide education opportunities for customers, update the collection program, and improve tools for more accurate and communicative toll collection activities.

TNB will need additional funds to support implementation of the provisions in Chapter 292, Laws of 2015 to equitably share in its cost for this program.

For more detail on efforts and work products this funding will provide, see the expenditure calculations and assumptions.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

Increased funding for TNB’s portion of adjudication is necessary to appropriately distribute the costs of implementing the reforms in Chapter 292, Laws of 2015.

Performance Measure Detail

WSDOT estimates that the Adjudication Program revenue will continue to exceed expenditures.

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

This request equitably distributes funds between the facilities for the adjudication process in support of the toll collection operations of the TNB and SR 520 Bridge. Tolls are part of the WSDOT strategic direction and integrated in the following ways:

- Goal 1: Strategic investments
Tolls provide a consistent revenue stream to increase efficiency on existing roadways and provide funding to maintain related infrastructure.
- Goal 2: Modal integration
Tolling provides incentive for increased use of alternative modes (train, light rail, bus, and bike) by introducing a user cost to the roadway. Tolling also promotes safety through reduced congestion and driving conditions that are more predictable.
- Goal 3: Environmental stewardship
As a traffic management tool, varying toll levels help drivers prioritize their trips and reduce peak congestion. Reduced congestion and smoother flowing traffic maintains better air quality, fuel economy, and reduced carbon consumption and emissions.
- Goal 6: Smart technology
Use of electronic tolling through use of transponders and license plate imaging allows travelers to continue roadway speeds and maintains traffic flow without requiring additional real estate for tollbooths or creating delays on the roadways.

Additionally, Tolling is specifically called out in WSDOT's strategic Reform No. 10: Streamline tolling operations, costs, and efficiencies.

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

Yes, this request supports the Governor's Results Washington priority, Goal 1: Prosperous economy, Goal 2: Sustainable energy and a clean environment, and Goal 5: Efficient, effective, and accountable government. Specifically in the following ways:

- Economy
By providing economic incentive to travel during non-peak hours, tolls provide travel conditions that are more predictable for freight movement and commuter travel during peak periods. This more predictable flow of traffic allows for better business connections and economic development opportunities where business relies on transportation for deliveries, employees showing up on time, tourism, and shipping of goods/products.
- Energy and Climate
As a traffic management tool, varying toll levels help drivers prioritize their trips and reduce peak congestion. Reduced congestion and smoother flowing traffic helps maintain better air quality, fuel economy, and reduces carbon consumption/emissions.

Identify important connections or impacts related to this proposal.

The requested funding will allow the department to fully comply with the legislative requirements of the program and respond to customers in a timely manner. With that, WSDOT’s ability to cover its adjudication costs with civil penalty fees collected is an important topic to multiple stakeholder groups.

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

Other alternatives were not explored. Current funding allocates all of the cost of implementing the reforms in Chapter 292, Laws of 2015 to the SR 520 Civil Penalty Account while holding the TNB Account harmless. This request distributes the costs to both facilities.

In consultation with OFM, an allocation methodology was developed in 2011 to ensure that “common” expenditures have a fair and equitable distribution. Because adjudication expenditures are considered a common cost, it is allocated based on this methodology.

What are the consequences of adopting this package?

SR 520 Civil Penalty Account will bear the full cost of implementing the reforms in chapter 292, Laws of 2015.

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

N/A

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

For adjudication, compliance with statutes related to civil penalty mitigation (RCW 46.63.160), administrative hearing re-review (RCW 34.05.488 – 34.05.491) and Chapter 292, Laws of 2015 would be adversely affected if funding for this package were not approved.

Expenditure Calculations and Assumptions

This package includes TNB’s share of workforce and resources related to rulemaking, mass emailing, customer contacts, outbound and inbound calls, and customer contacts. The customer service center system costs include TNB’s share of hours for software programming, developing scripts, and running scripts. It includes purchase of autodial and email blast software, as well as staff and vendor training time, webpage design, web/database development integration, deployment, maintenance, and integration/interface with third party applications. It funds measurement of cost-effectiveness to develop mobile applications.

The allocation split between TNB and State Route 520 Toll Bridge is based on the existing allocation methodology that uses prior history of adjudication expenditures.

The following table breaks out the one-time, ongoing, and enforcement costs in total (the base enforcement costs and the costs associated with Chapter 292, Laws of 2015) and compares the total costs against the existing TNB appropriation.

SR 16 - TNB	FY 2016	FY 2017	FY 2015-17
SSB 5841 Start Up Costs	\$ 369,532	\$ -	\$ 369,532
SSB 5841 Operating Costs	\$ 36,563	\$ 40,692	\$ 77,255
Toll Enforcement Operating Costs	\$ 1,067,963	\$ 1,170,380	\$ 2,238,343
Total Toll Enforcement Need	\$ 1,474,058	\$ 1,211,072	\$ 2,685,130
Existing Civil Penalty Appropriation	\$ 1,000,000	\$ 1,065,000	\$ 2,065,000
SSB 5481 Appropriation	\$ -	\$ -	\$ -
Total Toll Enforcement Appropriation	\$ 1,000,000	\$ 1,065,000	\$ 2,065,000
(Short)/Surplus	\$ (474,058)	\$ (146,072)	\$ (620,130)

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

One-time costs to cover TNB’s share of the Adjudication Program in fiscal year 2016 and for the backlog of estimated claims, debt forgiveness, and dismissals through October 2014 because the updated law is estimated to be \$370,000.

Ongoing cost in fiscal year 2016 to fiscal year 2017 are estimated to be \$77,000 and continuing into future fiscal years as an estimated \$41,000 per year above current levels to cover the increased rate of claims due to the change in law. Once WSDOT has additional experience implementing the revised adjudication, WSDOT will update its Adjudication Program cost estimate.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
Program B - Operating	0	0	0	0	0

Agency: 405 Department of Transportation
Decision Package Code/Title: BG TNB Facility O&M Program Correction
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program B – Toll Operations & Maintenance

Recommendation Summary

In the 2015-17 transportation budget, the Legislature transferred \$533,000 from Toll Division (Program B) to the Maintenance Program (Program M) as a part of the appropriation for the Tacoma Narrows Bridge (TNB) facility operations and maintenance. The Washington State Department of Transportation (WSDOT) is requesting a transfer back to Program B as the funding is for toll system maintenance (budgeted in Program B) and not road facility maintenance (budgeted in Program M). This is a net zero request and will therefore be neutral to the TNB Account (Fund 511).

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
511-1 TNB-State	0	0	0	0	0
Total	0	0	0	0	0
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program B - Operating					
511-1 TNB-State	266,000	267,000	533,000	533,000	533,000
Total by Fund	266,000	267,000	533,000	533,000	533,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program M - Operating					
511-1 TNB-State	-266,000	-267,000	-533,000	-533,000	-533,000
Total by Fund	-266,000	-267,000	-533,000	-533,000	-533,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

Package Description

The 2015-17 biennial budget transferred \$533,000 from Program B to Program M. This funding is in addition to \$1.2 million provided to Program M for roadway maintenance. The \$1.2 million was appropriated to Program M to have toll revenue fund facility maintenance activities [in Program M] such as inspections, painting, deck drainage cleaning, traffic signage maintenance, debris removal, bearing replacements, bridge flushing, cable band/bolt inspections, and sound wall repair. This amount (\$1.2 million) is the full amount needed for roadway maintenance. The additional \$533,000 should not have been transferred to Program M as it is needed to support toll collection operations and maintenance.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

This funding is necessary to continue to collect tolls and to provide efficient and effective customer service. Without this funding, WSDOT would be limited in its ability to collect tolls, to provide a reasonable level of customer service, and to be responsive to stakeholder requests. Toll revenue is required to support debt service payments, bridge preservation, as well as operations and maintenance costs.

Performance Measure Detail

Funding toll collection operations and maintenance will allow WSDOT to continue to improve operational efficiency and improve revenue collection percentages.

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

This decision package provides funding to continue toll collection operations for the Tacoma Narrows Bridge. Tolls are part of the WSDOT strategic direction and integrated in the following ways:

- **Goal 1 Strategic Investments** – Tolls provide a consistent revenue stream to increase efficiency on existing roadways and provide funding to maintain related infrastructure.
- **Goal 2 Modal Integration** – Tolling provides incentive for increased use of alternative modes (train, light rail, bus, and bike) by introducing a user cost to the roadway. Tolling also promotes safety by reducing congestion and making driving conditions more predictable.
- **Goal 3 Environmental Stewardship** – As a traffic management tool, varying toll levels help drivers prioritize their trips and reduce peak congestion. Reduced congestion and smooth flowing traffic helps improve air quality and fuel economy and reduces carbon consumption/emissions.
- **Goal 6 Smart Technology** – Use of electronic tolling through use of transponders and license plate imaging allows travelers to continue roadway speeds and maintaining traffic flow without requiring additional real estate for tollbooths or creating delays on the roadways.

Tolling is specifically called out in WSDOT's strategic Reform No. 10, where the Program is directed to streamline tolling operations, costs, and efficiencies.

Tolling is also part of regional government strategies to fund transportation infrastructure, reduce the future footprint of transportation, and manage demand.

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

This decision package provides funding to continue toll collection operations for the Tacoma Narrows Bridge. Tolls are part of the Governor's priorities in the following ways:

- **Budget** – Tolls provide a more direct, user based, self-reliant funding source that reduces the need for shrinking or less predictable forms of funding.
- **Economy** – By providing economic incentive to travel during non-peak hours, tolls provide travel conditions that are more predictable for freight movement and commuter travel during peak periods. This more predictable flow of traffic allows for better business connections and

economic development opportunities where business relies on transportation for deliveries, employees showing up on time, tourism, and shipping of goods/products.

- **Energy/Climate** – As a traffic management tool, varying toll levels help drivers prioritize their trips and reduce peak congestion. Reduced congestion and smooth flowing traffic helps improve air quality and fuel economy and reduces carbon consumption/emissions.

Identify important connections or impacts related to this proposal.

N/A

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

As a part of its commitment to lean principles, WSDOT routinely reviews its operations to identify opportunities for the elimination of inefficiencies and redundancies. In fiscal year 2014 and again in fiscal year 2015, WSDOT found opportunities to reduce costs related to operational efficiencies or the reduction of redundancies. The budget submitted for 2015-17 included the cost reductions associated with the lean improvements. For this reason, WSDOT considers the \$533,000 necessary in Program B to continue toll collection efforts.

What are the consequences of adopting this package?

Without this funding, WSDOT would be limited in its ability to collect tolls, to provide a reasonable level of customer service, and to be responsive to stakeholder requests. Toll revenue is required to support debt service payments, bridge preservation, as well as operations and maintenance costs.

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

N/A

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

N/A

Expenditure Calculations and Assumptions

The \$533,000 is used to fund TNB toll system operations and maintenance.

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

The \$533,000 in Program B will be ongoing.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
Program B - Operating					
E. Goods and Services	266,000	267,000	533,000	533,000	533,000
Total	266,000	267,000	533,000	533,000	533,000

Agency: 405 Department of Transportation
Decision Package Code/Title: BH CSC Procurement
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program B – Toll Operations and Maintenance

Recommendation Summary

The statewide Customer Service Center (CSC) contract expires on June 30, 2016. The Washington State Department of Transportation (WSDOT) has decided to undertake a two-phase approach to CSC vendor replacement. Phase 1-replace the CSC operator and Phase 2-replace the CSC system. During Phase 1, WSDOT either will extend the current contract or, if negotiations with the current operator fail, will move directly to the procurement of a new operator. Under either scenario of Phase 1, WSDOT anticipates higher operating costs at current market rates. WSDOT is requesting \$831,000 to support a possible increase in CSC operator costs.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
09F-1 HOT-State	0	22,000	22,000	22,000	22,000
16J-1 520-State	0	451,000	451,000	451,000	451,000
511-1 TNB-State	0	223,000	223,000	223,000	223,000
595-1 State	0	135,000	135,000	135,000	135,000
Total	0	831,000	831,000	831,000	831,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program B - Operating					
09F-1 HOT-State	0	22,000	22,000	22,000	22,000
16J-1 520-State	0	451,000	451,000	451,000	451,000
511-1 TNB-State	0	223,000	223,000	223,000	223,000
595-1 State	0	135,000	135,000	135,000	135,000
Total by Fund	0	831,000	831,000	831,000	831,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

Package Description

The current toll vendor, Electronic Transactions Consultants Corporation (ETCC), was contracted in 2009 to provide a customer service solution that consisted of a hosted software solution (i.e. the back office system) and full-service customer service operations. Basic functions of the CSC include handling customer inquiries, account management, transponder inventory management, website administration, image review, pay by mail invoicing and processing, adjudication management, and collection oversight and accounting. The hosted software solution processes transactions for both toll revenue and civil penalty revenue.

In the 2014 supplemental budget, the Legislature provided \$3.2 million from various toll funded accounts for the 2013-15 biennium to begin the process of procuring a new tolling Customer Service Center (CSC) operator, including the development and solicitation of a request for proposal (RFP). The funding included \$831,000 for a market rate adjustment anticipating that a new operator would have costs higher than the existing operator would.

Early in fiscal year 2014, WSDOT successfully negotiated a two-year contract extension with ETCC for both operations and systems. This extension took the contract term to June 30, 2016, with the option for a two-year extension until June 30, 2018. During the negotiation, WSDOT was able to work collaboratively with ETCC to improve contractor performance and WSDOT did not increase the financial terms of the contract thus the \$831,000 provided for the market rate adjustment was not needed and was subsequently removed from the WSDOT 2015-17 budget base.

Although the ETCC contract was extended, WSDOT has continued working on the procurement effort. At this point, WSDOT is proposing a two-phase procurement that severs the back office system from the CSC operations. This is advantageous because the back office system is expected to have a useful life of up to ten years but the CSC operator might be changed according to a shorter time cycle to emphasize performance or operator functionality. Additionally, the industry best technology supporting toll facility back office operations is in a transitional state. WSDOT prefers to wait for the current industry “second generation” technology to mature before making an investment.

To facilitate this approach, WSDOT needs to reopen the current ETCC contract to bifurcate the back office system from the CSC operations. WSDOT will then proceed with procuring a new CSC operator and a separate procurement effort for a new back office system. There is a risk that during those negotiations, WSDOT will need to either amend the financial terms of the current ETCC contract or to immediately proceed with securing a new CSC operator [at an increased cost]. This request is for \$831,000 appropriation authority be provided and placed in unallotted status. WSDOT would only utilize this funding if the financial terms of the current ETCC contract increase or if another [more expensive] CSC operator is brought on board.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

WSDOT anticipates that the procurement of a new toll customer service operator, separate from a systems provider, will bring transparency for control and audit and will allow an experienced operations vendor to maximize performance efficiencies by taking control of more components and supporting operations such as image review, mail house, etc. Procuring a vendor that specializes in back office operations will permit WSDOT to secure a vendor consistent with current business needs and customer service focus. Overall WSDOT’s goal is to improve operational efficiency by selecting a vendor who focuses solely on customer service policies, procedures, training and communication.

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 department’s strategic plan, Results WSDOT. Strategies include:

- Goal 4: Organizational Strength
 - Strengthen partnerships to increase credibility, drive priorities, and inform decision-making.
- Goal 5: Community Engagement
 - Improve customer relations between WSDOT and toll users.

- Improve public access to information and decision making so that WSDOT is recognized as the most credible source for information.
- Improve compliance with Key Performance Metrics
- **Goal 6: Smart Technology**
 - Improve organizational effectiveness to expand the timely evaluation, adoption, application, and deployment of new technologies used to manage demand and/or enhance system operations to improve system performance.
 - Improve organizational effectiveness to expand the timely evaluation, adoption, application, and deployment of innovative technologies associated with internal enterprise systems.
 - Enhance traveler information exchange with the public by improving seamless integration and usability between transportation facilities, modes, and services.

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

Yes. This request supports the Governor’s Results Washington priorities, Goal 1: Prosperous economy and Goal 2: Sustainable energy and a clean environment. Tolls are part of the Governor’s priorities in the following ways.

- **Goal 1: Prosperous economy** – our prosperity depends on highway infrastructure, infrastructure depends on funding, and adequate funding depends on tolling. Tolls provide a more direct, user based, self-reliant funding source that reduces the need for shrinking or less predictable forms of funding.
- **Goal 2: Sustainable energy and a clean environment** – pre-requisites to maintaining a healthy economy over the long run. Tolling is an effective means of harmonizing traffic, relieving congestion and improving fuel economy. Decreasing congestion will alleviate important external costs to the economy, such as environmental effects, noise, and accidents.

Identify important connections or impacts related to this proposal.

- Improved customer service with stronger requirements for improving operations and accountability will reduce the need for WSDOT to support CSC operations directly and will reduce customer complaints.
- Changes in operational efficiencies, to meet the business needs of tolling operations, will include relationship changes with toll payers.
- By procuring an operations vendor, WSDOT can review key performance indicators identifying the critical system Key Performance Indicators (KPIs) for customer service.

It is important to deliver excellent customer service, meet our customer needs in a timely manner, and provide good quality service for those who use the toll facilities as well as our stakeholders.

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

WSDOT has made efforts to work together with the existing CSC vendor to improve their operational performance. These efforts have only produced modest success. The department has considered if replacing the CSC operator with a new vendor, selected through open procurement, is more cost effective than bringing the entire program in-house for WSDOT staff to manage customer service delivery. This option is assumed more expensive and less desirable than using specialist firms within the tolling industry.

What are the consequences of adopting this package?

Not adopting this package would hinder WSDOT's ability to successfully meet commitments to customers and other external stakeholders, who have a great interest in the quality of service provided to users of the tolled facilities.

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

N/A

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

Chapter 292, Laws of 2015, codified in RCW 46.63 and 47.56 (ESSB 5481, updating Toll Adjudication/Civil Penalty processes) may be affected based on updated interactions between the toll payers and a new back office vendor.

Expenditure Calculations and Assumptions

- The toll customer service center will be procured through two RFPs, to separate the back office system from the customer service center operations.
 - Due to potential go-live date of the new system occurring after the ETCC contract expiration date, the department must negotiate an extension for current services for systems only.
 - Due to WSDOT's anticipated systems procurement schedule, WSDOT may elect to remove the CSC operations from the current ETCC contract and procure an operator earlier than procuring a system vendor.
- The system RFP has been developed and is assumed ready to be published. It is assumed to take thirty-six (36) months for solicitation, design, development, and install phases. The concurrent operator procurement and transition assumes 18 months.
- The procurement timeline and activities are based upon lessons learned to include the following:
 - Allow adequate time for industry input and for a new vendor to fully comprehend the known challenges in WSDOT Tolling needs, that are critical to success and reduced risk;
 - The RFP must accurately reflect the conditions of service;
 - The contract must be equitable and allow flexibility as WSDOT brings on future toll facilities.
- The back office system will be integrated with Washington State Ferries (WSF); however, does not include the lane equipment costs at the ferry terminal to read the transponder, if the driver elects to use *Good To Go!* as a payment method.

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

Costs will continue into future biennia for customer service operator. WSDOT anticipates requesting the complete project budget in the subsequent two biennia.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
E. Goods and Services	0	831,000	831,000	831,000	831,000
Total	0	831,000	831,000	831,000	831,000
Program B - Operating					
E. Goods and Services	0	831,000	831,000	831,000	831,000
Total	0	831,000	831,000	831,000	831,000

Agency: 405 Department of Transportation
Decision Package Code/Title: BI SR-167 RTS Increased Vendor Costs
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program B – Toll Operations & Maintenance

Recommendation Summary

The Washington State Department of Transportation (WSDOT) estimates that it will collect approximately \$330 million in toll revenue during the 2015-17 biennium. To ensure this revenue is collected, the roadside toll collection system (RTS) needs to be properly operated and maintained. The tolling equipment on the SR 167 High Occupancy Toll (HOT) lanes is being upgraded during the transition from the current vendor, Electronic Transaction Consultants (ETCC), to the statewide roadside vendor, Telvent. To accommodate this change WSDOT requires \$511,000 of additional funding in the current biennium with additional ongoing funding to support vendor systems operational and maintenance cost.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
09F-1 HOT-State	163,000	348,000	511,000	738,000	775,000
Total	163,000	348,000	511,000	738,000	775,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program B - Operating					
09F-1 HOT-State	163,000	348,000	511,000	738,000	775,000
Total by Fund	163,000	348,000	511,000	738,000	775,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

Package Description

This request for additional funding will cover increases in RTS operational costs on SR 167 HOT lanes. The contract with the current vendor, ETCC, is expiring and the department’s strategy is have RTS support on SR 167 align with the majority of the remainder of the system, e.g. use Telvent for RTS support. Additionally, Telvent has been awarded the Stage 4 extension of the southbound HOT lanes. It is preferable for the same vendor to operate both the existing and the new section to ensure that tolls are applied uniformly and accounted for correctly.

The Toll Program determined that a new vendor for the SR 167 RTS operation and maintenance was necessary as part of the RTS equipment replacement. Contracting with Telvent, rather than ETCC, is expected to have a higher cost due to several factors including an increased amount of system equipment; however, the Telvent contract will provide benefits such as performance measures (in the event of a system failure Telvent is required to respond, repair and return the system to operational condition within four hours) with liquidated damages and maintenance and operations covering more equipment. This contracting change coincides with the RTS equipment replacement that is funded in the Preservation program (Program P).

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

Funding to maintain the RTS is critical to ensure the uninterrupted collection of tolls on SR 167.

Performance Measure Detail

Funding of operations and maintenance for the RTS is critical to the collection of revenue.

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

This request funds continued toll collection system operation and maintenance for the SR 167 HOT lanes. Tolls are part of the WSDOT strategic direction and integrated in the following ways:

- **Goal 1 Strategic Investments** – Tolls provide a consistent revenue stream to increase efficiency on existing roadways and provide funding to maintain related infrastructure.
- **Goal 2 Modal Integration** – Tolling provides incentive for increased use of alternative modes (train, light rail, bus, and bike) by introducing a user cost to the roadway. Tolling also promotes safety by reducing congestion and making driving conditions more predictable.
- **Goal 3 Environmental Stewardship** – As a traffic management tool, varying toll levels help drivers prioritize their trips and reduce peak congestion. Reduced congestion and smooth flowing traffic helps improve air quality, fuel economy, and reduces carbon consumption/emissions.
- **Goal 6 Smart Technology** – Electronic tolling through use of transponders allows travelers to continue roadway speeds and maintains traffic flow without requiring additional real estate for tollbooths or creating delays on the roadways.

Tolling is specifically called out in WSDOT's strategic Reform No. 10, where the Program is directed to streamline tolling operations, costs, and efficiencies.

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

This request supports the following Governor's Results Washington priorities:

- **Goal 1: Prosperous economy** – our prosperity depends on highway infrastructure, infrastructure depends on funding, and adequate funding depends on tolling.
- **Goal 2: Sustainable energy and a clean environment** – pre-requisites to maintaining a healthy economy on the long run. Tolling is effective means of harmonizing traffic, relieving congestion and improving fuel economy. Decreasing congestion will alleviate important external costs to the economy, such as environmental effects, noise, and accidents.

This request will fund toll facility and toll collection system maintenance for the SR 167 HOT lanes. Tolls are part of the Governor's priorities in the following ways:

- **Budget** – Tolls provide a more direct, user based, self-reliant funding source that reduces the need for shrinking or less predictable forms of funding.
- **Economy** – By providing economic incentive to travel during non-peak hours, tolls provide travel conditions that are more predictable for freight movement and commuter travel during peak periods. This more predictable traffic flow allows for better business connections and economic

development opportunities where business relies on transportation for deliveries, employees showing up on time, tourism, and shipping of goods/products.

- **Energy and Climate** – As a traffic management tool, varying toll levels help drivers prioritize their trips and reduce peak congestion. Reduced congestion and smoother flowing traffic helps maintain better air quality, fuel economy, and reduced carbon consumption and emissions.

Identify important connections or impacts related to this proposal.

N/A

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

The department evaluated not upgrading the RTS equipment and determined that this would lead to a high potential for system failures and the inability to collect toll revenue.

What are the consequences of adopting this package?

Not funding this package would result in revenue loss. If preventative maintenance activities were suspended, response and repair time allowances would likely increase significantly. In practical terms, the public would expect longer rate sign outages, free toll trips (resulting from failing toll equipment), and billing problems, such as duplicate and/or delayed charges.

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

N/A

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

No statutes or rules will be impacted by this request.

Expenditure Calculations and Assumptions

This request funds the difference between the current contract with ETCC and the new contract with Telvent. The cost increase is driven by the increased amount of RTS equipment that will be operated and maintained by the new vendor as well as other benefits in the new contract, such as performance measures and liquidated damages. Finally, the incremental cost increase from current biennium to the out biennia appears higher because part of the current biennium will have ETCC as the vendor at a lower rate.

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

All costs are considered ongoing.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
E. Goods and Services	163,000	348,000	511,000	738,000	775,000
Total	163,000	348,000	511,000	738,000	775,000

Agency: 405 Department of Transportation
Decision Package Code/Title: CA WSDOT Labor System Replacement
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program C – Information Technology

Recommendation Summary

Funding is requested for the Washington State Department of Transportation (WSDOT) to replace the WSDOT Labor Distribution System with the Workforce Software EmpCenter time and attendance system. This system replacement will impact all WSDOT non-marine employees.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
108-1 MVA-State	0	3,255,000	3,255,000	1,680,000	741,000
Total	0	3,255,000	3,255,000	1,680,000	741,000
Staffing FTEs	0.0	8.5	4.3	0.8	0.0
Program C - Operating					
108-1 MVA-State	0	3,255,000	3,255,000	1,680,000	741,000
Total by Fund	0	3,255,000	3,255,000	1,680,000	741,000
Staffing FTEs	0.0	8.5	4.3	0.8	0.0

Package Description

During the 2011-13 biennium WSDOT was one of two agencies (the other being the Department of Ecology) selected to implement a statewide, configurable, best-of-breed time and attendance system in collaboration with the Office of Financial Management (OFM) and the Department of Enterprise Services (DES). Over the course of the enterprise Time, Leave and Attendance (TLA) project the state acquired project assets and devoted significant time and effort towards enterprise and agency activities, including the development of business requirements, interfaces, testing, training, organizational change management, and functional design. Near the end of the 2013-15 biennium, it was determined an enterprise TLA solution was not the best approach for managing agency specific time and attendance needs and the project was discontinued.

WSDOT is requesting funding to utilize existing enterprise TLA assets and complete the implementation of the EmpCenter time and attendance system for non-marine employees. This request includes funding to cover software hosting and maintenance services, hardware, configuration, testing, training, deployment, and support costs necessary to deploy the system to approximately 1,450 headquarters employees.

The implementation in fiscal year 2017 and fiscal year 2018 will occur as follows:

- During fiscal year 2017, WSDOT will complete all design, configuration, testing and organizational change management activities necessary to support deployment of the EmpCenter system to all non-marine employees.
- During fiscal year 2017, WSDOT will deploy the EmpCenter system to approximately 1,450 headquarters employees.

- During fiscal year 2018, WSDOT will deploy the EmpCenter system to the remaining non-marine employees (approximately 3,700) that are dispersed throughout six regional areas. WSDOT will submit a decision package for the 2017-19 biennium to cover the cost associated with the fiscal year 2018 EmpCenter deployments.
- During fiscal year 2018, WSDOT will begin steps to retire the labor distribution system.

This decision package includes funding to strengthen the department's data warehouse environment during fiscal year 2017. The investment is required to enable resiliency to the production data warehouse environment to support payroll reporting and reduce the risk that the data warehouse would be unavailable during peak payroll processing periods. This investment will also create a Quality Assurance (QA)/Test environment, providing secure, automated provisioning of non-production datasets to meet the needs of testing and development teams. The current lack of a customer and QA testing area slows both testing and data validation activities. A significant development effort like this requires dedicated validation and system testing to ensure success. Our funding request is scaled to the fiscal year 2017 deployment plan and the department anticipates requesting additional funding in the 2017-19 biennium budget request to support the remaining non-marine deployments. This request contains estimates for the out years based on the department's current situation. As the project matures the department expects to refine the out year estimates.

Implementation of the EmpCenter time and attendance system will transform time and attendance activities for non-marine employees and will address these key issues:

- Findings and recommendations by the U.S. Department of Labor and the State Auditor's Office support implementing a new time and attendance solution.
- WSDOT managers and supervisors lack access to complete and accurate timekeeping data, impeding timely data-driven decision making, impacting daily operation activities, and impairing WSDOT and the state's ability to effectively bargain labor issues and manage state resources.
- WSDOT's current labor systems were built in the early 1980s, making it difficult to implement, track, and enforce the provisions of WSDOT collective bargaining agreements.
- Current timekeeping and payroll processes are manual and labor intensive requiring extensive reconciliations between TRAINS, AFRS, Labor Systems, and HRMS.
- Lack of internal controls in timekeeping processes creates ineffective use of resources in pursuit of compensating controls, as well as increased risks for over and under payments and miscoded charges.
- Concerns around compliance with Family and Medical Leave Act (FMLA) leave accruals and liquidations. This is an area of substantial risk as WSDOT utilizes manual processes to ensure compliance with FMLA standards.

The decision package is for the non-marine environment only. The department will continue to assess the marine environment's business and system needs as it pertains to dispatch, scheduling, and time reporting and attendance management to determine if EmpCenter is the appropriate solution to fulfill those needs. Once a decision is made, the department will submit a funding request.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

- All WSDOT non-marine staff in statewide locations will have immediate access to the EmpCenter time and attendance system via a workstation or time keeping device in order to facilitate daily time, leave, and attendance entry.
- The number of inaccurate or late time entry and labor cost allocations will reduce due to daily entry of time keeping data by personnel.
- Efficiency will increase due to personal entry of time, leave, and attendance data, using automated workflow. Inaccurate and late time entry due to miscommunication, timekeeper data-entry errors, or illegible paperwork will be eliminated.
- The non-marine labor system (LDS), built in the early 1980's with antiquated technology, will be decommissioned thereby reducing the risk for catastrophic system failure.
- Efficiency will increase due to effective and efficient internal controls. This will reduce the breadth and volume of compensating controls the department currently has in place.
- Use of a configurable rules engine will enforce compliance with collective bargaining agreements (CBA), statutes, and rules. Today compliance with CBA is dependent on manual processes that are inconsistent and inefficient.
- Efficiency will increase through automated schedule development and assignment.
- Management will have robust exception and performance reporting of time and attendance activities.
- Efficiency gains will occur via employee self-service (checking of work schedules, leave balances, leave approvals, etc.)

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 decision package supports the department's strategic plan, Results WSDOT, Goal 6: Smart Technology. The non-marine EmpCenter implementation will improve organizational effectiveness via efficient and effective management of the WSDOT workforce.

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

Yes. This supports Goal 5: Efficient, Effective and Accountable Government through effective resource stewardship. The non-marine EmpCenter implementation will result in:

- Efficient and effective management of the WSDOT workforce;
- Increased employee satisfaction through electronic access to enter and monitor employee time and attendance data; and,
- Improved quality and accuracy of data for decision makers at the agency and enterprise levels.

Identify important connections or impacts related to this proposal.

The stakeholders impacted are:

- Office of Financial Management – OFM recognizes WSDOT has a critical business need that should be fulfilled.
- Department of Enterprise Services – DES recognizes WSDOT has a critical business need that should be fulfilled.
- Washington Technology Services (WaTech) – WaTech recognizes WSDOT has a critical business need that should be fulfilled.

This decision package provides remediation to the following:

- 2005 Critical Applications Modernization and Integration Strategy
- 2007 WSDOT Administration and Overhead Performance Audit
- 2009 Critical Applications Implementation – Feasibility Study
- 2009 Time, Leave, and Labor Distribution Feasibility Study

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

Alternatives were evaluated in the 2009 Time, Leave and Labor Distribution Study (TLLD). At that time the TLLD team, consisting of representatives from OFM, Department of Personnel, Department of Natural Resources and WSDOT, considered transferring or adapting one of the other time, leave, and labor distribution applications implemented in Washington state government. After several meetings and demonstrations, the team determined there were functional and/or technical limitations. The team identified and analyzed in detail three potential alternatives for implementing a time, leave and attendance system:

Alternative 1:

Utilize SAP – this is the SAP-based alternative, which is intended to leverage the state’s existing investment in SAP technology. It utilizes SAP core functionality and extends the SAP capabilities implemented for HRMS to perform the time capture and labor distribution functionality. Under this alternative, the native SAP application will be supplemented by two SAP co-developed solutions to provide some limited additional time capture capabilities. However, under this alternative, any integration with time capture devices such as a kiosk, personal data assistant, or a badge reading system would require custom program extensions.

