Decision Package Summary

State of Washington

Agency Budget Request Decision Package Summary

Agency: 405 Department of Transportation
Budget Period: 2015-17

Individual Decision Packages

Agency:	**405**	**Department of Transportation**
Decision Package Code/Title:	**5W**	**Fuel Costs**
Budget Period:	**2015-17**	
Budget Level:	**ML – Maintenance Level**	

Program X – Ferries Maintenance and Operations

Recommendation Summary

Washington State Ferries (WSF) is the largest consumer of biodiesel fuel in state government. The department requests additional appropriation authority to cover the projected 2015-17 prices from the June 2014 Five-percent Biodiesel (B5) Adjusted Forecast. In addition, a portion of the requested total authority will biennialize the fuel budgets for the two Olympic Class (144-car) vessels that were added to the fleet in the current biennium – increasing the partial-biennium authority to cover full 24-months of use.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
109-PSFOA-State	1,650,000	(199,000)	1,451,000	1,451,000	1,451,000
Total by Fund	**1,650,000**	**(199,000)**	**1,451,000**	**1,451,000**	**1,451,000**

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 June 2014 Fuel Price Forecast of $3.14 per gallon for the biennium, including all applicable taxes and fees. The most recent June 2014 forecast anticipates a higher per-gallon price, compared to the 2014 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, 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 June 2014 B5 Adjusted Forecast, the average fuel price is projected to be $3.14 per-gallon for the 2015-17 Biennium, up from the $3.13 per gallon price from the February 2014 forecast, which was used for the base fuel appropriation.

In addition, the department is authorized to execute fuel hedges. It is expected that the Office of Financial Management will use the November 2014, forecast to update the Governor's 2015-17 budget proposal, and the Legislature will use the March 2015, forecast to finalize the fuel-cost estimate for its 2015-17 budget.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
Approval of this request will allow WSF to continue to provide the legislatively approved level of ferry service.

Because the ferries are a marine highway, funding for this proposal supports 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 contributes to the department's ability to continue providing marine transportation in the Puget Sound area and to maintain the current level of ferry service.

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. Diesel fuel is essential to ferry service and ferry service is essential to the movement of people, and goods and services across Puget Sound – especially for ferry-dependent communities such as Vashon Island and the San Juan Islands. Full funding of fuel allows the ferry system to provide the legislatively approved level of ferry service for those who use ferries for transportation.

Identify important connections or impacts related to this proposal.
The traveling public as well as businesses that rely on the ferry system have an interest in maintaining current legislatively authorized levels of service.

What alternatives were explored, and why was this alternative chosen?
The only alternatives to requesting additional appropriation authority would be combinations of reductions in ferry service and reductions in non-labor budgets. This would most likely result in a significant reduction in ferry service to achieve the savings necessary to cover the increased price of fuel. The requested option was selected because the alternative of service reductions would run counter to legislative intent and the public's interest.

What are the consequences of adopting or not adopting this package?
Without additional appropriation authority, ferries' maintenance and operations budget would have to be reduced, which could result in delays for ferry vessel operations and/or ferry terminal maintenance. Without proper maintenance, there could be disruptions in ferry service due to vessels breaking down or terminals not being able to receive ferries for loading and unloading of passengers and vehicles. In addition, the department could have to reduce service hours, reduce ferry capacity, or significantly alter the existing ferry service schedule.

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

Determine which statutes, rules, or contracts might be impacted.
N/A

Expenditure Calculations and Assumptions
The forecast is based on the June 2014 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 June 2014 Official Forecast for biodiesel.

For base fuel assumed in the 2013-15 Fuel Budget (36,150,862 gallons):

2013-15 Fuel Budget – Adjusted B5 Forecast price (February 2014) at $3.13/gal:	$113.2 M
2015-17 Fuel Budget – Adjusted B5 Forecast price (June 2014) at $3.14/gal:	$113.6 M
Difference in Dollars	$ 0.5 M

For additional gallons required for the 1st and 2nd Olympic Class vessels' biennialization (316,542 gallons):

2015-17 Fuel Budget – Adjusted B5 Forecast price (June 2014) at $3.14/gal:	$1.0 M

Total Additional Dollars $ 1.5 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	1,650,000	(199,000)	1,451,000	1,451,000	1,451,000
Total by Object	**1,650,000**	**(199,000)**	**1,451,000**	**1,451,000**	**1,451,000**

Washington State Ferries Fuel Cost Estimates
Estimates Based on June 2014 Motor Fuel Price Forecast

(as of June 26, 2014)

	FY 2016	FY 2017	2015-2017 Biennium (Projected)
Fuel Appropriation: Chapter 222, 2014 Laws PV, Section 221 (4).			$113,157,000
Consumption Assumed in 2013-15 Budget	18,028,920	18,121,942	36,150,862
Added for 1st and 2nd Olympic class vessels biennialization	204,782	111,760	316,542
Total Gallons Required	**18,233,702**	**18,233,702**	**36,467,404**
Non-Hedged			
Total Gallons Not Hedged	18,233,702	18,233,702	36,467,404
Average price per gallon biodiesel (B5), including fees	*$3.20*	*$3.08*	*$3.14*
Cost of Non-Hedged Fuel , Including Fees (rounded to $ in 1,000s)	**$58,348,000**	**$56,160,000**	**$114,508,000**
Fuel Hedging Consultant Cost	$50,000	$50,000	$100,000
Total Cost of Fuel and Hedging Consultant	**$58,398,000**	**$56,210,000**	**$114,608,000**
Average Cost per Gallon Including Fees and Hedging Consultant	*$3.20*	*$3.08*	*$3.14*
Variance: Updated Cost Estimate versus Appropriation			**$1,451,000**

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.

Price Per-Gallon from Figure 19, Near-and Long-term Annual Fuel Price, Page 18 of June 2014 Transportation Revenue Forecast Summary (Volume I).

Agency: 405 Department of Transportation
Decision Package Title/Code: 8F Fuel Rate Adjustment
Budget Period: 2015-17
Budget Level: ML – Maintenance Level

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

Recommendation Summary

Various WSDOT programs use gas and diesel fuel for motor vehicles and equipment to maintain and operate the state highway system. The June 2014 Fuel Price Forecast projects higher fuel costs in the 2015-17 biennium. Additional appropriation authority for programs that use gas and diesel fuel, for $840,000, is requested to cover the associated increase in Transportation Equipment Fund (TEF) equipment rental rates. The department also requests an increase in the agency's non-appropriated TEF spending authority, for $2.6 million, for increased expenditures for fuel for the department and for fuel sold to other agencies.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
039-1 Aviation-State	1,000	1,000	2,000	2,000	2,000
09F-1 HOT Lanes	1,000	1,000	2,000	2,000	2,000
108-1 MVA-State	407,000	406,000	813,000	813,000	813,000
109-1 Puget Snd Ferry	10,000	10,000	20,000	20,000	20,000
218-1 Multimodal-State	1,000	2,000	3,000	3,000	3,000
Total Appropriated Fund	**420,000**	**420,000**	**840,000**	**840,000**	**840,000**
410-6 Non-appropriated	1,321,000	1,322,000	2,643,000	2,643,000	2,643,000
	FY 2014	**FY 2015**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

Detail by Fund and Program

Fund 039-1	FY 2016	FY 2017	2015-17	2017-19	2019-21
Pgm. F-Aviation	1,000	1,000	2,000	2,000	2,000

Fund 09F-1 HOT Lanes	FY 2016	FY 2017	2015-17	2017-19	2019-21
Pgm. B-Toll Oper&Maint.	1,000	1,000	2,000	2,000	2,000

Fund 108-1 MVA-State	FY 2016	FY 2017	2015-17	2017-19	2019-21
Pgm. C-Information Tech.	3,000	2,000	5,000	5,000	5,000
Pgm. D-Facilities Oper.	8,000	8,000	16,000	16,000	16,000
Pgm. H-Pgm. Delivery, Mgmt.	7,000	8,000	15,000	15,000	15,000
Pgm. M-Highway Maint.	356,000	357,000	713,000	713,000	713,000
Pgm. Q-Traffic Operations	26,000	26,000	52,000	52,000	52,000
Pgm. S-Transp. Mgmt.	1,000	-	1,000	1,000	1,000
Pgm. T-Transp.Planning,Data	4,000	4,000	8,000	8,000	8,000
Pgm. Z-Local Programs	2,000	1,000	3,000	3,000	3,000
Subtotal Fund 108-1	407,000	406,000	813,000	813,000	813,000

Fund 109-1 Puget Snd Ferry	FY 2016	FY 2017	2015-17	2017-19	2019-21
Pgm. X-Ferries-Operating	10,000	10,000	20,000	20,000	20,000

Fund 218-1 Multi-Modal	FY 2016	FY 2017	2015-17	2017-19	2019-21
Pgm. V-Public Transp.		1,000	1,000	1,000	1,000
Pgm. Y-Rail-Operating	1,000	1,000	2,000	2,000	2,000
Subtotal Fund 218-1	1,000	2,000	3,000	3,000	3,000

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 7.3 million gallons of fuel, with expected increases in the price per-gallon.

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 increase in 2015-17, to cover next biennium's higher per-gallon prices. The increase of $840,000 would adjust operating programs' appropriations to cover the TEF equipment rental-rate increases. The impact of increased TEF rental rates for the capital programs is assumed in project appropriations (Decision Package AA). This package also requests an increase in TEF non-appropriated spending authority of $2.6 million for increased expenditures for fuel for the department and for fuel sold to other agencies.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
Providing funding for increasing fuel costs supports the department's performance, especially in the area of state highway maintenance and operations.

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 is essential to the Results WSDOT Goal 1: Strategic investments. The primary beneficiary of the additional spending authority is the Highway Maintenance and Operations program. Priority outcomes within Goal 1 include effective management of assets on strategic corridors, as well as preservation and maintenance investments.

Does this decision package provide essential support to meet one or more of the Governor's Results Washington priorities? If so, please describe.
Yes. Funding for fuel supports the Governor's Results Washington priority, Goal 2: Prosperous economy, by supporting the maintenance and operations of the state highway system and contributing to a sustainable and efficient transportation infrastructure.

Identify important connections or impacts related to this proposal.
Vehicles and equipment used by the department are essential to meeting agency responsibilities. The desired outcome is to allow the department to provide necessary services such as snow and ice removal, highway maintenance, and other activities in order to operate and maintain the state transportation system.

What alternatives were explored, and why was this alternative chosen?
The department has instituted the following fuel conservation measures:

1) A "no idle" policy that requires vehicle operators to turn off engines prior to leaving vehicles;
2) Using energy-efficient light-emitting diode (LED) lighting on equipment when possible;
3) Teaching driving techniques that conserve fuel;
4) Keeping equipment operating at peak efficiency;
5) Purchasing new equipment and updating existing equipment with fuel-saving technology when possible.

TEF vehicles and equipment are essential to accomplishing the department's mission of operating and maintaining the state's highways. There are no cost-effective substitutes for the use of this equipment. As a result, there are minimal opportunities to economize on the use of fuel without reducing activities supported by the equipment. The alternative of requesting additional appropriation authority was chosen in order to maintain current levels of service.

What are the consequences of adopting or not adopting this package?
If adopted, TEF would not need to reduce expenditures needed for replacing worn-out equipment on schedule any further, and department programs would not have to reduce their services to cover higher rental rates due to fuel costs.