Alternative 2:

Utilize a third party best of breed solution to perform the required functions - this is the best of breed alternative in which time and leave processing and labor distribution take place in a best of breed product, which is integrated with the existing HRMS application. A number of the best of breed applications support a range of time capture devices. Some of the best of breed applications have labor distribution functionality included as part of their out of the box solution, but may require custom program extensions to fully meet DNR and WSDOT’s requirements. For some best of breed applications, however, the labor distribution functionality would entail full customization. In addition, this alternative would require design and development of data integration architecture with the existing HRMS application.

Alternative 3:

Utilize a third party best of breed solution for timekeeping and leave processing and perform labor distribution in SAP - this alternative is a hybrid of the first two alternatives. In this scenario, time and leave processing is performed in the best of breed solution, while labor distribution is performed in SAP. This alternative will provide natively supported integration with a number of time collection devices. At the same time, the labor distribution functionality can be performed using core SAP functionality, avoiding customizations that may be required under Alternative 2. In addition, several of the best of breed applications have supported integration with SAP, thereby reducing the risk of integrating with SAP and HRMS. Likewise, this approach is a proven solution as a number of large organizations, including the Commonwealth of Pennsylvania for its enterprise SAP application, have implemented a best of breed timekeeping solution as a front-end to SAP.

The TLLD team recommended Alternative 3 be adopted as the go forward approach and contends Alternative 3 is the most appropriate alternative for the following reasons:

- This alternative meets most of the TLLD business requirements out of the box, while leveraging the state's existing investment in SAP to provide labor distribution functionality.
- By using SAP for labor distribution, it lays the groundwork for other OFM enterprise initiatives or related applications.
- It provides the state with its best opportunity to maximize potential benefits by fully eliminating timekeeper entry of timesheets through out of the box integration with time capture devices. At the same time, vendor supported integration between the timekeeping best of breed solution and SAP, and performing labor distribution in SAP, will substantially reduce the manual and time consuming reconciliations issues that currently exist between DNR and WSDOT's existing timekeeping applications.

The approach the enterprise selected for the TLA project aligns with the TLLD recommendation to implement Alternative 3. This is also consistent with this package request to implement the EmpCenter solution for non-marine employees.

What are the consequences of adopting this package?

- WSDOT may be found non-compliant with the mandatory federal and state requirements for tracking Family and Medical Leave Act (FMLA) leave accruals and liquidations. This is an area of substantial risk; agencies are using manual processes to ensure compliance with FMLA standards.
- WSDOT may be found non-compliant with the Federal Fair Labor Standards Act, which mandates that all employees need to submit time worked – not just the exception time, or leave requests as most salaried employees have traditionally done. Because the current systems do not have electronic signature capability, agencies are either using a separate system to track time sheets or printing, signing and storing paper time sheets for all overtime eligible employees.
- WSDOT may be found non-compliant with collective bargaining agreements. Limitations in the current timekeeping systems make it difficult to implement and track provisions of the numerous collective bargaining agreements that are in place. These limitations increase the risk of grievances being filed and of a labor union raising a past practices argument during labor negotiations.
- Because current WSDOT systems are manual and labor intensive with limited edits at the point of time entry, there is a substantial risk of errors being made in the timekeeping processes. This

includes the risk of miscalculating pay, overtime being earned but not paid, and overuse of leave, among other issues.

- WSDOT's existing systems will continue to lack adequate internal controls. As noted in the State Auditor's 2007 WSDOT Administrative and Overhead Performance Audit, for example, WSDOT's current timekeeping systems lack a number of typical controls such as restricting the charge codes a user can select, a systematic process for reviewing and approving changes to time sheets, and an audit trail of initial entries and any subsequent changes.
- The timekeeping and payroll processes in WSDOT are very labor intensive due to both the manual entry of employee timesheets by timekeepers in various business units and the time and effort required by agency accounting staff to review and reconcile differences between TRAINS, the labor systems and WaTech's Human Resource Management System (HRMS), which processes the payroll.
- WSDOT timekeeping applications are over 30 years old. For the most part, only mandated changes are made in order to maintain system stability. This leads to both unintended consequences when changes are made to the current applications and a proliferation of off-line systems needed to address various business requirements.

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

N/A

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

N/A

Expenditure Calculations and Assumptions

Project Assumptions:

- WSDOT and the Department of Ecology (Ecology) are coordinating on their requests and Ecology plans to continue its implementation efforts.
- Implement Olympia based headquarters employees representing WFSE, Local 17 and non-represented by June 30, 2017. Approximately 1,450 employees.
- Marine employees are not included in the scope of this project. The department will assess during the project if EmpCenter is a viable solution for marine employees.
- Does not include the advanced scheduling component of EmpCenter.
- WSDOT configuration based on the Ecology configuration where possible.
- Includes exception time reporters and positive time reporters.
- Workforce resources are available and are knowledgeable of the Ecology configuration.
- Project management, business analysis, and software quality assurance resources are knowledgeable of the WSDOT configuration, historical project information, and expert level skillsets.
- WSDOT will partner with Ecology to resolve two outstanding issues from the TLA project: Issue 241 (effective dating) and 244 (establishing an hourly pay rate).
- Work for the Department of Ecology and WSDOT will be going on simultaneously if both efforts are funded.
- WSDOT will train a minimum of two FTEs to configure the EmpCenter system. These FTEs will be responsible for future configuration changes to the EmpCenter system.
- Configuration and development would drive Functional Unit testing and Integration testing as soon as discrete groups of functionality are completed.

- WFS configuration resources would be brought in to participate in design as soon as possible (even prior to the start of fiscal year 2017).
- Design work would begin as soon possible to distribute the subject matter expert (SME) workload over a longer duration and therefore reduce impacts to SMEs' other functional duties/divisions.
- Contract resources and rates assigned remain consistent with past work completed.
- Data warehouse environment upgrade is scaled to the fiscal year 2017 deployment plan.

Expenditure Assumptions:

- FTE costs include 1.8 percent pay increase effective July 1, 2016.
- The ITS 5 PM position would begin work in January 2017.
- The EmpCenter hosting and maintenance fees are based on increments of 1,000 active employees. WSDOT is rounding up to the higher increment when calculating hosting and maintenance costs.
- Travel for the QA testers and business analysts are assumed at one trip per month for \$1,000 per trip times 12 months.
- Travel for WorkForce is assumed at six trips per month at \$1,000 per trip times 12 months.
- WSDOT is sharing the cost equally with the Department of Ecology to perform remediation to the Effective Dating issue that was identified during the TLA project.

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

The EmpCenter system will be configured for all non-marine employees during fiscal year 2017 and deployed in fiscal year 2017 to the HQ non-marine employees (approximately 1,450 employees). During fiscal year 2018, the EmpCenter system will be deployed to the remaining regionally based non-marine employees (approximately 3,700 employees).

One-time costs for fiscal year 2017 include salaries and benefits, personal service contracts, travel and goods and services costs. This includes costs necessary to:

- Configure and test the EmpCenter system (configured and tested for all non-marine employees);
- Provide organizational change management and deployment of the EmpCenter system to approximately 1,450 non-marine employees;
- Provide external quality assurance for fiscal year 2017 project work;
- Provide project management services; and,
- Procure, install, and configure phase 1 of the data warehouse environment upgrade.

One-time costs for fiscal year 2018 include salaries and benefits, personal service contracts and goods and services. This includes costs necessary to:

- Make minor configuration changes based upon the fiscal year 2017 HQ deployment.
- Provide organizational change management support and deploy the EmpCenter system to approximately 3,700 non-marine employees.
- Provide external quality assurance for fiscal year 2018 project work.
- Provide project management services.
- Procure, install, and configure phase 2 of the data warehouse environment upgrade.

Ongoing costs that carry forward to subsequent biennia include goods and services for:

- EmpCenter hosting, maintenance and escrow fees;
- Data warehouse environment upgrade maintenance fees; and,
- Server replacement (4-year cycle).

Any potential assumed savings related to eliminating the current systems and processes is negligible. Staff support will be redirected to other systems and work priorities.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
A. Salaries and Wages	0	659,000	659,000	65,000	0
B. Employee Benefits	0	198,000	198,000	19,000	0
C. Professional Service Contracts	0	1,849,000	1,849,000	506,000	0
E. Goods and Services	0	453,000	453,000	1,090,000	741,000
G. Travel	0	96,000	96,000	0	0
Total	0	3,255,000	3,255,000	1,680,000	741,000

Salary and FTE Detail						
List of Positions by Classification	FTEs			Dollars		
	FY 2016	FY 2017	Biennial Average	FY 2016	FY 2017	Total
FISCAL ANALYST 4	-	2.0	1.0	0	117,000	117,000
HUMAN RESOURCE CONSULTANT 4	-	2.0	1.0	0	136,000	136,000
IT SPECIALIST 5	-	2.5	1.3	0	207,000	207,000
WaTech Staff Interagency Reimbursement	-	2.0	1.0	0	199,000	199,000
Total	-	8.5	4.3	0	659,000	659,000

Out Biennia				
List of Positions by Classification	FTEs		Dollars	
	2017-19	2019-21	2017-19	2019-21
FISCAL ANALYST 4	-	-	0	0
HUMAN RESOURCE CONSULTANT 4	-	-	0	0
IT SPECIALIST 5	0.8	-	65,000	0
WaTech Staff Interagency Reimbursement	-	-	0	0
Total	0.8	-	65,000	0

Information Technology Addendum

Recsum Code and Title: WSDOT Labor System Replacement

Brief Description: This investment will transform time and attendance activities for WSDOT non-marine employees. The WSDOT labor Distribution System will be replaced with the Workforce Software EmpCenter time and attendance system. In addition, the data warehouse environment will be strengthened to provide resiliency and redundancy to the production data warehouse environment to support payroll reporting during peak payroll processing periods and a QA/Test environment will be created.

If this investment includes the use of servers, do you plan to use the state data center?

Yes No, waiver received No, waiver not received Does not apply

WSDOT has a verbal commitment from WaTech to use WSDOT's existing data center.

Business Transformation – This set of criteria will be used to assess IT proposals supporting business changes to improve services or access to information for agency customers or citizens.

Business process improvement: Primary goal of the proposal is to transform an agency business process. This criterion will be used to assess the transformative nature of the project.

(INTENT: Incent agencies to take transformative projects that may include risk.)

Implementation of the Workforce EmpCenter system will transform time and attendance activities for WSDOT non-marine employees.

Employees and manager will receive the following benefits:

- Self-service time entry, leave requests and automate leave approval.
- Self-service monitoring of leave balances, both projected and real time.
- Electronic access to historical time and attendance data.
- Rules based workflow for electronically routing timesheets and leave request for required approvals.
- Enables flexible shift schedule development, assignment and management.
- Facilitates accurate pay by automating business rules based on collective bargaining agreements and WAC.

The following benefits will accrue to the department:

- Improves the department's ability to make data-driven business decisions through use of business intelligence tools.
- Ensure consistency in timekeeping processes and eliminates duplicative processes and procedures.
- Provides a modern rules based engine to support efficient and timely update of collective bargaining changes.
- Drastically reduces "estimates" and/or submission of multiple timesheets due to payroll cutoffs.
- Allows for the decommissioning of the Labor Distribution System. A mainframe COBOL application developed in the 1980's. It is outdated, has limited automation, and is difficult to modify to support changes in collective bargaining agreements.
- Streamline and automate manual timekeeping processes.
- Improved internal controls, thereby reducing reliance on inefficient compensating internal controls.
- Addresses findings and recommendations by the U.S. Department of Labor and the State Auditor's Office.

The following benefits will accrue to the enterprise:

- Improves the enterprise's ability to make data-driven business decisions via more complete, accurate and timely data.

Risk mitigation: Primary goal is to mitigate risks associated with transformative initiatives. This criterion will be used to determine if the initiative provides adequate resources to mitigate risks associated with a transformative initiative. Risk planning may include budgeting for independent quality assurance, organizational change management, training, staffing, etc.

(INTENT: Drive business value by encouraging risk taking that is well managed.)

The department's risk mitigation strategy for transforming time and attendance activities for nonmarine employees includes budgeting to support the following activities:

- Organizational Change Management (OCM) – includes contracted OCM resources for support, oversight and training material design to augment internal OCM staff resources.

- Project Management – includes contracted project management resources consistent with past work completed on the enterprise Time, Leave and Attendance Project (TLA). The contracted project management firm is the same firm WSDOT utilized for the TLA project and therefore is knowledgeable of the WSDOT configuration, historical project information and has expert skill sets. Also includes a budget request for a FTE project management resource that will shadow the contracted project management staff to gain experience and knowledge to carry the transformative project forward and through closure once the contracted project management team leaves.
- Quality Assurance Testing – includes contracted software quality assurance test resources consistent with past work completed on the TLA project. The contracted software quality assurance firm is the same firm WSDOT utilized for the TLA project and therefore is knowledgeable of the WSDOT configuration, historical project information and has expert skill sets.
- Business Analysis – includes contracted business analysis (BA) support to augment state BA resources.
- External Project Quality Assurance – includes contracted external quality assurance resources to ensure the transformative project has a healthy start with appropriate planning and governance, ongoing assessments, and practical guidance to stay on track and meet deployment goals.
- State Resource Backfills – includes four backfills, split evenly between the Human Resource division and the Accounting Payroll division, to augment existing state positions so that the transformative project has the appropriate resources to complete assigned work while continuing the day-to-day human resource and payroll work.

In addition, the department has already expended a significant amount of staff effort towards the enterprise TLA project and maintains extensive knowledge of EmpCenter and what is required to configure, test, train and deploy EmpCenter in WSDOT.

Customer-facing value: Add value in short increments. This criterion will be used to determine if the initiative provides “customer-facing value” in small increments quickly to drive agile strategy.

(INTENT: Drive agencies to producing value more quickly and incrementally.)

The customers for this initiative are both the employees and the employer. The project plan has been designed to deliver benefits to the customers incrementally during fiscal year (FY) 2017 and FY 2018 as follows:

Employees:

- The EmpCenter system will be deployed to approximately 1.450 WSDOT headquarters employees on June 30, 2017. The benefits described in the business process improvement section will accrue immediately.
- The EmpCenter Solution will be deployed to the east side and west side regions on October 1, 2017 and February 1, 2018, respectively. The benefits described in the business process improvement section will accrue immediately.
- The Data Warehouse upgrades will be implemented early in FY 2017 which will provide the users of the data warehouse with a resilient production environment (minimizing downtime), and a secure quality assurance/testing environment to meet the needs of our testing and development teams.

Employer:

- With the first deployment in June 2017 the employer will begin to have access to better payroll data to assist with making more informed data driven decision regarding workforce management. The benefits described in the business process improvement section will accrue immediately.
- With the second and third deployments in October 2017 and February 2018 the employer will have complete data to support decisions regarding workforce management for WSDOT non-marine employees. The benefits described in the business process improvement section will accrue immediately.
- The data warehouse upgrade will increase the speed of both testing and data validation activities which in turn will increase staff productivity and minimize errors in the production environment.

Open data: New datasets exposed. This criterion will be used to assess if the initiative will increase public access to searchable, consumable machine-readable data from agencies. (INTENT: Drive agencies to make more data available to citizens. We also value making data available internally for better decision making.)

This initiative will improve the department and state's ability to make data-driven business decisions through access to timely, complete and accurate timekeeping data.

The data warehouse environment upgrade will minimize data warehouse downtime thereby increasing timely access to data. The data will be more complete and accurate through the consistent application of the collective bargaining agreement (CBA) rules to employee timesheet entries as well as through the reduction of timekeeper errors. This will in turn improve the quality of the data, support accurate billings to our customers, reduce non-compliance with the CBA agreements and reduce the potential impact of "past practices" in future labor negotiations.

It is important to note that this data will support the department and the Office of Financial Management (OFM) during labor negotiations.

Transparency/accountability: Project is clear, measurable, and immediate. This criterion will be used to assess if the initiative specifies the following: (1) Are the goals articulated? (2) Are performance outcomes identified, quantified and measurable? (INTENT: Award more points for better project and outcome performance measures.)

This initiative is built on the goals of the enterprise TLA project. In addition there have been many lessons learned from the TLA project including the appropriate level of oversight, the need for effective management of both the state and consultant workforce. The goals are:

1. Continue the modernization of WSDOT's critical applications by replacing the WSDOT labor distribution system (LDS) with Workforce Software's EmpCenter time and attendance system for non-marine employees.
2. Improved flexibility to meet current and future statutory, regulatory and CBA requirements.
3. The EmpCenter system will provide employee and manager self-service functionality.
4. The EmpCenter system will eliminate duplication of effort, improve internal controls and reduce under/over payments.

The performance outcomes are as follows:

Goal 1

- Reduction in the number of Labor systems used by WSDOT.
 - Baseline measure: Number of time and attendance systems used by WSDOT.
 - Outcome measure: Decommissioning of the non-marine Labor Distribution System.

Goal 2

- Reduction and/or elimination of computer programming to support statutory, regulatory and CBA requirements.
 - Baseline measure: Current technology requires programming to make statutory, regulatory or CBA changes.
 - Outcome measure: Future technology does not require programming to make statutory, regulatory or CBA changes.

Goal 3

- Improved employee and manager self-service functionality.
 - Baseline measure: Employee access to real-time leave balances, projected leave balances, and electronic workflow for timesheet and leave entry/approval.

- Outcome measure: Employees have access to real-time leave balances, projected leave balances and electronic workflow for timesheet and leave entry/approval.

Goal 4

- Reduce duplication of effort to support time and leave processes for non-marine employees.
 - Baseline measure: Number of duplicative procedures
 - Outcome measure: Elimination and/or reduction in the number of duplicative procedures.
 - Baseline measure: Number of compensating internal controls
 - Outcome: Elimination and/or reduction in the number of compensating internal controls.
- Reduction in the amount of time spent on time and attendance time entry.
 - Baseline measure: Time to prepare, approve and enter at timesheet prior to implementation.
 - Outcome measure: Time to enter and approve a timesheet after implementation.
- Reduction in the number of under/over payments.
 - Baseline measure: Under/over payments as identified through HRMS reporting prior to implementation.
 - Outcome measure: Under/over payments as identified through HRMS reporting after implementation.

Technology Strategy Alignment – This set of criteria will be used to assess the alignment of the request to the larger technology strategy of the state.

Security: Improve agency security. This criterion will be used to assess the improvements to the overall security posture for an agency.

(INTENT: Award additional points to projects where intent is to improve the security across an agency.)

Data entry by each employee via the web-based employee data entry interface will eliminate the opportunity for human error in data entry by administrative or timekeeping personnel.

Since all of an employee's system entries are validated by the employee's supervisor, the opportunity for fraudulent entries is minimized.

Because the EmpCenter sign-in process is tied to the Department's Active Directory service rather than a separately maintained list of user identities, employee identity is assured by the validation of their network identity and password.

Timesheet and leave slip data will be securely stored in EmpCenter. The employee/manager relationship will be clearly defined and assigned to group roles which in turn determines employee's access to EmpCenter system features, pay codes, reporting, pay and bank data, etc.

FMLA data is currently generated through manual workflow processes. Since these are manual workflow processes it is difficult to limit access to the data to only those that need to view the information. EmpCenter will automate the current manual workflow process and limit access to the appropriate groups that need access to the data.

Modernization of state government: Cloud first. This criterion will be used to assess if the initiative will result in replacing legacy systems with contemporary solutions that drive our cloud-first strategy.

(INTENT: Drive agencies to look more intently at leveraging cloud-based solutions.)

The Labor Distribution System (LDS) is a legacy mainframe application built in the early 1980s using the COBOL language. LDS is complex, fragile, and requires constant monitoring by WSDOT Information Technology staff. For the most part, only mandated changes are made in order to maintain system stability.

The EmpCenter system will be deployed as a cloud-based, hosted COTS, time and attendance system. Once the EmpCenter system is fully deployed the LDS system will be decommissioned. The benefits of cloud delivery of EmpCenter include: incremental software updates (cloud updates are far less disruptive than on-premise upgrades), worry-free administration (Workforces manages behind the scenes), improved scalability (easy to add new employee groups or locations), anywhere access (from web enabled devices), and predictable costs (per employee fees).

Mobility: New mobile services for citizens. This criterion will be used to assess the contribution of the initiative to support mobile government services for citizens and a mobile workforce.

(INTENT: Drive agencies to look for ways to deliver results and services that are accessible to citizens from mobile devices. While we also value mobility for employees, we place greater value on mobility for citizens.)

The EmpCenter system supports anywhere access for employees from any web enabled device. WSDOT employees will have greater freedom in how they access and interact with work hour, schedule, and time off data. Employees will be able to submit time off requests and/or work hours from any web-enabled device with no browser limitations, plug-ins to install or apps to download.

Interoperability: Adds value in six months. This criterion will be used to determine if the initiative provides a technology system or software application that distributes, consumes or exchanges data.

(INTENT: Drive agencies to acquiring and/or developing systems that are interoperable across the state enterprise.)

The EmpCenter system is an external, cloud-based, hosted solution, with web-based user interfaces and is based upon current software programming techniques and industry-standard database technologies. EmpCenter publishes their integration specification and schemas in order to allow for ease of integration by means of industry-standard reporting tools. EmpCenter also supports Application Programming Interfaces (APIs) for integration with SAP, ORACLE, SOAP and other interface technologies in order to simplify integration with other financial systems. This allows for a more robust and reliable means of integrating EmpCenter with other WSDOT software applications.

Financial – This set of criteria will be used to assess the initiative’s financial contribution, including the extent the initiative uses other fund sources, reduces cost for the state, or captures new or unrealized revenue.

Captures new or unrealized revenue: This criterion is calculated based on the amount of new or unrealized revenue captured by the end of the 2017-19 biennium as a proportion of total investment. To get the full points in this category, projects must capture at least five times the amount of the investment by the end of the 2017-19 biennium.

This project will not capture new or unrealized revenue.

Reduces costs: This criterion is calculated based on the amount of cost reduction by the end of the 2017-19 biennium as a proportion of total investment. To get the full points for this criterion, projects must reduce costs by at least two times the amount of the investment by the end of the 2017-19 biennium.

This project will not reduce costs. We do anticipate cost avoidance related to timekeeping, payroll and programmer staffing levels, but the excess FTE capacity will be redistributed to higher level work.

Leverages federal/grant funding: This criterion is to calculate the degree in which projects are funded by federal or grant dollars. Projects that are fully funded by federal or grant sources receive full points.

This project is not funded with federal/grant funding.

Agency: 405 Department of Transportation
Decision Package Code/Title: CB Software License Increases
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program C – Information Technology

Recommendation Summary

Funding is requested for the increasing costs of maintaining the current level of software licenses and maintenance agreements that support all Washington State Department of Transportation (WSDOT) agency-wide project deliveries, program activities, and business operations. These licenses and agreements are critical to WSDOT’s operations as they are necessary to support the department’s mission to provide and support safe, reliable, and cost-effective transportation options to improve livable communities and economic vitality for people and businesses.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
108-1 MVA-State	744,000	744,000	1,488,000	1,637,000	1,801,000
Total	744,000	744,000	1,488,000	1,637,000	1,801,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program C - Operating					
108-1 MVA-State	744,000	744,000	1,488,000	1,637,000	1,801,000
Total by Fund	744,000	744,000	1,488,000	1,637,000	1,801,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

Package Description

This package is requesting funding to maintain existing software licenses and maintenance agreements that support communications, project development and reporting, bridge design, project management, environmental, business activities (accounting, imaging, inventory, disaster recovery), and information technology infrastructure (servers, communication networks and circuits, operating systems). Four of the largest contract cost increases include:

- 1) Avaya PBX software licensing and maintenance
- 2) Microsoft enterprise license contracts through the Department of Enterprise Services (DES)
- 3) Cisco SMARTnet contract (network software and hardware maintenance)
- 4) Oracle Primavera contract for the Project Management Reporting System (PMRS)

Funding the contract increases ensures that the department will be able to continue to support project deliveries, program activities, and business operations.

The increase in Avaya licensing is due to a change in their underlying strategy and products. The department is replacing its older Avaya Private Branch Exchange (PBX) equipment with new Avaya PBX software running on standard server hardware. Avaya is transitioning its PBX products away from proprietary PBX hardware toward software-based systems. These new Avaya products provide improved connectivity and additional functionality across the department’s telephone systems. Benefits include: full integration with Microsoft Lync; more advanced communication tools for on-site and remote staff; real-time communication services such as instant messaging (chat), presence information

(in/out board), Internet Protocol (IP) telephony, video conferencing, desktop sharing, data sharing (including web connected electronic interactive whiteboards), call control, and speech recognition with services such as integrated voicemail, e-mail, texting, and fax.

The increase related to Microsoft enterprise license contracts through DES is due to Microsoft restructuring their product offerings resulting in price increases. The department has not increased the number of licenses or level of services from Microsoft.

The increase in the number of network devices is driving the increase in the department's contract cost for Cisco's SMARTnet maintenance program. This program provides the department access to the technical assistance center (TAC) for troubleshooting, access to input/output system (IOS) software upgrades, and replacement of failed equipment.

The department's Project Management and Reporting System (PMRS) is made up of a Primavera suite of applications from Oracle (Scheduler and Cost Manager). Contract costs have increased for this contract. Department-wide use of this system is critical to insuring the successful delivery of construction projects on time, on budget, and within scope with a high level of accountability.

In addition, the department has added software or replaced existing software where necessary, which has resulted in an increase in the overall software maintenance costs.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

The expected performance outcome is keeping all department critical software maintained and functioning.

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 decision package supports the department's strategic plan, Results WSDOT, Goal 6: Smart Technology, Improve information system efficiency to users and enhance service delivery by expanding the use of technology. This decision package will support services that are needed for the continued operation of activities across the entire department.

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

Yes. This decision package supports the Governor's Results Washington priority, Goal 2: Prosperous economy, specifically contributing to a sustainable and efficient transportation infrastructure. These investments are needed to support the transportation budget and transportation revenue package passed during the 2015 Legislative Session.

Identify important connections or impacts related to this proposal.

N/A

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

None. In order for the business of the department to continue to function, the software and hardware must be maintained.

What are the consequences of adopting this package?

Some contracts might be terminated; however, it would not be in the department’s best interests to return to manual and less efficient operations. Because these software licenses are essential, the department would have to consider reducing other essential information technology services. As documented in the State Auditor’s Office IT Services and Cost Study the department was identified for having a low cost profile. This is due in part to the department’s information technology staff workload ratio being higher than industry standards.

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

N/A

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

N/A

Expenditure Calculations and Assumptions

This funding request was calculated based on over 75 individual software license and maintenance agreements used by the department. The following table was used to determine the request amount and lists four of the most significant changes by vendor. Individual product cost estimates are based on either current contract terms or last actual invoice paid.

Vendor	2013-15 Actual Costs	2015-17 Estimated Costs	Increase
Avaya	261,788	727,963	466,175
Microsoft (DES & Compucom)	3,766,301	4,000,000	233,699
SMARTNet (Right Systems)	684,499	863,250	178,751
Oracle USA	344,384	454,000	109,616
Reduced or Discontinued Software Contracts	46,403	-	(46,403)
Updated Software Contracts	4,816,752	5,362,914	546,162
TOTAL	9,920,127	11,408,127	1,488,000

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

All costs are ongoing. It is anticipated that the software costs will continue to rise biennium to biennium and that the number of the department’s software contracts will continue to grow. The department’s historic biennium to biennium increase from 2007-09 through 2013-15 averages 10 percent.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
E. Goods and Services	744,000	744,000	1,488,000	1,637,000	1,801,000
Total	744,000	744,000	1,488,000	1,637,000	1,801,000
Program C - Operating					
E. Goods and Services	744,000	744,000	1,488,000	1,637,000	1,801,000
Total	744,000	744,000	1,488,000	1,637,000	1,801,000

Agency: 405 Department of Transportation
Decision Package Code/Title: FA Reappropriation 2013-15 Airport Aid
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program F – Aviation

Recommendation Summary

The department requests that unspent grant authority of \$420,000 be carried over from 2013-15 to the 2015-17 biennium to allow completion of fourteen separate airport projects, without reducing funds available for new grant projects. Grants issued during the 2013 and 2014 grant cycles anticipated work to be completed between July 1, 2013 and June 30, 2015. Because the state’s fiscal year varies from the federal fiscal year as well as individual airport sponsors’ fiscal years, airport sponsors are sometimes unable to complete their projects before the end of the committed state fiscal year. The department requests to re-appropriate funds for projects with incomplete work from prior grant periods. Because the state funds committed to specific projects were not spent last biennium, they remain in the Aeronautics Account to complete the projects in 2015-17.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
039-1 State	420,000	0	420,000	0	0
Total	420,000	0	420,000	0	0
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program F - Operating					
039-1 State	420,000	0	420,000	0	0
Total by Fund	420,000	0	420,000	0	0
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

Package Description

Airport Aid grant dollars appropriated for a given fiscal period are committed to projects in that period but expenditures are not incurred until the department reimburses grantees for invoices submitted. Several factors contribute to a rolling lag in spending besides simple project delays:

- By the time the budget is enacted, and the grant award process for the first year is completed, the first construction season has elapsed.
- Projects are funded with a mix of state and federal dollars and the federal fiscal year lags the state fiscal year by three months, creating further potential delays as the federal funds are secured.
- The majority of airport aid project construction occurs in the spring, summer, and fall. This construction season does not necessarily align with the budget cycle.

For these reasons, a portion of the airport aid grant funds are often carried from one biennium to the next.

Of the \$4,065,000 appropriation for airport investment studies and the airport aid grant program, the Aviation Division committed \$3,548,000 to grants and \$500,000 to airport investment study and

solution. (The remaining \$17,000 was uncommitted.) The completion of grants committed for the 2013-15 biennium was 84.5 percent (\$2,999,000/\$3,548,000).

Grant Committed Amount	\$3,548,000
Less: Projects not completed nor will complete	(129,000)
Less: Amount Re-appropriated Request	<u>(420,000)</u>
Grant Committed and Completed	\$2,999,000

The department requests \$420,000 in Reappropriation of grants issued in the 2013-2015 biennium. The airport sponsors of these grants have not completed these projects for a variety of reasons including some of the budget cycle issues articulated above, or other unforeseen circumstances.

The Reappropriation expenditure will be offset by unspent grant funds in the prior biennium, carried in the fund balance of the Aeronautics Account. The Reappropriation will complete fourteen Airport Aid grant projects from the 2013-15 biennium. The Reappropriation preserves 2015-17 appropriations for new state grants, which – in many cases – can be combined with local contributions to draw a 90 percent match of federal funds, significantly leveraging existing state appropriations.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

The Reappropriation will ensure that previously planned and funded projects are completed, resulting in the reduction of backlogged preservation and pavement at 14 of the state’s public-use airports. In addition, completion of the projects supports a safe and efficient transportation network.

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 contributes to the implementation of the department’s strategic plan, Results WSDOT, Goal 1: Strategic investments. Completion of airport aid grant projects adds to investments in preservation and maintenance of transportation infrastructure that supports multimodal capacity improvements.

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

This request supports the Governor’s Results Washington priority, Goal 1: Prosperous economy. Funding for this request will contribute to a sustainable, efficient infrastructure. Specifically, it will assist with achieving performance outcome 3.1, Maintain infrastructure assets at 2012 condition levels, by preserving aviation infrastructure, addressing the backlog of aviation preservation needs, and reducing the growth in the backlog.

Identify important connections or impacts related to this proposal.

The Reappropriation of 2013-15 funding for airport aid grants will preclude the need to use current biennium appropriation for grants that were issued in the previous biennium. This ensures 2015-17

appropriation is available for future projects, which has the potential to leverage additional federal funding.

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

An alternative to Reappropriation is to allow the higher balance to remain in the Aeronautics Account. In that case, available resources would not be used to address the backlog of preservation needs in the state’s public-use airports.

What are the consequences of adopting this package?

Approval of this request will preserve the 2015-17 biennium appropriation for new projects.

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

N/A

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

N/A

Expenditure Calculations and Assumptions

Reappropriation of \$420,000 from 2013-15 grants will address a need to complete fourteen separate airport projects from the previous biennium. Please see Attachment A for the current 10-year financial plan for the Aeronautics Account, demonstrating current and future capacity for the account.