Currently, the TEF program has a $39 million equipment replacement backlog. Increasing this backlog would affect the capability of the department to perform its mission. Additionally, long-term costs are higher when equipment replacement and repair is deferred.

Determine which statutes, rules, or contracts might be impacted.
N/A

Expenditure Calculations and Assumptions
This request is based on the June 2014 fuel-price forecast of the Transportation Revenue Forecast Council. The calculations also take into account actual consumption and prices through May 2014, in addition to a forecast of fuel consumption for June 2014 forward, based on the prior two-year average for each forecasted month.

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

2015-17 Change in TEF Equipment Rental Due to Fuel from February 2014 Forecast for 2013-15 to June 2014 Forecast for 2015-17

		Funding Needed		
Pgm.	Description	Forecast change in equipment rental	Adjustment for capital programs absorbing change in fuel cost	Change in funding needed
B	Toll Oper.& Maint.	$2,000		$2,000
C	Info. Tech.	5,000		5,000
D	Facilities	16,000		16,000
F	Aviation	2,000		2,000
H	Pgm Delivery	15,000		15,000
I	Improvements	31,000	(31,000)	0
M	Highway Maint & Oper.	713,000		713,000
P	Preservation	250,000	(250,000)	0
Q	Traffic Operations	52,000		52,000
S	Trans. Mgmnt.	1,000		1,000
T	Planning, Data, Rsrch.	8,000		8,000
V	Public Transportation	1,000		1,000
W	Ferries Construction	4,000	(4,000)	0
X	Ferries Operations	20,000		20,000
Y	Rail Programs	2,000		2,000
Z	Local Programs	3,000		3,000
	Subtotal WSDOT:	**$1,125,000**	($285,000)	$840,000
	Other Agencies	1,518,000		
	Total Program E:	**$2,643,000**		

The following table shows the assumptions for average prices, consumption by gallons and type of fuel, and the budget for 2013-15, compared to the fuel price forecast for 2015-17.

Transportation Equipment Fund (TEF) 2015-17 Estimated Expenditures for Fuel

Current 2013-15 Budget Based on February 2014 Forecast

	WSDOT			Other Agencies			Total Program E		
	FY 2014	FY 2015	Biennium	FY 2014	FY 2015	Biennium	FY 2014	FY 2015	Biennium
Gasoline									
Gallons	1,276,360	1,287,061	2,563,421	3,092,219	3,072,395	6,164,614	4,368,579	4,359,456	8,728,035
Price Per-Gallon	$3.3423	$3.3441	$3.3432	$3.2811	$3.3436	$3.3123	$3.3423	$3.3441	$3.3214
Total Unleaded	$4,266,000	$4,304,000	$8,570,000	$10,146,000	$10,273,000	$20,419,000	$14,412,000	$14,577,000	$28,989,000
Diesel									
Gallons	2,230,054	2,267,152	4,497,206	337,932	354,066	691,998	2,567,986	2,621,218	5,189,204
Price Per-Gallon	$3.8887	$3.9406	$3.9149	$3.8972	$3.9399	$3.9191	$3.8887	$3.9406	$3.9154
Total Straight Diesel	$8,672,000	$8,934,000	$17,606,000	$1,317,000	$1,395,000	$2,712,000	$9,989,000	$10,329,000	$20,318,000
Total Gas & Diesel									
Gallons	3,506,414	3,554,213	7,060,627	3,430,152	3,426,461	6,856,613	6,936,565	6,980,674	13,917,239
Dollars	$12,938,000	$13,238,000	$26,176,000	$11,463,000	$11,668,000	$23,131,000	$24,401,000	$24,906,000	$49,307,000

Forecast 2015-17 Budget Based on June 2014 Fuel Forecast

	WSDOT			Other Agencies			Total Program E		
	FY 2016	FY 2017	Biennium	FY 2016	FY 2017	Biennium	FY 2016	FY 2017	Biennium
Gasoline									
Gallons	1,282,451	1,285,004	2,567,455	3,094,701	3,087,683	6,182,384	4,377,152	4,372,687	8,749,839
Price Per-Gallon	$3.6259	$3.5050	$3.5654	$3.6256	$3.5049	$3.5653	$3.6259	$3.5050	$3.5653
Total Unleaded	$4,650,000	$4,504,000	$9,154,000	$11,220,000	$10,822,000	$22,042,000	$15,870,000	$15,326,000	$31,196,000
Diesel									
Gallons	2,357,206	2,348,383	4,705,589	335,139	340,985	676,124	2,692,345	2,689,368	5,381,713
Price Per-Gallon	$3.9118	$3.8009	$3.8565	$3.9118	$3.8008	$3.8558	$3.9118	$3.8009	$3.8564
Total Diesel	$9,221,000	$8,926,000	$18,147,000	$1,311,000	$1,296,000	$2,607,000	$10,532,000	$10,222,000	$20,754,000
Total Gas & Diesel									
Gallons	3,639,657	3,633,387	7,273,044	3,429,840	3,428,668	6,858,508	7,069,497	7,062,055	14,131,552
Dollars	$13,871,000	$13,430,000	$27,301,000	$12,531,000	$12,118,000	$24,649,000	$26,402,000	$25,548,000	$51,950,000

Change From 2013-15 Budget to June 2014 Fuel Forecast for 2015-17

	WSDOT			Other Agencies			Total Program E		
	FY 2016	FY 2017	Biennium	FY 2016	FY 2017	Biennium	FY 2016	FY 2017	Biennium
Gasoline									
Gallons	6,091	(2,057)	4,034	2,482	15,288	17,770	8,573	13,231	21,804
Price Per-Gallon	$0.2836	$0.1610	$0.2222	$0.3444	$0.1612	$0.2530	$0.2836	$0.1610	$0.2440
Total Unleaded	$384,000	$200,000	$584,000	$1,074,000	$549,000	$1,623,000	$1,458,000	$749,000	$2,207,000
Diesel									
Gallons	127,152	81,231	208,383	(2,793)	(13,081)	(15,874)	124,359	68,150	192,509
Price Per-Gallon	$0.0231	($0.1397)	($0.0584)	$0.0146	($0.1392)	($0.0633)	$0.0231	($0.1397)	($0.0590)
Total Diesel	$549,000	($8,000)	$541,000	($6,000)	($99,000)	($105,000)	$543,000	($107,000)	$436,000
Total Gas & Diesel									
Gallons	133,243	79,174	212,417	(312)	2,207	1,895	132,932	81,381	214,313
Dollars	$933,000	$192,000	$1,125,000	$1,068,000	$450,000	$1,518,000	$2,001,000	$642,000	$2,643,000

Delineate which costs or savings 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 - Program E, Non-appropriated Funds					
Object of Expenditure	**FY 2016**	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
E - Goods and Services	562,000	563,000	1,125,000	1,125,000	1,125,000
F - Cost of Goods Sold	759,000	759,000	1,518,000	1,518,000	1,518,000
Total by Object	**1,321,000**	**1,322,000**	**2,643,000**	**2,643,000**	**2,643,000**

Object of Expenditure Detail - Department Programs, Appropriated Funds					
Object of Expenditure	**FY 2016**	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
E - Goods and Services	420,000	420,000	840,000	840,000	840,000
Total by Object	**420,000**	**420,000**	**840,000**	**840,000**	**840,000**

Agency:	**405 Department of Transportation**
Decision Package Code/Title:	**AA – Capital Projects**
Budget Period:	**2015-17**
Budget Level:	**ML**

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

Recommendation Summary

Funding is provided for projects that are detailed in the Transportation Executive Information System (TEIS). In total the capital programs request for 2015-17 is a $1.8 billion reduction from the 2013-15 budget. This reduction was expected, as the department is moving closer to the completion of the projects that were supported by the 2003 and 2005 revenue packages.

Agency Total

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
02M-1 Ess. Rail Assist. Acct Sta	410,000	410,000	820,000	677,000	550,000
094-1 Trans Infra. Acct State	2,518,000	2,519,000	5,037,000	5,000,000	5,000,000
096-1 Highway Infra. Acct Stat	391,000	391,000	782,000	782,000	782,000
096-2 Highway Infra. Acct Fed	101,000	101,000	202,000	1,602,000	1,602,000
099-1 Puget Sound CC State	11,271,000	11,272,000	22,543,000	117,280,000	62,011,000
099-2 Puget Sound CC Fed	56,216,000	56,216,000	112,432,000	123,251,000	94,287,000
099-7 Puget Sound CC Private/	5,165,000	5,166,000	10,331,000	1,633,000	100,000
099-T Puget Sound CC Bond	10,800,000	10,800,000	21,600,000	-	-
09H-1 TPA State	66,896,000	66,895,000	133,791,000	27,898,000	8,532,000
09H-T TPA Bond	460,000,000	460,000,000	920,000,000	278,000,000	175,600,000
106-1 Highway Safety Acct Sta	9,766,000	9,766,000	19,532,000	16,750,000	16,750,000
108-1 MVA State	62,535,000	62,529,000	125,064,000	96,287,000	134,243,000
108-2 MVA Federal	311,123,000	311,121,000	622,244,000	318,627,000	423,125,000
108-7 MVA Private/Local	88,533,000	88,532,000	177,065,000	14,633,000	14,264,000
108-T MVA Bond	2,500,000	2,500,000	5,000,000	5,000,000	5,000,000
11E-1 FMM Acct State	-		-		
11E-7 FMM Acct Private/Local	-		-		
16J-1 SR 520 Acct State	13,006,000	13,007,000	26,013,000	791,000	2,167,000
16J-2 SR 520 Acct-Federal	52,400,000	52,401,000	104,801,000	-	-
16J-T SR 520 Acct Bond	171,905,000	171,905,000	343,810,000	-	-
17P-1 SR 520 Civil Pen Acct	11,500,000	11,500,000	23,000,000	10,000,000	10,000,000
218-1 Multimodal Acct State	24,233,000	24,233,000	48,466,000	19,680,000	22,750,000
218-2 Multimodal Acct Federa	63,000	64,000	127,000	-	-
218-8 Multimodal Acct Fed Sti	182,843,000	182,843,000	365,686,000	-	-
511-1 TNB Acct	2,648,000	2,648,000	5,296,000	8,882,000	14,322,000
550-1 2003 (Nickel A) State	46,424,000	46,423,000	92,847,000	7,510,000	1,737,000
550-T 2003 (Nickel A) Bond	102,500,000	102,500,000	205,000,000	55,000,000	56,000,000
535-T AWV Toll Acct Bond	25,055,000	25,055,000	50,110,000	109,590,000	40,300,000
Total by Fund	**1,720,802,000**	**1,720,797,000**	**3,441,599,000**	**1,218,873,000**	**1,089,122,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**2,172.8**	**2,172.8**	**2,172.8**	**2,172.8**	**2,172.8**

Program: D0C Plant Construction

Recommendation Summary

Funding is provided for administrative support, Olympic Region site acquisition debt service payments, and preservation and improvement minor works projects. Projects are detailed in the TEIS List.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
09H-1 TPA State	106,000	105,000	211,000	-	-
108-1 MVA State	2,965,000	2,965,000	5,930,000	6,121,000	6,315,000
Total by Fund	**3,071,000**	**3,070,000**	**6,141,000**	**6,121,000**	**6,315,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**7.5**	**7.5**	**7.5**	**7.5**	**7.5**