Committed but unfinished 2013-15 biennium projects:

Airport Sponsor	Airport	2013-15 Grant	Amount for Reappropriation
Port of Skagit	Skagit Regional	\$ 17,144	\$ 3,552
Lewis County	Packwood	8,527	6,291
Pierce County	Pierce County - Thun Field	6,750	6,750
City of Ritzville	Pru Field	15,279	416
City of Seattle	Lake Union Seaport	63,237	40,991
Pierce County	Tacoma Narrows	18,948	11,135
City of Yakima	Yakima Air Terminal	250,000	222,879
City of Auburn	Auburn Municipal	26,267	1,871
Port of Skagit	Skagit Regional	103,450	41,935
Port of Orcas	Orcas Island	15,000	11,853
Port of Friday Harbor	Friday Harbor	65,952	20,919
Town of Lone	Lone Municipal	3,707	1,005
City of Ocean Shores	Ocean Shores Municipal	4,669	143
City of Pullman	Pullman-Moscow Regional	40,683	50,444
		Total	\$420,184

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

This request is for one-time funding to use available 2013-15 funds to finalize grant projects that were issued within that biennium.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
N. Grants, Benefits and Client Services	420,000	0	420,000	0	0
Total	420,000	0	420,000	0	0
Program F - Operating					
N. Grants, Benefits and Client Services	420,000	0	420,000	0	0
Total	420,000	0	420,000	0	0

10-Year Financial Plan • Dollars in Thousands
 September 2015 Revenue Forecast

Aeronautics Account (039) With 2015 17 Enacted Budget							
Biennium		2013-15	2015-17	2017-19	2019-21	2021-23	2023-25
Beginning Fund Balance		\$3,741	\$2,768	\$697	\$170	\$168	\$166
Minimum Fund Balance		(44)	(500)	0	0	0	0
State Aeronautics Revenue*	S	6,149	6,976	6,953	7,041	7,104	7,173
Treasury Deposit Earnings	S	19	15	15	15	15	15
Federal Revenue	F	30	4,100	4,100	4,100	4,100	4,100
Local Revenue	L	14	60	60	60	60	60
Total Revenue		6,212	11,151	11,128	11,216	11,279	11,348
State Expenditures							
State Operating Expenditures	S	3,653	4,006	3,884	3,884	3,884	3,884
Airport Aid - State Grants	S	3,444	3,500	3,500	3,500	3,500	3,500
2015 Increase in Airport Aid Grants	S	0	637	637	637	637	637
DP - Reappropriation	S	0	420	0	0	0	0
DP - TEF Fuel	S	0	(1)	(1)	(1)	(1)	(1)
Out-biennium adj. to available rev.		0		(525)	(962)	(900)	(830)
Federal Expenditures							
Federal Expenditures		30	4,100	4,100	4,100	4,100	4,100
DP - Additional Federal Authority		0	0	0	0	0	0
Local Expenditures							
Local Expenditures		14	60	60	60	60	60
DP - Additional Local Authority		0	0	0	0	0	0
Total Expenditures		7,140	12,722	11,655	11,218	11,281	11,350
Ending Fund Balance		\$2,768	\$697	\$170	\$168	\$166	\$165

* September 2015 forecast includes revenue associated with passage of ESSB 6057; Chapter 6, Laws of 2015, Sect. 901.

Agency: 405 Department of Transportation
Decision Package Code/Title: MH Damages by Known Third Parties
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program M – Highway Maintenance & Operations

Recommendation Summary

Appropriation authority is requested to cover increases in the cost of repairing damages to highways caused by known third parties, and for the costs to collect reimbursements from the parties who caused the damage, or their insurers.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
108-1 MVA-State	1,146,000	1,165,000	2,311,000	2,330,000	2,330,000
Total	1,146,000	1,165,000	2,311,000	2,330,000	2,330,000
Staffing FTEs	11.0	11.0	11.0	11.0	11.0
Program M - Operating					
108-1 MVA-State	1,146,000	1,165,000	2,311,000	2,330,000	2,330,000
Total by Fund	1,146,000	1,165,000	2,311,000	2,330,000	2,330,000
Staffing FTEs	11.0	11.0	11.0	11.0	11.0

Package Description

When damage to WSDOT property occurs, a repair cost estimate is prepared and, if the damaging party is known (there is a collision report, damage memo, or WSDOT employee on scene who can verify the responsible party) department staff diligently pursue reimbursement for the repair from the identified third party. The repairs are made by the Highway Maintenance Program (Program M), except in the case of extraordinary damage, such as when a bridge is hit by an over-height vehicle, in which case the Preservation Program makes the repairs.

The Highway Maintenance Program’s 2015-17 carry-forward level budget includes \$8.5 million to pay for damages to the highway system where the responsible party is known and reimbursement is anticipated. Program M expenditures for the 2015-17 biennium are projected to be \$10.6 million, rather than the \$8.5 million appropriated. The administrative cost of collecting this additional \$2.1 million is estimated to be \$201,000 for total additional requested appropriation authority of \$2.3 million.

Revenues from collected reimbursements are deposited to the Motor Vehicle Account, as state revenue will cover the additional expenditures.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

Increased appropriation authority will allow the program to continue repairing damages caused to the highway system by known third parties and to recover costs from the responsible parties.

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 package supports the agency's strategic plan, Results WSDOT, Goal 1: Strategic investments, by effectively managing assets.

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

Yes. The maintenance and operations of the state highway system support the Governor's Results Washington priority, Goal 2: Prosperous economy. Specifically, maintaining the highway system in good working order contributes to a sustainable and efficient transportation infrastructure, and contributes to maintaining infrastructure assets at 2012 baseline condition levels.

Identify important connections or impacts related to this proposal.

Additional appropriation authority will allow the program to continue repairing damage to the highway system and recover costs from the responsible parties without diverting resources from other basic highway maintenance activities that benefit the traveling public. Additionally, collecting the cost of repairs from the parties who cause the damage prevents spreading costs to all transportation taxpayers when the responsible party is known.

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

Explored alternatives include redirecting funds from other activities. The program has an estimated \$75 million backlog per biennium of unfunded maintenance, which is increasing as new transportation infrastructure is added to the system. At the same time, the program is expected to achieve Maintenance Accountability Process (MAP) targets and meet a variety of legal mandates and program obligations. Damages to the highway caused by motorists usually are to safety features, such as to guard rail and signage, so repairs are usually given a high priority and repaired quickly regardless of the cost or other plans for the funding. Without the requested appropriation increase, resources for other areas of the Highway Maintenance and Operations Program would be used for these damage repairs and other activities of the program would be adversely affected.

A second option would be deferring damage repair until funding is available. This is an option, if the specific damage does not create a safety hazard or increased liability, but it adds to the maintenance backlog.

Requesting the additional appropriation in this decision package was the chosen alternative because, if approved, it will prevent the adverse consequences of the other alternatives, the funding is supported by associated revenue, and this approach is consistent with previous decisions of the Legislature.

What are the consequences of adopting this package?

Approval of this request preserves other Highway Maintenance program dollars for routine maintenance work. If the request were not approved, if the unrepaired highway infrastructure poses a safety hazard, then the program would likely have no other option than to redirect funds from other activities. As noted in the previous section, this would negatively affect other maintenance activities. If the damage does not pose a safety hazard, then the repair would be deferred, but collection efforts

might be affected, since the responsible third party may argue that no reimbursement is warranted, since no repairs were made.

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

N/A

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

N/A

Expenditure Calculations and Assumptions

2016 Supplemental Request:

The basis for estimating the additional need for funds in the 2015-17 biennium is the level of expenditures for 2013-15 biennium, which were \$10.6 million and expected to represent the new minimum baseline. Comparing this level of expenditure to existing appropriations in the base budget of \$8.5 million yields a difference of \$2.1 million. In addition to higher repair costs in the Highway Maintenance program, a higher level of damage by known third parties requires additional work collecting reimbursements from responsible parties. The department assumes 9.52 percent of repair expenditures, or \$201,000 is needed for this collections work, for a total request of \$2.3 million. The math is shown in the table below.

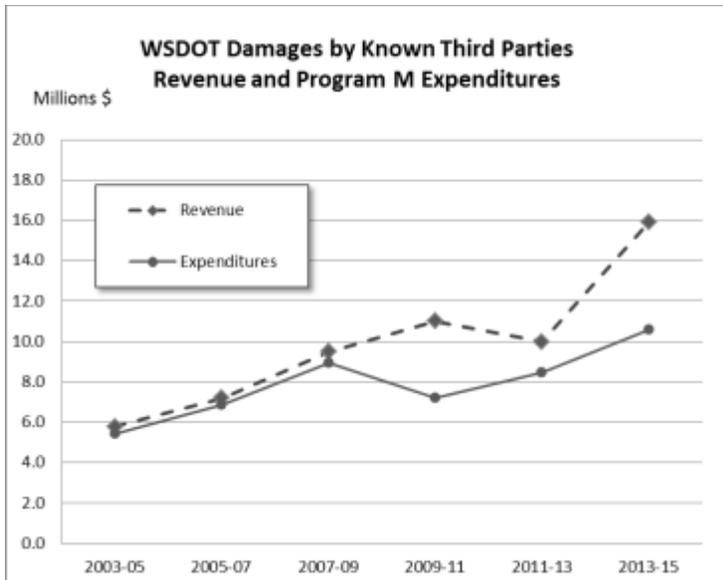
**2013-15 Program M Expenditures
for Repairs of Damages by Known Third Parties**

Total 2013-15 Biennium	\$10,610,000
Existing Appropriation	<u>8,500,000</u>
Difference = Additional Requested for Repairs	2,110,000
Multiplied by 9.52 Percent for Collections	9.52%
Amount Requested for Collections	<u>201,000</u>
Total Request	<u><u>\$2,311,000</u></u>

Revenue to Support Request:

The additional expenditures are supported by revenue collections deposited into the Motor Vehicle Account as state revenue, given the emphasis on collecting reimbursements from individuals responsible for damage, or their insurers.

Revenue & Program M Expenditures Related to Damages by Known Third Parties (in Millions of Dollars)		
Biennium	Revenue	Expenditures
2003-05	\$5.8	\$5.4
2005-07	\$7.2	\$6.9
2007-09	\$9.5	\$9.0
2009-11	\$11.0	\$7.2
2011-13	\$10.0	\$8.5
2013-15	\$15.9	\$10.6



Total revenues and expenditures for the Highway Maintenance program, shown in the above table, are not necessarily equivalent within a given fiscal period for the following reasons:

- 1) The revenue includes collections for damages repaired in both the Highway Maintenance program and the Preservation program as this revenue source is not distinguished by program within the WSDOT accounting system.
- 2) Revenue collections for specific incidents can occur in a fiscal period other than that in which the incident's damages are repaired.
- 3) Revenues are initially estimates of the debt owed by known third parties and are adjusted for the probability of collection based upon the age of the debts.
- 4) Debts of \$100,000 or more are tracked individually and the recording of the revenue may be shifted from one fiscal period to another based upon the probability of collection within a fiscal period.

Background Regarding Overall Trends in Damages:

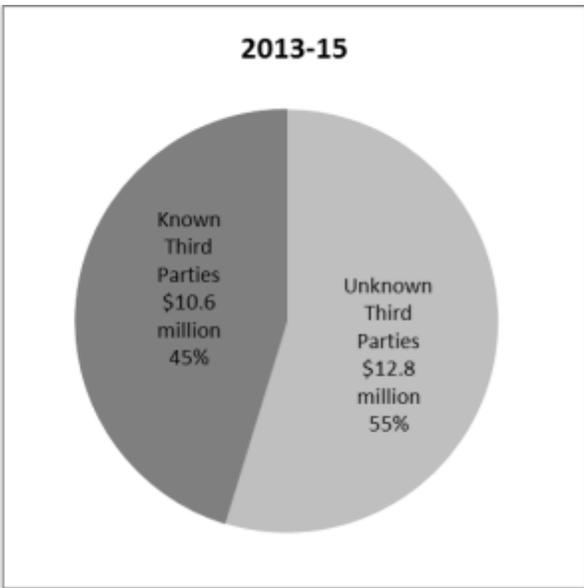
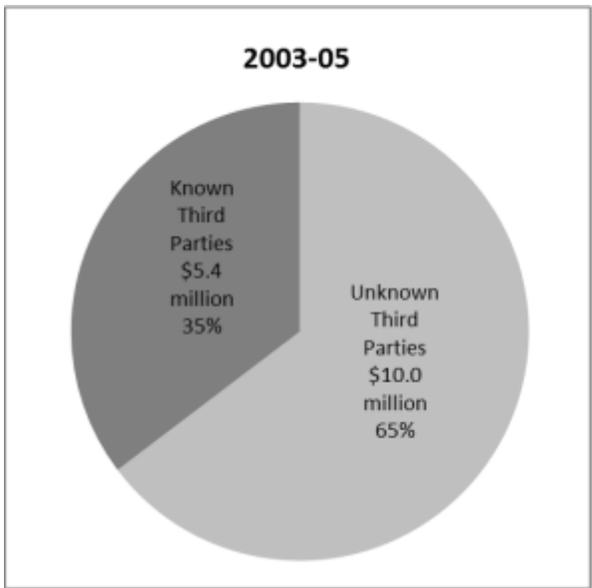
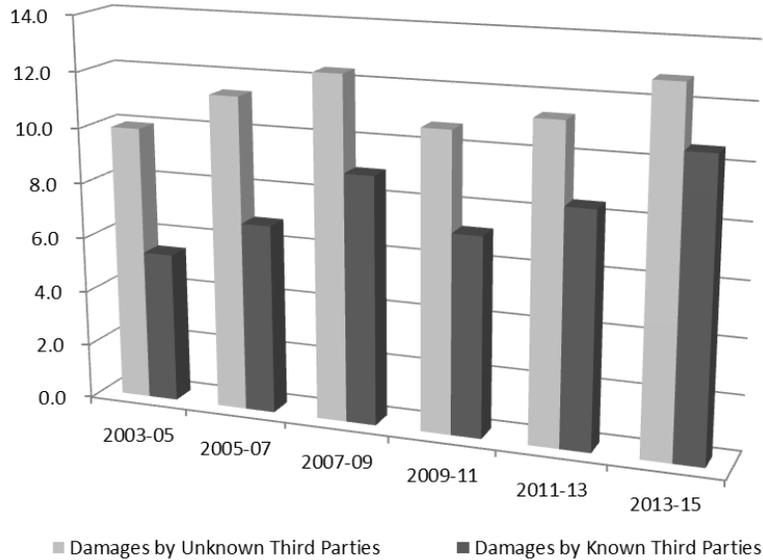
The value of damages to state highways caused by motorists continues to grow – both damages overall, as well as the portion of damages attributed to known third parties. The following recent biennia data show overall growth in damages as population and infrastructure expand, as well as the growth in the percentage of the share from known third parties, as the department has put emphasis on identifying and collecting reimbursements from responsible parties.

Program M Expenditures on Damage Repairs

Dollars in Millions

Biennium	Damages by Unknown Third Parties	Damages by Known Third Parties	Total Damage Expenditures	Unknown as Percent of Total	Known as Percent of Total
2003-05	10.0	5.4	15.4	65%	35%
2005-07	11.4	6.9	18.2	62%	38%
2007-09	12.4	9.0	21.3	58%	42%
2009-11	10.7	7.2	18.0	60%	40%
2011-13	11.3	8.5	19.8	57%	43%
2013-15	12.8	10.6	23.4	55%	45%

Expenditures to repair damages to the state highway system are increasing, as well as the share of damages caused by identified parties



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

All costs are ongoing. The level of funding requested to maintain this activity is projected to continue and increase over time. The agency pursues collection from liable third parties and costs are reimbursed.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
A. Salaries and Wages	533,000	542,000	1,075,000	1,084,000	1,084,000
B. Employee Benefits	288,000	298,000	586,000	596,000	596,000
E. Goods and Services	325,000	325,000	650,000	650,000	650,000
Total	1,146,000	1,165,000	2,311,000	2,330,000	2,330,000

Salary and FTE Detail						
List of Positions by Classification	FTEs			Dollars		
	FY 2016	FY 2017	Biennial Average	FY 2016	FY 2017	Total
MAINTENANCE TECHNICIAN 2	11.0	11.0	11.0	470,000	479,000	949,000
CLAIMS REPRESENTATIVE	-	-	-	63,000	63,000	126,000
Total	11.0	11.0	11.0	533,000	542,000	1,075,000

Out Biennia				
List of Positions by Classification	FTEs		Dollars	
	2017-19	2019-21	2017-19	2019-21
MAINTENANCE TECHNICIAN 2	11.0	11.0	958,000	958,000
CLAIMS REPRESENTATIVE	-	-	126,000	126,000
Total	11.0	11.0	1,084,000	1,084,000

Agency: 405 Department of Transportation
Decision Package Code/Title: MJ Electricity Cost Increases
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program D – Facilities
 M – Highway Maintenance & Operations

Recommendation Summary

Additional appropriation authority is requested to cover increased electricity costs in the Capital Facilities program (Program D) and the Highway Maintenance program (Program M).

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
108-1 MVA-State	1,107,000	1,109,000	2,216,000	2,216,000	2,216,000
Total	1,107,000	1,109,000	2,216,000	2,216,000	2,216,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program D - Operating					
108-1 MVA-State	84,000	85,000	169,000	169,000	169,000
Total by Fund	84,000	85,000	169,000	169,000	169,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program M - Operating					
108-1 MVA-State	1,023,000	1,024,000	2,047,000	2,047,000	2,047,000
Total by Fund	1,023,000	1,024,000	2,047,000	2,047,000	2,047,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

Package Description

Electricity is used by the Capital Facilities program in the operation of 966 buildings and by the Highway Maintenance program in the operation of highway system features such as highway lighting, traffic signals, urban tunnels, intelligent transportation systems, rest areas, and moveable/floating bridges. Expenditures for electricity have increased due to rate increases and from the addition of new highway infrastructure. The additional expenditure authority is requested to cover the higher electricity costs and prevent the redirection of funds intended for the delivery of services.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

Adjusting program appropriation authority for electricity expenditure increases ensures that base budgets for highway maintenance and capital facilities’ needs are preserved for delivery of services. The performance outcomes associated with this package would be to sustain existing services in the two programs.

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 decision package contributes to implementation of the agency’s strategic plan, Results WSDOT, Goal 1: Strategic Investments. Maintaining and preserving highway infrastructure is a priority of WSDOT strategic investments. Approval of this request preserves resources intended for infrastructure maintenance, rather than diverting them to cover increased costs of electricity.

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

Yes. Maintenance and operations of the state highway system support the Governor’s Results Washington priorities, Goal 2: Prosperous economy, specifically contributing to a sustainable and efficient transportation infrastructure. This request also contributes to the Results Washington Goal 2, Outcome measure 3.1: “Maintain infrastructure at 2012 baseline condition levels.”

Identify important connections or impacts related to this proposal.

Entering the 2015-17 Biennium, Program D has a facilities repair and replacement backlog of approximately \$473 million; Program M has an unfunded highway maintenance backlog of approximately \$75 million per biennium; the unfunded increase in expenditures for electricity contributes to these backlogs because funds must be diverted from maintenance and repair activities to pay for electricity.

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

Funds could be shifted from other services to cover the increased cost of electricity. This alternative was not selected due to adverse impacts from decreased maintenance of facilities and the highway system. The recommended alternative is to increase funding for electricity. The budget request could have been for the shortfall already incurred, rather than for the projected shortfall. This alternative was rejected because electricity costs are a non-discretionary expense; accommodating such expenses in the enacted budget allows for more measured and efficient planning for basic program needs.

What are the consequences of adopting this package?

Approval of this request will prevent diversion of funds from core activities. If not approved, since electrical bills must be paid, the programs will need to divert funds from maintenance and repair activities, which will cause a decrease in levels of service.

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

N/A

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

N/A

Expenditure Calculations and Assumptions

The calculation of the increased expenditure assumes the Legislature aligned appropriations to actuals for the 2011-13 Biennium. Since that time, additional appropriations increases have been provided that have partially offset the subsequent increases in costs. The tables below show the funding available in

the base budget for electricity, compared to actual electricity costs, since the budget was reconciled at the beginning of 2011-13. This decision package requests the difference between funding in the current base budget and projected electricity expenditures for the current biennium, based on actual costs through fiscal year 2015.

Program D – Capital Facilities	
Methodology:	
1. Assuming the budget and costs were reconciled in the 2011 Legislative Session, start with the amount of funding in the base budget for 2011-13.	
2009-11 actual expenditures	\$3,664,000
Budget adjustments for 2011-13	30,000
Funding in base for 2011-13	3,694,000
Actual expenditures in 2011-13	3,745,000
2011-13 shortfall at end of biennium	(\$51,000)
2. Adjust the base funding to include the funding added for 2013-15 to derive the new base.	
Funding in base for 2011-13	\$3,694,000
Budget adjustments for 2013-15	99,000
Funding in base for 2013-15	3,793,000
Actual expenditures in 2013-15	3,924,000
2013-15 shortfall at end of biennium	(\$131,000)
3. Compare base funding to expenditure projections for 2015-17.	
Funding in base for 2015-17	\$3,793,000
Projected 2015-17 expenditures based on past 10 years of average expenditure growth	3,962,000
Projected 2015-17 shortfall	(\$169,000)
4. Budget request equals projected 2015-17 shortfall:	\$169,000
Notes:	
<ul style="list-style-type: none"> - 2011-13 budget adjustment made up of \$8,000 reduction at carry-forward level, and \$38,000 increase at maintenance level. - 2013-15 budget adjustment made up of an increase of \$75,000 in the 2013 Legislative Session, and \$24,000 in the 2014 Legislative Session. - Expenditure projection for 2015-17 based on average annual growth from fiscal year 2006 through fiscal year 2015, applied to fiscal year 2015 expenditure level. - Electricity expenditures are from the Motor Vehicle Account-state, sub sub object EC05 (electricity - utilities). - All figures rounded to nearest thousand. 	

Program M – Highway Maintenance

Methodology:

1. Assuming the budget and costs were reconciled in the 2011 Legislative Session, start with the amount of funding in the base budget for 2011-13.

2009-11 actual expenditures	\$11,129,000
Budget adjustments for 2011-13	182,000
Funding in base for 2011-13	<u>11,311,000</u>
Actual expenditures in 2011-13	<u>12,341,000</u>
2011-13 shortfall at end of biennium	<u><u>(\$1,030,000)</u></u>

2. Adjust the base funding to include the funding added for 2013-15 to derive the new base.

Funding in base for 2011-13	\$11,311,000
Budget adjustments for 2013-15	399,000
Funding in base for 2013-15	<u>11,710,000</u>
Actual expenditures in 2013-15	<u>12,819,000</u>
2013-15 shortfall at end of biennium	<u><u>(\$1,109,000)</u></u>

3. Compare base funding to expenditure projections for 2015-17.

Funding in base for 2015-17	\$11,710,000
Projected 2015-17 expenditures based on past 10 years of average expenditure growth	<u>13,757,000</u>
Projected 2015-17 shortfall	<u><u>(\$2,047,000)</u></u>

4. Budget request equals projected 2015-17 shortfall: **\$2,047,000**

Notes:

- 2011-13 budget adjustment made up of \$7,000 increase at carry-forward level, and \$175,000 increase at maintenance level.
- 2013-15 budget adjustment made up of an increase of \$307,000 in the 2013 Legislative Session, and \$92,000 in the 2014 session.
- Expenditure projection for 2015-17 based on average annual growth from fiscal year 2006 through fiscal year 2015, applied to fiscal year 2015 expenditure level.
- Electricity expenditures are from the Motor Vehicle Account-state, sub sub object EC05 (electricity - utilities).
- All figures rounded to nearest thousand.

Expenditures for electricity have increased as the result of rate increases plus the addition of new infrastructure from highway construction projects. Previous budget requests did not fully forecast expenditure increases since they were based only on rate increases approved by the Utilities and Transportation Commission (UTC) for the three utility companies that the UTC regulates: Avista, Puget Sound Energy, and Pacific Power. These companies provide only about one-half of the energy used by the department; there are dozens of other providers across the state that do not fall under the UTC's purview and that do not give the department advance notice of their rate adjustments so those rate

increases can be incorporated into a budget request. In addition, previous budget requests did not factor in any changes in consumption, including the larger impact of new energy-using highway system infrastructure.

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

The increase is ongoing, reflecting the new estimated base budget needed, and against which future actual expenditures will be measured.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
E. Goods and Services	1,107,000	1,109,000	2,216,000	2,216,000	2,216,000
Total	1,107,000	1,109,000	2,216,000	2,216,000	2,216,000
Program D - Operating					
E. Goods and Services	84,000	85,000	169,000	169,000	169,000
Total	84,000	85,000	169,000	169,000	169,000
Program M - Operating					
E. Goods and Services	1,023,000	1,024,000	2,047,000	2,047,000	2,047,000
Total	1,023,000	1,024,000	2,047,000	2,047,000	2,047,000

Agency: 405 Department of Transportation
Decision Package Code/Title: MK I-405 Maintenance
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program M – Highway Maintenance and Operations

Recommendation Summary

A major \$332 million project, opening 17 miles of Express Toll Lanes (ELT) on I-405 between Lynnwood and Bellevue, will be complete and functional by October 2015. The project is a critical step to reducing congestion on the I-405 corridor and brings a number of benefits to the transportation system. The project also expands highway infrastructure and associated features substantially, requiring an increase in ongoing roadway maintenance activities. The department requests 2015-17 appropriation of \$810,000 and 4.0 ongoing annual FTEs.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
108-1 MVA-State	347,000	463,000	810,000	873,000	900,000
Total	347,000	463,000	810,000	873,000	900,000
Staffing FTEs	3.2	4.0	3.6	4.0	4.0
Program M - Operating					
108-1 MVA-State	347,000	463,000	810,000	873,000	900,000
Total by Fund	347,000	463,000	810,000	873,000	900,000
Staffing FTEs	3.2	4.0	3.6	4.0	4.0

Package Description

Opening 17 miles of Express Toll Lanes (ETLs) on I-405 between Lynnwood and Bellevue is a critical step to reducing congestion on the corridor and is part of a long-term vision to develop a 40-mile continuous ETL system that includes State Route (SR) 167 and Interstate 405 .

The major \$332 million project updated and transitioned the prior high occupancy vehicle (HOV) lane of I-405 between Bellevue and the connection with I-5/Lynnwood on the north end into a single Express Toll Lane (ETL), allowing single occupant vehicles (SOVs) to use the lane for a fee. Completion of the project provides paying SOV users with more predictable travel, a more consistent use of all lanes, and frees up space in the unrestricted adjacent general-purpose lanes. Construction of this conversion will be completed in the fall of 2015 and will be operational to the traveling public by October 2015.

The project brings a number of benefits to the transportation system in the form of congestion relief, safety, and environmental improvements. It also expands highway infrastructure and associated features substantially, requiring an increase in ongoing maintenance activities. To ensure facility maintenance costs are included in the budget, WSDOT requests 2015-17 spending authority of \$810,000 and 4.0 ongoing annual FTEs. The additional appropriation authority is requested from the Motor Vehicle Account-State at this time, with the expectation that the appropriate source of funds will continue to be assessed as toll operations are fully stabilized on I-405.

Operation and maintenance of the ETL includes sweeping, restriping, lighting/electrical costs, drain cleaning, guardrail repair, and other standard maintenance activities.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

Additional funding will allow the newly added infrastructure to be maintained at standard levels of service, and prevent the program from having to redirect funds from other maintenance activities.

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 decision package contributes to the department's strategic plan, Results WSDOT, Goal 1: Strategic Investments. The goal calls for prioritizing strategic investments for preservation, maintenance, and capacity improvements on corridors, to achieve the broadest benefits to the system; as well as strategically managing assets on corridors. Approval of this request will provide for ongoing maintenance of the corridor's improvements.

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

The package contributes the Governor's Results Washington priority, Goal 2: Prosperous economy. Specifically, it contributes to a reliable and sustainable transportation infrastructure.

Identify important connections or impacts related to this proposal.

Stakeholders include supportive communities, employers, and transit providers within the north end of the I-405 corridor including the cities of Bellevue, Kirkland, Bothell, Monroe, and Lynnwood; employers such as Microsoft; transit providers, including Sound Transit and Metro. Without this funding, the users within these communities would be impacted by the lack of maintenance on this roadway.

As of the 2015-17 biennium, the Highway Maintenance program has an estimated \$75 million per-biennium of unfunded maintenance backlog that continues to grow as new transportation infrastructure is added to the system. The requested appropriation increase is needed to prevent further increases to this backlog.

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

One alternative is to shift existing funds from other maintenance activities. The department did not choose this option, due to the adverse impacts and reduced levels of service that would result. Requesting additional appropriation authority was selected to preserve existing levels of service.

What are the consequences of adopting this package?

Approval of this request will contribute to efficient functioning of the transportation corridor. The project itself was a significant investment of public dollars and maintenance of the north end of the I-405 corridor will ensure there are not long delays between repairs, reduced cleaning cycles for roadways, roadsides, culverts, and other components of the system. Proper maintenance also ensures incident response speed will be maintained and blocking events will have a minimum effect on the

traveling public. Finally, appropriate funding levels for maintenance prevent development of more expensive repairs later, thus making efficient use of public funds.

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

N/A

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

N/A

Expenditure Calculations and Assumptions

The new maintenance costs associated with this additional infrastructure were based on engineers' estimates, costing out the additional maintenance work required for each element of infrastructure added to the system. Additions include 33.1 lane miles; 20,025 linear feet of ditch; 15 culverts; 206 catch basins and inlets; eight stormwater treatment facilities; 25,000 square feet of bridge deck; 5,400 new pavement markers; 47 regulatory signs; 45 guide signs; 790 guideposts; 12,200 linear feet of guardrail; 12,900 linear feet of concrete barrier; additional lighting and increased electrical services; Intelligent Transportation system features; and added wetland; among others.

Maintenance levels of service on the new system assume the same Maintenance Accountability Process (MAP) standards as the rest of the highway system. The 2013-15 unit cost per-activity is inflated to 2015-17 costs by a biennial factor of five percent generally or 7.5 percent for night work to reflect the assignment and night pay the highway maintenance employees in this region receive by negotiated contract agreement. The unit cost is further multiplied by the number of occurrences per-biennium.

The costs are based on an October 2015 start date; therefore, the 2015-17 total has been multiplied by 21/24ths to pro-rate the total current biennium costs.

Costs assume one additional annual Full Time Equivalent (FTE) for each of the following positions: Maintenance Technician 2; Maintenance Technician 2, Bridge; Maintenance Technician 3; and Transportation Systems Technician C. The cost of night work is incorporated into the unit cost for those activities that are routinely performed at night to minimize the disruption to traffic.

Non-staffing costs are for the purchase of materials.

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

All costs are ongoing. Future biennial costs will be incrementally higher than fiscal year 2017 costs, doubled, to reflect the phasing in of selected tasks that will not need to be done in the short-term, as the infrastructure is new. Examples of phased-in maintenance activities include pavement-patching, repair, and crack sealing – which will not be required until the 2021-23 biennium. Similarly, it is expected that culvert and ditch maintenance will not be required until 2019-21, as silt or debris will not accumulate in the near-term. Total costs for 2017-19 are estimated to be \$873,000; for 2019-21 to be \$900,000; for 2021-23 and thereafter to be \$1.3 million.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
A. Salaries and Wages	153,000	210,000	363,000	420,000	420,000
B. Employee Benefits	74,000	103,000	177,000	206,000	206,000
E. Goods and Services	120,000	150,000	270,000	247,000	274,000
Total	347,000	463,000	810,000	873,000	900,000
Program M - Operating					
A. Salaries and Wages	153,000	210,000	363,000	420,000	420,000
B. Employee Benefits	74,000	103,000	177,000	206,000	206,000
E. Goods and Services	120,000	150,000	270,000	247,000	274,000
Total	347,000	463,000	810,000	873,000	900,000

Salary and FTE Detail						
List of Positions by Classification	FTEs			Dollars		
	FY 2016	FY 2017	Biennial Average	FY 2016	FY 2017	Total
MAINTENANCE TECHNICIAN 2	0.8	1.0	0.9	32,000	44,000	76,000
MAINTENANCE TECHNICIAN 3	0.8	1.0	0.9	35,000	48,000	83,000
TRANSPORTATION SYSTEMS TECHNICIAN C	0.8	1.0	0.9	51,000	70,000	121,000
MAINTENANCE TECHNICIAN 2, BRIDGE	0.8	1.0	0.9	35,000	48,000	83,000
Total	3.0	4.0	3.5	153,000	210,000	363,000

Out Biennia				
List of Positions by Classification	FTEs		Dollars	
	2017-19	2019-21	2017-19	2019-21
MAINTENANCE TECHNICIAN 2	1.0	1.0	88,000	88,000
MAINTENANCE TECHNICIAN 3	1.0	1.0	96,000	96,000
TRANSPORTATION SYSTEMS TECHNICIAN C	1.0	1.0	140,000	140,000
MAINTENANCE TECHNICIAN 2, BRIDGE	1.0	1.0	96,000	96,000
Total	4.0	4.0	420,000	420,000

Agency: 405 Department of Transportation
Decision Package Code/Title: ML Local Government Stormwater Fees
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program M – Highway Maintenance & Operations

Recommendation Summary

Additional appropriation authority is requested for payment of stormwater assessments charged to the department by local governments under RCW 90.03.525.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
108-1 MVA-State	1,413,000	1,414,000	2,827,000	2,827,000	2,827,000
Total	1,413,000	1,414,000	2,827,000	2,827,000	2,827,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program M - Operating					
108-1 MVA-State	1,413,000	1,414,000	2,827,000	2,827,000	2,827,000
Total by Fund	1,413,000	1,414,000	2,827,000	2,827,000	2,827,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

Package Description

Local government bodies have the statutory authority to charge property owners, including government bodies, rate-based taxes for multiple purposes. RCW 90.03.525 provides the conditions by which these local governments can assess stormwater fees to WSDOT.