Program: I0C Improvements

Recommendation Summary

Funding is provided for projects that increase highway capacity to move more vehicles, reduce congestion, correct highway safety deficiencies, improve the movement of freight goods, and reduce the impact of highway construction projects on the environment. Projects are detailed in the TEIS List.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
09H-1 TPA State	59,575,000	59,575,000	119,150,000	27,701,000	6,613,000
09H-T TPA Bond	460,000,000	460,000,000	920,000,000	278,000,000	175,600,000
108-1 MVA State	26,536,000	26,532,000	53,068,000	36,616,000	46,970,000
108-2 MVA Federal	138,572,000	138,571,000	277,143,000	149,402,000	162,430,000
108-7 MVA Private/Local	84,381,000	84,380,000	168,761,000	10,316,000	10,064,000
16J-1 SR 520 Acct State	12,145,000	12,145,000	24,290,000	322,000	-
16J-2 SR 520 Acct-Federal	52,400,000	52,401,000	104,801,000	-	-
16J-T SR 520 Acct Bond	171,905,000	171,905,000	343,810,000	-	-
17P-1 SR 520 Civil Pen Acct	11,500,000	11,500,000	23,000,000	10,000,000	10,000,000
218-1 Multimodal Acct State	10,545,000	10,545,000	21,090,000	752,000	-
511-1 TNB Acct State	-	-	-	5,791,000	11,519,000
550-1 2003 Nickel A State	3,200,000	3,199,000	6,399,000	54,000	926,000
550-T 2003 Nickel A Bond	80,000,000	80,000,000	160,000,000	10,000,000	19,000,000
535-T AWV Toll Acct Bond	25,055,000	25,055,000	50,110,000	109,590,000	40,300,000
Total by Fund	**1,135,814,000**	**1,135,808,000**	**2,271,622,000**	**638,544,000**	**483,422,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**1,205.0**	**1,205.0**	**1,205.0**	**1,205.0**	**1,205.0**

Program: P0C Preservation

Recommendation Summary

Funding is provided for projects that maintain the structural integrity of the existing highway system, including preservation or rehabilitation of roadway pavements, safety features, bridges, and other structures and facilities. Projects are detailed in the TEIS List.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
09H-1 TPA State	6,029,000	6,028,000	12,057,000	198,000	539,000
106-1 Highway Safety Account	5,000,000	5,000,000	10,000,000	10,000,000	10,000,000
108-1 MVA State	30,085,000	30,083,000	60,168,000	47,950,000	75,358,000
108-2 MVA Federal	161,755,000	161,753,000	323,508,000	165,025,000	256,496,000
108-7 MVA Private/Local	4,052,000	4,052,000	8,104,000	4,117,000	4,000,000
108-T MVA Bond	2,500,000	2,500,000	5,000,000	5,000,000	5,000,000
16J-1 SR 520 Acct State	861,000	862,000	1,723,000	791,000	2,167,000
511-1 TNB Acct	2,648,000	2,648,000	5,296,000	3,091,000	2,803,000
550-1 2003 Nickel A State	10,229,000	10,229,000	20,458,000	52,456,000	37,811,000
550-T 2003 Nickel A Bond	10,000,000	10,000,000	20,000,000	-	-
Total by Fund	**233,159,000**	**233,155,000**	**466,314,000**	**288,628,000**	**394,174,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**795.0**	**795.0**	**795.0**	**795.0**	**795.0**

Program: Q0C Traffic Operations – Capital

Recommendation Summary

Funding is provided for Intelligent Transportation System (ITS) projects that improve commercial vehicle operations, traveler information, and safety and congestion relief by applying advanced technology to transportation. Projects are detailed in the TEIS List.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
108-1 MVA State	2,949,000	2,949,000	5,898,000	5,600,000	5,600,000
108-2 MVA Federal	3,065,000	3,066,000	6,131,000	4,200,000	4,200,000
108-7 MVA Private/Local	100,000	100,000	200,000	200,000	200,000
Total by Fund	**6,114,000**	**6,115,000**	**12,229,000**	**10,000,000**	**10,000,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**10.3**	**10.3**	**10.3**	**10.3**	**10.3**

Program: W0C Ferries – Capital

Recommendation Summary

Funding is provided for projects that preserve and improve existing ferry terminals and vessels and for the acquisition of a new vessel. Highlights of the request are the start of construction to replace the north trestle, terminal building, slip 3 overhead loading structure and passenger-only ferry facility at the Seattle Terminal; continuation of construction to relocate the Mukilteo Terminal; and completion of construction of a third 144-car ferry. There are seven preservation projects over $5 million for the Anacortes, Southworth and Vashon Terminals and the MVs Hyak, Kaleetan, Sealth and Spokane. Projects are detailed in the TEIS List.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
099-1 Puget Sound CC State	11,271,000	11,272,000	22,543,000	117,280,000	62,011,000
099-2 Puget Sound CC Federal	56,216,000	56,216,000	112,432,000	123,251,000	94,287,000
099-7 Puget Sound CC Private/	5,165,000	5,166,000	10,331,000	1,633,000	100,000
099-T Puget Sound CC Bond	10,800,000	10,800,000	21,600,000	-	-
09H-1 TPA State	-	-	-	-	1,379,000
218-1 Multimodal Acct State	1,890,000	1,889,000	3,779,000	-	-
550-1 2003 Nickel A State	32,995,000	32,995,000	65,990,000	-	-
550-T 2003 Nickel A Bond	12,500,000	12,500,000	25,000,000	-	-
Total by Fund	**130,837,000**	**130,838,000**	**261,675,000**	**242,164,000**	**157,777,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**126.0**	**126.0**	**126.0**	**126.0**	**126.0**

Program: Y0C Rail – Capital

Recommendation Summary

Funding is provided for capital improvements to support intercity passenger rail service, including American Recovery and Reinvestment Act grants to further improve Amtrak Cascades service; emergent freight rail assistance to improve the movement of goods throughout the state; and low interest loans for improvements to publicly-owned rail infrastructure. Projects are detailed in the TEIS List.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
02M-1 Ess. Rail Assist. Acct Sta	410,000	410,000	820,000	677,000	550,000
094-1 Trans Infras Acct State	2,518,000	2,519,000	5,037,000	5,000,000	5,000,000
218-1 Multimodal Acct State	4,627,000	4,627,000	9,254,000	10,928,000	14,750,000
218-2 Multimodal Acct Federa	63,000	64,000	127,000	-	-
218-8 Multimodal Acct Fed Sti	182,843,000	182,843,000	365,686,000	-	-
Total by Fund	**190,461,000**	**190,463,000**	**380,924,000**	**16,605,000**	**20,300,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**29.0**	**29.0**	**29.0**	**29.0**	**29.0**

Program: Z0C Local Programs – Capital

Recommendation Summary

Funding is provided for various local priority projects throughout the state. Funding is also included for the Pedestrian/Bicycle Safety and Safe Route to Schools grant programs. Projects are detailed in the TEIS List.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
096-1 Highway Infra. Acct Stat	391,000	391,000	782,000	782,000	782,000
096-2 Highway Infra. Acct Fed	101,000	101,000	202,000	1,602,000	1,602,000
09H-1 TPA State	1,186,000	1,187,000	2,373,000	-	-
106-1 Highway Safety Acct Sta	4,766,000	4,766,000	9,532,000	6,750,000	6,750,000
108-2 MVA Federal	7,731,000	7,731,000	15,462,000	-	-
218-1 Multimodal Acct State	7,171,000	7,172,000	14,343,000	8,000,000	8,000,000
Total by Fund	**21,346,000**	**21,348,000**	**42,694,000**	**17,134,000**	**17,134,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**-**	**-**	**-**	**-**	**-**

Package Description

WSDOT is requesting funding for capital projects detailed in the Transportation Executive Information System for the 2015-17 Biennium. 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 and enhancing safety and improving 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.

The projects funded in this package support the Results WSDOT goals for strategic investments, modal integration, and environmental stewardship.

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

Completion of these projects furthers the Governor's priority to have a sustainable, efficient infrastructure, which meets tomorrow's needs.

Identify important connections or impacts related to this proposal.

N/A

What alternatives were explored, and why was this alternative chosen?
In the case of limited funding, the choices could include delays in project delivery and/or changes to the project list in total.

What are the consequences of not adopting or not adopting this package?
If funding is not provided, the construction of capital projects will be stopped, impacting the state's economy and preventing the state's citizens from enjoying the benefits of the projects.

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

Determine which statutes, rules, or contracts might be impacted.
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?
As a capital request, there are costs associated with delivering projects and programs that extend into future biennia. However, capital projects have historically been treated as one-time expenditures in the budget processes that establish the carry forward funding for the ensuing biennium. Funding for projects is then added back to the budget as a maintenance-level adjustment. This decision package assumes the practice of treating capital projects as one-time expenditures.

The future costs of projects are reflected in the department's financial plan. These costs are identified by the project teams. At the program level, the department has assumed a "current law" approach in developing its budget request. This means that out-year expenditures for certain accounts may not be financially constrained over a six or ten-year period.

Agency:	**405**	**Department of Transportation**
Decision Package Code/Title:	**BA**	**Toll Facility and System Maintenance**
Budget Period:	**2015-17**	
Budget Level:	**ML – Maintenance Level**	

Program(s) B – Toll Operations and Maintenance

Recommendation Summary

The department estimates that it will collect approximately $310 million in toll revenue during the 2015–17 Biennium. Timely response to customer issues, accurate financial accounting and reporting, and properly maintaining the toll facility structures and toll equipment are critical to guaranteeing uninterrupted revenue collections and providing a safe roadway to customers. Funding is requested for increased costs to operate and maintain roadside toll collection systems and to reflect the transfer of roadway and structure maintenance costs from other programs into the Toll Program.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
511-1 TNB Bridge Accnt-State	764,000	(85,000)	679,000	2,906,000	2,795,000
09F-1 SR 167 HOT Lanes Accnt-State	280,000	373,000	653,000	448,000	537,000
16J-1 SR 520 Bridge Accnt-State	2,920,000	3,380,000	6,300,000	11,175,000	13,513,000
Total by Fund	**3,964,000**	**3,668,000**	**7,632,000**	**14,529,000**	**16,845,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**19.9**	**27.0**	**23.5**	**35.1**	**35.9**

Package Description

This request is for increases in roadway and structure maintenance costs, roadside toll collection system (RTS) maintenance costs, and each facility's proportionate share of increased operating costs. These cost increases are detailed out by each of the three impacted facilities—the Tacoma Narrows Bridge (TNB), State Route (SR) 167 High Occupancy Toll (HOT) Lanes and SR 520 Bridge. Additionally, updated projections for program expenditures are showing some of the specific budget appropriation categories and provisos will be underspent in the 2015-17 biennium. The department is proposing to shift the projected underspend to other provisos/appropriation categories and thus reduce the total amount of new funding requested. The detail of the funding shift is provided below and the budgetary impact of the shift is included in this package. Immediately following the tables is a facility-specific description of the significant items included in the package. Positive numbers in the "2015-17 Need" column indicated a projected overspend for the upcoming biennium while negative numbers indicate an expected underspend.

TNB				
Proviso	FY 2013-15 Allotments	FY 2015-17 Carry Forward	FY 2015-17 Proposed	2015-17 Need
Non-Vendor	$ 10,341,000	$ 10,382,000	$ 10,691,000	$ 309,000
Vendor	$ 11,265,000	$ 11,265,000	$ 10,680,000	$ (585,000)
Facility/RTS O&M	$ -	$ -	$ 1,235,000	$ 1,235,000
CSC Procurement	$ 1,062,000	$ 280,000	$ -	$ (280,000)
	$ 22,668,000	$ 21,927,000	$ 22,606,000	$ 679,000
SR 167 HOT Lanes				
Proviso	FY 2013-15 Allotments	FY 2015-17 Carry Forward	FY 2015-17 Proposed	2015-17 Need
Non-Vendor	$ 1,218,000	$ 1,221,000	$ 796,000	$ (425,000)
Vendor	$ 625,000	$ 625,000	$ 438,000	$ (187,000)
Facility/RTS O&M	$ -	$ -	$ 1,291,000	$ 1,291,000
CSC Procurement	$ 99,000	$ 26,000	$ -	$ (26,000)
	$ 1,942,000	$ 1,872,000	$ 2,525,000	$ 653,000
SR 520 Bridge				
Proviso	FY 2013-15 Allotments	FY 2015-17 Carry Forward	FY 2015-17 Proposed	2015-17 Need
Non-Vendor	$ 16,534,000	$ 16,602,000	$ 17,556,000	$ 954,000
Vendor	$ 9,730,000	$ 9,730,000	$ 9,656,000	$ (74,000)
Facility/RTS O&M	$ -	$ -	$ 5,946,000	$ 5,946,000
CSC Procurement	$ 2,003,000	$ 526,000	$ -	$ (526,000)
	$ 28,267,000	$ 26,858,000	$ 33,158,000	$ 6,300,000

Facility Maintenance Costs

Tacoma Narrows Bridge

Facility maintenance costs for TNB are transitioning to the Toll Program were previously funded through other programs or covered by vendor and builder warranties. Transitioning these costs to the Toll Program is intended to provide greater clarity and reduce administrative processes by reflecting the costs associated with maintaining the toll facilities and RTS in the Toll Program and the costs will be paid using toll revenue.

Historically, the TNB Operations and Maintenance (O&M) budgets included some funding for routine and preventative maintenance of the new bridge and roadway. Routine and preventative maintenance activities include regular inspections, painting, deck drainage cleaning, traffic signage maintenance, and debris removal. Funding for these activities has been based on the historical costs of maintaining the old bridge. For the 2015-17 Biennium and

beyond, Olympic Region Maintenance has identified several additional maintenance activities that require funding, including staff support for routine inspections, bearing replacements, bridge flushing, cable band/bolt inspections, and sound wall repair.

This request also includes increased funding for support of the facility's portion the operating shared costs. The increased costs are primarily driven by credit card fees, printing and postage for pay-by-mail, and costs related to identifying registered vehicle owners. These increases are offset by cost reductions related to consulting support, transponder costs, and projected reductions in CSC vendor costs.

State Route 520 Bridge

For SR 520 Bridge, costs associated with bridge and roadway maintenance for 2015-17 are expected to be partially funded through the Toll Program. Previously, these costs were paid through capital funds (Program I). Examples of maintenance activities include snow plowing, roadway sweeping, catch basin vactoring, painting, and maintaining the electronics throughout the corridor (such as ramp meters and the variable message signs).

Additionally, this request funds increased costs related to operating and maintaining the toll collection systems on SR 520 Bridge. These costs include increased contract expenditures for the toll collection system vendor to maintain additional tolling points on the new bridge configuration, as well as increased support from Northwest Region for signage maintenance and roadway monitoring.

As with TNB, this request funds increased costs for SR 520 Bridge's portion of shared costs related to customer service, financial accounting, and customer outreach. Cost increases are primarily related to bridge insurance, credit card fees, printing and postage for pay-by-mail, and identification of registered vehicle owners.

State Route 167 High Occupancy Toll Lanes

SR 167 HOT Lanes will have increased costs for roadway operations related to extending the SR 167 HOT Lanes seven miles south. Cost increases are related to additional toll system vendor support, traffic management center support, incident response, and support for the roadside toll collection equipment. SR 167 HOT Lanes will also have increased shared costs related to customer service, financial accounting, and customer outreach. SR 167 toll collection system support is estimated by the Toll Program and provided by NWR maintenance office through a service level agreement.

Toll Program Shared Costs

The Toll Program utilizes a workload-driven shared cost model to allocate non-facility operating costs across the toll facilities. As the number of facilities increases the costs can be allocated across a larger number of facilities thus reducing each facility's portion of the total. Additional operating costs are variable and will increase as the number of facilities increases. The addition of toll lanes on a portion of interstate 405 (I-405) will impact these shared costs. The department has submitted a separate decision package requesting funding for tolling on I-405;

however, the impact of I-405 tolling on the shared costs are not included here and will be submitted in a future budget decision package when the department has a better understanding of I-405 operational costs.

The department is proposing to shift funding from vendor toll operations costs to non-vendor operations costs. This is due in part to the department's focus on transitioning program operations work from the general toll consultant to program staff. This shift totals 4.0 FTE and $363,000 in salary costs during the 2015-17 biennium.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
Funding for roadway and structure maintenance will allow WSDOT to continue to provide a safe travel environment for TNB and SR 520 Bridge. In addition, these asset management techniques will allow WSDOT to optimize the useful life of the bridges and roadway. The expected impact on clients, services provided, citizens, and other agencies will be positive as long as the necessary costs do not adversely affect planned toll rate increases in the future.

Funding to maintain the RTS is critical to ensure the uninterrupted collection of tolls. Specifically, the goal of upgrading photo-tolling equipment is to improve the image capture rate and image confidence rates, which will lead to increased revenue collection, and less revenue leakage related to unreadable license plates.

Performance Measure Detail
Funding routine maintenance and planned system refurbishments to photo-tolling equipment will allow WSDOT to continue to increase revenue collection percentages.

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 facility and toll collection system maintenance for the TNB, SR 520 Bridge, and 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 through reduced congestion and more predictable driving conditions.
- **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 maintain better air quality, fuel economy, and reduced carbon consumption/emissions.

- **Goal 6 Smart Technology**. 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.

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 Governor's Results Washington priorities, Goal 1: Prosperous economy and Goal 2: Sustainable energy and a clean environment. This request will fund toll facility and toll collection system maintenance for the TNB, SR 520 Bridge, and 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 reduced maintenance activities for the bridges, such as deferring washing schedules; however, such action would hasten the need for replacement and rehabilitation work.

What are the consequences of adopting or not adopting this package?
Not adopting this package will result in deteriorating toll facility and toll collection system equipment conditions. Appropriate bridge maintenance activities, performed at the proper time, are cost effective. Studies have also shown that it costs less to maintain bridges in good condition than to maintain them in a poor condition. Therefore, preventive maintenance is cost effective and deferring maintenance results in increased costs over the life of the structure. In addition, maintaining the bridge in good condition will reduce the number of unplanned traffic interruptions, which is critical when road users are paying tolls. If the RTS is not properly

maintained, WSDOT will risk interruptions in toll collection and reduced customer service levels related to billing timeliness and accuracy.

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

Determine which statutes, rules, or contracts might be impacted.
N/A

Expenditure calculations and assumptions.
Objects A and B
This request funds the WSDOT staff that provide roadway and structure maintenance and roadside toll collection system maintenance. The majority of the FTEs and associated costs requested are for Maintenance Program regional staff. These employees will continue to be assigned to the Maintenance program, but will charge their time to the Toll Program. Costs estimates for the TNB are provided by the Olympic Region maintenance office and by the Northwest Region (NWR) office for SR 520 Bridge. The regional offices provide a total cost and FTE count. These FTEs and related costs are roadway specific and provide support only for TNB and SR 520 Bridge. SR 167 toll collection system support is estimated by the Toll Program and provided by NWR maintenance office through a service level agreement. In total, the maintenance activity related FTE impact of this package totals 20.4 FTE in the 2015-17 biennium and over $2.0 million in salary expenses.

Object C
The department assumes that state employees will develop the expertise and experience that has previously been provided by general toll consultants. This request reflects a future reduction in consultant use as this work transfers to department employees.

Object E
This request funds increased costs for credit card fees, printing and postage, bridge insurance, registered vehicle owner identification costs, and other operational costs. The budget needs for each facility are based on prior experience and the facility-specific portion of shared costs.

Maintenance costs related to supplies, equipment and other vendor support are estimated and based on information provided by the regional maintenance office respective to the specific toll facility. For all facilities, the RTS maintenance support consists of both RTS vendor support and WSDOT support.

Tacoma Narrows Bridge
Toll collection system maintenance costs are based on the current Transcore contract, which has been extended through June 2018. WSDOT support for RTS maintenance consists of management oversight, provision of spare parts, and support for road closures as needed.

State Route 520 Bridge

Object E costs for roadway and structure maintenance include inspections, bridge and drain cleaning, and managing the electronic systems throughout the corridor. Object E costs for RTS include routine maintenance provided by the system vendor, Telvent, and toll collection system infrastructure maintenance support provided by Northwest Region maintenance staff. The costs related to these activities are typically detailed in the annual SR 520 Program Finance Plan Update O&M and R&R memorandum. Due to timing differences, this decision package was prepared prior to the finalization of the cost driver memos. It is possible this request will need to be updated once the memos have been finalized.

State Route 167 High Occupancy Toll Lanes

Object E costs include toll collection system vendor support costs, costs related to NWR Traffic Management Center (TMC) support for monitoring the roadway, and NWR signal support of toll collection system and dynamic message sign maintenance.

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

Costs related to roadway and structure maintenance and roadside toll collection system maintenance are ongoing, however, the amount of work (and the associated FTEs) will vary annually. The department reviews its maintenance plans on an annual basis to test the necessity of planned activities as well as to identify cost savings.