Stormwater assessments have steadily increased over time. Temporary amendment of the statute in the 2014 transportation budget and subsequent passage of SB 5314, Chapter 231, 2015 Laws, making the changes permanent, have had additional effects on costs. The enacted statutory changes broaden local governments’ use of fee revenue from reducing state-highway runoff impacts to reducing any runoff impacts. Additionally, the bill eliminated the previous requirement that jurisdictions develop plans, in coordination with the Washington State Department of Transportation, by January 1 of each year, for the expenditure of fee revenue received from WSDOT.

While the legislature has provided appropriation increases to address past cost increases, the difference between increases and past funding continues to grow, with additional growth now related to the recent legislation. The fiscal note prepared for SB 5314 estimated additional biennial costs of approximately \$1 million because of the broadened use of the fee revenue and elimination of other requirements. Calendar year 2015 invoices currently total \$490,000 more than calendar year 2014 invoices, despite the temporary amendment of the statute mid-way through CY 2014, affirming the additional growth contemplated in the fiscal note estimate.

The updated costs, compared to the amount available to pay these invoices in the base budget, provide the basis for this appropriation request.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

The department expects that the additional appropriation authority will prevent the program from having to redirect funds from other maintenance activities to pay local government assessments.

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 decision package is essential to implement the department's strategic plan, Results WSDOT, Goal 1: Strategic Investments. Additional appropriation authority for unavoidable cost increases will allow the department to continue to focus current resources on effectively preserving and maintaining system assets.

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

This request supports the Governor's Results Washington priority, Goal 1: Prosperous economy. Funding for this request will contribute to a sustainable, efficient infrastructure. Specifically, it will assist with achieving performance outcome 3.1, "Maintain infrastructure assets at 2012 condition levels," by preventing diversion of current resources needed to maintain and preserve state highways.

Identify important connections or impacts related to this proposal.

As of the 2013-15 Biennium, Program M had an estimated \$75 million per-biennium of unfunded maintenance backlog, which will continue to increase as new transportation infrastructure is added to the system.

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

One alternative is to shift existing funds from various maintenance activities but this was not chosen due to the adverse impacts and reduced levels of service that result.

What are the consequences of adopting this package?

Since the agency is legally required to pay these assessments, approval of this request will prevent the department from having to redirect funds from other maintenance activities.

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

N/A

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

N/A

Expenditure Calculations and Assumptions

The table below shows the history and forecast through the remainder of the biennium of charges from local governments for stormwater fees.

Local Stormwater Utility Fees by Calendar Years

Municipality	2008 Fees	2009 Fees	2010 Fees	2011 Fees	2012 Fees	2013 Fees	2014 Fees	2015 To-Date	2016 Estimate	2017 Estimate
Bellevue	\$227,250	\$243,203	\$263,767	\$271,606	\$282,632	\$303,301	\$308,429	\$329,268	\$329,268	\$329,268
Bellingham	44,364	44,364	44,364	44,364	44,364	53,624	56,877	60,280	60,280	60,280
Bothell	0	52,905	52,905	56,812	62,582	65,360	59,250	155,983	155,983	155,983
Clark County	0	105,234	81,849	78,791	77,951	76,785	77,922	97,275	97,275	97,275
Cowlitz County	0	0	0	0	0	0	10,260	0	0	0
Douglas County	19,656	16,411	11,232	11,232	0	0	0	0	0	0
Kent	28,058	47,652	54,781	49,751	0	0	0	0	0	0
King County	714,300	714,321	714,321	796,009	796,009	917,325	1,042,079	1,042,080	1,042,080	1,042,080
Kitsap County	106,832	144,553	20,692	0	24,544	27,768	107,452	140,614	140,614	140,614
North Bend	4,255	0	0	0	0	0	0	0	0	0
Olympia	33,549	33,549	33,549	33,549	33,549	33,549	33,549	33,549	33,549	33,549
Pierce County	126,710	139,263	152,671	192,570	213,300	203,569	209,217	213,969	213,969	213,969
Redmond	0	0	0	0	0	0	0	18,666	111,995	111,995
Renton	44,061	44,021	44,021	61,669	68,472	71,590	78,986	82,127	82,127	82,127
SeaTac	34,112	34,112	37,276	37,276	37,276	37,276	39,320	52,945	52,945	52,945
Skagit County	18,436	18,436	18,436	18,436	18,436	18,436	18,436	10,535	10,535	10,535
Snohomish County	203,785	187,323	96,648	64,509	65,179	82,108	135,928	413,093	413,093	413,093
Tukwilla	54,694	54,694	54,694	69,186	76,105	79,915	87,898	105,476	105,476	105,476
Vancouver	0	0	160,754	271,970	215,000	232,000	219,784	219,784	219,784	219,784
Total	\$1,660,062	\$1,880,041	\$1,841,960	\$2,057,730	\$2,015,399	\$2,202,606	\$2,485,387	\$2,975,642	\$3,068,971	\$3,068,971

Notes:

- The 2015 figures are based on invoices received for calendar year 2015, as of September 2015; estimates based on CY14 charges; or phone/email conversations between WSDOT and the billing entities.
- The 2014 supplemental transportation budget bill (ESSB 6001, Section 708) temporarily amended the fee statute, RCW 90.03.525, to broaden the use that local governments may make of the collected fee revenue, and to eliminate the requirement for the local government to coordinate with WSDOT in developing a plan for the expenditures. Legislation enacted in the 2015 session (Chapter 231, 2015 Laws) made the changes permanent.
- The 2015 fee for Redmond is based on receipt of letter from the City of Redmond notifying of intention to charge WSDOT \$9,332.88 per month beginning November 2015.

The table below shows the Program M appropriation history for local government stormwater assessment fees.

Biennium	Amount
2001-03	\$700,000
2003-05	319,000
2009-11	286,000
2013-15	1,300,000
2015-17	659,000
Total	\$3,264,000

The following table converts expenditures by calendar years to biennia, compares those expenditures to resources available in the base budget, yielding the value of the additional appropriation request. In prior decision packages, calendar year to fiscal year conversions were made assuming all expenditures for a given calendar year would be made in the first six months of each year. For simplicity, this decision

package assumes an even distribution of calendar year expenditures in each half of the year. This is because the 2014 budget amendment to RCW 90.03.525, and the subsequent passage of SB 5314, Chapter 231, 2015 Laws, eliminated the requirement that local governments develop a stormwater expenditure plan by January 1 of each year as a prerequisite for stormwater fee payments. Therefore, invoices are now received throughout the year.

By Biennium	<u>2009-11</u>	<u>2011-13</u>	<u>2013-15</u>	<u>2015-17</u>	<u>2017-19</u>	<u>2019-2021</u>
Convert to biennia, rounded*	\$3,811,000	\$4,146,000	\$5,075,000	\$6,091,000	\$6,091,000	\$6,091,000
Base budget, biennial	1,305,000	1,305,000	2,605,000	3,264,000	3,264,000	3,264,000
Budget request				\$2,827,000	\$2,827,000	\$2,827,000

* For simplicity, calendar years are converted to fiscal years in the standard split. Prior decision packages applied all calendar year fees to the first six months of the period. With passage of SB 5314, Chapter 231, 2015 Laws, the requirement for a January 1 expenditure plan as a prerequisite to payment allows for submittal of invoices throughout the year.

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 2016	FY 2017	2015-17	2017-19	2019-21
E. Goods and Services	1,413,000	1,414,000	2,827,000	2,827,000	2,827,000
Total	1,413,000	1,414,000	2,827,000	2,827,000	2,827,000

Agency: 405 Department of Transportation
Decision Package Code/Title: TB Additional Federal Authority
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program T – Transportation Planning, Data and Research

Recommendation Summary

Increased federal authority is requested for federal grants and Strategic Highway Research Program (SHRP) 2 projects. The current level of federal authority does not align with the federal funding expected for these projects.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
108-2 MVA-Federal	118,000	1,339,000	1,457,000	1,850,000	1,850,000
Total	118,000	1,339,000	1,457,000	1,850,000	1,850,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program T - Operating					
108-2 MVA-Federal	118,000	1,339,000	1,457,000	1,850,000	1,850,000
Total by Fund	118,000	1,339,000	1,457,000	1,850,000	1,850,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

Package Description

The department is requesting federal authority in order to fully utilize funds from an already approved unanticipated receipt. The Washington State Department of Transportation’s (WSDOT) multimodal planning program has successfully competed for demonstration and pilot program grants, which further national objectives and state interests.

Federally funded project awards that have been received in the current biennium include: (1) SHRP2 Proof of Concept Pilot Incentive Implementation Assistance to deploy Freight Demand Modeling and Data Improvement; (2) SHRP2 Lead Adopter Incentive Implementation Assistance to deploy the Planning Process Bundle; and (3) the International Mobility and Trade Corridor (IMTC) Program project is focused on identifying and advancing improvements to the regional cross border transportation system infrastructure, operations, and information technology. These projects will be completed in the 2015-2017 biennium.

In addition, unspent prior federal funding is available. This funding is not yet programmed with projects; however, the department would like to reauthorize this funding into the 2015-17 biennium in order to initiate several projects that have been prioritized but not initiated due to insufficient federal authority.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

This is a technical request to align federal spending authority with expected grant levels.

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 or more of the Governor's Results Washington priorities? If so, please describe.

This request contributes to the Governor's Results Washington Goal 2: Prosperous economy; Outcome measure 3.1, maintain the percent of Washington infrastructure assets in satisfactory condition at 2013 baseline levels through 2020.

Identify important connections or impacts related to this proposal.

N/A

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

If additional federal spending authority is not provided in the budget, the department would need to request another unanticipated receipt during the biennium after the existing federal authority is expended.

What are the consequences of adopting this package?

Additional federal expenditure authority is necessary to spend federal grants. If the department does not receive federal funding authority in the budget, it will request approval of an unanticipated receipt for any remaining federal grants, and for additional grants, if they become available.

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

N/A

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

N/A

Expenditure Calculations and Assumptions

The expenditure authority would continue the Multimodal Planning projects at expected federal funding levels.

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

All costs are assumed ongoing. The out biennia amount increases due to the current biennium's unanticipated receipt being included.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
E. Goods and Services	118,000	1,336,000	1,454,000	1,846,000	1,846,000
G. Travel	0	3,000	3,000	4,000	4,000
Total	118,000	1,339,000	1,457,000	1,850,000	1,850,000
Program T - Operating					
E. Goods and Services	118,000	1,336,000	1,454,000	1,846,000	1,846,000
G. Travel	0	3,000	3,000	4,000	4,000
Total	118,000	1,339,000	1,457,000	1,850,000	1,850,000

Agency: 405 Department of Transportation
Decision Package Code/Title: UC Move DBE Support Program to Program S
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Programs S – Transportation Management and Support
 U – Charges/Payments to Other Agencies

Recommendation Summary

A net zero change is requested to move \$500,000 of federal funding for the Disadvantaged Business Enterprises (DBE) Support Services Program from Program U, Charges from Other Agencies, to Program S, Transportation Management and Support.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
108-2 MVA-Federal	0	0	0	0	0
Total	0	0	0	0	0
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program S - Operating					
108-2 MVA-Federal	250,000	250,000	500,000	500,000	500,000
Total by Fund	250,000	250,000	500,000	500,000	500,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program U - Operating					
108-2 MVA-Federal	-250,000	-250,000	-500,000	-500,000	-500,000
Total by Fund	-250,000	-250,000	-500,000	-500,000	-500,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

Package Description

The Disadvantaged Business Enterprise (DBE) Support Services Program is an entirely federally funded program to provide DBEs with training, guidance, and technical assistance to become competitive in the highway construction industry. The DBE Support Services Program is designed to work collaboratively with stakeholder organizations (e.g. community and trade-based organizations), including Native American governments, other state and federal agencies, and small business organizations, to assist DBEs in successfully competing for highway construction projects.

The work was previously contracted out to the Office of Minority and Women’s Business Enterprises (OMWBE) and was budgeted for in WSDOT Program U—Payments to Other Agencies. The contract with OMWBE was terminated in March of 2009. Since that time, contractors have performed the work and, beginning in the 2015-17 biennium, the work will be performed by WSDOT personnel. The DBE Support Services Program no longer fits in Program U since it does not involve a payment to another agency. The department requests the \$500,000 of federal funds for the program be moved from Program U, Charges from Other Agencies, to Program S, Transportation Management and Support.

Remaining in Program U is \$940,000 in state spending authority for an agreement with OMWBE as per RCW 39.19.120 to certify for WSDOT the authenticity and eligibility of DBEs. This certification of DBEs is separate from the DBE Support Services Program.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

This change properly aligns funding sources for the DBE Support Services Program, which is required by the Federal Highway Administration in order for the state to receive federal funding for highway construction.

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 package supports the department's strategic plan, Results WSDOT, Goal 5: Community engagement. This technical decision package will align funding sources or the department's work meeting its DBE participation targets.

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

This request contributes to the Governor's Results Washington priority, Goal 2: Prosperous economy, Outcome measure 1.2, Increase gross business income (GBI) from \$646 billion in 2012 to \$749 billion by 2015 by fostering the use of local companies.

Identify important connections or impacts related to this proposal.

This change will allow the DBE Support Services Program to continue its work with properly aligned funding sources. The DBE Support Services Program is required by the Federal Highway Administration in order for the state to receive federal funding for highway construction.

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

The alternative of requesting a program structure change to move the federal funds from Program U to Program S starting the 2017-19 biennium was considered and rejected, as the WSDOT costs need to be incurred in the current biennium.

What are the consequences of adopting this package?

This request changes only the location of the budget of the DBE Support Services Program from Program U to Program S without any change in the amount or source of funding.

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

N/A

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

N/A

Expenditure Calculations and Assumptions

This request changes only the location of the budget for the DBE program from Program U to Program S without any change in the amount or source of funding.

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

N/A

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
Program S - Operating					
E. Goods and Services	250,000	250,000	500,000	500,000	500,000
Total	250,000	250,000	500,000	500,000	500,000
Program U - Operating					
E. Goods and Services	-250,000	-250,000	-500,000	-500,000	-500,000
Total	-250,000	-250,000	-500,000	-500,000	-500,000

Agency: 405 Department of Transportation
Decision Package Code/Title: VC RMGP Reappropriation
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program V – Public Transportation

Recommendation Summary

The Regional Mobility Grant Program funds transit mobility projects that reduce travel delay and improve connections between counties and regional population centers that help the state reach its goals of reducing greenhouse gases and vehicle miles traveled. Grants are awarded for capital construction, equipment acquisition, and operations. Due to project delays and savings from projects completed in the 2013-15 biennium, the remaining unspent balance from the 2013-15 biennium is requested for re-appropriation in the 2015-17 biennium.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
11B-1 RegM-State	8,906,000	0	8,906,000	0	0
Total	8,906,000	0	8,906,000	0	0
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program V - Operating					
11B-1 RegM-State	8,906,000	0	8,906,000	0	0
Total by Fund	8,906,000	0	8,906,000	0	0
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

Package Description

This package is a combination of project savings and requested reappropriations affecting fifteen regional mobility projects (see project detail below). Three of these projects already had funding reappropriated during the 2015 Legislative Session, and for these projects this request is updating the amount of the reappropriation—two of these three projects were completed earlier than expected and the reappropriation is no longer needed for them.

The total request (\$8.9 million) is the net funding amount needed after considering the additional needed funds and the project savings.

Ben Franklin Transit Tulip Lane Park and Ride

Internal WSDOT reviews and Maintenance and Operations planning have been delayed, resulting in project schedule delays. A reappropriation of \$200,000 was received in the 2015 transportation budget, but the project was delayed more than expected and an additional reappropriation of \$291,000 is requested.

City of Seattle Rainier/Jackson

A reappropriation of \$450,000 was requested and received in the 2015 transportation budget; however, the project was able to get back on schedule and was completed in the 2013-15 biennium. The reappropriation is no longer needed for this project and the total reappropriation request is reduced.

City of Shoreline – N. 192nd St. to N. 205th St. BAT Lanes

A reappropriation of \$200,000 was requested in the 2015 budget request, but the project caught up and the final work and landscaping were completed in the 2013-15 biennium. The \$200,000 reappropriation is no longer needed and the total reappropriation request is reduced.

City of Tukwila Urban Center Pedestrian Bridge

This project has been delayed because of difficulties in acquiring right of way and environmental permits. A reappropriation of \$4 million was requested in the 2015 budget request, but right of way and permitting delays extended longer than expected. An additional reappropriation of \$538,000 is now requested.

Community Transit Double Decker Bus procurement

The Federal Safety testing of these new buses was delayed due to winter weather on the East Coast and additional safety testing was required. The buses were not received until after June 30, 2015. A reappropriation of \$4 million is requested.

Community Transit Mukilteo Park and Ride

Project design was completed in the 2013-15 biennium and the remaining expenditure authority [not required for project design] was requested to be reappropriated to the 2015-17 biennium and used for construction. Final 2013-15 biennium costs for project design were \$176,000 less than expected and an additional reappropriation of the same amount is requested.

C-TRAN Fourth Plain Blvd. Bus Rapid Transit

This project was delayed due to a Federal Transit Administration grant received a year later than planned and a reappropriation of \$2.7 million was requested and received in the 2015 transportation budget. Despite the delay in receiving the federal award, more work was accomplished than expected and \$441,000 of the requested reappropriation is no longer needed. The total reappropriation request has been reduced.

City of Seattle 23rd Ave Corridor

A reappropriation of \$700,000 was requested in the 2015 budget request for the final project items and landscaping; however, the project was delayed and an additional reappropriation of \$2.3 million is now requested.

Intercity Transit Tumwater DuPont Lakewood

This is an operating project and creates a new express bus service between Tumwater and Lakewood with connections to regional park and ride lots, bus and rail services. The project is currently providing service as planned; however, actual costs in the 2013-15 biennium were lower than the original cost estimate due to the falling price of fuel. This decline in fuel costs resulted in the project underspending in the 2013-15 biennium. Due to the uncertainty of fuel prices, the grantee is requesting to have the balance reappropriated in case prices increase during the 2015-17 biennium.

Intercity Transit Olympia Seattle Express

This is an operating project and extends Sound Transit's route 592, currently operating between Seattle and DuPont, to Olympia. The project is currently providing service as planned; however, actual costs in the 2013-15 biennium were lower than the original cost estimate due to the falling price of fuel. This decline in fuel costs resulted in the project underspending in the 2013-15 biennium. Due to the

uncertainty of fuel prices, the grantee is requesting to have the balance reappropriated in case prices increase during the 2015-17 biennium.

King County Metro, Rapid Ride F Line Service Extension

This project was expected to be operationally complete before June 30, 2015, but final finish work was not completed. Therefore, a reappropriation of the remaining \$584,000 is requested to enable the project to be completed in the 2015-17 biennium.

Kitsap Transit SR 305 Interchange Improvements and Park and Ride

This project was expected to be operationally complete before June 30, 2015, but final finish work was not completed. A reappropriation of \$500,000 was included in the 2015 budget request, but less finish work was completed than expected. An additional reappropriation of \$292,000 is requested.

Kitsap Transit SR 305 Poulsbo Park and Ride

Extensive design modifications and delays in reviews and permitting have caused this project to miss the construction seasons and it was not completed in the 2013-15 biennium. A reappropriation of \$200,000 was initially requested in the 2015 budget request, but delays have extended. The project has a remaining grant balance of \$968,000 but is expected to be completed under budget; therefore, only \$892,000 of the balance is requested for reappropriation.

Pierce Transit SR 7 Route 1 Peak hour expansion

This is an operating project and expands service on Pierce Transit's busiest route, Route 1, by adding 26 peak-hour trips and providing 15-minute service frequency during morning and afternoon commute periods. The project is currently providing service as planned; however, actual costs in the 2013-15 biennium were lower than the original cost estimate due to the falling price of fuel. This decline in fuel costs resulted in the project underspending in the 2013-15 biennium. Due to the uncertainty of fuel prices, the grantee is requesting to have the balance reappropriated in case prices increase during the 2015-17 biennium.

Spokane Transit Central City Line

This four-year, \$73 million project is delayed because the scope was significantly increased and the full, expected amount of Federal Transit Administration grants has not been awarded yet. An additional reappropriation of \$250,000 is requested for this project.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

These projects help the state achieve its goals of reducing greenhouse gases and vehicle miles traveled.

Performance Measure Detail

This request contributes to the Governor's Results Washington Goal 3, Outcome measure 1.1: Reduce transportation-related greenhouse gas emissions from 44.9 mmt/year (projected 2020) to 37.5 mmt/year (1990) by 2020 and Goal 2, Outcome measure 3.2: Increase the percentage of Washingtonians using alternative transportation commute methods to 33 percent.

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

Yes. The decision package is consistent with the department’s strategic plan, Results WSDOT, Goals 1, 2, and 3—Strategic Investments, Modal Integration, and Environmental Stewardship. The Regional Mobility Grant program improves efficiency of the Washington transportation system by focusing on congested regional transportation corridors and supporting transit improvements to facilitate connection. Additionally, the program coordinates transit services and planning among regions and jurisdictions. This work supports the specific strategic outcomes to manage assets on strategic corridors effectively and to align the operation of all modes in strategic corridors to optimize throughput capacity to move people and freight. The Regional Mobility Grant Program also contributes to increasing transit ridership, reducing drive-alone commute trip pollution, and reducing greenhouse gas emissions, which supports the specific strategic outcomes of reducing the overall carbon footprint and improving energy efficiency of transportation systems.

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

Yes. This package supports the Governor’s Results Washington priority, Goal 3: Sustainable Energy and a Clean Environment – Clean Transportation. Outcomes of this goal are to reduce transportation-related greenhouse gas emissions and increase transit ridership. The specific outcome measure detail is discussed in the performance measure detail section above.

Identify important connections or impacts related to this proposal.

Without this reappropriation, these projects, which are currently underway, cannot be completed.

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

No alternatives were explored. This request is to complete legislatively approved projects.

What are the consequences of adopting this package?

Without this reappropriation, construction cannot be completed.

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

N/A

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

Contracts between the department and the Regional Mobility Grant Program grant recipients would need to be amended to extend into the 2015-17 biennium.

Expenditure Calculations and Assumptions

See “Attachment A – RMGP Reappropriation Summary” for project level detail.

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

All costs are one-time. There are no budget impacts in future biennia.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
N. Grants, Benefits and Client Services	8,906,000	0	8,906,000	0	0
Total	8,906,000	0	8,906,000	0	0

Attachment A - RMGP Reappropriation Summary

Project Title	2013-15 Biennium			2015-17 Biennium					
	2013-15 Budget	2013-15 Expenditures	2013-15 Variance	13-15 4-Yr Projects	2015 Reapprop	2015 New	2015-17 Funded Total	2016 Reapprop	2016 Request Level
Prior Biennia									
Accruals Adjustment	-	2,157,955	(2,157,955)	-	-	-	-	-	-
City of Ridgefield, Ridgefield Interstate 5/State Route 501 Interchange	1,295,000	1,295,000	-	-	-	-	-	-	-
City of Seattle, New Market 45th St Transit Improvement	-	(151,603)	151,603	-	-	-	-	-	-
City of Tukwila, Tukwila Urban Center - Transit Center	4,178,000	3,343,000	835,000	-	-	-	-	-	-
Island, Skagit and Whatcom Transits, Tri County Connector	2,300,000	2,300,000	-	-	-	-	-	-	-
King County Metro, Eastside Transit Service Improvement	-	(299,498)	299,498	-	-	-	-	-	-
King County Metro, Route 120 Transit Enhancement	378,000	842,302	(464,302)	-	-	-	-	-	-
King County Metro, South Kirkland Park and Ride Expansion	540,000	540,000	-	-	-	-	-	-	-
King County Metro, Southeast King County Connectors	1,809,000	1,412,079	396,921	-	-	-	-	-	-
Pierce Transit, 112th and Pacific/SR 7 Transit Access Improvements	1,677,000	1,115,986	561,014	-	-	-	-	-	-
Skagit Transit, Alger Park and Ride	640,000	556,734	83,266	-	-	-	-	-	-
Skagit Transit, Everett Connector	940,000	940,000	-	-	-	-	-	-	-
Sound Transit, Clean Green Fleet Replacement	5,000,000	5,000,000	-	-	-	-	-	-	-
Sound Transit, S 200th Intermodal Station and park and ride	1,614,000	1,614,000	-	-	-	-	-	-	-
Spokane Transit, Plaza Improvements	200,000	239,151	(39,151)	-	-	-	-	-	-
Yakima Transit, Firing Center Park and Ride Lot Expansion	240,000	222,543	17,457	-	-	-	-	-	-
Prior Biennia Total	20,811,000	21,127,649	(316,649)	-	-	-	-	-	-
Reappropriated and Four Year									
Ben Franklin Transit, Park and Ride Richland	393,000	101,770	291,230	-	200,000	-	200,000	291,230	491,230
City of Seattle, Rainier/Jackson Transit Improvements	450,000	900,000	(450,000)	-	450,000	-	450,000	(450,000)	-
City of Shoreline, N 192nd St. to N 205th St BAT Lanes	2,196,000	2,396,000	(200,000)	-	200,000	-	200,000	(200,000)	-
City of Tukwila, Urban Center Pedestrian Bridge	600,000	61,569	538,431	2,270,000	4,000,000	-	6,270,000	538,431	6,808,431
Community Transit, Double Decker Buses	3,978,000	-	3,978,000	-	-	-	-	3,978,000	3,978,000
Community Transit, Mukilteo Park and Ride Plus	200,000	23,751	176,249	2,680,000	800,000	-	3,480,000	176,249	3,656,249
C-TRAN, Fourth Plain Bus Rapid Transit	300,000	740,588	(440,588)	-	2,700,000	-	2,700,000	(440,588)	2,259,412
Intercity Transit, Olympia-Seattle Express Bus Service	530,000	480,507	49,493	640,000	-	-	640,000	49,493	689,493
Intercity Transit, Tumwater/DuPont/Lakewood Express	2,936,000	2,227,471	708,529	1,375,000	-	-	1,375,000	708,529	2,083,529
King County Metro, I-405 Corridor Managing Demand	942,000	942,000	-	1,456,000	-	-	1,456,000	-	1,456,000
King County Metro, Rapid Ride F Line Service Extension	1,286,000	702,026	583,974	1,547,000	-	-	1,547,000	583,974	2,130,974
Kitsap Transit, Poulsbo SR 305/3 Park and Ride	1,533,000	564,880	968,120	-	200,000	-	200,000	891,949	1,091,949
Kitsap Transit, SR 305 Interchange Improvements	301,000	9,096	291,904	1,525,000	500,000	-	2,025,000	291,904	2,316,904
Pierce Transit, SR 7/Pacific Avenue Peak Hr Expansion	1,106,000	959,239	146,761	1,264,000	-	-	1,264,000	146,761	1,410,761
Seattle DOT, 23rd Avenue Transit Improvements	3,300,000	969,082	2,330,918	-	700,000	-	700,000	2,330,918	3,030,918
Spokane Transit, Central City Line	250,000	102	249,898	1,700,000	250,000	-	1,950,000	249,898	2,199,898
Reappropriated and Four Year Total	20,301,000	11,078,082	9,222,918	14,457,000	10,000,000	-	24,457,000	9,146,747	33,603,747
Current Biennia									
City of Fife - Bus Shelter Installation	-	-	-	-	-	75,000	75,000	-	75,000
City of Kent - Kent Transit Center 1st Avenue N Parking	-	-	-	-	-	272,000	272,000	-	272,000
City of Tacoma - Tacoma Link Expansion Phase 1	-	-	-	-	-	2,500,000	2,500,000	-	2,500,000
Community Transit-Seaway Transit Center-Swift II BRT	-	-	-	-	-	3,000,000	3,000,000	-	3,000,000
C-TRAN - Fisher's Landing Transit Center South Parking Expansion	-	-	-	-	-	2,849,000	2,849,000	-	2,849,000
Grant Transit - GTA Multimodal Transit Center	-	-	-	-	-	1,598,000	1,598,000	-	1,598,000
Grays Harbor Transportation Authority - Run Cutting Software Purchase	-	-	-	-	-	56,000	56,000	-	56,000
Jefferson Transit Authority - SR 20/Four Corners Road Park and Ride	-	-	-	-	-	1,040,000	1,040,000	-	1,040,000
King County Metro - I-90 Manage Demand	-	-	-	-	-	2,880,000	2,880,000	-	2,880,000
King County Metro - Park and Ride Efficiency and Access Project	-	-	-	-	-	1,040,000	1,040,000	-	1,040,000
King County Metro - Route 245 Corridor Speed and Reliability	-	-	-	-	-	2,192,000	2,192,000	-	2,192,000
King County Metro SR 522 and I-5 operating	-	-	-	-	-	1,737,000	1,737,000	-	1,737,000
Kittitas County - I-90 Exit 78 park and ride	-	-	-	-	-	223,000	223,000	-	223,000
Link Transit - Wenatchee Riverfront Shuttle	-	-	-	-	-	1,260,000	1,260,000	-	1,260,000
Mason Transit - Regional Express Commuter Bus Service	-	-	-	-	-	1,317,000	1,317,000	-	1,317,000
Pierce Transit - Route 1 Connections/Route 4 112th Street Peak Hour	-	-	-	-	-	2,321,000	2,321,000	-	2,321,000
Pullman Transit - Two, 40-foot Electric Hybrid Buses	-	-	-	-	-	1,056,000	1,056,000	-	1,056,000
Sound Transit/Community Transit High Capacity Double Decker Bus	-	-	-	-	-	4,000,000	4,000,000	-	4,000,000
Sound Transit Sumner Station Access Improvements	-	-	-	-	-	3,000,000	3,000,000	-	3,000,000
Spokane Transit Authority - West Plains Transit Center	-	-	-	-	-	1,740,000	1,740,000	-	1,740,000
Town of Concrete Solo Park and Superior Avenue Park and Ride	-	-	-	-	-	477,000	477,000	-	477,000
WSDOT - SR 525 - Pedestrian Improvements	-	-	-	-	-	527,000	527,000	-	527,000
Current Biennia Total	-	-	-	-	-	35,160,000	35,160,000	-	35,160,000
Funded Projects Cost Total	41,112,000	32,205,731	8,906,269	14,457,000	10,000,000	35,160,000	59,617,000	9,146,747	68,763,747
Control (2015-17 Current Law Funding + Reapprop Request)							60,000,000	8,906,000	68,906,000
Variance							383,000	(240,747)	142,253

Agency: 405 Department of Transportation
Decision Package Code/Title: VE State Rail Transit Safety Oversight
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program V – Public Transportation

Recommendation Summary

This decision package aligns federal appropriation authority with federal funding currently available under the State Safety Oversight (SSO) program and provides the required 20 percent state match. The Washington State Department of Transportation (WSDOT) requests an increase in appropriation authority and one additional FTE to align with available federal funding and the required state match and to deliver the program in compliance with new requirements.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
218-1 MMA-State	44,000	42,000	86,000	82,000	84,000
218-2 MMA-Federal	180,000	166,000	346,000	330,000	338,000
Total	224,000	208,000	432,000	412,000	422,000
Staffing FTEs	1.0	1.0	1.0	1.0	1.0
Program V - Operating					
218-1 MMA-State	44,000	42,000	86,000	82,000	84,000
218-2 MMA-Federal	180,000	166,000	346,000	330,000	338,000
Total by Fund	224,000	208,000	432,000	412,000	422,000
Staffing FTEs	1.0	1.0	1.0	1.0	1.0

Package Description

The increased appropriation authority is required for the delivery and completion of the different activities funded under the SSO program. The approval of this request will also bring the state budget in sync with the federal apportionment.

The SSO program is funded through the Federal Transit Administration (FTA) and is required to perform support and oversight functions such as conducting safety and security program audits and reviewing and approving safety and security plans and their implementation. The FTA requires states to oversee the safety and security of all rail transit systems operating in the state through an SSO program.¹ WSDOT is designated as the lead agency for Washington. The program monitors the safety of the following transit systems:

- Tacoma Link
- Link Light Rail
- Seattle Streetcar
- Seattle Center Monorail

¹ Title 49 Code of Federal Regulations, Part 659

The responsibilities, authority, and scope of the SSO program include developing and establishing state safety and security standards and providing oversight to ensure rail transit agency compliance. The SSO program reviews and approves safety and security plans, conducts safety and security program audits, conducts or adopts accident and unacceptable hazardous condition investigations, reviews and approves corrective action plans that address hazards or other deficiencies, and can apply financial penalties to rail transit agencies for non-compliance with reporting requirements and deadlines.