FTE counts and associated costs fluctuate in the out biennia based on changes to maintenance needs as well as year-over-year changes in TNB, SR 520 Bridge and SR 167 HOT Lanes' portion of common costs such as FTE expenses based on each facility's share of system-wide toll transactions.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	**FY 2016**	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
A - Salaries and Wages	1,059,000	1,353,000	2,412,000	3,447,000	3,208,000
B - Benefits	287,000	450,000	737,000	1,048,000	977,000
C - Personal Service Contracts	167,000	(411,000)	(244,000)	(1,098,000)	(1,354,000)
E - Goods and Services	2,451,000	2,276,000	4,727,000	11,132,000	14,014,000
Total by Object	**3,964,000**	**3,668,000**	**7,632,000**	**14,529,000**	**16,845,000**

Salary and FTE Detail						
	FTEs			Dollars		
List Positions by Classification	FY 2016	FY 2017	Biennial Average	FY 2016	FY 2017	Total
Transportation Tech 3	(0.3)	(0.3)	(0.3)	(16,600)	(16,600)	(33,199)
Transportation Systems Tech D	(0.4)	(0.4)	(0.4)	(9,156)	(9,156)	(18,312)
Maintenance Lead Tech	0.5	1.0	0.8	26,574	53,148	79,722
Maintenance Tech 3	0.5	1.0	0.8	22,914	45,828	68,742
Maintenance Tech 2, Bridge	4.4	8.3	6.4	183,135	344,516	527,652
Maintenance Tech 2, Bridge	2.0	4.0	3.0	91,656	183,312	274,968
Transportation Systems Tech C	1.7	3.2	2.5	112,914	212,544	325,458
IT Spec 4	0.1	0.2	0.2	7,865	15,729	23,594
Maintenance Mechanic 4	0.4	0.8	0.6	22,037	45,220	67,257
Maintenance Lead Tech, Bridge	0.5	0.5	0.5	26,574	26,574	53,148
Maintenance Spec 5, Bridge	0.5	0.5	0.5	36,630	36,630	73,260
Maintenance Spec, Suspen Bridge	6.0	6.0	6.0	303,408	303,408	606,816
Total	15.9	24.8	20.4	808,000	1,241,000	2,049,000

Salary and FTE Detail						
	FTEs			Dollars		
List Positions by Classification	FY 2016	FY 2017	Biennial Average	FY 2016	FY 2017	Total
Various FTEs--Toll Operations	4.0	2.2	3.1	251,000	112,000	363,000
Total	4.0	2.2	3.1	251,000	112,000	363,000

Out Biennia				
	FTEs		Dollars	
List Positions by Classification	**2017-19**	**2019-21**	**2017-19**	**2019-21**
Transportation Tech 3	1.2	(0.3)	138,521	(33,199)
Transportation Systems Tech D	0.6	(0.4)	121,200	(17,312)
Maintenance Lead Tech	1.0	1.0	106,296	106,296
Maintenance Tech 3	1.0	1.0	91,656	91,656
Maintenance Tech 2, Bridge	8.3	8.3	689,033	689,033
Maintenance Tech 2, Bridge	4.0	4.0	366,624	366,624
Transportation Systems Tech C	3.2	3.2	425,088	425,088
IT Spec 4	0.2	0.2	31,458	31,458
Maintenance Mechanic 4	0.8	0.8	90,439	90,439
Maintenance Lead Tech, Bridge	0.5	0.5	53,148	53,148
Miantenance Spec 5, Bridge	0.5	0.5	73,260	73,260
Miantenance Spec, Suspen Bridge	6.0	6.0	606,816	606,816
Total	27.3	24.8	2,794,000	2,483,000

Out Biennia				
	FTEs		Dollars	
List Positions by Classification	**2017-19**	**2019-21**	**2017-19**	**2019-21**
Various FTEs--Toll Operations	7.8	11.1	653,000	725,000
Total	7.8	11.1	653,000	725,000

Agency: 405 Department of Transportation
Decision Package Code/Title: BB Toll Adjudication Cost Increases
Budget Period: 2015-17
Budget Level: ML – Maintenance Level

Program(s) B – Toll Operations and Maintenance

Recommendation Summary

In 2010, the Legislature passed Chapter 249, Laws of 2010 (ESSB 6499) which created an adjudication program for toll enforcement. Since inception of the program, WSDOT has collected $16.7 million in previously unpaid tolls and fees. During that same time, the program's expenses have totaled approximately $6.4 million. Changes to the program have resulted in an increase in the number of customers who request administrative hearings. Funding is requested to manage forecasted growth in the adjudication program for the Tacoma Narrows Bridge (TNB) and the State Route (SR) 520 Bridge. The department estimates expenses for the adjudication program will increase by $2.8 million in the 2015-17 Biennium.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
511-1 TNB Account-State	597,000	903,000	1,500,000	1,266,000	1,360,000
17P-1 SR 520 Civil Penalties Acct-State	414,000	881,000	1,295,000	647,000	849,000
Total by Fund	**1,011,000**	**1,784,000**	**2,795,000**	**1,913,000**	**2,209,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	(3.0)	(2.9)	(3.0)	(2.9)	(2.9)

Package Description

WSDOT's adjudication (Civil Penalty) program has collected $16.7 million in previously unpaid tolls and fees while incurring $6.4 million in expenses.

Statutory changes made in the 2013 Legislative Session gave an administrative law judge the authority to reduce the civil penalty fees for customers requesting hearings who can demonstrate specific mitigating factors (RCW 46.63.160). The new process was implemented in July 2013. Since this change was implemented, WSDOT has experienced an almost two-fold increase in the number of administrative hearings (both written and in-person) requested by customers with unpaid toll bills.

Additionally, in September 2013, the State Court of Appeals ruled that WSDOT must offer a "re-review" (or appeal) to those petitioners who felt that the finding of liability against them was in error. WSDOT is finalizing the details of this re-review process and intends to offer it to all eligible petitioners effective October 1, 2014. WSDOT estimates that this new process will add approximately 14,000 additional hearings per year; a 48 percent increase. The high estimate of re-review requests is due to the rules for requesting a re-review only require a petitioner to request a hearing without having to file any paper work or pay any filing or court fees.

Due to these two changes, WSDOT is requesting an additional $2.8 million for increased adjudication costs--$1.5 million for the TNB and $1.3 million for the SR 520 Bridge. Despite the increase in adjudication costs, projections indicate 2015-17 revenue collections for both TNB and SR 520 Bridge will exceed expenditures.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
Increased funding for adjudication is necessary to allow the department to efficiently and effectively manage the adjudication process as WSDOT anticipates that monthly hearings will increase to 3,500 per month from the current level of 2,600 per month. WSDOT must have additional resources to handle the increased adjudication workload and meet the statutory timelines for providing hearing results to petitioners. The expected impact on internal and external stakeholders by funding this request is expected to be positive and will demonstrate to the traveling public that WSDOT is fair and consistent in the administration of its civil penalty program.

Performance Measure Detail
The goal going forward will be for the adjudication program to handle an estimated 3,500 hearings per month. With this, WSDOT expects to stay current with requested hearings (adjudicate hearings within 30 days of request). In addition, 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 funds an increase in costs 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 more predictable driving conditions.
- 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.

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.
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 maintains better air quality, fuel economy, and reduced 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?
The changes to the program are required to comply with adjudication legislation and a superior court decision. The department has reviewed the requirements of the legislation and working with the Attorney General's Office, internal stakeholders, and its vendors and has concluded that an increase in the adjudication funding is the most cost effective solution given current resources.

What are the consequences of adopting or not adopting this package?
If this package is not adopted, WSDOT will not be able to meet the legislative requirements of adjudication fully. For example, WSDOT must respond to hearing participants within 30 days of their hearing. Current resources will fall behind in this requirement as the program continues to grow.

The current funding levels will not support any changes and/or future growth of the program. If WSDOT cannot meet its legislative requirements, toll enforcement will be put in jeopardy and WSDOT will lose the revenue protection and customer equity benefits it provides. As customers realize that others are not paying their tolls without consequences, they may stop paying as well. WSDOT will not have many options for forcing payment.

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

Determine which statutes, rules, or contracts might be impacted.
For adjudication, compliance with statutes related to civil penalty mitigation (RCW 46.63.160) and an administrative hearing re-review (RCW 34.05.488 – 34.05.491) would be adversely affected if funding for this package were not approved.

Expenditure calculations and assumptions.

Objects A and B
Staffing support for adjudication was reviewed as a part of the Lean operations review conducted in fall of 2013. During this review, several positions supporting adjudication including financial services, communication and outreach, and customer service support for escalated customer issues, were eligible for reduction. The department will reduce staffing for adjudication by 3.0 FTEs and associated costs. This will result in an overall reduction of staffing costs for adjudication on TNB and SR 520 Bridge.

Object E
The increased costs estimates are based on the higher than expected number of hearings seen as a result of the new mitigation process, an adjusted estimate of future shared costs splits between the toll facilities, as well as updated assumptions of the number of additional hearings, which will result from the legislatively-mandated re-review program. For these combined reasons, the 2015-17 request for TNB adjudication funding is more than double the amount requested in 2013-15. However, the requested funding level is more in line with the fiscal year 2014 actual expenditures. Despite the higher than anticipated adjudication costs, the department is still able to cover the costs of adjudication with the tolls and fees collected from the various collection activities – adjudication, Department of Licensing (DOL) registration holds and outside collections.

The increased costs in this object include:

- The Office of Administrative Hearings (OAH), under contract with WSDOT, provides administrative law judge services. The costs related to these services are based on the existing contract and reflect the incremental increase in the expected number of hearings.
- Costs related to the customer service center (CSC) vendor support for adjudication.
- Facility costs for the adjudication court facility and facility security.
- Credit card and bank fees.
- Supply costs and related office costs such as printing and postage.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?
All of the adjudication costs detailed below are ongoing costs.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	**FY 2016**	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
A - Salaries and Wages	(171,000)	(178,000)	(349,000)	(342,000)	(342,000)
B - Benefits	(66,000)	(74,000)	(140,000)	(137,000)	(137,000)
C - Personal Service Contracts	0	0	0	0	0
E - Goods and Services	1,248,000	2,036,000	3,284,000	2,392,000	2,688,000
G - Travel	0	0	0	0	0
J - Capital Outlay	0	0	0	0	0
Total by Object	**1,011,000**	**1,784,000**	**2,795,000**	**1,913,000**	**2,209,000**

Salary and FTE Detail

Salary and FTE Detail						
	FTEs			Dollars		
List Positions by Classification	**FY 2016**	**FY 2017**	**Biennial Average**	**FY 2016**	**FY 2017**	**Total**
Transportation Specialist 5 (TPS5)	(0.1)	(0.1)	(0.1)	(5,205)	(5,205)	(10,410)
Washington Mgmt Service 2 (WMS2)	(0.1)	(0.1)	(0.1)	(9,478)	(5,633)	(15,111)
Graphic Designer Senior (GD SR)	(0.1)	(0.1)	(0.1)	(5,267)	(5,267)	(10,534)
Communications Consultant 3 (CC3)	(0.1)	(0.1)	(0.1)	(6,457)	(6,500)	(12,957)
Communications Consultant 4 (CC4)	(0.2)	(0.1)	(0.1)	(11,953)	(12,493)	(24,446)
Communications Consultant 5 (CC5)	(0.1)	(0.1)	(0.1)	(8,326)	(8,500)	(16,826)
Customer Service Manager (CSM)	(0.2)	(0.2)	(0.2)	(14,050)	(14,400)	(28,450)
Customer Service Specialist 2 (CSS2)	(2.3)	(2.3)	(2.3)	(104,399)	(113,711)	(218,110)
Customer Service Specialist 3 (CSS3)	(0.0)	(0.0)	(0.0)	(6,211)	(6,211)	(12,422)
Total	(3.0)	(2.9)	(3.0)	(171,000)	(178,000)	(349,000)

Out Biennia				
	FTEs		Dollars	
List Positions by Classification	**2017-19**	**2019-21**	**2017-19**	**2019-21**
Transportation Specialist 5 (TPS5)	(0.1)	(0.1)	(10,410)	(10,410)
Washington Mgmt Service 2 (WMS2)	(0.1)	(0.1)	(13,221)	(13,265)
Graphic Designer Senior (GD SR)	(0.1)	(0.1)	(12,534)	(10,534)
Communications Consultant 3 (CC3)	(0.1)	(0.1)	(13,914)	(14,000)
Communications Consultant 4 (CC4)	(0.1)	(0.1)	(19,900)	(26,986)
Communications Consultant 5 (CC5)	(0.1)	(0.1)	(17,652)	(16,000)
Customer Service Manager (CSM)	(0.2)	(0.2)	(28,100)	(28,800)
Customer Service Specialist 3 (CSS3)	(0.0)	(0.0)	(13,422)	(10,422)
Customer Service Specialist 2 (CSS2)	(2.3)	(2.3)	(212,798)	(211,422)
Total	(3.0)	(3.0)	(342,000)	(342,000)