From 1997 until September 2012, state law² required owners of rail fixed guideway systems to reimburse WSDOT for the costs of the program; however, under the Moving Ahead for Progress in the 21st Century Act (MAP-21), the state is no longer allowed to receive reimbursements from the transit agencies. In the 2013-15 biennium, local appropriation authority for the SSO program was removed and \$175,000 in state authority and \$698,000 in federal authority were provided to align with the changes under MAP-21. These amounts were based on initial estimates of federal apportionment amounts, but federal awards have been greater than initially expected. Additionally, the budget level for this program was reduced by \$48,000 in the 2015-17 biennium carry-forward level adjustments due to initial estimates of workload.

United States Code Title 49 (49 U.S.C.), Section 5329(e)(4)(A)(v) states that a State Safety Oversight Agency (SSOA) “has investigative and enforcement authority with respect to the safety of rail fixed guideway public transportation systems of the eligible state.” 49 U.S.C. Section 5329, provides the department, as Washington’s SSOA, the authority to shut down a service or equipment if operations are determined unsafe, and issue fines if the operators are not in compliance with regulatory requirements. Per this U.S.C., the department will be expected to comply with the new requirements within three years of the effective date of a final rule under that subsection once a final rule is issued. WSDOT is submitting agency request legislation to align state statute with the requirements of the U.S.C.

Due to the increased responsibilities, the job classifications of the SSO program positions have been changed in a recent reorganization of the WSDOT Public Transportation Division (PTD). Additionally, past FTA reviews concluded that the SSO program required additional staff to deliver the new program requirements. The department estimates that the new requirements such as carrying out the investigative and enforcement authority and developing, producing, and distributing the required annual report will require an additional 1.0 FTE of Transportation Planning Specialist 4.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

The SSO program is primarily focused on the requirement for rail transit agencies to develop and implement a comprehensive system wide safety and security program. The Washington State Rail Safety Oversight Program Standard establishes the specific requirements placed on rail transit systems in the state. These requirements ensure that the rail transit agencies remain compliant with federal code and design, construct and operate safe and secure systems at all times. WSDOT’s Public Transportation Division ensures compliance as defined in the WAC through plan reviews, inspections, investigations, and audits.

² RCW 81.104.115

Performance Measure Detail

The FTA Office of Transit Safety Oversight (TSO) manages the SSO program at the federal level. The Washington state SSO program must adhere to federal regulations that define the scope and responsibilities of SSO programs. The state SSO submits an annual report to FTA, which summarizes accident data, internal audits, corrective action plans, safety and security plan updates and approvals, and any audits that it has conducted on the rail transit agencies. In addition, updates to safety and security plans, accident investigation procedures, and the Program Standard are sent to FTA for review and comment along with any letters of approval.

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

This decision package supports WSDOT's safety strategy and its goal to improve the safety and security of rail transit systems by ensuring rail transit systems have appropriate safety and security plans and that they operate safely in compliance with state and federal regulations.

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

Yes, this package supports the safe operations of a reliable and efficient transportation system by ensuring rail transit systems comply with the SSO program.

Identify important connections or impacts related to this proposal.

This funding will enable WSDOT to further strengthen the SSO program, ensure compliance with MAP-21 requirements, and maintain eligibility for FTA SSO program grant funds.

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

WSDOT reviewed the policies and procedures of other state agencies that have enforcement authority and found that they have enacted legislation similar to the agency's proposed legislation. The investigative and enforcement authority, and the funding to support it, are needed to comply with the requirements of this program under MAP-21.

What are the consequences of adopting this package?

As required by the Code of Federal Regulations (CFR), the FTA would be required to withhold all funding for the state if the SSO program does not comply with the rule. Specifically, CFR Part 674.21 states: "If a State fails to establish a State Safety Oversight Program approved by the Administrator within three years of the effective date of the final rule that will follow today's NPRM, FTA will be prohibited by law from obligating any Federal financial assistance to any entity in that State that is otherwise eligible to receive funding through any of the FTA programs authorized by 49 U.S.C. Chapter 53. See, 49 U.S.C. 5329(e)(3). In other words: If for whatever reason, a State is unable or unwilling to comply with a final rule for State Safety Oversight within three years after that final rule takes effect, all FTA grant funds for all of the public transportation agencies, designated recipients, subrecipients, and Metropolitan Planning Organizations in that State will be cut off."

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

N/A

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

RCW 81.104.115 (Rail fixed guideway system-safety program plan and security and emergency preparedness plan) is written to conform state law to federal laws. With the changes under MAP-21, this section will need to be reviewed and amended. For instance, subsection (3) of RCW 81.104.115 requires owners or operators to reimburse the department for reasonable costs of the program. Federal law now prohibits the department from collecting costs from local transit agencies for this program. The agency proposed legislation aligns the RCW with these changes and authorizes the department to impose financial penalties for noncompliance with state or federal regulations.

Additionally, RCW 35.21.228, RCW 35A.21.300, RCW 36.01.210, RCW 36.57.120, RCW 36.57A.170, and RCW 81.112.180 require revisions to authorize the state to utilize the investigative and enforcement authority granted under MAP-21. The agency’s proposed legislation addresses these required changes.

Expenditure Calculations and Assumptions

The expenditure calculations are based on the difference between currently available federal apportionments and 2015-17 appropriation authority for the SSO program. The 2015-17 appropriation authority is currently \$825,000 (\$165,000 in state funds and \$660,000 in federal funds) after a \$48,000 reduction in the 2015-17 carry-forward level adjustments. The costs associated with FTEs are calculated using the current state salary schedule and enacted employee benefit rates and assume salary step L for classified positions and actual salary rate for the Washington Management Service position. FTE related goods and services and capital outlays were calculated using the agency’s Standard FTE Costs template.

The 2013-15 budget level initially included funding for 0.1 Transportation Planning Specialist Supervisor (TPS5) and 2.0 Transportation Planning Specialists 4 (TPS4). Based on the requirements of MAP-21 and the recent reorganization, the positions currently delivering the SSO program are 0.1 Washington Management Service Band 4 (WMS4), 1.0 TPS5, and 1.0 TPS4 and this decision package requests an additional 1.0 TPS4. While the incremental increase to FTEs is 1.0 due to the additional position being requested, \$18,000 of the additional appropriation requested is for the reclassifications completed under the reorganization to meet the new requirements of the program as shown in Attachment A – SSO Budget Request Crosswalk.

The contracted audit costs and the equipment required to carry out the duties of the program are based on historical spending and current industry costs. These expenditures are accounted for in the goods and services and professional services contracts objects as shown on the detailed tables below.

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

\$27,000 of the requested appropriation increase in the 2015-17 biennium is for one-time or intermittent costs. The costs related to the additional FTE are ongoing with the exception of \$15,000 of the goods and services for standard headquarters facilities costs and \$2,000 of the capital outlays costs for a computer to be used by the additional FTE. These are both one-time costs. The miscellaneous equipment cost of \$5,000 for Personal Protective Equipment (PPE), sound and light meters, and a speed gun and the \$5,000 of the capital outlays for computer equipment are both intermittent costs. The department estimates that these items will be intermittently replaced or upgraded. All other costs are ongoing. The costs for salaries and benefits are greater in outgoing biennia than in the 2015-17

biennium due to the 1.8 percent general wage increase that will occur in fiscal year 2017 and is assumed as the ongoing rate.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
A. Salaries and Wages	87,000	91,000	178,000	182,000	182,000
B. Employee Benefits	40,000	43,000	83,000	86,000	86,000
C. Professional Service Contracts	33,000	34,000	67,000	67,000	67,000
E. Goods and Services	37,000	18,000	55,000	35,000	40,000
G. Travel	8,000	9,000	17,000	17,000	17,000
J. Capital Outlays	19,000	13,000	32,000	25,000	30,000
Total	224,000	208,000	432,000	412,000	422,000

Salary and FTE Detail						
List of Positions by Classification	FTEs			Dollars		
	FY 2016	FY 2017	Biennial Average	FY 2016	FY 2017	Total
TRANSPORTATION PLANNING SPECIALIST 4	1.0	1.0	1.0	79,000	81,000	160,000
TRANSPORTATION PLANNING SPECIALIST 5	-	-	-	7,000	9,000	16,000
WMS Band 4	-	-	-	1,000	1,000	2,000
Total	1.0	1.0	1.0	87,000	91,000	178,000

Out Biennia				
List of Positions by Classification	FTEs		Dollars	
	2017-19	2019-21	2017-19	2019-21
TRANSPORTATION PLANNING SPECIALIST 4	1.0	1.0	162,000	162,000
TRANSPORTATION PLANNING SPECIALIST 5	-	-	18,000	18,000
WMS Band 4	-	-	2,000	2,000
Total	1.0	1.0	182,000	182,000

Attachment A - SSO Budget Request Crosswalk (page 1 of 3)

	State	Federal	Total
FFY 2013 Apportionment		540,094	540,094
FFY 2014 Apportionment		548,124	548,124
FFY 2015 Apportionment		547,204	547,204
2013-15 Expenditures	60,155	240,430	300,585
2013-15 Appropriation	175,000	698,000	873,000
2015-17 CFL Adjustment	(10,000)	(38,000)	(48,000)

Expenditure Authority to Federal Apportionment	2015-17 Expenditure Authority	Available Federal Funding & req'd 20% Match	Biennial Cost Estimate	Absorbed Costs	2016 Supplemental Request
State	165,000	349,000	274,000	23,000	86,000
Federal	660,000	1,395,000	1,096,000	90,000	346,000
Total	825,000	1,744,000	1,370,000	113,000	432,000

Fiscal Note to DP Crosswalk	2016 Supplemental Request		Fiscal Note Related Costs		Non-Fiscal Note Related Costs
State	86,000	=	58,000	+	28,000
Federal	346,000		232,000		114,000
Total	432,000		290,000		142,000

VE - State Rail Transit Safety Oversight

Attachment A - SSO Budget Request Crosswalk (page 2 of 3)

Total SSO Budget	2 FY Cost		Current Appropriation		2016 Supplemental Request		2016 Fiscal Note		2016 Non-Fiscal Note		Absorbed Costs		Explanation				
A	\$	FTE	A	\$	FTE	A	FTE	A	FTE	A	\$	FTE					
WMS4	23,000	0.1	TPS5	20,000	0.1	WMS4	2,000	-	-	WMS4	2,000	-	WMS4	1,000	Existing staff. Already received general wage increase		
TPS5	177,000	1.0	TPS4	154,000	1.0	TPS5	16,000	-	-	TPS5	16,000	-	TPS5	7,000	Existing staff. Already received wage increase		
TPS4	160,000	1.0	TPS4	154,000	1.0	TPS4	0	-	-	TPS4	0	-	TPS4	6,000	Existing staff. Already received wage increase		
TPS4-NEW	160,000	1.0				TPS4-NEW	160,000	1.0	TPS4-NEW	160,000	1.0	0	TPS4-NEW	0	-		
Internal Tech. Assist.	64,000	0.4											Internal Tech. Assist.	64,000	0.4	Existing WSDOT staff in current workload	
B			B			B			B				B				
WMS4	8,000		TPS5	5,000		WMS4	1,000			WMS4	1,000		WMS4-Counts	2000		Existing staff. Already received PEBB/PERS increase	
TPS5	65,000		TPS4	49,000		TPS5	11,000			TPS5	11,000		TPS5-Flood	5000		Existing staff. Already received PEBB/PERS increase	
TPS4	62,000		TPS4	49,000		TPS4	9,000			TPS4	-52,000		TPS4-Tran	4000		Existing staff. Already received PEBB/PERS increase	
TPS4-NEW	62,000					TPS4-NEW	62,000		TPS4-NEW	61,000		62,000					
Internal Tech. Assist.	24,000										0		Internal Tech. Assist.	24,000		Existing WSDOT staff in current workload	
C			C			C			C				C				
Consultant Costs	370,000		Consultant Costs	315,000		Consultant Costs (Audits)	55,000			Consultant Costs (Audits)	55,000						
Legal Consultation	12,000					Legal Consultation	12,000		Legal Consultation	12,000							
E			E			E			E				E				
Standard FTE G&S*	114,000		Standard FTE G&S	64,000		Standard FTE G&S*	50,000		Standard FTE G&S*	47,000		3,000	Standard FTE G&S*	3,000			
Misc. Equip.	5,000					Misc. Equip.	5,000			Misc. Equip.	5,000			5,000			
G			G			G			G				G				
Travel	32,000		Travel	15,000		Travel	17,000			Travel	17,000			17,000			
J			J			J			J				J				
Standard FTE Capital*	27,000					Standard FTE Capital	27,000		Standard FTE Capital	10,000		17,000	Standard FTE Capital	17,000			
Capital (IT, Software)*	5,000					Capital (IT, Software)*	5,000			Capital (IT, Software)*	5,000		Capital (IT, Software)*	5,000			
Total Program Budget	1,370,000	3.5	Total Appropriations	825,000	2.1	Total Supplemental	432,000	1.0	Total Fiscal Note	290,000			Total Non-Fiscal Note	142,000		Absorbed Costs	113,000
State	274,000	0.7	State	165,000	0.4	State	86,000	0.2	State	58,000			State	28,000		State	23,000
Federal	1,096,000	2.8	Federal	660,000	1.7	Federal	346,000	0.8	Federal	232,000			Federal	114,000		Federal	90,000

*Some one-time or intermittent costs

VE - State Rail Transit Safety Oversight

Attachment A - SSO Budget Request Crosswalk (page 3 of 3)

2016 Supplemental Request	15-17	Total		State		Federal		One-Time	Intermittent	Ongoing	
		FY16	FY17	FY16	FY17	FY16	FY17			2017-19	2019-21
A											
WMS4	2,000	1,000	1,000	0	0	1,000	1,000			2,000	2,000
TPS5	16,000	7,000	9,000	1,000	2,000	6,000	7,000			18,000	18,000
TPS4	0	0	0	0	0	0	0			0	0
TPS4-NEW	160,000	79,000	81,000	16,000	16,000	63,000	65,000			162,000	162,000
B											
WMS4	1,000	0	1,000	0	0	0	1,000			2,000	2,000
TPS5	11,000	5,000	6,000	1,000	1,000	4,000	5,000			12,000	12,000
TPS4	9,000	4,000	5,000	1,000	1,000	3,000	4,000			10,000	10,000
TPS4-NEW	62,000	31,000	31,000	6,000	6,000	25,000	25,000			62,000	62,000
C											
Consultant Costs (Audits)	55,000	27,000	28,000	5,000	6,000	22,000	22,000			55,000	55,000
Legal Consultation	12,000	6,000	6,000	1,000	1,000	5,000	5,000			12,000	12,000
E											
Standard FTE G&S*	50,000	32,000	18,000	6,000	4,000	26,000	14,000	15,000		35,000	35,000
Misc. Equip.	5,000	5,000	0	1,000	0	4,000	0		5,000	0	5,000
G											
Travel	17,000	8,000	9,000	2,000	2,000	6,000	7,000			17,000	17,000
J											
Standard FTE Capital	27,000	14,000	13,000	3,000	3,000	11,000	10,000	2,000		25,000	25,000
Capital (IT, Software)*	5,000	5,000	0	1,000	0	4,000	0		5,000	0	5,000
Total Supplemental	432,000	224,000	208,000	44,000	42,000	180,000	166,000	17,000	10,000	412,000	422,000
State	86,000	44,000	42,000					3,000	2,000	82,000	84,000
Federal	346,000	180,000	166,000					14,000	8,000	330,000	338,000

VE - State Rail Transit Safety Oversight

Agency: 405 Department of Transportation
Decision Package Code/Title: XM Ferries Utilities
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program X – Ferries Maintenance & Operations

Recommendation Summary

Appropriation authority is requested to cover increased utility costs at ferry terminals. These costs include sewer, garbage, electricity, stormwater, water, propane and natural gas, and other heating costs.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
109-1 State	301,000	367,000	668,000	734,000	734,000
Total	301,000	367,000	668,000	734,000	734,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program X - Operating					
109-1 State	301,000	367,000	668,000	734,000	734,000
Total by Fund	301,000	367,000	668,000	734,000	734,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

Package Description

Utility costs at Washington State Ferries (WSF) continue to rise due to utility rate increases and infrastructure upgrades and improvements at ferry terminals. The last budget increase for utilities was provided for the 2009-11 biennium. Since fiscal year 2011, utility costs have increased 13 percent, rising at an average annual rate of 3.3 percent. Based on existing usage, and the same projected rate increases, the projected shortfall between the budget and costs for the 2015-17 biennium is \$668,000.

Utility costs are primarily an expense at ferry terminals. WSF operates fifteen ferry terminals and there are five other ferry terminals (San Juan Islands and Sidney, BC) that are operated through contracted services. At some terminals there are additional utility costs for vessels, such as when a ferry vessel uses shore power for electricity when the vessel is tied-up at the end of the service day.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

Approval of this request will allow WSF to continue to provide the planned level of ferry service by meeting financial obligations associated with utility costs at terminals and on vessels. Increased appropriation authority for utility costs reduces the risk of annual utility overruns not being covered by underruns in other areas of the operating budget. The additional appropriation authority will allow WSF to continue to provide its planned levels of service.

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 decision package contributes to the agency’s strategic plan, Results WSDOT, Goal 2: Modal Integration. Approval of spending authority for these unavoidable cost increases will prevent diversion of resources from other ferry terminal purposes, allowing the department to continue current levels of operation of all modes in strategic corridors.

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

Yes. This decision package contributes to the Governor’s Results Washington priority, Goal 2: Prosperous economy. Specifically, it contributes to a sustainable and efficient transportation infrastructure, supporting the department’s efforts to maintain infrastructure assets at 2012 baseline condition levels.

Identify important connections or impacts related to this proposal.

Approval of the proposal will enable WSF terminals and terminal staff to continue to support existing WSF service levels for the traveling public.

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

Utilities are a required cost of operating a ferry system. The only alternatives to the decision package would be to take the risk that underruns in other areas would be available to cover, or reduce other current activities. Either of these options would carry potential problematic effects, and were rejected. WSF staff continually strive to conserve and reduce the use of utilities.

What are the consequences of adopting this package?

Adoption of this request will enable the department to continue to cover its unavoidable operating expenses.

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

N/A

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

None

Expenditure Calculations and Assumptions

Utilities costs¹ paid through the terminals budget have increased 13 percent since the last budget increase in the 2009-11 biennium, which equates to an average annual increase of 3.3 percent over the last four years (fiscal year 2011 to fiscal year 2015).

The cost growth since fiscal year 2011 is primarily due to rate increases for electricity, water, and stormwater². A small portion of the increase includes added utility costs associated with terminal upgrades and improvements that have taken place over the time period.

¹ Terminal utilities include sewer, garbage, electricity, stormwater, water, propane/natural gas, and other heating costs.

² The 2011-13 enacted budget provided a separate appropriation increase for the Ferries Operations Program for stormwater management compliance. The stormwater rates referenced within this decision package are part of standard utility costs that are based on usage.

The calculation of the current biennium’s costs assumes the continuation of the historical 3.3 percent annual growth, using fiscal year 2015 actual expenditures as the base.

New 144-car Olympic Class vessels will be in service in the 2015-17 biennium, replacing smaller vessels in the fleet. Larger vessels will increase system electrical and water costs by approximately 15 percent over the replaced vessels. This increase is expected to add approximately \$34,000 annually to the terminal³ utility costs. The additional cost comprises an estimated \$10,000 in higher water costs, \$16,000 in higher electrical costs, and \$8,000 in higher sanitary sewer costs per-year.

WSF Utilities: 2016 Supplemental Budget Request

	Actual Expenditure History					Forecasted Expenditures	
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
EC01 Utilities - General	\$688,779	\$768,521	\$743,444	\$807,070	\$810,732	\$837,504	\$865,159
EC02 Natural/Propane Gas	23,693	22,576	19,880	19,911	13,163	13,597	14,046
EC04 Other Heating/Power	56,498	45,598	47,386	58,534	48,515	54,500	56,300
EC05 Electricity	722,382	788,640	791,409	798,330	796,613	822,919	850,093
EC09 Water	184,100	205,954	225,290	229,923	227,732	235,252	243,020
New 144-car vessel utility costs	0	0	0	0	0	34,000	35,123
Total	\$1,675,450	\$1,831,288	\$1,827,409	\$1,913,768	\$1,896,754	\$1,997,771	\$2,063,741
<i>Budget Base^b</i>	<i>1,635,000</i>	<i>1,655,000</i>	<i>1,700,000</i>	<i>1,696,500</i>	<i>1,696,500</i>	<i>1,696,500</i>	<i>1,696,500</i>
Projected Shortfall (rounded to \$1,000s)						(301,000)	(367,000)
2015-17 Projected Shortfall:						(\$668,000)	

^a With the exception of fiscal year 2016 Other Heating/Power (EC04), forecasted expenditures are derived by applying average annual growth from fiscal year 2011 to fiscal year 2015 (3.3 percent).
Fiscal year 2015 expenditures = \$1,896,754 and fiscal year 2011 expenditures = \$1,675,450 for an increase of \$221,304 or 13.2%, divided by 4 for the number of years (Average growth of 13.2% ÷ 4 = 3.3%).
The fiscal year 2016 Other Heating/Power cost is estimated based on a new 30 year agreement with Enwave Thermal Energy.

^b The last increase provided in an enacted budget for utilities was for the 2009-11 biennium. Annual available levels that exceed the fiscal year 2011 budget - ranging from an additional \$20,000 to \$65,000 - are amounts absorbed by the program’s general operating budget.

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

All costs are ongoing. Out-year costs are based on the fiscal year 2017 figure. Budget requirements beyond the 2015-17 biennium will likely continue to increase annually with rate increases, inflation, and infrastructure improvement.

Objects of Expenditure

Object of Expenditure	Object of Expenditure Detail				
	FY 2016	FY 2017	2015-17	2017-19	2019-21
E. Goods and Services	301,000	367,000	668,000	734,000	734,000
Total	301,000	367,000	668,000	734,000	734,000

³ The utility costs described in this decision package are paid through the Terminals budget. Some of the utility costs – such as water and sewer – have a vessel component since the service is delivered by way of a land-based utility. In addition, vessels might or might not plug into shore power at night, hitting the Terminals’ electrical costs. Therefore, changes in vessels or vessel actions impact the terminal utility costs.

Agency: 405 Department of Transportation
Decision Package Code/Title: XN WSF Move/Remodel Cost Recovery
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program X – Ferries Maintenance & Operations
 W – Ferries Capital

Recommendation Summary

At the direction of the Legislature, Washington State Ferries (WSF) is in the process of consolidating office space in downtown Seattle, reducing space, and ongoing lease costs. The department intended to use savings achieved through the consolidation to pay for the one-time costs of reconfiguring space and moving. However, lease cost savings were removed in the enacted 2015-17 budget. One-time appropriation authority is requested to cover the 2015-17 costs of implementing the consolidation.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
099-1 PSCC-State	1,138,000	0	1,138,000	0	0
109-1 State	848,000	0	848,000	0	0
Total	1,986,000	0	1,986,000	0	0
Staffing FTEs	0.5	0.0	0.3	0.0	0.0
Program W - Capital					
099-1 PSCC-State	1,138,000	0	1,138,000	0	0
Total by Fund	1,138,000	0	1,138,000	0	0
Staffing FTEs	0.3	0.0	0.2	0.0	0.0
Program X - Operating					
109-1 State	848,000	0	848,000	0	0
Total by Fund	848,000	0	848,000	0	0
Staffing FTEs	0.2	0.0	0.1	0.0	0.0

Package Description

In 2013, the Legislature directed WSF to consolidate space in downtown Seattle and achieve ongoing lease savings, consistent with the Office of Financial Management’s (OFM) facilities oversight plan. Subsequently, OFM and WSF Headquarters signed a new lease at 2901-3rd Avenue in Seattle, which began the consolidation and remodel processes. Relocation of staff into the reconfigured space will be complete by February 2016.

A total savings of \$1.6 million was recognized in the 2015-17 budget for lease cost reductions. Prior to the reduction, WSF had anticipated using these savings to pay for the one-time remodel costs of the space consolidation, which would have covered the reconfiguration and moving costs within existing funds. However, since the budget has been reduced, this request seeks one-time appropriation authority to cover the costs for the remodel and consolidation.

Since the consolidation began in 2013-15, a portion of the expenses (\$350,000) related to this project were paid for last biennium. This decision package requests the remainder of the project costs, which will occur in the 2015-17 biennium.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

In the 2013-15 budget, the Legislature directed WSF to consolidate space and reduce costs. In order to meet this requirement, a remodel is required of the first, fourth, and fifth floors of the 2901-3rd Avenue, Seattle location.

Through the remodel, and a renegotiated lease, the space reduction will decrease lease costs by approximately 40 percent per-year.

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 package supports the agency's strategic plan, Results WSDOT, Goal 1: Strategic investments. By expending funds on remodeling space, the department is able to achieve a 40 percent reduction in lease costs.

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

Yes. This decision package contributes to the Governor's Results Washington priorities, Goal 5: Efficient, effective, and accountable government. By remodeling the space, the department achieved a 40 percent reduction in lease costs, making more efficient use of public dollars.

Identify important connections or impacts related to this proposal.

This decision package allows WSF to comply with legislative direction to reduce space by 40 percent.

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

The 2014 Legislature mandated that WSF reduce space by 40 percent. A number of alternatives were reviewed by WSF and OFM, and a decision to consolidate space in the same location was made.

What are the consequences of adopting this package?

If the request for one-time appropriation authority is not approved, core functions and other services will need to be reduced over the remainder of the biennium in order to accommodate these costs, a significant portion of which have already been incurred.

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

N/A

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

N/A

Expenditure Calculations and Assumptions

The project involves reconfiguring the previous floor plans in the 2901-3rd Avenue Ferries headquarters location. This will allow WSF to vacate the third floor completely, and consolidate to the first, fourth, and fifth floors. These costs are offset by the amount already incurred in the 2013-15 budget. The consolidation, remodel, and moves will be complete in February 2016.

The costs are split between Ferries-Operating (Program X) and Ferries-Capital (Program W) as follows:

	Program X	Program W	Total
Remodel Costs	\$663,000	\$915,000	\$1,578,000
Network IT Costs	126,000	174,000	300,000
Project Management Costs	20,000	28,000	48,000
Miscellaneous Moving Costs	62,000	85,000	147,000
Contingencies	23,000	0	23,000
July & August 2015 Rent Difference	101,000	139,000	240,000
Total Costs	995,000	1,341,000	2,336,000
Less Amount Paid for in 2013-15	(147,000)	(203,000)	(350,000)
Appropriation Request	\$848,000	\$1,138,000	\$1,986,000

Remodel costs: \$1.6 million reimbursement for owner-provided remodel activities. Major costs include design work and new furniture to accommodate the same number of people in 40 percent less space; new carpeting; redesigned and rebuilt reception counter; additional plumbing in break areas; new card readers; and set up of first floor temporary working space (swing space) for use while renovations are being carried out.

Network IT costs: \$300,000. Costs include new, updated equipment; Emergency Operations Center (EOC) equipment room relocation; GS4 card reader relocation; and IT costs related to first floor swing space set-up.

Project Management costs: \$48,000. This item covers the salary and benefit cost of one Construction Project Coordinator 2 position, working for six months on this project.

Miscellaneous moving costs: \$147,000. This item covers the ongoing move activity for 3D Systems, including art removal and installation; library set-up; post-move cubicle reconfiguration; and surplus transport.

Contingencies: \$23,000 for unexpected costs or increases.

Contract timing costs: \$240,000 in fiscal year 2016. July and August 2015 rents were paid per the contract that ends August 31, 2015. The budget provided is for twelve months at the new, lower contract rate. The amount sought is the difference between the two contracts.

Old rent: \$300,367 per-month
New Rent: \$180,229 per-month
Difference: \$120,138 per-month
\$120,138 per-month x 2 months = approximately \$240,000

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

All costs for the design, remodel, and move related to this space consolidation are one-time in fiscal year 2016.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
A. Salaries and Wages	38,000	0	38,000	0	0
B. Employee Benefits	10,000	0	10,000	0	0
E. Goods and Services	1,938,000	0	1,938,000	0	0
Total	1,986,000	0	1,986,000	0	0
Program W - Capital					
A. Salaries and Wages	22,000	0	22,000	0	0
B. Employee Benefits	6,000	0	6,000	0	0
E. Goods and Services	1,110,000	0	1,110,000	0	0
Total	1,138,000	0	1,138,000	0	0
Program X - Operating					
A. Salaries and Wages	16,000	0	16,000	0	0
B. Employee Benefits	4,000	0	4,000	0	0
E. Goods and Services	828,000	0	828,000	0	0
Total	848,000	0	848,000	0	0

Salary and FTE Detail						
List of Positions by Classification	FTEs			Dollars		
	FY 2016	FY 2017	Biennial Average	FY 2016	FY 2017	Total
CONSTRUCTION PROJECT COORDINATOR 2	0.5	-	0.3	38,000	0	38,000
Total	0.5	-	0.3	38,000	0	38,000

Out Biennia				
List of Positions by Classification	FTEs		Dollars	
	2017-19	2019-21	2017-19	2019-21
CONSTRUCTION PROJECT COORDINATOR 2	-	-	0	0
Total	-	-	0	0

Agency: 405 Department of Transportation
Decision Package Code/Title: XO Reservations System Operations
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program X – Ferries Maintenance & Operations

Recommendation Summary

Appropriation authority is requested for continued operation of the Washington State Ferry “Save A Spot” reservation system. The reservations system is currently in place for the Anacortes – San Juan Islands ferry routes (including Sidney, British Columbia, Canada) and on the Port Townsend-Coupeville ferry route. The request supports continued customer service, terminal labor, and management to support the reservations system for ferry customers.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
109-1 State	0	1,151,000	1,151,000	2,302,000	2,302,000
Total	0	1,151,000	1,151,000	2,302,000	2,302,000
Staffing FTEs	0.0	9.7	4.9	9.7	9.7
Program X - Operating					
109-1 State	0	1,151,000	1,151,000	2,302,000	2,302,000
Total by Fund	0	1,151,000	1,151,000	2,302,000	2,302,000
Staffing FTEs	0.0	9.7	4.9	9.7	9.7

Package Description

The vehicle reservation system (VRS) capital project – funded by the Legislature in 2010 – is now in operation. Phase 1 was implemented in 2012 and Phase 2 was implemented in January 2015.

The request is based on staffing levels and logistics needed to operate for the remainder of the biennium under a reservations model. This request covers the resources necessary to:

- Redeem reservations at terminals (an added transaction);
- At Port Townsend and Coupeville, sort and stage traffic prior to the tollbooth, separating categories of vehicles with reservations from the standby categories, enabling reservation holders to advance first to the ticket booth;
- Dynamically stage vehicles in terminal holding lanes by destination, size and type;
- Field the additional call volumes in the call center; and to
- Update, improve, and manage the system on an ongoing basis.

The request is based on experience with the reservations system and the impact of expanding reservations on existing operations. The department requests \$1.2 million and 4.9 FTEs for fiscal year 2017 for continued staffing requirements.

Background:

The problem addressed by the reservation system was that, during peak sailing times, vehicle space on ferries is scarce. Vessels often cannot accommodate all the vehicles lined up for that sailing, resulting in congestion in and around ferry terminals and long wait times for customers. Recent ridership increases

and long-range expectations of continued growth indicate peak demand and congestion will increase. At the same time, there was excess vehicle capacity on off-peak sailings, resulting in the need to manage and spread demand for vehicle space on the ferries. In 2009, Washington State Ferries (WSF) proposed, in its Long-Range Plan, a reservation system as the primary demand-management tool.

In 2010, the Legislature funded the vehicle reservation system (VRS) to manage ferry-traffic demand, spread peak vehicle traffic, improve predictability, reduce riders' wait times, mitigate negative impacts of queuing in neighborhood streets, and minimize the need for expensive terminal and vessel expansion projects. The 2010 enacted transportation budget included a capital project in the total amount of \$12.4 million to implement the system in three phases:

Phase 1: Port Townsend-Coupeville, Anacortes-Sidney, and commercial vehicles on Anacortes-San Juan Islands routes.

Phase 2: All vehicles on Anacortes-San Juan Islands routes.

Phase 3: All vehicles on Seattle-Bainbridge, Seattle-Bremerton, and Edmonds-Kingston.

The 2013-15 enacted budget amended the project to continue funding Phase 1 and Phase 2 but eliminate Phase 3.

Phase 1 is complete and has been in place since the summer of 2012. Phase 2 is complete and has been in place since January 2015.

Although the VRS yields multiple benefits, as noted above, there are costs associated with the business and operations changes that accompany the new system. The project's 2010 predesign study estimated ongoing operating costs to be \$2.3 million in 2015-17 and at least \$3.2 million per-biennium thereafter. The funding requested in this decision package aligns with these earlier estimates, which were reviewed by the Cedar River Group consulting firm. On January 5, 2010, the Cedar River Group reported to the Joint Transportation Committee that the estimated ongoing operating costs were reasonable. The department requested \$2.3 million for the biennium in its 2015-17 agency-request budget; the Legislature appropriated half that amount and the department now requests the second half.

Terminal Labor:

Logistics changes were made at the affected terminals to manage traffic under the new model properly. The additional staffing: 1) supports longer per-vehicle transaction times; 2) sorts and stages traffic, both in the queues outside the tollbooths and in the terminal holding lanes; 3) supervises the deployment of resources as conditions constantly change by sailing, time-of-day, and volume; and 4) in some cases, covers extended hours for ticket sales.

Prior to Reservations:

Vehicles arriving at a terminal for upcoming sailings lined up behind the ticket booth and were processed on a first-come, first-served basis, as they passed through the booth. As traffic was processed through the tollbooths (or, in Anacortes, the staging booth), the ticket seller directed traffic to the staging area – directing oversize traffic into specific lanes, regular traffic into others, and motorcycles and preferential load vehicles (such as medical preference, US Mail, and high-occupancy vehicles) into others. In Anacortes, traffic was further segregated into the five destinations, and the lot is so large that much of the staging area is not visible from the tollbooths. This segregated the vehicles by size and type, which allowed the vessel staff to stage vehicles most efficiently on the given vessel. Vehicles that were early for a subsequent sailing had to be queued separately to allow vehicles for the following sailing to

stage, then load and clear the area. Therefore, prior to deployment of the reservation system, there were four primary categories of vehicles to be managed separately – oversize, regular-sized, special-preference, and subsequent sailings’ vehicles.

With Reservations:

The presence of a reservation system doubles the four above categories of vehicles to eight:

- 1) Oversize vehicles with reservations
- 2) Oversize vehicles without reservations, or standbys
- 3) Regular-sized vehicles with reservations
- 4) Regular-sized standby vehicles
- 5) Special-preference vehicles, such as medical transport and motorcycles with reservations
- 6) Special-preference standby vehicles
- 7) Subsequent sailings’ vehicles with reservations
- 8) Subsequent sailings’ standby vehicles

Additional **terminal traffic attendants** manage traffic, according to the season and the need of the specific location.

At Port Townsend and Coupeville, only about a boatload and a half can be staged in the holding lanes. Vehicles without a reservation for the next sailing remain queued on the street outside the tollbooth. When the vessel is loaded and space made available, reservation holders for the next sailing and a small number of drive-up vehicles are identified, pulled out of line, expedited to the tollbooth, and staged on the dock. Vehicles with reservations for later sailings, and remaining drive-ups, remain queued on the street.

This process is necessary during busy times – usually about eight hours a day from May through September but also during holidays such as Thanksgiving, Easter, and spring break.

At Anacortes, the roadway is not safe for staff to work the line but, due to system success in spreading demand and the larger capacity of the Anacortes holding area, efficient and quick processing at the tollbooths keeps the vehicle queue under 30 minutes. Therefore, at Anacortes, the key to efficiency is sufficient tollbooth and staging booth capacity and staffing; whereas at Port Townsend and Coupeville, two tollbooths limit the operations to two sellers, the process solution is managing the queue on the public roadway. At Anacortes, the process differs because the roadway is not suitable (unsafe) for staff, the terminal holding area is much greater, and there are a greater number of available tollbooths.

At Anacortes, the line is kept moving and does not need to queue into neighboring streets. When a vehicle with or without a reservation for the next sailing reaches the tollbooth, it is staged on the lot. With the change in operations possible with current funding, unlike in years past, lot capacity was never reached – even during the highest demand periods around July 4 and summer festivals.

(Note: in the San Juan Islands locations, this additional staffing is in the form of contracted hours.)

Additional **terminal supervisor** hours are needed during peak seasons, at select locations, to plan appropriate staffing based on late stage reservation numbers; support new or struggling staff members; make on-the-spot logistics decisions in response to shifting traffic volumes and conditions; and provide resolution to customers who have problems with their reservations, such as having booked the wrong day or direction, having an invalid reservation, missing a reserved sailing, etc.

In the case of Anacortes, the complexity requiring on-site management is increased. Not only do terminal staff need to manage vehicle traffic according to the eight categories above but also, in addition, the terminal is the departure point for multiple destinations – further complicating the logistics. Terminal staff in Anacortes parse the noted eight vehicle categories further into five destinations – one of which is international. Because of limited holding space, lanes are not set for one type of vehicle or destination but are repurposed throughout the operating day. Additional supervision is needed to orchestrate the shifting activities – re-deploying staff as needed, supporting staff (especially new hires) during the most logistically complex periods, and shifting the use of resources and physical space.

Finally, in select locations, and at select times, additional **selling staff** are needed to expand tollbooth capacity during peak traffic, increasing the number of open tollbooths (from one to two, two to three, or from three to four). In addition to the normal selling and collecting of fares, the seller must also process reservations redemption transactions, which adds 15 to 20 seconds to every vehicle’s processing time.

Call Center Labor:

Adding reservation capabilities in the San Juan Islands routes increases the demand on call center staff.

The department has worked to maximize the use of the automated system by designing customer features such as online reservation management. Nearly 80 percent of customers make reservations online. A survey conducted in 2012 in Port Townsend-Coupeville, where the reservation system had been implemented, indicated customers who made a reservation by phone, rather than online, did so because they had a question about the trip or wanted to clarify with a customer service agent (47 percent) or because they did not have internet access (24 percent). In addition, about 50 percent of customers call by phone to change or cancel a reservation.

Although large percentages of riders make reservations online, it is not possible to eliminate live assistance completely for those who need it. Some customers do not have access to a computer; that portion increases for those away from home, and many reservations are made by those already traveling. Even those with mobile devices may not have sufficient signal to utilize the mobile web application.

Even without reservations, customers who call, rather than go online for information, tend to be those with greater need: people who have limited English language skills, do not have access to a computer, are elderly or less computer literate, and the developmentally challenged. Because the system often has a call queue, online processes are much faster and customers who are able to do business online already do so.

Reservations Manager:

This budget request includes the ongoing funding for a reservations manager. This position assumes overall operating responsibility for the VRS, integrates the system with current operations, and manages it on an ongoing basis. The reservations process is built upon the existing fare structure, vessel schedules, vessel space allotments, fare point-of-sale (POS) system, staff skills, training system, terminal layouts, vehicle staging processes, WSF website, phone system, service disruption processes, and more – all of which evolve and change.

The Reservations Manager works primarily with Terminal Operations, Customer Service and IT, but also with Vessel Operations (load consistency), Revenue Control and Accounting (fee collection and refunds), Planning (vessel schedules and ridership), Vessel Engineering (vessel maintenance schedules), and Finance (budgeting).

The position plans and manages reservable space, by type, on all reservation routes: regular, tall, and – in the San Juans – allotments for multiple destinations. Schedules and vessel sizes change not only with every season but also with every vessel-size change during the season or unplanned changes due to vessel breakdowns. (WSF operates eight distinct vessel sizes.) As vessels unexpectedly break down they are typically replaced by smaller vessels, months of allotments, settings and sometimes overbookings must be reconfigured.

Additional functions include performance monitoring and reporting regularly on reservation loads, patterns, and overall vessel space utilization; handling escalated service issues, especially for large commercial customers; and providing community and legislative outreach. The position encompasses a wide range of functions and relationships to coordinate actions, problem solve and ensure the system operates effectively.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

VRS is an essential adaptive management tool, making better use of state assets such as ferry vessels and terminals. The system gives riders an opportunity to use reservations to adjust travel time to periods when vehicle space is available. With traffic increases on the Anacortes- San Juan Islands-Sidney routes, this is critical. Reservations provide customers with a guaranteed sailing time, and the option to eliminate queuing for space at ferry terminals. For the surrounding communities, lines of vehicles backing up into city streets are shortened, and carbon emissions are reduced. Customers are able to arrive at an expected time, using vessel capacity more effectively, and spending less time waiting for a sailing. Wait times on busy days in summer used to be two to four hours on the Port Townsend Coupeville route and could range four to six hours and longer in Anacortes and the San Juan Islands.

Performance Measure Detail

The numbers of reservations are increasing and ridership is starting to fill in the more lightly traveled time slots during high-traffic seasons. The department is seeing this result at Port Townsend and Coupeville where vehicle ridership is up over five percent in 2014 over 2013, and almost six percent, year-to-date in 2015 over 2014. Over 60 percent of all vehicles in the summer travel with a reservation and lines are significantly reduced. On the San Juan Island Routes departing Anacortes and eastbound from Friday Harbor and Orcas Island, over 80 percent of all summer vehicles traveled with a reservation.

Vehicle ridership is up only one percent, year-to-date, but 2014 was an all-time route peak for ridership – despite the San Juan Islands, due to vessel breakdowns, having operated for most of 2015 with significantly reduced vessel capacity (approximately eight percent). Vehicle queues were kept under 30 minutes all year, which is an extraordinary change from the past. Vehicles left behind at sailing time were reduced 80 percent, customers had predictability for the first time, and ridership was still up. Over 4,000 reservations were used daily at the peak of summer, system-wide.

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

This request is consistent with the department's strategic plan, Results WSDOT, Goal 1: Strategic investments, Goal 2: Modal integration, and Goal 5 Community engagement. In regard to Goal 1, the request implements an important step to manage system assets and multimodal investments effectively on strategic corridors to enhance economic vitality. Making the best use of current assets through demand management optimizes current infrastructure and supports mobility of people and goods. Goal 2 aims to optimize existing system capacity and facilitate modal integration. Concerning Goal 5, the request is grounded in extensive public involvement to ensure the implementation of reservations comports with community needs and preferences.

Deployment of a VRS is one of the adaptive management strategies identified in the Ferries Long Range Plan adopted in 2009. Ferries' adopted Long Range Plan can be found on the Ferries public website at: www.wsdot.wa.gov/Ferries/Planning/ESHB2358.htm.

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

This decision package supports the Governor's Results Washington priority, Goal 2: Prosperous economy. Additionally, it contributes to Goal 5: Efficient, effective, and accountable government – specifically contributing to customer satisfaction and confidence. A desired outcome of Goal 2 is achieving a sustainable, efficient, and reliable transportation infrastructure. Funding for this request will allow continued optimization of the current infrastructure by managing ferry-traffic demand and spreading peak vehicle traffic, minimizing the need for expensive terminal and vessel expansion projects. Concerning Goal 5, customers are served by improving predictability, convenience, and, reducing wait times.

Identify important connections or impacts related to this proposal.

Ferry riders who travel to and from the San Juan Islands and Sidney, BC, via Anacortes are most heavily affected by this request. Riders on the Port Townsend-Coupeville ferry route will also be affected due to ongoing improved communications, sales hours, and traffic management.

As VRS has been deployed, the department has engaged in extensive public involvement. During the design process for each phase of the project, WSF solicited input and feedback from staff, community members, and customers. In Phase 1, WSF started the Port Townsend-Coupeville Partnership Group consisting of 22 members from the communities including local elected officials, business owners, Ferry Advisory Committee members, ferry commuters, and other customers. The Partnership Group met seven times to advise WSF on VRS business policies, to preview software under development, and provide input on the new system. Currently, in Phase 2, WSF started a San Juan Islands Partnership group consisting of 31 members including business owners, visitor bureau members, Ferry Advisory Committee members, transportation coordinators for the local school district, and other customers. As of October 7, 2015, the group will have met 14 times. Other working groups included representatives of WSF terminal staff, customer service staff, and others.

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

The only alternative would be to close down the reservation system and revert to the prior first-come, first-served system. This option was rejected as inefficient and disruptive to service. In addition, the Port

Townsend – Coupeville route vehicle ridership has increased over 10 percent since reservations were implemented. That, and the aforementioned growth in San Juan Island vehicle ridership, were likely not possible without reservations, where customers can know in advance when space is available and make an informed decision. Finally, passenger ridership is up over five percent, year-to-date, in the San Juans and over 10 percent on Port Townsend – Coupeville. Knowing the vessel is full for vehicles means customers can make an informed decision to walk on if they must be on a specific sailing.

What are the consequences of adopting this package?

Funding for this request will enable VRS to continue operations, with ongoing marginal adjustments to procedures and practices, resulting in improved use of current assets, more fully using existing capacity, minimizing terminal congestion, and neighborhood impact, improving customer satisfaction, and continuing the ridership growth experienced since the system was deployed.

Without additional resources for the remainder of the biennium, maintaining VRS will not be possible. Longer processing times for customers with reservations means current traffic levels cannot be processed without additional staffing. Customers traveling in the San Juans will continue to have long wait times at terminals, and vessel space at off-peak times will continue to be underutilized. In addition, over the last year and a half, the department and San Juan Island community partners have publicized and promoted the new system so passengers in these locations have expectations for improved travel predictability and short waits.

The goal of VRS is to have a predictable system for customer travel to the Port Townsend-Coupeville route, and the Anacortes-San Juan Islands-Sidney, BC, route.

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

N/A

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

Contracts with affected contracted terminal agents have been adjusted as the first fiscal year's operations have gone into effect. The modifications in procedures affected agents in the San Juan Islands Friday Harbor terminal and on San Juan and Orcas Islands.

Expenditure Calculations and Assumptions

The decision package requests the following ongoing staffing for fiscal year 2017, as approved for fiscal year 2016:

- **Terminal staffing** (traffic attendants, ticket sellers, and essential additional hours for supervision and coordination) at Anacortes, Port Townsend, and Coupeville ferry terminals so customers can access their reservations and make their reserved sailings. Routes from Anacortes to the San Juan Islands and Sidney, BC, include a combination of five different destinations (Lopez, Shaw, Orcas, and San Juan Islands, and Sidney, BC). Due to this number of destinations, the staging of vehicles is a complex and dynamic process and requires careful coordination of terminal staff at the Anacortes ferry terminal. The request for terminal labor at Anacortes was based on an analysis of volume and transaction times. Assumptions were based on mid-range estimates for transaction times at ferry tollbooths. At Port Townsend and Coupeville ferry terminals, employees manage dynamic vehicle

staging to allow travelers with reservations to access Port Townsend tollbooths from a holding area on the shoulder of the main city street.

- **Contracted terminal agents** on San Juan and Orcas Islands handle the new requirements for staging and processing reservations. The addition of reservations requires system interaction and new vehicle staging for those with and without reservations.
- **Additional customer information staffing** to handle an increase in calls to the WSF call center related to reservations in the San Juan Islands. The request assumes 10,000 hours of labor. The hours are based on originally estimated call volumes from passengers who do not make or cancel reservations online, and estimated operator-assisted transactions commensurate with ridership projections. Anacortes vehicle ridership is forecast to be 809,700 in fiscal year 2017. The cost estimate also assumes a new telephone system is in place that reduces the average time per-call to approximately 3.5 minutes. Actual seasonality is not predictable, since reservations can be made as far as two to five months in advance.
- **A reservations manager** oversees logistics, monitors performance, and helps customers when additional coordination and efforts are needed for reservations. The cost for this position is \$113,000 per-year – \$86,000 for salaries, and \$27,000 for benefits.

The table on the following page displays cost estimates associated with each portion of the request.

WSF Reservations System Operations

	Per-Hour		FY 2017
	Hours	Cost	
Terminal Labor:			
<u>Anacortes</u>			
Terminal Supervisor	1,416	\$55.48	\$78,560
Traffic Attendant	944	\$35.93	33,918
Ticket Seller	2,160	\$40.77	88,063
<u>Port Townsend-Coupeville</u>			
Terminal Supervisor (Coupeville)	513	\$55.48	28,461
Traffic Attendants (both locations)	2,120	\$37.24	78,949
Ticket Sellers (both locations)	192	\$40.77	7,828
Subtotal - Terminal Labor			315,779
Contracted Terminal Agents:			
<u>San Juan Island (Friday Harbor)</u>			
Peak (Jul 1 through Sep 30)	2,944	\$25.00	73,600
Non-Peak (Oct 1 through Apr 30)	3,392	\$25.00	84,800
Peak (May 1 through Jun 30)	1,952	\$25.00	48,800
<u>Orcas Island</u>			
Peak (Jul 1 through Sep 30)	1,296	\$25.00	32,400
Non-Peak (Oct 1 through Apr 30)	2,968	\$25.00	74,200
Peak (May 1 through Jun 30)	976	\$25.00	24,400
Subtotal - Contracted Terminal Agents			338,200
Call Center Labor:			
Customer Service Agents	10,000	\$38.38	383,840
Operations Reservation Manager:			
Salary	—	—	86,000
Benefits	—	—	27,000
Subtotal - Operations Reservation Manager	—	—	113,000
Decision Package Total			\$1,150,819

The value of the second-year request is the same as originally estimated in the 2015-17 agency-request budget. Although call center volumes are higher than originally estimated, the program believes changes being implemented will allow for continued operations within the requested funding level. Costs will be reassessed as the biennium progresses and, if necessary, further adjustment requested for the 2017-19 biennium.

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

The spending authority increase requested for fiscal year 2017 is an ongoing annual cost.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
A. Salaries and Wages	0	611,000	611,000	1,222,000	1,222,000
B. Employee Benefits	0	202,000	202,000	404,000	404,000
C. Professional Service Contracts	0	338,000	338,000	676,000	676,000
Total	0	1,151,000	1,151,000	2,302,000	2,302,000
Program X - Operating					
A. Salaries and Wages	0	611,000	611,000	1,222,000	1,222,000
B. Employee Benefits	0	202,000	202,000	404,000	404,000
C. Professional Service Contracts	0	338,000	338,000	676,000	676,000
Total	0	1,151,000	1,151,000	2,302,000	2,302,000

Salary and FTE Detail						
List of Positions by Classification	FTEs			Dollars		
	FY 2016	FY 2017	Biennial Average	FY 2016	FY 2017	Total
Terminal Supervisor	-	1.0	0.5	0	80,000	80,000
Traffic Attendant	-	1.5	0.8	0	85,000	85,000
Ticket Seller	-	1.2	0.6	0	72,000	72,000
Customer Service Agent	-	5.0	2.5	0	288,000	288,000
Operations Reservations Mgr	-	1.0	0.5	0	86,000	86,000
Total	-	9.7	4.9	0	611,000	611,000

Out Biennia				
List of Positions by Classification	FTEs		Dollars	
	2017-19	2019-21	2017-19	2019-21
Terminal Supervisor	1.0	1.0	160,000	160,000
Traffic Attendant	1.5	1.5	170,000	170,000
Ticket Seller	1.2	1.2	144,000	144,000
Customer Service Agent	5.0	5.0	576,000	576,000
Operations Reservations Mgr	1.0	1.0	172,000	172,000
Total	9.7	9.7	1,222,000	1,222,000

Agency: 405 Department of Transportation
Decision Package Code/Title: XP Retain Evergreen State Vessel
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program X – Ferries Maintenance & Operations

Recommendation Summary

Appropriation authority is requested for the cost of making an additional vessel, the M/V Evergreen State, available for service from July 1, 2015, through mid-November 2015 while other vessels are being repaired or completing planned preservation and maintenance.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
109-1 State	652,000	0	652,000	0	0
Total	652,000	0	652,000	0	0
Staffing FTEs	1.9	0.0	1.0	0.0	0.0
Program X - Operating					
109-1 State	652,000	0	652,000	0	0
Total by Fund	652,000	0	652,000	0	0
Staffing FTEs	1.9	0.0	1.0	0.0	0.0

Package Description

During the 2013-15 biennium, Washington State Ferries (WSF) faced unique challenges that continue into the 2015-17 biennium. In fiscal year 2015, one of the largest vessels of the fleet was out for extended emergency maintenance. In fiscal year 2016, another vessel went out of service for a similar amount of time due to an emergency. Coupled with required scheduled maintenance, this has resulted in a shortage of available vessels to maintain appropriate levels of service on various routes. In the past 12 months, there have been 626 days where vessels were unexpectedly out of service, at times overlapping with large vessels out of service for emergency repairs or maintenance.

Although it was scheduled to be retired at the beginning of fiscal year 2015, in order to address these issues and prevent service reductions, it has been necessary to retain the 87-car M/V Evergreen State vessel. Had the M/V Evergreen State been unavailable, routes would have experienced severe capacity reductions.

The Legislature has typically rejected service or route reductions for the ferry system – by foregoing service reduction options, and by way of provisos directing the department to maintain service on routes. Further, reductions in service that result from emergencies and insufficient back up are more disruptive than even targeted reductions, which the Governor and Legislature have avoided. Reductions resulting from emergencies are system-wide, difficult to manage, and result in unplanned losses of revenue. Keeping this vessel in service through mid-November of 2015 reduces the risk of such reductions.

The M/V Evergreen State was needed for service for a total of 233 days since July 1, 2014. During that time, the Evergreen State provided capacity for 345,000 more vehicles than the Hiyu could have provided over the same time. Based on a utilization rate of approximately 60 percent, 207,000 of those additional spots were used.

The following table lists recent instances of large vessels’ mechanical failures, the duration of the time they were unavailable for service, and the days the M/V Evergreen State provided backup service. The Evergreen State has a vehicle capacity of 87 cars. Had that vessel been retired, the 34-car capacity Hiyu would have resulted in a reduced schedule due to its smaller capacity and slower speed.

Event	Vessel Vehicle Capacity	Date of Failure	Out of Service Days	Days Evergreen State Used as Backup
Wenatchee, stern tube repair	188	7/5/2014	6	6
Tacoma, propulsion failure	202	7/28/14	269	155*
Kaleetan, propulsion generators	144	10/13/14	16	0
Kitsap, controllable pitch propeller	124	2/18/15	18	15
Backup for preservation work deferred due to prior W3 events	Varied	5/10/15	N/A	46
Puyallup, propulsion shaft seal housings	202	6/10/15,6/20/15	3	4
Elwha, main DC propulsion drive motor	144	7/10/15	108	7
Total days E-State used as backup				233

*Combination of three separate replacement periods

This package requests appropriation authority to cover the costs necessary to retain the M/V Evergreen State vessel as a standby vessel through mid-November 2015.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

Approval of this request will allow WSF to meet financial and service level obligations with minimal impact to riders. During the first four months of fiscal year 2016, the M/V Evergreen State vessel has been put into service for five weeks due to the emergency repair of the M/V Elwha, as well as the scheduled maintenance needs of two other larger class vessels. Without this funding, a domino effect is created – making it necessary to downsize several routes, which also leaves the fleet vulnerable to deferring other maintenance.

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 department’s strategic plan, Results WSDOT, Goal 2: Modal integration by contributing to improving the operation of all modes in strategic corridors to optimize throughput capacity to move people and freight.

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

Identify important connections or impacts related to this proposal.

Retaining the M/V Evergreen State vessel through mid-November 2015 will allow WSF to maintain the current level of service during the period of emergency repair and scheduled maintenance.

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

Alternatives – including use of the only other vessel available, a 34-car, slower vessel, or elimination of selected routes or trips – would result in reduced service and less capacity.

What are the consequences of adopting this package?

These costs began to be incurred at the onset of the current fiscal year. If the requested appropriation increase is not approved, WSF will implement expenditure reductions for the remainder of the biennium in order to remain within the existing appropriation authority. A portion of the necessary reduction could be achieved in one-time administrative savings, such as from staff vacancies, but the bulk would necessarily come from some form of service reduction.

Other potential consequences are reductions in the vessel and terminal maintenance budget. This, in turn, could lead to additional loss of service when vessels break down or are not able to operate. Customers could also experience a disruption in ferry service if ferry terminals are not able load and unload customers if terminals have mechanical or equipment failures.

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

N/A

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

N/A

Expenditure Calculations and Assumptions

Costs are based on engine crew staffing required to operate the M/V Evergreen State vessel for four and one-half months.

Labor costs are \$549,000. Engine rooms are required to be staffed 24 hours per-day. Each crew consists of one half-time Staff Chief, one half-time Chief Engineer and two Oilers.

Non-labor costs include insurance for \$24,000 and maintenance costs, including annual inspections for \$79,000.

The estimated additional cost of retaining the M/V Evergreen State through this period of a large number of emergency repairs does not include additional costs for fuel. It is assumed that, since this vessel is on standby, another vessel is out of service when this one is drawn into service.

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

This request is for the period through mid-November 2015 only.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
A. Salaries and Wages	439,000	0	439,000	0	0
B. Employee Benefits	110,000	0	110,000	0	0
E. Goods and Services	103,000	0	103,000	0	0
Total	652,000	0	652,000	0	0
Program X - Operating					
A. Salaries and Wages	439,000	0	439,000	0	0
B. Employee Benefits	110,000	0	110,000	0	0
E. Goods and Services	103,000	0	103,000	0	0
Total	652,000	0	652,000	0	0

Salary and FTE Detail						
List of Positions by Classification	FTEs			Dollars		
	FY 2016	FY 2017	Biennial Average	FY 2016	FY 2017	Total
Vessel engine personnel	1.9	-	1.0	439,000	0	439,000
Total	1.9	-	1.0	439,000	0	439,000

Out Biennia				
List of Positions by Classification	FTEs		Dollars	
	2017-19	2019-21	2017-19	2019-21
Vessel engine personnel	-	-	0	0
Total	-	-	0	0

Agency: 405 Department of Transportation
Decision Package Code/Title: XQ Operations of Third Olympic Class Vessel
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program X – Ferries Maintenance & Operations

Recommendation Summary

Appropriation authority is requested to operate and maintain the new M/V Chimacum, the third Olympic class (144-car capacity) vessel, which is expected to be delivered in February 2017 with service to begin May 2017. The new vessel will increase service capacity and allow for the retirement of one Evergreen State class vessel.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
109-1 State	0	1,259,000	1,259,000	3,302,000	3,302,000
Total	0	1,259,000	1,259,000	3,302,000	3,302,000
Staffing FTEs	0.0	2.1	1.1	16.7	16.7
Program X - Operating					
109-1 State	0	1,259,000	1,259,000	3,302,000	3,302,000
Total by Fund	0	1,259,000	1,259,000	3,302,000	3,302,000
Staffing FTEs	0.0	2.1	1.1	16.7	16.7

Package Description

The department requests appropriation and full-time equivalent (FTE) authority to operate and maintain the third Olympic Class (144-car capacity) Vessel, the M/V Chimacum. This vessel is under construction in the current 2015-17 biennium. The anticipated delivery date is February 2017 and the vessel is scheduled to be put into service in May 2017. New expenditures will be incurred this biennium that have not yet been incorporated into the program’s spending authority.

Major cost items:

Sea trials and training for engine crew	\$339,000
Sea trials and training for deck crew	357,000
Sea trials fuel	63,000
Labor for May 14, 2017 to June 30, 2017	200,000
One-time non-labor costs	300,000
Total	\$1,259,000

Ultimately, the addition of the third 144-car vessel will add capacity to the fleet. The following table demonstrates the vessel shifts that will occur and the resulting additional 57-vehicle capacity.

Route	Old Vessel Class		New Vessel Class		Net Change, Vehicle Capacity per-Sailing
Seattle/Bremerton	Issaquah Class	-124	Olympic Class	144	20
Fauntleroy-Southworth-Vashon	Sealth	-90	Issaquah Class	124	34
Inter-Island	Evergreen State Class	-87	Sealth	90	3
System-wide Net Change in Capacity					57

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

The operation of this new vessel will result in 57 additional vehicle spaces in the fleet. The Olympic Class Vessel provides 144 vehicle spaces. Decommissioning the M/V Tillikum (an Evergreen State Class Vessel) removes 87 spaces from the fleet for net capacity increase of 57 spaces.

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 department’s strategic plan, Results WSDOT, Goal 2: Modal integration, by contributing to improvements in the operation of all modes in strategic corridors.

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

Yes. This decision package supports the Governor’s Results Washington priority, Goal 2: Prosperous economy. Specifically, it contributes to achieving a sustainable, efficient, and reliable transportation infrastructure. Replacing and operating the state’s aging ferry fleet is crucial to a reliable, safe, and well-functioning infrastructure that supports the movement of people and goods.

Identify important connections or impacts related to this proposal.

This request is for additional appropriation authority to operate and maintain the vessel constructed with Capital Program (Program W) funds as approved by the Legislature. Those affected include the traveling public and businesses engaging in commerce and the transport of goods. Shoring up the fleet is essential, not only for economic strength and mobility but for safety and system reliability.

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

Operating the new vessel requires new expenditures that have not been budgeted for previously. The program is not able to absorb the magnitude of these costs through other marginal reductions. The operation of this ferry allows WSF to provide increased capacity on several routes. Any alternative would result in less capacity and in vessels operating for additional years beyond the current plan.

What are the consequences of adopting this package?

Approval of this request will ensure the department has the spending authority needed to cover these costs without having to make a net reduction in the fleet. The capacity of the fleet translates to service levels for customers.

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

N/A

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

N/A

Expenditure Calculations and Assumptions

Costs are based on the assumption the new Olympic Class Vessel is delivered in February 2017, goes into revenue service in late May 2017, and the retiring Evergreen State Class Vessel, the M/V Tillikum, will be de-crewed by the end of June 2017.

Labor costs:

\$200,000 in the 2015-17 biennium (\$120,000 deck and \$80,000 engine) is based on the assumption that the new vessels are crewed as follows: one Master, one Mate, one Second Mate, one Able Seaman-Quartermaster, one Able Seaman-Bos'n, three Able Seamen, three Ordinary Seamen, one Chief Engineer, one Assistant Engineer, and two Oilers.

This staffing level differs from the first two 144-car (Olympic Class) vessels because the new vessel is assigned to the Bremerton/Seattle run. Per U.S. Coast Guard requirements specific to this run, "When operating on the Bremerton/Seattle run, in addition to the mate/first class pilot, a licensed mate shall be carried, and the number of ordinary seamen may be reduced to three."

Ongoing labor costs are biennialized.

Training:

\$696,000 in the 2015-17 biennium (\$357,000 deck and \$339,000 engine) is based on eight weeks of training.

One-time non-labor:

\$300,000 in the 2015-17 biennium will cover inventory adjustments and other costs associated with decommissioning vessels and adding new vessels to the fleet. The new vessels are larger and more complex than those being replaced and will require an increase in the overall pool of maintenance dollars. The ongoing non-labor costs of \$100,000 per-year, starting in fiscal year 2018, reflect higher maintenance costs for the new vessels.

One-time fuel:

\$63,000 in the 2015-17 biennium will cover the estimated cost of fuel during sea trials. This is calculated using the following assumptions:

- 200 hours of sea trials
- The average consumption of the Tokitae and Samish in August 2015 = 142.5 gallons per-revenue service hour
- 200 hours x 142.5 gallons per-hour = 28,500 gallons
- September 2015 Forecast price for non-hedged fuel in fiscal year 2017 = \$2.21 per-gallon
- 28,500 gallons x \$2.21 per-gallon = Approximately \$63,000

Ongoing costs for fuel are expected to be offset by the retirement of the outgoing vessel. During the 2017-19 biennium, actual fuel consumption will be measured and, if differences exist, incorporated into future fuel forecasts.

2015-17 Operating Costs			
One Olympic Class 144-Car Vessel			
Decision Package Submitted for FY 2015-2017			
Dollars in Thousands			
	<u>FY 2016</u>	<u>FY 2017</u>	<u>2015-17</u> <u>Total</u>
Engine Labor Costs			
New Olympic Class Vessel (Chimacum)	\$0	\$284	\$284
Engine Labor Sea Trials and Training	0	339	339
Retire Evergreen State Class Vessel	0	(204)	(204)
Sub-total Engine Labor	0	419	419
Deck Labor Costs			
Olympic Class Vessel (Chimacum)	0	472	472
Deck Labor Sea Trials and Training	0	357	357
Move Sealth Maintenance status to FVS ¹ (Samish)	0	0	0
Move Issaquah Class Vessel from Bremerton to FVS ²	0	(42)	(42)
Retire Evergreen State from San Juan Interisland	0	(310)	(310)
Sub-total Deck Labor	0	477	477
Non-Labor Costs			
One-time non-labor costs	0	300	300
One-time fuel cost estimate for sea trials	0	63	63
Sub-total Non-Labor	0	363	363
Decision Package Request	\$0	\$1,259	\$1,259
Decision Package Request - FTEs	0.0	2.1	1.1

¹ FVS: Fauntleroy – Vashon – Southworth

² Staffing costs on the Issaquah class vessels is lower on the FVS route than on the Bremerton route because there is a reduction of 94 service hours between the routes. Crewing level remains the same on both routes.