Agency: 405 Department of Transportation
Decision Package Code/Title: BD Toll Operations and Ongoing Development
Budget Period: 2015-17
Budget Level: ML – Maintenance Level

Program B – Toll Operations and Maintenance

Recommendation Summary

The WSDOT chart of accounts includes a subprogram (Toll Oversight and Planning or B-1) specifically for tracking and recording the financial transactions associated with necessary toll operations that are not solely associated with a single toll facility. As the toll facilities were constructed, many of these activities were funded in the capital program. Since the capital phase is nearing completion, it is necessary to transition and reflect these activities in the Toll Program as well as fund them with toll revenues. Funding is requested for toll oversight and planning activities in the 2015-17 Biennium to reflect the transition from construction to operations.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
108-1 MVA-State	531,000	543,000	1,074,000	1,074,000	1,074,000
511-1 State, TNB	474,000	509,000	983,000	1,043,000	1,013,000
09F-1 State, SR 167	60,000	59,000	119,000	92,000	82,000
16J-1 State, SR 520 Toll Bridge	904,000	891,000	1,795,000	1,745,000	1,682,000
17P-1 State, SR 520 Civil Penalty	37,000	38,000	75,000	82,000	81,000
Total by Fund	**2,006,000**	**2,040,000**	**4,046,000**	**4,036,000**	**3,932,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**8.5**	**8.5**	**8.5**	**11.0**	**11.0**

Package Description

From the inception of the Toll Program, many program costs have been funded through the distributed capital (I Program) contribution from the relevant mega projects: State Route (SR) 520 Floating Bridge, SR 99 Bored Tunnel, and I-405/SR 167 Eastside Corridor. Examples of some of these activities and costs are strategic direction and planning, government and legislative relations, 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. As the three capital projects 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 the capital program to the Toll Program.

This request includes funding for the executive and core management team for the Toll Program and for positions and activities responsible for compliance tracking on the SR 520 master bond resolution. This request also funds positions to assist in providing data for required financial planning and reporting, processing invoices, tracking revenue, generating required financial statements, and responding to financial audits. As well as, covers staff time to

respond to questions from the public and elected officials and ensure compliance with public disclosure requirements.

This transition of core staff is in agreement with the programmatic Lean improvements following the Toll Program's operational review in fiscal years 2013/2014 and prior audit findings, which directed the Assistant Secretary for Tolling to establish clear roles and responsibilities and policy and procedures to ensure the efficient and effective implementation of future toll facilities.

This request is intended to reduce costs and transition long-term needs from consultant support to WSDOT staff. The request funds three additional positions in the out biennia to transition from program I capital development work to provide capacity and financial support for the additional transactions as well as engineering guidance and support as new toll technologies are evolving and require updating and replacement. The General Toll Consultant (GTC) is currently providing many of these activities.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
The department's Toll Program has an integral role in Moving Washington's Transportation Strategy and has continually reported significant growth in managed traffic transactions and program revenue. The 2013-15 Biennium traffic is estimated to generate almost 71 million transactions with revenue projected at $289 million. In the 2015-17 Biennium traffic is forecast to increase to 85 million transactions with $310 million in projected revenues. This is an estimated increase of 14 million transactions (a 20 percent increase) and $21 million in revenue (a 7.5 percent increase).

In response to direction from the Legislature in 2012, the department conducted and implemented the recommendations from a Lean organizational review of the Toll Program. The recommendations included eliminating four WSDOT FTEs and three and three-quarters (3 ¾) GTC consultants. To deliver and provide for long-term operation of the three existing toll facilities as well as the upcoming I-405 Express Toll Lanes (ETL), the Toll Program has limited opportunities for further reduction or efficiency except through transitioning current contracted professional staff to WSDOT employees (FTEs).

This request reflects the transition process with incremental decreases to the estimated consultant expenditures over the next six years. The department continues to evaluate how and when further transition and efficiencies can be accomplished while balancing workload with the growing number of transactions and revenues that it must oversee. Further automation through the development of an electronic reporting system and data warehouse will be a part of the development of that future path.

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.

- **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 more predictable driving conditions.
- **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 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." Transition of core management activities within the B1 program are a part of the streamlining effort. Reform documentation can be found at the following link www.wsdot.wa.gov/publications/fulltext/secretary/ProposedReforms.pdf *(see pages 2 and 13)*:

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 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** - 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 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 maintains better air quality, fuel economy, and reduced carbon consumption/emissions.

Identify important connections or impacts related to this proposal.
This request funds the transition from capital (program I) funding to predominantly toll funding. The department will work with the Transportation Commission to assure future financial plans, including toll rates, are sufficient to cover the full costs required to pay debt service, operate and maintain toll program business and facility needs and remain revenue positive.

What alternatives were explored, and why was this alternative chosen?
The department considered several other alternatives to this proposal as explained below.

- **Do not fund administrative management and oversight for Toll Program**. 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 for Toll Program solely from state motor vehicle account (MVA) gas tax or other state funding**. With this option the department would need to reprioritize its use of MVA (or other) funding from other projects and activities.

What are the consequences of adopting or not adopting this package?
Not adopting this package would hinder the department's ability to successfully transition the Toll Program from the capital program funding to a more permanent organization model where the operational costs are appropriately funded using toll revenue. This will enable the program to meet commitments to customers, bondholders, the Washington State Legislature, and other external stakeholders.

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

Determine which statutes, rules, or contracts might be impacted.
No statutes or rules will be affected by this request. However, timely compliance with bondholder covenants could be jeopardized if the Toll Program's administration and oversight activities are no longer funded. For example, the Toll Program supports the development of the annual SR 520 Replacement & Renewal (R&R) and Operations & Maintenance (O&M) memo. This memorandum provides an updated estimate of future costs resulting from the system additions constructed for the funded segments of SR 520 Corridor Program.

Expenditure calculations and assumptions.
The department is proposing to transition 8.5 FTEs from Program I to the Toll Program based on ongoing operational requirements of the existing toll facilities (TNB, SR 520, and SR 167 HOT lanes). This staffing level does not include the SR 99 tunnel nor does it include the impact on shared costs from initiating tolling on the I-405 Express Lanes.

This request assumes the Director of Toll Operations and their support will continue to be funded by the existing MVA funds in the B1 base budget. The additional 8.5 FTEs are proposed to be funded through both MVA and toll revenue shared across the toll facilities. The shared cost percentages are determined through a transaction-based distribution across the toll facilities.

The assumption of roles and activities that comprise the 8.5 FTEs slated for transition from Program I to this subprogram are as follows.

<u>Core Management / Ongoing Development / Oversight (4 FTEs)</u>
Positions conducting this work include:

- Assistant Secretary Toll Division (1 FTE)
- Director of Finance and Program Management (1 FTE)
- Director of Government Relations and Communications (1 FTE)
- Executive Assistant (1 FTE)

These positions lead Toll activities and reporting both inside and outside the agency, working with local, regional governments and elected officials and associated staff, providing strategic direction and leadership. This work also includes executive involvement and representation of Washington with the development of national interoperability standards and system integration.

<u>Planning and Coordination of Annual Toll Rate Setting (1FTE)</u>

- **Policy and Planning Manager (1 FTE) -** This position develops analysis and documentation on toll rate setting and key considerations to present to the Washington Transportation Commission, Tacoma Narrows Bridge Citizen Advisory Committee (CAC), and other public forums/outside groups regarding toll rate and fee rate setting requirements and updated assumptions. This position also provides analysis for policy changes to existing toll facilities as well as providing the capability to plan for future toll facilities in response to anticipated legislative and Transportation Commission direction. This position also manages the statewide traffic and revenue consultant work and coordinates between other WSDOT traffic and revenue studies to ensure consistency and best practices.

Financial Tracking and Compliance (2 FTEs)

- **Toll Program and Financial Reporting Manager (1 FTE) -** Leads, coordinates, and tracks budget needs and expenditures. Works with internal auditors to provide financial documentation. Develops and provides documentation to WSDOT headquarters financial staff and agency leadership. This position also covers internal facility and administratively oriented issues and works with the Policy and Planning manager to support toll rate setting needs.
- **Financial Planner (1 FTE) -** Develops and maintains long-term state finance plans that include forecast revenues and associated expenditures (sources and uses) for all toll facilities. This position also prepares capital development plans that comprise a 10-year delivery horizon. Coordinates work with consultant support in the delivery of facility traffic and revenue studies and net revenue reporting, development documentation sufficient to assure sufficient funding to cover operation, maintenance, and financing obligations. Toll Division is working to transition this activity into a state force position (1 FTE) during the 2013-15 Biennium.

Communications/Outreach (0.5 FTE)

- **Graphics Designer -** This position is shared with the WSDOT Northwest Region and develops signs needed for toll adjudication, customer service center(s), and graphics for Transportation Commission, Tacoma Narrows Bridge Citizen Advisory Committee, website, and other presentation/public materials needed for the statewide Toll Program.

Administrative Support (1 FTE)

- **Administrative Assistant** - This position supports employees across the overall Toll Operating program, including payroll, ordering supplies, setting up meetings, maintaining calendars, coordinating vehicle availability, and other administrative duties.

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

All costs are ongoing. However, the department anticipates a reduction in the use of consultants in favor of WSDOT staff in the out biennia.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	**FY 2016**	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
A - Salaries and Wages	789,000	789,000	1,578,000	1,949,000	1,949,000
B - Benefits	237,000	237,000	474,000	586,000	586,000
C - Personal Service Contracts	603,000	612,000	1,215,000	608,000	500,000
E - Goods and Services	292,000	317,000	609,000	723,000	727,000
G - Travel	51,000	51,000	102,000	102,000	102,000
J - Capital Outlay	34,000	34,000	68,000	68,000	68,000
Total by Object	**2,006,000**	**2,040,000**	**4,046,000**	**4,036,000**	**3,932,000**

Salary and FTE Detail						
	FTEs			**Dollars**		
List Positions by Classification	**FY 2016**	**FY 2017**	**Biennial Average**	**FY 2016**	**FY 2017**	**Total**
Executive Management Service 5	1.0	1.0	1.0	144,768	144,768	289,536
Washington Management Service 4	1.0	1.0	1.0	108,480	108,480	216,960
Washington Management Service 4	1.0	1.0	1.0	112,785	112,785	225,570
Executive Assistant	1.0	1.0	1.0	64,020	64,020	128,040
Washington Management Service 3	1.0	1.0	1.0	100,103	100,103	200,206
Transportation Planning Specialist 5	1.0	1.0	1.0	84,900	84,900	169,800
Washington Management Service 3	1.0	1.0	1.0	108,480	108,480	216,960
Graphic Design SR	0.5	0.5	0.5	24,660	24,660	49,320
Administrative Admin 3	1.0	1.0	1.0	40,476	40,476	80,952
Total	**8.5**	**8.5**	**8.5**	**789,000**	**789,000**	**1,578,000**

Out Biennia				
	FTEs		**Dollars**	
List Positions by Classification	**2017-19**	**2019-21**	**2017-19**	**2019-21**
Executive Management Service 5	1.0	1.0	289,536	289,536
Washington Management Service 4	1.0	1.0	216,960	216,960
Washington Management Service 4	1.0	1.0	225,570	225,570
Executive Assistant	1.0	1.0	128,040	128,040
Washington Management Service 3	1.0	1.0	200,206	200,206
Transportation Planning Specialist 5	1.0	1.0	169,800	169,800
Washington Management Service 3	1.0	1.0	216,960	216,960
Graphic Design SR	0.5	0.5	49,320	49,320
Administrative Admin 3	1.0	1.0	80,952	80,952
Transportation Engineer 3	1.0	1.0	139,396	139,396
Washington Management Service 3	0.8	0.8	137,394	137,394
Transportation Engineer 2	0.8	0.8	94,716	94,716
Total	**11.0**	**11.0**	**1,949,000**	**1,949,000**

Agency: 405 Department of Transportation
Decision Package Code/Title: BE I-405 Express Toll Lanes Operations
Budget Period: 2015-17
Budget Level: ML – Maintenance Level

Program B – Toll Operations and Maintenance

Recommendation Summary

The Washington State Department of Transportation (WSDOT) estimates it will collect more than $12.8 million from tolls on the I-405 Express Toll Lanes (I-405 ETL) during the 2015-17 Biennium. This decision package funds the operations and maintenance expenditures required to collect the toll revenues, administer the adjudication program and maintain toll collection systems. WSDOT is requesting $9.9 million for the operations and maintenance of I-405 ETL.