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

Training, break-in costs, and fuel during sea trials for the new vessel are one-time costs. All other costs are ongoing. The savings from de-crewing and retiring the Evergreen State Class Vessel are ongoing. There will be a biennialization impact of the ongoing costs in future biennia since the vessel will be deployed in the final months of the 2015-17 biennium.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
A. Salaries and Wages	0	717,000	717,000	2,482,000	2,482,000
B. Employee Benefits	0	179,000	179,000	620,000	620,000
E. Goods and Services	0	363,000	363,000	200,000	200,000
Total	0	1,259,000	1,259,000	3,302,000	3,302,000
Program X - Operating					
A. Salaries and Wages	0	717,000	717,000	2,482,000	2,482,000
B. Employee Benefits	0	179,000	179,000	620,000	620,000
E. Goods and Services	0	363,000	363,000	200,000	200,000
Total	0	1,259,000	1,259,000	3,302,000	3,302,000

Salary and FTE Detail						
List of Positions by Classification	FTEs			Dollars		
	FY 2016	FY 2017	Biennial Average	FY 2016	FY 2017	Total
Vessel deck & engine personnel	-	2.1	1.1	0	717,000	717,000
Total	-	2.1	1.1	0	717,000	717,000

Out Biennia				
List of Positions by Classification	FTEs		Dollars	
	2017-19	2019-21	2017-19	2019-21
Vessel deck & engine personnel	16.7	16.7	2,482,000	2,482,000
Total	16.7	16.7	2,482,000	2,482,000

Agency: 405 Department of Transportation
Decision Package Code/Title: XR Non-Routine Vessel Maintenance
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program X – Ferries Maintenance & Operations

Recommendation Summary

This decision package requests additional appropriation authority for several areas of maintenance that need to be addressed in the 2015-17 biennium. This work is not routine and, as such, does not fit within an ongoing baseline level of maintenance.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
109-2 Federal	2,953,500	2,953,500	5,907,000	8,335,000	3,249,000
Total	2,953,500	2,953,500	5,907,000	8,335,000	3,249,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program X - Operating					
109-2 Federal	2,953,500	2,953,500	5,907,000	8,335,000	3,249,000
Total by Fund	2,953,500	2,953,500	5,907,000	8,335,000	3,249,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

Package Description

For the 2015-17 biennium, Washington State Ferries (WSF) needs to perform non-routine maintenance above the ongoing level that includes the following:

- One-time replacement of obsolete systems (\$1,554,000)
- First-time maintenance or replacement of equipment on new vessels in the Kwa-di Tabil Class and the Olympic Class (\$673,000)
- The incremental cost of turbochargers for new versus refurbished parts, based on new information about performance (\$392,000)
- Engine overhauls that were previously paid for with air-quality grants (\$2,759,000)
- Elevator work mandated by new regulations from the Department of Labor and Industries (\$529,000)

To accomplish this work, additional appropriation authority is necessary for parts, materials, and contract support. The spending increase is requested using available Federal Transit Administration (FTA) funds. The needed increase was inadvertently omitted from the original 2015-17 agency budget request.

One-time replacement of obsolete systems:

Obsolete equipment: Many of the systems on WSF vessels include technology or equipment that is out-of-date. In several cases, steering, propulsion, and electrical-system parts are no longer supported by the manufacturer. This problem is acute on several of the older vessel classes such as the Issaquah Class, Evergreen State Class, and Super Class.

The propulsion and bus tie circuit breakers on five vessels are critical safety and reliability components that are no longer supported by the manufacturer. If they fail, the ship cannot be restored to service quickly. Recently, following a significant failure, Jumbo Mark II Class breakers were replaced due to obsolescence. As the Jumbo Mark I Class Vessels are older than the Jumbo Mark II Class Vessels, there is a pressing need to perform this work on these vessels as well.

Exciter/rectifier units on the Jumbo Mark I Class Vessels convert alternating current (AC) to direct current (DC). Currently, electrical readings on these units are taken manually by select engine room crew, which is a safety hazard. To meet safety standards, monitoring equipment that will deliver the same readings must be installed to provide an alternative for the current unsafe maintenance activity.

Engine governor upgrades are required on the Super Class Vessels because there are no longer parts available for required service-life rebuilds. To complete the rebuilds, the local vendor can machine new parts and use like parts from other governors still in production for \$6,000 per-vessel. If the manufacturer were to engineer and build new governors for the engines, the governors would cost \$118,000 per-vessel along with a 14 to 16-week lead-time.

First-time vessel maintenance coming due:

Equipment for newer vessels (the Kwa-di Tabil and Olympic classes) is due for maintenance or replacement, based on an initial maintenance schedule. The cost to maintain new technologies and advanced machinery is higher than maintenance on older vessels. Additional regulatory requirements, such as reduced emissions, also drive these increased costs.

Items scheduled for maintenance or replacement in this biennium and future biennia and that are not included in the base budget include main engine injectors (sets) for five vessels; controllable pitch propeller oil distribution control boxes (rebuilds) for two 64-car class vessels; and propulsion computers (BERG) for two vessels.

Turbochargers:

A turbocharger is an essential part of the marine diesel engine, which compresses intake air to the cylinders. This equipment must be replaced every six to 10 years. On the Jumbo Mark II Class Vessels, the Wenatchee's turbochargers are due to be replaced this biennium and the other two vessels come due in the 2019-21 and 2021-23 biennia. Replacement with new turbochargers is preferable to rebuilding because of better performance and enhanced reliability. Rebuilt turbochargers have had a high rate of failure on all Mark II class vessels. This high rate of failure is not sustainable; only new turbochargers should be used in this critical duty location.

Engine overhauls:

Overhauls are a required activity as part of the engine life. WSF often is able to extract longer lives from engines than those experienced by other operators due to the high level of ongoing maintenance but the engines must be rebuilt eventually. Engine overhauls typically occur after 30,000 to 40,000 hours of operation, or approximately every six to eight years. Without this work, the engine will fail and the performance and reliability of vessels will suffer.

Elevator modifications:

Elevator maintenance has become a more costly activity due to additional elevator regulatory requirements from the Department of Labor and Industries and newer, more expensive technologies.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

The work described in this decision package will contribute directly to improved reliability for many WSF vessels.

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 request supports the WSDOT strategic plan, Results WSDOT, Goal 1: Strategic Investments by effectively managing assets and maintaining transportation capacity. Investment in equipment, such as lower emission main engine fuel injectors, is consistent with Goal 3: Environmental Stewardship.

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

This decision package contributes to the Governor's Results Washington priority, Goal 2: Prosperous Economy. Specifically, investments in necessary major maintenance for vessels improve reliability of the transportation system.

Identify important connections or impacts related to this proposal.

Washington State Ferries (WSF) has a robust, ongoing vessel maintenance program. WSF currently maintains a fleet of 24 vessels with service that is essentially 24 hours a day, 365 days per-year. Vessel maintenance is an integral part of providing ferry services. Continual maintenance of vessels is required for U.S. Coast Guard (USCG) certifications.

WSF delivers service with 99.5 percent trip reliability for 450 trips per-day. This high standard would not be achieved without the needed levels of investment in the vessel maintenance program.

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

Vessel maintenance is a required activity and is essential for ferry service. The alternative would be an increased number of emergency repairs, which is a more costly, less efficient, and more disruptive option. Vessel preservation engineers estimate that emergency work costs approximately 25 percent more than routine service. This is primarily due to lack of competition in bids and because emergency contracts are often awarded on a "time and materials" basis, with vendor selection weighted more heavily to availability and willingness to perform work in a rapid manner than to cost.

What are the consequences of adopting this package?

Approval of this package lowers the risk of vessels breaking down or failing a USCG inspection. If a vessel were not available for service, the result would be reduced ferry capacity, an inability to maintain ferry-service schedules, and an increase in wait times.

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

N/A

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

N/A

Expenditure Calculations and Assumptions

Costs of the necessary repairs or replacements are based on historical costs, vendor-supplied information, price quotes, and the value of inventory items. The 2015-17 activities are those that must be accomplished, by vessel class and by component, according to schedule. Out-biennia costs are an estimate of upcoming schedules and activities and may be adjusted in future budget requests. The biennium-to-biennium total costs fluctuate because these activities occur not monthly, or annually, but on a one-time basis or three- or four-year schedules, or longer.

The table in Attachment A displays the activities, by vessel class, by unit cost, and by biennium that make up the estimated cost increases.

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

The costs for one-time replacement of obsolete systems (\$1,554,000) and elevator work mandated by new regulations (\$529,000) are one-time. The remainder of the request is ongoing, on varying maintenance and replacement cycles.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
E. Goods and Services	2,953,500	2,953,500	5,907,000	8,335,000	3,249,000
Total	2,953,500	2,953,500	5,907,000	8,335,000	3,249,000
Program X - Operating					
E. Goods and Services	2,953,500	2,953,500	5,907,000	8,335,000	3,249,000
Total	2,953,500	2,953,500	5,907,000	8,335,000	3,249,000

One-Time Replacement of Obsolete Systems

Vessel Class	Component	Frequency	Unit Cost	2015-17		2017-19		2019-21	
				# Units	Total Cost	# Units	Total Cost	# Units	Total Cost
Super	Propulsion and bus tie breakers	once	\$50,000	5	\$250,000	-	-	-	-
Jumbo	Propulsion and bus tie breakers	once	\$50,000	10	\$500,000	-	-	-	-
Evergreen State	Propulsion and bus tie breakers	once	\$50,000	14	\$700,000	-	-	-	-
Jumbo	Exciter/Rectifier current Transducer set	once	\$40,000	2	\$80,000	-	-	-	-
Super	Governor	once	\$6,000	4	\$24,000	-	-	-	-
Total cost of one-time replacement of obsolete systems					\$1,554,000		-		-

First-Time Maintenance or Replacement on New Vessels

Vessel Class	Component	Frequency	Unit Cost	2015-17		2017-19		2019-21	
				# Units	Total Cost	# Units	Total Cost	# Units	Total Cost
Olympic	Main engine injectors - sets	8,000 hrs / 1.5 yrs	\$64,778	4	\$259,112	4	\$259,112	4	\$259,112
Kwa-di Tabil	Main engine injectors - sets	8,000 hrs / 1.5 yrs	\$38,328	6	\$229,968	6	\$229,968	6	\$229,968
Kwa-di Tabil	Controllable pitch propeller oil distribution control box	5 years	\$25,000	4	\$100,000	-	-	-	-
Kwa-di Tabil	Berg Propulsion computers	2-3 years	\$42,000	2	\$84,000	-	-	2	\$84,000
Total cost of first-time maintenance or replacement on new vessels					\$673,000		\$489,000		\$573,000

Turbochargers

Vessel Class	Component	Frequency	Unit Cost	2015-17		2017-19		2019-21	
				# Units	Total Cost	# Units	Total Cost	# Units	Total Cost
Super	Turbos	every 6-10 years	\$34,000	-	-	9	\$306,000	3	\$102,000
Jumbo	Turbos	every 6-10 years	\$34,000	-	-	4	\$136,000	-	-
Jumbo Mark II	Turbos	every 6-10 years	\$98,000	4	\$392,000	4	\$392,000	4	\$392,000
Kwa-di Tabil	Turbos	every 6-10 years	\$34,000	-	-	2	\$68,000	3	\$102,000
Evergreen State	Turbos	every 6-10 years	\$34,000	-	-	4	\$136,000	-	-
Total cost of turbochargers					\$392,000		\$1,038,000		\$596,000

Engine Overhauls

Vessel Class	Component	Frequency	Unit Cost	2015-17		2017-19		2019-21	
				# Units	Total Cost	# Units	Total Cost	# Units	Total Cost
Super	Engine Overhauls	every 5 years	\$210,000	2	\$420,000	9	\$1,890,000	4	\$840,000
Jumbo	Engine Overhauls	every 5 years	\$190,000	4	\$760,000	4	\$760,000	-	-
Jumbo Mark II	Engine Overhauls	every 5 years	\$220,000	-	-	3	\$660,000	1	\$220,000
Kwa-di Tabil	Engine Overhauls	every 5 years	\$170,000	-	-	2	\$340,000	4	\$680,000
Olympic	Engine Overhauls	every 5 years	\$170,000	-	-	-	-	2	\$340,000
Issaquah	Engine Overhauls*	every 5 years	\$330,000	4	\$1,320,000	8	\$2,640,000	-	-
Evergreen State	Engine Overhauls	every 5 years	\$129,500	2	\$259,000	4	\$518,000	-	-
Total cost of engine overhauls					\$2,759,000		\$6,808,000		\$2,080,000

* The cost of turbos on the Issaquah class vessels is included in engine overhauls.

Elevators

Vessel Class	Component	Frequency	Unit Cost	2015-17		2017-19		2019-21	
				# Units	Total Cost	# Units	Total Cost	# Units	Total Cost
Jumbo	Elevator	Once	varies	-	\$9,970	-	-	-	-
Jumbo Mark II	Elevator	Once	varies	-	\$254,640	-	-	-	-
Evergreen State	Elevator	Once	varies	-	\$110,280	-	-	-	-
Issaquah	Elevator	Once	varies	-	\$60,110	-	-	-	-
Kwa-di Tabil	Elevator	Once	varies	-	\$49,710	-	-	-	-
Super	Elevator	Once	varies	-	\$29,040	-	-	-	-
Olympic	Elevator	Once	varies	-	\$15,540	-	-	-	-
Total cost of elevators					\$529,000		-		-

Total Request	\$5,907,000	\$8,335,000	\$3,249,000
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Agency: 405 Department of Transportation
Decision Package Code/Title: XS Eagle Harbor Maintenance Staff
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program X – Ferries Maintenance & Operations

Recommendation Summary

Additional resources are requested for two electricians for Washington State Ferries’ (WSF) Eagle Harbor Maintenance Facility to help meet the increased demand for vessel maintenance activities and to help keep vessels in repair for continued ferry service.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
109-1 State	0	164,500	164,500	329,000	329,000
Total	0	164,500	164,500	329,000	329,000
Staffing FTEs	0.0	2.0	1.0	2.0	2.0
Program X - Operating					
109-1 State	0	164,500	164,500	329,000	329,000
Total by Fund	0	164,500	164,500	329,000	329,000
Staffing FTEs	0.0	2.0	1.0	2.0	2.0

Package Description

The Eagle Harbor Maintenance Facility located on Bainbridge Island, is WSF’s dedicated maintenance facility. The facility employs over one hundred professional tradesmen in nine workshops (electric shop, carpenter shop, machine shop, sheet metal shop, and others).

Through the Eagle Harbor Maintenance Facility, WSF is able to maintain ferry vessels and ferry terminals. Eagle Harbor employees do maintenance work when vessels are taken out of service for regular maintenance at the facility. In addition, the Eagle Harbor staff travel throughout Puget Sound to perform maintenance on ferry vessels and on ferry terminals. In these ways, WSF maintains ferry vessels and terminals and responds to emergency repair needs during the day, at night, on the weekends, or during holidays.

Over recent biennia, WSF maintenance needs have grown and this growth has led to pressure. The Legislature has approved the construction and addition of four new 144-car ferry vessels, two of which have gone into service, and a third will be deployed by the end of the current biennium. Even so, the overall ferry fleet is aging. When problems arise with the vessels, the vast majority are handled during nighttime tie-up so the vessel can begin service the following morning. Many unexpected problems relate to electrical systems, and Eagle Harbor has a severe shortage of qualified electricians to handle this work.

Unplanned out-of-service time due to breakdowns on some of WSF’s larger vessels has delayed or postponed needed preservation and maintenance work at commercial shipyards. When such an event occurs, a vessel’s shipyard time may be “bumped” by another vessel with an immediate need from the

unplanned event. The delay of preservation and maintenance work has led to additional pressure on vessel maintenance activities. During the 2013-15 biennium, and continuing into the current biennium, there have been a large number of emergency repairs needed. In the past 12 months, there have been 626 days where vessels were unexpectedly out of service, at times overlapping with large vessels out of service for emergency repairs or maintenance. Many of these unexpected problems relate to electrical systems.

In order to accomplish the needed level of repair and upkeep for the vessels, there is a need for additional maintenance personnel – the most pressing of which is for additional electricians. Two journeymen electricians will help maintain vessels and help provide response when vessels are in need of repair. The cost for a journeyman trades worker, including employer benefits and expected overtime, is \$82,250 per year, for a total of \$164,500 per-year for both electricians.

With the additional electricians, WSF will be better able to keep up with existing maintenance needs for ferry vessels and respond to emergency call-outs as they occur.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

Approval of this decision package will directly contribute to increasing the reliability of WSF vessels with the additional work of two more electricians.

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 decision package contributes to implementation of the department's strategic plan, Results WSDOT, Goal 1: Strategic Investments by managing assets and helping to preserve and maintain WSF vessels and terminals.

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

This decision package contributes to the Governor's strategic plan, Results Washington, Goal 2: Prosperous Economy. Specifically, it contributes to maintaining reliable transportation infrastructure, including ferry vessels and terminals.

Identify important connections or impacts related to this proposal.

It is likely that the labor union, the Metal Trades Union, which represents the professional trade workers at the Eagle Harbor Maintenance Facility, would support this proposal.

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

Due to the increased pressure on vessel maintenance activities, the only alternative is to perform less terminal maintenance. This alternative was not chosen, as terminals must be maintained in order to provide ferry service. There is some work that is accomplished through contractors, but this is a more expensive option. In addition, in-house work is preferable as this builds an experienced maintenance workforce.

What are the consequences of adopting this package?

Approval of this request will help with the staffing needed to address ongoing maintenance and repair needs.

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

N/A

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

N/A

Expenditure Calculations and Assumptions

Costs are based on a weighted labor rate of \$36.79 per hour for salary and benefits for each position. An additional increment is also used for overtime and travel time pay.

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 2016	FY 2017	2015-17	2017-19	2019-21
A. Salaries and Wages	0	131,500	131,500	263,000	263,000
B. Employee Benefits	0	33,000	33,000	66,000	66,000
Total	0	164,500	164,500	329,000	329,000

Salary and FTE Detail						
List of Positions by Classification	FTEs			Dollars		
	FY 2016	FY 2017	Biennial Average	FY 2016	FY 2017	Total
Electrician	-	2.0	1.0	0	131,500	131,500
Total	-	2.0	1.0	0	131,500	131,500

Out Biennia				
List of Positions by Classification	FTEs		Dollars	
	2017-19	2019-21	2017-19	2019-21
Electrician	2.0	2.0	263,000	263,000
Total	2.0	2.0	263,000	263,000

Agency: 405 Department of Transportation
Decision Package Code/Title: YB New Service and Locomotives - Rail
Budget Period: 2016 Supplemental Budget
Budget Level: ML – Maintenance Level

Program Y – Rail - Operating

Recommendation Summary

As part of the state’s commitment in accepting nearly \$800 million in federal funds for rail capital improvements, Amtrak Cascades will add two round trips between Seattle and Portland starting October 1, 2017. The department requested increased appropriations in its 2015-17 budget request for the June 2017 costs; the requested increase was not included in the enacted budget. Since that time, the schedule has been revised from June 1, 2017, to October 1, 2017. Appropriation authority is not needed for 2015-17 for the new service; however, costs related to the eight new locomotives will begin upon delivery in January 2017.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
218-1 MMA-State	0	256,000	256,000	20,575,000	23,329,000
Total	0	256,000	256,000	20,575,000	23,329,000
Staffing FTEs	0.0	0.5	0.3	1.0	1.0
Program Y - Operating					
218-1 MMA-State	0	256,000	256,000	20,575,000	23,329,000
Total by Fund	0	256,000	256,000	20,575,000	23,329,000
Staffing FTEs	0.0	0.5	0.3	1.0	1.0

Package Description

As part of the federal stimulus-funding package authorized in the American Recovery and Reinvestment Act (ARRA) in 2009, Washington received nearly \$800 million in federal High-Speed Intercity Passenger Rail (HSIPR) funds. These funds are targeted to delivering critical rail infrastructure improvements that will expand travel choices, preserve the ability to move freight, and foster economic growth. The improvements are being made along the Pacific Northwest Rail Corridor, a 467-mile rail corridor running between Eugene, Oregon, and Vancouver, British Columbia.

The deliverables for this investment, as outlined in the Service Outcome Agreement (SOA) between WSDOT, Federal Railroad Administration (FRA), and BNSF Railway, are 1) an 88 percent on-time performance; 2) a 10-minute improvement (reduction) to the scheduled running time; and 3) two additional daily round trips between Seattle and Portland, for a new total of six daily round trips.

New Service for Amtrak Cascades:

The capital construction projects are scheduled to be completed by late summer 2017. The earliest new service is now expected to begin in October 1, 2017, a revision from an earlier estimated starting date of June 1, 2017. The department requested additional appropriation authority in its original 2015-17 budget request to cover these operational costs for the final month of the biennium, June 2017; the requested increase was not included in the enacted 2015-17 budget. Since the original request was

made, the schedule has been revised so the higher operating and track maintenance costs will not be incurred until the 2017-19 biennium.

As background, changes in federal law that were effective October 1, 2013, assign responsibility for the cost of intercity passenger rail operations (under 750 miles in length) entirely to the states, making Washington and Oregon responsible for the full operating cost of the Cascades Intercity Passenger Rail Service. Therefore, when the two daily round trips are added to the service schedule, the state will begin incurring new operating costs that are not covered in the current budget.

Maintenance Cost for Eight New Locomotives:

Although, given the amended operations schedule, the current decision package does not include 2015-17 costs for the two new round trips or the increased level of track maintenance, the department is requesting appropriation authority in the current biennium for new locomotive maintenance costs.

The expanded passenger rail service includes the purchase and construction of eight new Siemens locomotives. The new state-owned locomotives will be faster, more fuel-efficient, include safety enhancements, and reduce emissions. The delivery of this equipment is anticipated by January 2017.

The cost of operating the new locomotives will begin immediately and will be partially offset through savings realized over the gradual phase-out of all but one of the old Amtrak locomotives. The phase-out will occur over several years to insure the new locomotives are fully tested, broken in, and functioning properly, and that no service disruptions occur because of the change. The first fiscal year of full operating costs for the new locomotives will be fiscal year 2018 and the first full year of savings related to retirement of existing locomotives will be fiscal year 2019.

The assumption during development of the original decision package was that savings from no longer maintaining retiring locomotives would offset new costs in the same fiscal biennium. Currently, the plan calls for increased costs in fiscal year 2017 with offsetting savings accumulating in future biennia.

This request includes Full Time Equivalent (FTE) authorization for one staff person to oversee the utilization of the state-owned equipment with the Intercity Passenger Rail service operating in Washington State. Staff will manage and oversee contract requirements, perform quality audits, maintain documentation, track reliability of equipment, coordinate with the operator, and ensure costs of maintenance are within acceptable ranges.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

Approval of this request will allow the state to fulfill its commitment to provide additional service between Seattle and Portland, which meets the ARRA program investments and requirements in the state's Service Outcome Agreement.

Additionally, the new locomotives will be more reliable than the existing and aging locomotives that frequently cause delays due to mechanical issues. This will also help meet the 88 percent on-time performance and 10-minute reduction to the scheduled running time outlined in the SOA.

Performance Measure Detail

The performance of the new locomotives will be measured by their availability (servicing, overhauls, waiting for parts) and reliability (unscheduled maintenance activities).

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

Yes. This request contributes to three of the department's strategic plan, Results WSDOT, goals, Goal 1: Strategic Investments, Goal 2: Modal Integration, and Goal 3: Environmental Stewardship. Goal 1, aims to effectively manage system assets and multimodal investments on strategic corridors to enhance economic vitality. The request also contributes to the goal of aligning the operation of all modes in strategic corridors to optimize throughput capacity to move people and freight. Finally, it contributes to improved environmental conditions¹ by developing travel options to replace single-occupancy vehicles.

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

Yes. The request supports the Governor's Results Washington priority, Goal 2: Prosperous Economy. Specifically, it will contribute to a sustainable, efficient, and reliable transportation infrastructure.

Identify important connections or impacts related to this proposal.

Under a grant received through ARRA for funding of high-speed rail projects, the state committed to increasing current levels of service between Portland and Seattle. Completion of high-speed rail capital improvement projects is expected by the close of the 2015-17 biennium. The Federal Rail Administration (FRA) must receive all reporting materials from the state by July 31, 2017, to process materials and complete final closeout and reimbursement by September 30, 2017. Stakeholders include the traveling public and partners in Oregon and at the FRA.

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

Service reduction options are limited because of the requirements in the SOA for ARRA High Speed Rail funds, which obligate the state to maintain and expand service between Portland and Seattle in 2017. If the SOA is not met, the federal government could require the department to pay back a portion of the federal ARRA funds.

WSDOT is actively pursuing options to reduce Amtrak service fees at this time. The Rail Division's Action Plan for 2014-2015 identifies several strategies under consideration to reduce Amtrak costs. For example, WSDOT has:

- Modified its approach to providing additional holiday service to achieve cost recovery;
- Published a Request for Information seeking cost management and revenue generation ideas from industry; and,
- Is initiating a Lean process improvement for the Amtrak Cascades food and beverage service.

WSDOT, together with other states and with support from the FRA, is working with Amtrak to negotiate lower service fees and implement cost-management strategies.

¹ The USDOT reports that national averages show greenhouse gas emission savings from transit, indicating that the average private single-occupancy vehicle auto emits 0.96 pounds of carbon dioxide per-passenger mile traveled, whereas commuter rail's average output is 0.35 pounds per-passenger mile. USDOT Federal Transit Administration, "Public Transportation's Role in Responding to Climate Change." January 2009.

In addition, not replacing the current existing locomotives owned by Amtrak with the ARRA fund, WSDOT would have to deal with older and non-reliable equipment, which would require higher maintenance costs. As this equipment needs replacement, Amtrak would make the purchase and maintenance costs will be allocated to WSDOT.

What are the consequences of adopting this package?

Approval of this request will support the department's fulfillment of its commitment to manage state owned assets effectively for two additional round trips between Seattle and Portland. If the commitments are not met, the department could be required to pay back federal ARRA funds. Payback of the ARRA funds would be calculated on a pro-rata share based on the 20-year goals outlined in the SOA.

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

N/A

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

The department could be penalized financially if it is unable to meet the SOA as required for the use of ARRA funds.

The capital assets will be managed in accordance to industry professional practices and the WSDOT Capital Assets Inventory Manual.

Expenditure Calculations and Assumptions

The decision package displays the net costs associated with the addition of eight new locomotives to the system, along with the gradual phasing-out of all but one existing Amtrak locomotive. Other out-biennium costs are associated with the expanded service for 21 months in the 2017-19 Biennium and for the full 2019-21 Biennium. In addition to service operating costs, the state will have cost increases related to a higher level of track maintenance. These costs are also assumed to begin October 1, 2017.

New Locomotives:

Costs associated with the eight new locomotives are based on the assumptions that they will be delivered by January 2017.

Annual maintenance costs are estimated to be \$167,830 per-locomotive, which includes Amtrak overhead charges. The gross costs are offset by savings that ramp up over time as all but one of the old locomotives are retired and, when fully phased out, will result in annual savings of \$1.9 million. The result, when fully implemented, will be net reductions in locomotive maintenance costs.

Dollars in Thousands	FY16	FY17	FY18	FY19	FY20	FY21
New locomotives	\$0	\$671	\$1,343	\$1,343	\$1,343	\$1,343
Savings from retired locomotives	0	(475)	(1,627)	(1,898)	(1,898)	(1,898)
Net change in costs	\$0	\$197	(\$284)	(\$555)	(\$555)	(\$555)

By Biennium:	<u>2015-17</u>	<u>2017-19</u>	<u>2019-21</u>
Net change in costs:	\$197	(\$840)	(\$1,111)

Labor costs: One FTE, Transportation Planning Specialist 5 (TPS5), starts on January 2017 to oversee the operations of the new equipment in the corridor. Responsibilities include:

- Oversee and monitor the use and maintenance of the equipment performed by WSDOT vendors.
- Meet weekly with Amtrak maintenance personnel on equipment use and rotation through the service.
- Monitor and review performance of all state-owned equipment (new locomotives and currently owned passenger cars).
- Track unscheduled maintenance activities.
- Analyze and review preventive maintenance work plan for state owned equipment.

New Service and Higher Level of Track Maintenance:

The estimated cost for the 2017-19 biennium is based on the Amtrak federal fiscal year 2015 forecast, and the inflation factors provided by Amtrak, as well as host railroad maintenance costs outlined in the SOA.

Revenue estimates assume 350,900 riders on two additional round trips (four trains), for 21 months.

Net cost assumptions:

- \$25,566,828 - Operating costs:
 - \$15,690,318 - Direct route costs (for example, labor, equipment, and station costs)
 - \$5,720,988 - Third party costs (for example, fuel, incentive payment for on-time performance, maintenance of tracks to current standard)
 - \$4,155,522 - Share of overhead costs (indirect costs such as marketing, and general administration)
- \$10,149,993 - Enhanced maintenance of track above the current level due to higher track-level infrastructure standards for passenger rail compared to the standard for freight service (ARRA projects).
- (\$14,545,500) - Revenue offset to gross costs, yielding the net appropriation increase that will be needed.

Estimated Net Cost for Expanded Amtrak Cascades Service				
		(A)	(B)	(C=B-A)
	Ridership	Amtrak Costs	Amtrak Revenues	State Support
2017-19 Biennium				
October 2017 thru June 2019	350,900			
Projected Revenue			14,545,500	
Estimated Costs:				
Operating on Two Additional Roundtrips		25,566,828		
Higher Level of Track Maintenance - ARRA		10,149,993		
2017-19 Biennium		35,716,821	14,545,500	21,171,321
Rounded to Dollars in Thousands		35,717,000	14,546,000	21,171,000
*Fiscal year 2016 and fiscal year 2017 estimates are based on Amtrak's Federal Fiscal Year 2015 Forecast.				

Net costs for the 2019-21 biennium carry forward the same assumptions but biennialize the 21 months of costs to 24 months:

$$\$21,171,321 \div (21/24) = \$24,195,795.$$

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

Costs and savings are ongoing, with phased-in savings as described above.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
A. Salaries and Wages	0	44,000	44,000	178,000	178,000
B. Employee Benefits	0	16,000	16,000	66,000	66,000
E. Goods and Services	0	196,000	196,000	20,331,000	23,085,000
Total	0	256,000	256,000	20,575,000	23,329,000

Salary and FTE Detail						
List of Positions by Classification	FTEs			Dollars		
	FY 2016	FY 2017	Biennial Average	FY 2016	FY 2017	Total
TRANSPORTATION PLANNING SPECIALIST 5	-	0.5	0.3	0	44,000	44,000
Total	-	0.5	0.3	0	44,000	44,000

Out Biennia				
List of Positions by Classification	FTEs		Dollars	
	2017-19	2019-21	2017-19	2019-21
TRANSPORTATION PLANNING SPECIALIST 5	1.0	1.0	178,000	178,000
Total	1.0	1.0	178,000	178,000

Agency: 405 Department of Transportation
Decision Package Code/Title: N9 SD Monetization of the WSDOT Website
Budget Period: 2016 Supplemental Budget
Budget Level: PL – Performance Level

Program S – Transportation Management and Support

Recommendation Summary

The Washington State Department of Transportation (WSDOT) began web advertising at the request of the Legislature and through a transportation budget proviso in the 2011-13 biennium, which authorized an advertising pilot project. Through the pilot project, WSDOT determined that it is possible to generate revenue without hindering the user’s overall website experience. Based on the success of the pilot, WSDOT is proposing agency-request legislation to make permanent the existing digital advertising program and dedicate the revenues primarily for improvements to the department’s website, social media, and mobile applications. This decision package supports agency-request legislation.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
108-1 MVA-State	80,000	80,000	160,000	160,000	160,000
Total	80,000	80,000	160,000	160,000	160,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program S - Operating					
108-1 MVA-State	80,000	80,000	160,000	160,000	160,000
Total by Fund	80,000	80,000	160,000	160,000	160,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

Package Description

The WSDOT website is the agency’s primary tool for communicating directly with the public about travel and traffic information and agency projects and programs and is the most popular government website in Washington State with an average of 500,000 page views per day. In addition to the website, WSDOT maintains a suite of social media communication tools including a blog, Twitter, YouTube, Flickr, email alerts, and Facebook. This portfolio of tools allows WSDOT to maximize its communication reach and share important statewide messages, news and updates with Washington state travelers and the public.

This package requests to align appropriation authority with agency proposed legislation to dedicate WSDOT website revenues for communications purposes. In 2009, the Legislature directed WSDOT to explore how it could leverage its website assets to spur a new revenue source for the agency. Given the limited number of government agencies with digital advertising, and its untested effects upon usability, WSDOT completed a [Website Monetization Feasibility Study](#) analyzing potential business models, revenues, costs, and risks. The results of the study showed that WSDOT’s website might be very attractive to advertisers, particularly those targeting motorists, commuters, travelers, and tourists in Washington.

As part of a pilot website advertising program, WSDOT conservatively leveraged the value of its web page views by generating revenue through the sale of online advertising space. WSDOT continues to work with a vendor to determine the appropriate amount and size of online advertising space and to

solicit advertisers for that space. The pilot project did not address which department functions are supported with the website advertising revenue and the revenue is currently deposited in the State Motor Vehicle Account.