Fiscal Detail

B4 Subprogram, I-405 Express Toll Lanes

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
595-1 I-405 Toll Lanes Acct - State	4,525,000	5,406,000	9,931,000	12,322,000	13,359,000
Total by Fund	**4,525,000**	**5,406,000**	**9,931,000**	**12,322,000**	**13,359,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**8.0**	**9.3**	**8.7**	**9.3**	**9.3**

***** Toll commencement date is assumed September 01, 2015. Fiscal year 2016 represents 10 months of operations.

Package Description

The NE 6th Street to I-5 (Bellevue to Lynnwood) Widening and Express Toll Lanes project will complement the widening between NE 85th Street and NE 124th Street (Kirkland Nickel Stage 1 project) by building one continuous northbound and southbound lane between NE 6th Street in Bellevue and SR 522 in Bothell. This new lane when combined with the existing carpool lane will operate as a dual express toll lane system from downtown Bellevue to Bothell/Woodinville. Additionally, the existing carpool lane from SR 522 to I-5 will be converted to a single express toll lane or high-occupancy vehicle toll (HOT) lane. The new express toll lane system will provide 17 miles of additional congestion relief to Bellevue, Kirkland, and Bothell.

This decision package requests the funding needed to administer tolling on I-405 ETL, which is expected to begin in September 2015. The costs in this package include I-405 ETL's cost share of the customer service center (CSC), marketing/education, staff, consultant costs, and associated costs such as transponders, printing, postage, credit card fees, and other normal costs of business, as well as maintenance for the roadside toll collection systems. If funding is not provided, WSDOT will not be able to collect tolls on I-405 ETL.

A goal of the I-405 ETL tolling program, consistent with state statute RCW 47.56.880 (5), is that it reaches a "revenue-neutral" position by the end of the second year of operation. Revenue neutral means that collected toll revenues meet or exceed actual operating expenses. WSDOT is forecasting collections totaling $12.8 million during the 2015-17 Biennium and expenses

totaling $9.9 million. The $2.9 million positive variance is an operating contingency should revenues or expenses differ from projections.

WSDOT has contracted with Electronic Transaction Consultant Corporation (ETCC) for customer service through June 2016 with an option for a two-year contract extension. ETCC will provide customer service for the *Good To Go!* electronic tolling program, transaction processing, payment processing, and adjudication support. WSDOT also has a contract with Telvent for the operation and maintenance of the roadside toll collection systems. Toll enforcement will be provided through a contract with the Washington State Patrol as well as through the administrative adjudication program.

Due to the number of unknown variables associated with the commencement of tolling operations for I-405 ETL, reductions to the other toll facilities to reflect shared costs savings are not reflected. The department will prepare and submit a future budget request that aligns the shared costs charged to each facility once the I-405 ETL comes on line and the department estimates can be informed with actual experience.

Narrative Justification and Impact
What specific performance outcomes does the agency expect?
Travelers on the I-405 corridor will realize increased throughput, reduced congestion, and a more reliable trip than currently provided without express toll lanes.

Performance Measure Detail
RCW 47.56.880 (4) details a set of performance measures for which the department must track and report. These include:

- Maintaining an average speed of 45 MPH at least 90 percent of the time during peak periods
- Changes in average traffic speed in the general purpose lanes
- Changes in transit ridership along the corridor
- Whether the facility generates sufficient revenues to cover all operating costs within two years of operations
- Impacts of diversion on local roadways

The project office, with the support of Toll Division staff, determines the most appropriate way to measure these criteria and reports to the Legislature on an annual basis.

I-405 ETL will also participate in the statewide administrative adjudication program. The goal of an enforcement program such as adjudication is to protect revenues, to gain compliance with business rules and to offer fairness to customers who pay on time. WSDOT's goal for its adjudication program is that it is administered fairly, reduces the number of non-payers, and covers the cost of the adjudication program.

Based on results from SR 520 Bridge adjudication, WSDOT is currently forecasting a collection rate of 20 percent of all toll bills will remain unpaid after 80 days. The I-405 adjudication

program is estimated to collect $1.7 million in revenues and incur $619,000 in expenses during the 2015-17 Biennium.

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.
This request provides funding for operations and maintenance for the I-405 ETL including a calculated portion of shared costs across all toll facilities. 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 more predictable driving conditions.
- **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/emissions.
- **Goal 6 Smart Technology**. Use of electronic tolling through use of transponders and license plate imaging allows travelers to continue roadway speeds, 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. Puget Sound Regional Council's "Transportation 2040 Update, Appendix F: Financial Strategy Background" provides more information and can be found at:
www.psrc.org/assets/10540/T2040Update2014AppendixF.pdf (see pages 15-16 and 38)

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 deliver operations and maintenance for the I-405 ETL and cover its portion of shared costs across all toll facilities. Tolling supports the Governor's Results Washington priorities, Goal 2: Prosperous economy, Goal 3: Sustainable energy and a clean environment, and Goal 5: Efficient, effective, and accountable government 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 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 maintains better air quality, fuel economy, and reduced carbon consumption and emissions.

Identify important connections or impacts related to this proposal.
Tolling is essential to operations and maintenance of I-405 ETL. Without toll revenue, funding will not be available to offset operations and maintenance costs or to help finance future improvements in the I-405 corridor.

What alternatives were explored, and why was this alternative chosen?
One way to deliver toll collection services would be for WSDOT to develop a stand-alone customer service facility for each corridor. However, this would create duplicate functions that would be more costly. By developing a centralized back office and customer service center and allocating the costs to each facility, WSDOT is able to reduce costs through efficiencies.

Reducing the toll-operating model to one, which more resembles the SR-167 HOT Lanes, was considered (e.g., no photo tolling). This alternative was not chosen due to the challenges anticipated with customer acceptance. Photo tolling is a payment option on SR-520 Bridge and it was assumed that a portion of the toll trips that begin on SR-520 Bridge or I-405 ETL would also use the other facility. A toll trip into Seattle from Bothell would have a disconnect in its payment options and user behavior if different business rules were selected.

What are the consequences of adopting or not adopting this package?
If funding is not provided to administer tolling on I-405 ETL, tolls would not be collected, and toll revenue would not be available for toll collection, facility operations and maintenance, and replacement costs.

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

Determine which statutes, rules, or contracts might be impacted.
WSDOT does not anticipate any impacts on statutes or business rules. The addition of tolling on I-405 ETL will affect several contracts including contracts with external vendors such as ETCC and Telvent and contracts with other state entities such as the WSP (for enforcement) and the Office of Administrative Hearings (adjudication support).

Expenditure calculations and assumptions.
In fiscal year 2012, WSDOT established a central back office and customer service center to collect tolls on SR 520, Tacoma Narrows Bridge (TNB), and the SR 167 high occupancy toll (HOT) Lanes. Costs are shared between the three facilities based on a methodology that was developed in collaboration with the Office of Financial Management (OFM) and legislative staff. Allocation percentages vary slightly from month to month depending on the number of transactions recorded on each facility.

The June 2014 Traffic and Revenue Forecast is used to allocate shared costs for the decision packages included in the 2015-17 WSDOT budget submittal

Objects A and B
The I-405 ETL between Lynwood and Bellevue will have 21 toll points compared to one each for the TNB and SR 520 Bridge and 11 for SR 167 HOT Lanes. Additional FTEs will be required to manage the tolling effort for I-405 ETL. WSDOT is proposing an additional 8.0 FTEs in fiscal year 2016 with an increase to 9.3 FTEs (an additional 1.3 FTEs) in fiscal year 2017. Toll operations require additional technical, operational, and customer service positions. These positions cross a variety of classifications, ranging from transportation engineers and planning technicians to customer service representative, fiscal analysts, and information technology specialists. These staff track, and coordinate data transfers between the toll collection customer service vendors, conduct quality assurance testing, prepare financial statements and audit toll collections, respond to customer inquiries and complaints, administer the adjudication process, and support the roadside toll collection systems. Overall, these staff work to ensure the successful operation of the toll collection system. The proposed FTE can be broken into three categories—operations, maintenance, and adjudication—as detailed in the table below.

	FY2016	FY2017
Operations	2.7	4.2
Maintenance	5.0	4.5
Adjudication	0.3	0.6
Total	8.0	9.3

These FTEs will be spread across numerous positions and classifications. WSDOT estimates the needed staff effort using a workload model. Because WSDOT utilizes a shared staffing model for the toll facilities, the requested number of FTEs is the aggregate of the work effort spread across numerous positions. The relevant positions are detailed in the staffing tables on the following pages.

Object C
The large vendor contracts in support of the tolling program (specifically the ETCC and Telvent contracts) are budgeted in object E. They are discussed below. There are limited professional service contracts utilized by the tolling program. The primary one is for the general toll consultant. This contract provides the toll operations expertise that WSDOT utilizes to

complement and supplement state-staff skills. This includes general operational assistance as well as supporting Lean process improvement initiatives.

In addition, consultant support is utilized on a variety of financial operations and to forecast activities specific to I-405 ETL.

Object E

Funding is required for a variety of operational costs including the customer service center vendor, roadside toll collection system vendor, transponders, credit card fees, printing and postage, rent, office supplies, telephone/communications, computers, and vehicle operations. In addition to these costs, this category also details costs in support of roadway and structure costs and adjudication costs.

The customer service center vendor contract was recently extended through June 30, 2016. For budgeting purposes, it is assumed that this contract will be extended one more time through June 30, 2018. CSC vendor costs are based on the current contract. However, a change order for support of I-405 ETL is currently being negotiated with the vendor, which could change costs estimates. Negotiations are expected to be complete in late 2014).

Telvent will provide roadside toll collection system (RTS) support and pricing for I-405 ETL on par with the costs for the other RTS systems Telvent supports.

Transponder costs, which are offset by transponder sales revenues, are estimated based on recent experience.