WSDOT is proposing that the advertising program revenues be dedicated to making website, mobile app, and social media tool enhancements. The revenue stream has steadily grown each year and has totaled nearly \$140,000 through fiscal year 2014. WSDOT is projecting the web advertising revenue will total \$80,000 per year in the 2015-17 biennium. This funding (\$160,000 in the 2015-17 biennium) could be dedicated to the support of the web development efforts and provide some of the funding needed for the investments proposed in this package. WSDOT is proposing to use the additional revenue for contracted services and technical tools, such as software and other services.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

Reinvesting the revenues from web advertising in the online and social media tools the department utilizes to manage information and communicate with travelers will improve customer satisfaction and confidence.

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 package directly supports the agency's strategic plan, Results WSDOT, Goal 6: Smart technology by contributing to the outcomes to improve organizational effectiveness through the timely adoption of innovative technologies and to enhance traveler information exchange with the public. The package also supports Goal 5: Community engagement, as the agency uses our website and social media tools to not only inform the public, but also engage them in the work we do to provide and support safe, reliable, and cost-effective transportation options to improve livable communities and economic vitality for people and businesses.

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

Yes, this package supports the Governor's Results Washington Goal 5: Efficient, effective, and accountable government. Reinvesting the revenues collected from WSDOT's web advertising into WSDOT's communications will improve its effectiveness by better informing and engaging with the public.

Identify important connections or impacts related to this proposal.

This proposal would improve the department's ability to communicate with the public effectively through its website, social media, and mobile applications.

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

The alternatives are to continue the web-advertising program without official authorization and without dedicating revenues to be reinvested in the department's communications or to cease the agency's web advertising. Either option would have negative consequences on the overall quality of WSDOT's website.

These alternatives would hinder WSDOT’s efforts to grow and maintain its website and social media presence to inform and engage the public.

What are the consequences of adopting this package?

If this package is not adopted, the Communications Office will continue to manage and maintain the website and social media presences with limited resources. Improvements to how we maintain that presence and/or enhance them will be limited. Customers will continue to have a difficult time making informed travel decisions and could walk away with a negative view of the agency due to their online experience.

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

N/A

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

As proposed in agency request legislation, a new section would be added to RCW 47.04 to officially authorize the web advertising program and dedicate the revenues collected through advertising to be spent primarily on the department’s web sites, social media, and mobile applications for users, and for the development, production, reprinting, and distribution of informational and educational materials pertaining to traveler information as needed.

Expenditure Calculations and Assumptions

The costs associated with the package will be for contracted services and technical tools, such as software and other services, to help improve the WSDOT website and customer experience. These costs are estimated based on current industry costs and best practices, but not to exceed revenues collected through web advertising. The department estimates that in the 2015-17 biennium, \$80,000 will be spent on contracted services and the other \$80,000 will be for goods and services. Approximately \$60,000 per fiscal year would be spent on goods and services and contracted services for ongoing usability activities (improving customer satisfaction, ease of access, etc.) and to improve the agency’s mobile application. These activities require technical backup that cannot be accomplished within existing resource capacity. The other \$20,000 per fiscal year would be spent on analytic tools for the site such as SiteImprove, an all in one web governance software tool that would help the agency better manage and maintain its website through quality assurance, accessibility, web analytics, search engine optimization (SEO), and response.

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

All costs considered ongoing.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
C. Professional Service Contracts	40,000	40,000	80,000	80,000	80,000
E. Goods and Services	40,000	40,000	80,000	80,000	80,000
Total	80,000	80,000	160,000	160,000	160,000

Agency: 405 Department of Transportation
Decision Package Code/Title: 00 X7 Retain Klahowya as Standby Vessel
Budget Period: 2016 Supplemental Budget
Budget Level: PL – Performance Level

Program X – Ferries Maintenance & Operations

Recommendation Summary

Appropriation authority is requested to retain an Evergreen State class vessel, the M/V Klahowya, as standby. With this standby vessel, the department will be better able to maintain scheduled levels of ferry service in the event of vessel breakdowns, as well as have the capacity to plan and deliver maintenance work. The cost of this request is partially offset by removal of the current standby vessel, the M/V Hiyu.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
109-1 State	795,000	796,000	1,591,000	1,591,000	1,591,000
Total	795,000	796,000	1,591,000	1,591,000	1,591,000
Staffing FTEs	11.0	11.0	11.0	11.0	11.0
Program X - Operating					
109-1 State	795,000	796,000	1,591,000	1,591,000	1,591,000
Total by Fund	795,000	796,000	1,591,000	1,591,000	1,591,000
Staffing FTEs	11.0	11.0	11.0	11.0	11.0

Package Description

Washington State Ferries (WSF) typically provides service with a fleet of 22¹ staffed vessels, including one emergency standby. The number of vessels in the fleet is necessarily more than the number of vessels needed for service because maintenance vessels are needed that can fill in when regularly assigned vessels are taken out of service for maintenance and preservation work.

Normally, during the course of a year, WSF has between 17 and 19 vessels on routes, depending on the season. During winter, 17 vessels are on routes; during the spring and fall shoulder seasons, the number increases to 18; and, in the summer, to 19 vessels. Depending on the number of vessels in service, between two and four vessels are available as dedicated maintenance spares, which fill in for regularly assigned vessels that are taken out of service for maintenance, such as when a vessel is drydocked, or taken to a commercial shipyard and physically removed from the water, as required by the U.S. Coast Guard.

For any given year, each vessel is scheduled to be out of service for an average of six to seven weeks for maintenance and inspections. In order to accommodate this maintenance time, no fewer than two vessels are out of service for maintenance at any given point. Typically, the maintenance spares are not

¹ An exceptionally high number of emergencies over the past 12 months resulted in 626 days where vessels were unexpectedly out of service, at times overlapping with large vessels out of service for emergency repairs or maintenance. Therefore, the department currently has two additional vessels available for backup that would otherwise have been retired, for a total temporary fleet of 24.

available for emergency service, as they are replacing vessels out for maintenance. Vessels out of service for maintenance generally cannot be quickly returned to service in the event of emergencies because they could be in drydocks, undergoing work on major mechanical systems, or are otherwise not available without significant cost and delays of several days or weeks.

During the 2013-15 biennium, WSF faced unique challenges that still exist. In fiscal year 2015, a Jumbo Mark II Class Vessel, one of the largest vessels of the fleet, was out for extended emergency repairs. During the current fiscal year, a Super Class Vessel is out of service for a similar amount of time due to a different emergency. These events, coupled with required scheduled maintenance, have resulted in a shortage of available vessels to maintain the current levels of ferry service. This situation has resulted in a downsizing of capacity on ferry routes.

To underscore the need for a suitably sized standby vessel, it is useful to examine the use of the M/V Evergreen State. This vessel was scheduled to be decommissioned at the beginning of fiscal year 2015. However, due to emergencies, the vessel was called back into service for a total of 222 days in fiscal year 2015. In the current fiscal year, fiscal year 2016, the vessel has been used for five weeks due to another emergency maintenance situation. If this vessel had not been available, it would have been necessary to use the M/V Hiyu.

The current standby vessel, the M/V Hiyu, is not suitable as a standby vessel. When it is used, it is not possible to maintain the level of passenger service and results in significant downsizing of capacity on the route to which it is assigned. This may have ripple effects of downsizings on other routes if in-service vessels are redeployed across routes.

The Hiyu is not a suitable standby vessel because:

- The Hiyu is not ADA-compliant.
- The Hiyu is only partially effective on three routes; San Juan Interisland, Point Defiance – Tahlequah, and Fauntleroy – Vashon – Southworth. Even on these routes, it does not have adequate capacity for passengers and vehicles.
- It carries very few trucks.
- It is too slow to keep the schedule on the Fauntleroy – Vashon – Southworth route, so its utility is limited to supplemental unscheduled service of limited value. On the San Juan Interisland route, it is also too slow to keep the schedule, so would start to get in the way of other vessels at island terminals and create multiple delays.
- When it is necessary to use the Hiyu, a complex series of boat moves and downsizings (reduction in vessel size and capacity) is needed. It can result in service disruptions on routes, delays, or even canceled service, which negatively affects passengers and on-time performance.

By retaining the Klahowya as the emergency standby vessel rather than the Hiyu, WSF can reduce the impacts to passengers when emergencies occur. It has a much higher capacity (87 vehicles) than the Hiyu (34 vehicles) and can be used on about half the routes instead of only three. Although downsizing is unavoidable in certain circumstances, bringing the Klahowya into service results in a much smaller impact to the system, due to its versatility.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

Approval of this request will allow WSF to meet financial and service-level obligations with minimal impact to riders. Funding to support more suitable standby vessels will reduce the number of boat moves created when vessels are undergoing maintenance. In turn, this will decrease the number of service disruptions, delays, or cancellations.

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 department's strategic plan, Results WSDOT, Goal 2: Modal Integration by contributing to improved operation of all modes in strategic corridors and optimizing throughput capacity to move people and freight.

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

Yes. This decision package supports the Governor's Results Washington priority, Goal 2: Prosperous Economy. Specifically, it contributes to achieving a sustainable, efficient, and reliable transportation infrastructure. Operating the state's aging ferry fleet is crucial to a reliable, safe, and well-functioning transportation system that supports the movement of people and goods.

Identify important connections or impacts related to this proposal.

This package will ensure WSF can preserve route schedules the traveling public expects, while having minimal impacts when vessels are pulled out for service – a positive outcome for regular riders, tourists, and commerce.

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

Keeping the Hiyu as a standby vessel rather than the Klahowya would result in continued extreme downsizing of routes, delays, and cancellations of service during periods of high maintenance or emergency events. The option presented in this decision package was selected to minimize these effects.

What are the consequences of adopting this package?

Use of the Klahowya as a backup vessel provides the best continuity of passenger service.

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

N/A

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

N/A

Expenditure Calculations and Assumptions

All costs are related to crewing the engine room of the M/V Klahowya, and are offset by the reduction in engine room staffing of the M/V Hiyu. The crew necessary to run the M/V Klahowya engine room includes one-half Staff Chief/Alternate Staff Chief; one-half Chief; and two Oilers. The M/V Hiyu does not require the two oilers so the difference is the cost of two oilers. The 11.0 FTEs are calculated by factoring two oilers for 24 hours per-day, 365 days per-year, and adding an increment for overtime.

2015-17 Operating Costs			
Retain M/V Klahowya			
Decision Package Submitted for FY 2015-2017			
Dollars in Thousands			
	<u>FY 2016</u>	<u>FY 2017</u>	<u>2015-17 Total</u>
Engine Labor Costs			
Evergreen State Class Vessel M/V Klahowya	\$1,564	\$1,565	\$3,129
Retire Hiyu	(769)	(769)	(1,538)
Sub-total Engine Labor	795	796	1,591
Decision Package Request	\$795	\$796	\$1,591
Decision Package Request - FTEs	11.0	11.0	11.0

There are no differences in deck crew between the two vessels because the deck crew remains the same whichever vessel is deployed as backup. This is the case because deck crews are assigned by watch, that is, by route and schedule. Consistent with current labor contracts, when one vessel replaces another, the deck crew stays with the assigned watch on the replacement vessel. Therefore, there would be no cost differential whether the backup vessel is the M/V Klahowya or the M/V Hiyu.

The consumption of fuel is not included in the cost differential because it is not possible to foresee how often, or for how long, a standby vessel will be called into service; therefore, it is not possible to estimate fuel use.

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 2016	FY 2017	2015-17	2017-19	2019-21
A. Salaries and Wages	636,000	637,000	1,273,000	1,273,000	1,273,000
B. Employee Benefits	159,000	159,000	318,000	318,000	318,000
Total	795,000	796,000	1,591,000	1,591,000	1,591,000
Program X - Operating					
A. Salaries and Wages	636,000	637,000	1,273,000	1,273,000	1,273,000
B. Employee Benefits	159,000	159,000	318,000	318,000	318,000
Total	795,000	796,000	1,591,000	1,591,000	1,591,000

Salary and FTE Detail						
List of Positions by Classification	FTEs			Dollars		
	FY 2016	FY 2017	Biennial Average	FY 2016	FY 2017	Total
Engine Room Crew	11.0	11.0	11.0	636,000	637,000	1,273,000
Total	11.0	11.0	11.0	636,000	637,000	1,273,000

Out Biennia				
List of Positions by Classification	FTEs		Dollars	
	2017-19	2019-21	2017-19	2019-21
Engine Room Crew	11.0	11.0	1,273,000	1,273,000
Total	11.0	11.0	1,273,000	1,273,000

Agency: 405 Department of Transportation
Decision Package Code/Title: O1 X8 Passenger Counting Initiative
Budget Period: 2016 Supplemental Budget
Budget Level: PL – Performance Level

Program X – Ferries Maintenance & Operations

Recommendation Summary

Washington State Ferries (WSF) seeks resources to continue an initiative on passenger counting for the San Juan Island and the Fauntleroy-Vashon-Southworth ferry routes. By adding a deckhand to the crew on these routes, WSF is better able to track and account for passengers on these routes where passengers and vehicles are loading and unloading at multiple locations along the route.

Fiscal Detail

	FY 2016	FY 2017	2015-17 Total	2017-19	2019-21
Washington State Department of Transportation (WSDOT) Total					
109-1 State	1,211,000	1,211,000	2,422,000	2,422,000	2,422,000
Total	1,211,000	1,211,000	2,422,000	2,422,000	2,422,000
Staffing FTEs	15.6	15.6	15.6	15.6	15.6
Program X - Operating					
109-1 State	1,211,000	1,211,000	2,422,000	2,422,000	2,422,000
Total by Fund	1,211,000	1,211,000	2,422,000	2,422,000	2,422,000
Staffing FTEs	15.6	15.6	15.6	15.6	15.6

Package Description

The U.S. Coast Guard (USCG) has expressed strong concerns about the department’s method of counting ferry passengers and its accuracy. Attachment A is written communication from the USCG Commander of Sector Puget Sound to Assistant Secretary Griffith, dated January 2015, in which the concerns with the accuracy of WSF’s passenger counting procedures are delineated, along with expressions of concern that the issue has not been addressed previously to the Coast Guard’s satisfaction.

In response to these concerns, WSF has increased the number of deck crew on ferry vessels that operate during the summer on San Juan Island ferry routes and year-round on the Fauntleroy-Vashon-Southworth ferry route (known as the Triangle).

When a vessel is loading passengers and vehicles, the full crew have assigned tasks, which include directing traffic onto the ferry so drivers know where to go and are able to park. The passenger-counting crew also have other duties during the loading and unloading of vessels.

WSF has taken the initiative to develop and improve passenger-counting activities on routes that serve more than one destination, adding crew to count passengers on these routes. By prioritizing the San Juan Island and Triangle routes, the additional resources for passenger counting are intended to focus on challenges where passengers and vehicles are embarking and disembarking from multiple locations along a given route.

An additional deckhand allows a dedicated person to perform passenger counting exclusively, without being distracted by other duties during the loading of the vessel. The additional crewmember provides the further benefit of serving as back-up crewing in the event of a crew shortage. In the event of a shortage, the deckhand would serve on the vessel and others would temporarily do passenger counting.

As part of an overall strategy on passenger counting, the additional crew is an effort to both improve passenger counting on multi-destination routes and to provide fill-in, if needed, for the vessel to operate with a full crew.

The long-term plan for addressing passenger-counting concerns includes exploration of the use of cameras to count passengers, both for walk-ons and for those inside vehicles. In addition to the request described in this decision package, the capital program proposal includes \$300,000 for a pilot project at the Seattle Terminal for passenger counting technology in the 2015-17 biennium.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

Approval of this request will allow WSF to respond to concerns the USCG has expressed about passenger counting, thereby assisting with compliance of the Shipboard Safety Management and Contingency Plan (SSMCP). In addition, if a regular crewmember is not available, the deckhand who is in the passenger counting position could fill in as part of the regular crew. This is expected to contribute to reliability of service.

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 department's strategic plan, Results WSDOT, Goal 2: Modal Integration, by contributing to improvements in the operation of all modes in strategic corridors.

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

Yes. This decision package supports the Governor's Results Washington priority, Goal 2: Prosperous Economy. Specifically, it contributes to achieving a sustainable, efficient, and reliable transportation infrastructure. Accurate passenger counts are crucial to a safe and well-functioning system that supports the movement of people and goods.

Identify important connections or impacts related to this proposal.

The request is a response to concerns raised by the USCG. The USCG has regulatory authority over marine transportation such as passenger ferries. As such, USCG issues regulations and requirements that must be met for the operation of passenger ferry service.

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

The request is a targeted approach. The priority is to address concerns raised by the USCG by focusing on multi-destination routes where there are several points at which passengers are loaded and unloaded along the route.

An alternative option would be to have additional crew on all vessels but the cost would be several times more than the cost for the current initiative and is likely cost-prohibitive. Another option would be to maintain prior crew levels for passenger counting. This option was not chosen, as it would be unresponsive to the USCG and concerns shared with WSF on several occasions.

WSF continues to explore the use of technology (for example, cameras) to aid in passenger counting.

What are the consequences of adopting this package?

Approval of this request will allow WSF to continue the initiative on passenger counting. If the initiative is abandoned, the USCG could require this activity in order for WSF to operate ferry service.

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

N/A

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

N/A

Expenditure Calculations and Assumptions

Costs are based on the weighted hourly rate for an ordinary seaman deckhand and the legislatively approved service hours for the summer on the Anacortes-San Juan Domestic and Interisland routes, and year-round on the Fauntleroy-Vashon-Southworth ferry routes. An additional increment is added for overtime, travel, and mileage.

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 2016	FY 2017	2015-17	2017-19	2019-21
A. Salaries and Wages	948,000	948,000	1,896,000	1,896,000	1,896,000
B. Employee Benefits	237,000	237,000	474,000	474,000	474,000
E. Goods and Services	26,000	26,000	52,000	52,000	52,000
Total	1,211,000	1,211,000	2,422,000	2,422,000	2,422,000
Program X - Operating					
A. Salaries and Wages	948,000	948,000	1,896,000	1,896,000	1,896,000
B. Employee Benefits	237,000	237,000	474,000	474,000	474,000
E. Goods and Services	26,000	26,000	52,000	52,000	52,000
Total	1,211,000	1,211,000	2,422,000	2,422,000	2,422,000

Salary and FTE Detail						
List of Positions by Classification	FTEs			Dollars		
	FY 2016	FY 2017	Biennial Average	FY 2016	FY 2017	Total
Ordinary Seaman	15.6	15.6	15.6	948,000	948,000	1,896,000
Total	15.6	15.6	15.6	948,000	948,000	1,896,000

Out Biennia				
List of Positions by Classification	FTEs		Dollars	
	2017-19	2019-21	2017-19	2019-21
Ordinary Seaman	15.6	15.6	1,896,000	1,896,000
Total	15.6	15.6	1,896,000	1,896,000

U.S. Department of
Homeland Security

**United States
Coast Guard**



Commander
Sector Puget Sound
United States Coast Guard

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16711
January 27, 2015

Washington State Ferries
Attn: Ms. Lynne Griffith
Assistant Secretary
WSDOT Ferries Division
2901 3rd Ave, Suite 500
Seattle, WA 98121-3014

Dear Ms. Griffith:

Welcome to the Washington State Ferry system as you begin your leadership of our nation's largest ferry system! I enjoyed our recent meeting and getting to know you better. WSF and Sector Puget Sound have a long history of working together to continually improve the safety of the 22 plus million passengers WSF carries each year. Over the many years, we have jointly and constructively addressed a number of often varied issues, from ferry construction to operational improvements to manning levels.

One of these issues that I would like to work with you on is improving passenger counting. Recent events, such as the Seahawk's Super Bowl parade and corresponding high WSF passenger loads, have highlighted the challenges we face ensuring the accuracy of WSF's passenger counting. Improving passenger counting will support daily operational decisions on ferry usage, and also enable better accountability during emergency events. I have enclosed a synopsis that discusses the passenger counting issue in detail, which should help frame a way forward for making these necessary improvements. I ask that you and/or your staff please contact Mr. John Dwyer, the Sector Puget Sound Officer in Charge, Marine Inspection, at the number listed above to initiate a meeting on this important topic.

Once again, welcome to the Seattle waterfront! I look forward to working with you as we together ensure the safety of Washington State Ferries' operations on Puget Sound.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. W. Raymond".

M. W. Raymond
Captain, U.S. Coast Guard
Commander, Sector Puget Sound

Enclosure (1) Washington State Ferry Passenger Counting Synopsis

Copy: Thirteenth Coast Guard District (d)

Washington State Ferry Passenger Counting

- Reference: (a) USCG Marine Safety Office Puget Sound letter 16711/Subchapter W of April 8, 2002
- (b) USCG/WSF Meeting Minutes of June 08, 2007
 - (c) USCG Sector Seattle letter 16710 of August 5, 2008
 - (d) WSF Fleet Advisory FA00XX09 dated May 8, 2009
 - (e) WSF letter of July 23, 2012
 - (f) WSF (David Moseley) email of August 9, 2012
 - (g) USCG Sector Puget Sound letter 16711 of October 26, 2012
 - (h) USCG Sector Puget Sound letter 16711 of November 30, 2012
 - (i) USCG Sector Puget Sound letter 16711 of March 28, 2013
 - (j) WSF letter of November 30, 2013
 - (k) WSF Safety Systems Manager/Designated Person letter of March 14, 2014
 - (l) WSF (Captain R. Corbin) email of May 14, 2014
 - (m) WSF Loading Plans for September 4, 2014
 - (n) WSF Operational Plan – Seattle Seahawks NFC Championship Game - January 18, 2015 (SSI)

Washington State Ferries (WSF) has operated since April of 2002 under a safety assessment and contingency plan that serves as an alternative to fully meeting the survival craft carriage requirements of 46 CFR Subchapter W, as allowed by reference (a) in accordance with 46 CFR 199.630 (f). The safety assessment addresses the navigation and vessel safety conditions within the vessels' operating areas, and supports a comprehensive Shipboard Safety Management and Contingency Plan (SSMCP). Part of the SSMCP acceptance is the establishment of a fleet-wide WSF Safety Management System (SMS). For the SSMCP to be effective, both in accounting for passengers on individual ferry voyages and for long term ridership determinations that underpin the SSMCP compliance strategy, there must be in place an accurate passenger counting system, captured in the SMS. Recent events underscore that the WSF passenger counting system needs to be improved to meet the following objectives:

- Accurate and reliable passenger counts are provided for each voyage to the vessel master prior to departure.
- All passengers – children, walk-ons, bicyclists, vehicle occupants – are accurately counted for each voyage.
- Passenger counts are properly employed in implementing operational decisions, such as determining passenger deck accessibility, setting vessel manning levels, implementing muster list duties, performing emergency responses, etc.

Newer ferries such as the Kwa-di Tabil class and the Olympic class have 100 percent primary lifesaving (Inflatable Buoyant Apparatus (IBAs)) for everyone on board, as do the CHELAN and ELWHA for their SOLAS voyages and the HIYU (all voyages). The remaining ferries (Jumbo Mark II class, Jumbo Mark I class, Super class, Issaquah class, Evergreen State class) have on-board survival craft capacities typically set at 95 percent of historical passenger loads, and use the opposing ferry on a two ferry run to provide additional lifesaving capacity to meet 100 percent of historical passenger loads. These ferries each have IBAs of 600 person total capacity,

except the Jumbo Mark IIs, which have IBAs for 1200 person capacity. An accurate passenger counting system must be in place, both to continually determine the historical passenger loads on which the SSMCP strategy is based, and equally importantly to verify specific voyage loads. This latter aspect is of special concern, for several issues:

- To ensure a satisfactory response to a search and rescue case, whether a missing ferry rider, or a mass rescue casualty event.
- To ensure the correct loading of each ferry so that Certificate of Inspection and SSMCP limits are not exceeded.
- To ensure that the vessel manning, which on many ferries is determined in part by passenger numbers, is set at the appropriate levels, and is supported as needed by effectively restricting passenger access to certain vessel decks.

The ability to account for each passenger on board a ferry during a search and rescue case is paramount. The primary focus of search and rescue efforts is to recover each person who was on board the ferry – even small errors in knowing how many ferry riders were present leave search and rescue efforts incomplete, and reduce the potential for full accountability. Larger scale errors impact the number and type of rescue resources that will be brought to bear on the response, potentially hazarding the survivability of the victims. Recent WSF quarterly examinations by Coast Guard inspectors have noted that there are no exact and consistent procedures in place to accurately relay passenger numbers to the masters, that most masters stated they usually did not receive passenger numbers, and that when they did, they did not trust that the numbers were accurate.

The issue of questions over passenger counting procedures aboard WSF ferries is not a recent one. In June of 2007, during a meeting between WSF and USCG Sector Seattle, the Coast Guard presented concerns over the validity of the WSF passenger counting system, and WSF agreed to investigate better methods to determine passenger counts (reference (b)). In August of 2008, Sector Seattle noted in reference (c) to WSF that “An accurate method for determining the actual number of passengers on any given ferry run is not in place.” The letter further noted that “...the lack of actual passenger tallies allows for potential excess passenger counts, does not facilitate restrictions of passenger carriage when needed to address incidents...and does not enable rapid identification of when to trigger each of the elements of the tiered response plan.”

Reference (c) also noted the importance of accurate passenger counting for the response to the TACOMA steering casualty in January 2007, which forced the vessel out of service, replacing her with the HYAK, and reducing the passenger capacity on the run to 1800 to comply with SSMCP limits. The lack of an accurate passenger counting system did not support needed reductions in passenger carriage to address “incidents like that of January 2007...” As a result, WSF did respond in January and May of 2009 with Fleet Advisories that presented ferry crews with improved guidance on SSMCP compliance, and new passenger counting protocols (reference d)).

In 2011, we jointly commenced an extensive review of the manning requirements on most of the WSF ferry classes, evaluating crew duties, emergency response capabilities, applicable laws and policies, ferry accident histories for WSF and other ferries, and ferry layout and design. As part

of that review, WSF provided extensive passenger ridership data (reference (e)). This ridership data was presented to support a graduated staffing level concept, relying heavily on accurate passenger counting to implement appropriate crew staffing levels. After questions raised by the Coast Guard on passenger counting methods, WSF presented in reference (f) revised counting procedures. These new procedures helped provide support for the new manning levels determined in references (g) and (h), which incorporated the graduated staffing levels, and resulted in the Certificates of Inspections (COIs) for those vessels being amended accordingly. In March of 2013, Sector Puget Sound similarly addressed the manning levels for the Kwa-di Tabil class of ferries (reference (i)), noting a number of measures to enable graduated manning levels on this class, which were dependent on meeting the requirement to "Demonstrate effective passenger counting procedures."

Despite the changes in counting procedures and guidance, a number of issues and concerns over WSF's passenger counting system have arisen. In September 2013, a safety management system non-conformity was submitted by a senior WSF master noting problems with passenger counting. The corrective action response by the WSF Designated Person stated that the master should use deck personnel to assist the terminal personnel in the counting process. In November of 2013, a further response (reference (j)) to the same master noted that passenger counting "...is being done in certain cases but not all the time" and that "existing policy does not require a passenger counting for every voyage ... except the international route to Sidney, B.C." In a further modification to WSF's passenger counting process, reference (j) noted that "when passenger counting is deemed appropriate," WSF terminal employees will count all vehicles and multiply the passenger count by a safety factor of 2; the letter stated that WSF was working on a modification for early 2014 to the existing ticketing system that would enable counting of all vehicle occupants on any route and in any direction. The response concludes by noting that "...passenger counts for every voyage would be resource intensive and in most cases the counts would be well within the limits of the COI and policy."

However, more recent events demonstrated that WSF's current passenger counting system needs further development. The Seahawks Super Bowl victory parade on February 5, 2014 drew ridership numbers that quickly forced WSF to undertake extraordinary passenger counting methods notably more intensive than called for in WSF's existing policies. Even with the extraordinary measures, which WSF quickly implemented and were for the most part successful, passenger counts on several runs that day exceeded authorized SSMCP levels, and in at least one case, the COI level. WSF and USCG managers then met on February 18, 2014 to review the results of the Seahawks parade ferry ridership crowds; in part as a result of this meeting, WSF agreed to solicit industry information on passenger counting, to explore modifying ticketing systems to capture vehicle passengers, and to integrate "...new technologies into the lifecycle recapitalization of the current ticketing system in FY 2018 to FY 2020" (reference (k)). On March 31, 2014, senior WSF masters advised Sector Puget Sound that the passenger counts remained inaccurate and that WSF Safety Management System passenger counting protocols were not being followed; the masters provided similar concerns to WSF management on May 14, 2014 (reference (l)).

On July 29, 2014, the ferry TACOMA suffered a propulsion casualty while on the Seattle/Bainbridge run, taking the vessel off the run and requiring its replacement by a smaller

vessel, much as occurred in January 2007, as noted above. During the ensuing rush hour evening commute, WSF faced significant challenges in adhering to the SSMCP ridership and COI limits; confusion was evident on the WALLA WALLA, which carried only 600 passengers when 1200 were allowed. During the same week, there was suddenly increased passenger traffic due to other modes of transportation (passenger only ferries) being unavailable. On August 3, 2014, the ELWHA experienced smoke in the engine room after an electrical failure; the master instituted initial evacuation procedures and found that while the Friday Harbor terminal had reported 739 passengers to have boarded the vessel, there were actually 835 aboard. On August 15, 2014, the ferry CATHLAMET had to turn around and return to the Bremerton terminal, when it was reported that the ferry was overloaded by 482 passengers. Confusion was noted by the Bremerton terminal employees over how the Safety Management Program procedures should be applied.

WSF again revised its passenger counting procedures in preparation for an expected large Seahawks football crowd on August 22, 2014. That system was implemented, and monitored by Coast Guard inspectors. The Coast Guard inspectors noted the following shortcomings, after observing passenger loading at Bainbridge, Bremerton, and Seattle, and talking to WSF ticket sellers, lane directors, the terminal supervisor, and vessel masters:

- Many walk-on passengers were not counted.
- Bicyclists were estimated only.
- Children under six were not counted.
- One attendant did not count drivers.
- Ticket clickers actually failed mechanically to count accurately; one clicker jumped 100 numbers.
- Compared counts did not match.
- Cars with tinted windows prevented proper counting of vehicle passengers.
- There were different procedures at each terminal.
- Distractions (e.g., ambulance prioritization, drunk passenger, lost clothing search by a passenger, faulty electrical breaker on Bainbridge terminal, etc.) affected the ability of attendants to accurately count.
- SSMCP procedures on vessel passenger allowances were once again confusing to WSF personnel.
- The procedures were not yet included in the WSF SMS.

In response to the issues noted above, WSF further revised its passenger counting procedures on September 3, 2014 (reference (m)) in preparation for another Seahawks home football game on September 4, 2014. These new procedures re-set counting responsibilities for WSF personnel at Bremerton, Bainbridge and Seattle. Attending Coast Guard inspectors and anecdotal accounts provided to WSF and the Coast Guard from WSF masters operating that day at those terminals noted improvements in the passenger counting. However, the following concerns remain:

- The procedures for the three terminals continue to vary in format and presentation; they still have to be formatted for inclusion in the WSF SMS.
- Only the Colman Dock (Seattle) procedure addresses counting of infants.

- Counting of bicyclists is not addressed, only the holding of “late arriving bicycles” in the Bremerton terminal procedure.
- Vehicle passenger counting procedures are not clearly addressed and vary between the terminals.
- Final counts come from different levels at Colman Dock on different days: Final counts come from plank attendants to the master for normal loading events vice from the terminal supervisor on high loading events such as Seahawks game days, offering potential confusion to the vessel masters.
- The Bainbridge and Bremerton procedures note stopping passenger counts intermittently at 500 and 300 passengers respectively to assess passenger loads, the Colman Dock guidance does not require such a procedure.
- The procedures are dependent on additional staffing support.
- The Bremerton and Bainbridge procedures only address the high-load events, and none of the other WSF terminals apparently have revised procedures for passenger counting in either normal or high-load events.

A review of the recent WSF Operational Plan for the Seattle Seahawks NFC Championship Game (reference (n)), does not indicate that the above concerns have been resolved.

Closely related to concerns over accurate passenger counts is the need to improve passenger controls on vessels with decks segregated from passenger access due to manning reductions. Coast Guard quarterly exams have found that along with inaccurate or missing passenger counts, methods to cordon off passenger access to upper decks during periods of reduced manning remain deficient on several ferries. This hampers the effectiveness of the crew reduction alternatives based on reduced passenger access areas, routes, and “effective passenger counting procedures” required in references (g) – (i). Crew members relayed to the inspectors instances of passengers going around or over a rope across a stairwell, or finding individuals wandering in areas that were supposed to be cordoned off, but were not properly restricted. A strong solution to this issue must be accomplished to ensure that the reduced manning levels can be retained.

Recent discussions with WSF port captains indicate that WSF has continued to work to modify and improve its passenger counting procedures. However finalized procedures still pend submission to the Coast Guard to confirm that the preceding concerns have been addressed.