Credit card fees are calculated as a percentage of total toll revenue multiplied by an average per transaction rate. It is estimated that 85 percent of all I-405 tolls will be paid by credit card.

Printing and postage fees are a shared cost and are calculated based on the number of expected pay-by-mail transactions multiplied by the average cost of mailing. They are allocated by each toll facility's relative share of pay-by-mail transactions.

Washington State Patrol (WSP) is being contracted to provide on-road enforcement. WSP will provide enforcement services from 5:00 AM – 7:00 PM on weekdays and will provide five hours of enforcement on weekends at a cost of approximately $66,000 per month.

I-405 ETL is expected to increase adjudication-related costs by approximately six percent. The adjudication cost estimates for this package include the recent operational changes permitting toll customers to request a review hearing.

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

All costs included in this decision package are ongoing. However, expenses for the general toll consultant are estimated to reduce over time as roles and responsibilities are transitioned to WSDOT staff or are not required as the tolling program matures to a steady state.

This package assumes that the out biennia costs for the CSC vendor will increase. The current contract expires at the end of fiscal year 2018 and it is anticipated that a new contract will be more expensive, this is due in part to the below market price of the current contract.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	**FY 2016**	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
A - Salaries and Wages	481,000	588,000	1,069,000	1,187,000	1,188,000
B - Benefits	144,000	176,000	320,000	356,000	356,000
C - Personal Service Contracts	151,000	232,000	383,000	332,000	280,000
E - Goods and Services	3,749,000	4,410,000	8,159,000	10,447,000	11,535,000
Total by Object	**4,525,000**	**5,406,000**	**9,931,000**	**12,322,000**	**13,359,000**

Salary and FTE Detail

Salary and FTE Detail						
	FTEs			Dollars		
List Positions by Classification	FY 2016	FY 2017	Biennial Average	FY 2016	FY 2017	Total
Communication Consultant 2 (CC2)	0.1	0.1	0.1	3,701	6,613	10,314
Communications Consultant 3	0.1	0.2	0.1	4,082	10,130	14,211
Communications Consultant 4	0.2	0.4	0.3	11,137	22,054	33,191
Customer Service Mgr (CSM)	0.1	0.2	0.1	4,426	7,908	12,334
Customer Service Specialist 2	0.5	0.9	0.7	15,331	31,346	46,677
Customer Service Specialist 3	0.2	0.3	0.2	5,421	10,285	15,706
Fiscal Analyst 3 (FA3)	0.1	0.2	0.1	4,535	8,104	12,639
Fiscal Analyst 4 (FA4)	0.2	0.3	0.3	9,531	17,031	26,562
Fiscal Analyst 5 (FA5)	0.1	0.2	0.1	5,254	9,388	14,642
Information Technology Specialist 5 (ITS5)	0.1	0.2	0.1	6,731	12,028	18,759
Information Technology Specialist/Applications (ITS/A6)	0.1	0.2	0.1	7,428	13,273	20,701
Transportation Engineer 2 (TE2)	0.1	0.2	0.1	5,387	9,626	15,013
Transportation Engineer 3 (TE3)	0.1	0.2	0.1	5,972	10,671	16,642
Transportation Engineer 4 (TE4)	0.1	0.2	0.1	6,561	11,724	18,285
Transportation Engineer 5 (TE5)	0.1	0.2	0.1	6,561	11,724	18,285
Transportation Planning Technician 2 (TPT2)	0.2	0.3	0.3	8,628	15,417	24,045
Transportation Systems Technician	2.5	2.3	2.4	174,390	156,951	331,341
Transportation Technician 3	2.5	2.3	2.4	143,100	128,790	271,890
Washington Mgmt Service 2	0.4	0.6	0.5	29,450	53,559	83,009
Washington Mgmt Service 3	0.3	0.4	0.3	23,136	41,342	64,478
Total	8.0	9.3	8.7	481,000	588,000	1,069,000

Out Biennia				
	FTEs		Dollars	
List Positions by Classification	**2017-19**	**2019-21**	**2017-19**	**2019-21**
Communication Consultant 2 (CC2)	0.1	0.2	14,440	14,469
Communications Consultant 3 (CC3)	0.2	0.2	22,117	22,162
Communications Consultant 4 (CC4)	0.4	0.4	44,679	44,277
Customer Service Mgr (CSM)	0.2	0.2	17,267	17,302
Customer Service Specialist 2 (CSS2)	0.9	0.9	69,367	69,768
Customer Service Specialist 3 (CSS3)	0.3	0.3	22,597	22,683
Fiscal Analyst 3 (FA3)	0.2	0.2	17,694	17,729
Fiscal Analyst 4 (FA4)	0.3	0.3	37,185	37,260
Fiscal Analyst 5 (FA5)	0.2	0.2	20,497	20,539
Information Technology Specialist 5 (ITS5)	0.2	0.2	26,261	26,314
Information Technology Specialist/Applications (ITS/A6)	0.2	0.2	28,981	29,039
Transportation Engineer 2 (TE2)	0.2	0.2	21,017	21,059
Transportation Engineer 3 (TE3)	0.2	0.2	23,298	23,345
Transportation Engineer 4 (TE4)	0.2	0.2	25,598	25,650
Transportation Engineer 5 (TE5)	0.2	0.2	25,498	25,350
Transportation Planning Technician 2 (TPT2)	0.3	0.3	33,662	33,730
Transportation Systems Technician D	2.0	2.0	279,024	279,024
Transportation Technician 3	2.0	2.0	228,960	228,960
Washington Mgmt Service 2 (WMS2)	0.7	0.7	120,818	121,066
Washington Mgmt Service 3 (WMS3)	0.5	0.5	108,318	108,537
Total	9.3	9.3	1,187,000	1,188,000

Agency: 405 Department of Transportation
Decision Package Code/Title: DA Wireless Sites Lease Adjustments
Budget Period: 2015-17
Budget Level: ML – Maintenance Level

Program D00 – Capital Facilities - Operating

Recommendation Summary
Additional appropriation authority is requested for unavoidable cost increases for wireless radio communication site leases.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
108-1 MVA-State	83,000	84,000	167,000	167,000	167,000
Total by Fund	**83,000**	**84,000**	**167,000**	**167,000**	**167,000**

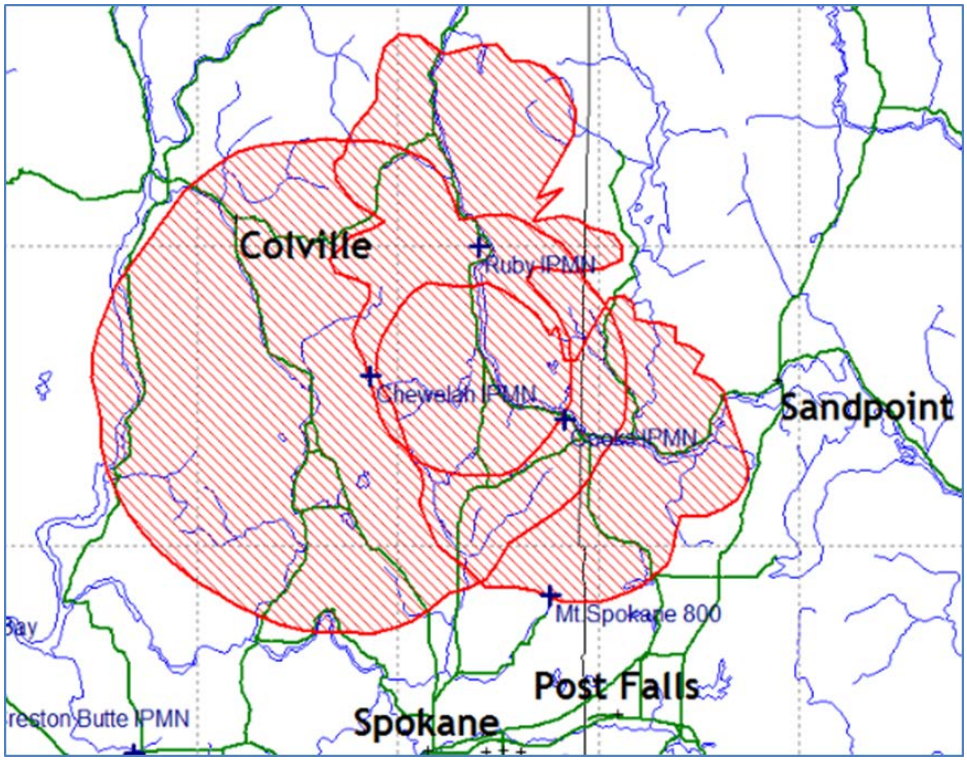
Package Description
The department uses 79 wireless communication sites across the state to operate a wireless radio communications system that is essential for daily highway maintenance and emergency operations. For some of those sites, there may be separate leases for each element of the site. For example, there may be a separate lease for access to the land where the tower sits, for use of structures on the ground, for space on the tower, and for the communications equipment in the structure and on the tower. The department has 99 separate leases related to 79 sites. The budget in 2013-15 for wireless communication site leases is $1,034,000 and the department anticipates lease costs will increase by $167,000 in the 2015-17 Biennium.

Included in the $167,000 request is $82,000 as an estimate of the cost for replacement leases for major components of the communications system in northeast Washington. This is due to the collapse of the Chewelah Peak tower in the winter of 2014 and the transfer of ownership of that tower and two related towers that the department depends upon (Cooks Mountain and Ruby Mountain). The leases for all three of these sites will have to be renegotiated at an expected higher cost with the new owner, probably in the fall of 2014. The Chewelah Peak tower is crumpled but still functional. Although it will be replaced in the summer of 2014 with a new tower by the new owner, the new owner will not be re-installing the old equipment (transmitters and antennas) that the department had leased from the previous owner. Therefore, the department must now purchase its own new equipment, and negotiate new lease agreements, to be able to install the new transmitter in the structure on the ground and the new antennas on the new tower. The new equipment will be purchased by the Transportation Equipment Fund (TEF) with existing funds. The $82,000 requested for 2015-17 and beyond is only for the estimated increase in cost for the replacement leases.

The three sites are essential to the department for highway maintenance and emergency operations – especially in the winter – within most of Pend Oreille County and parts of Ferry, Stevens, and Spokane Counties on highways SR 20, SR 25, SR 211, and US 395.

Shown below is the collapsed Chewelah Peak tower:

The below map outlines the approximate area affected in northeastern Washington:



Narrative Justification and Impact

What specific performance outcomes does the agency expect?
Approval of this package to cover increases in wireless lease costs will contribute to maintaining vital communications during emergencies.

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 achieving Goal 1: Strategic Investments, of the agency's strategic plan, Results WSDOT. Approval of this request will help retain current resources for maintaining and preserving infrastructure rather than diverting resources to cover the increased costs of wireless communication site leases.

Does this decision package provide essential support to one or more of the Governor's Results Washington priorities? If so, please describe.
Yes. The decision package contributes to the Governor's Results Washington priority, Goal 2: Prosperous economy, specifically contributing to maintaining a sustainable and efficient transportation infrastructure. The request supports achieving performance outcome measure 3.1: "Maintain infrastructure at 2012 baseline condition levels."

Identify important connections or impacts related to this proposal.
The department's wireless communication system provides statewide radio communication and data transmission that is vital to the department, other agencies, and the traveling public.

What alternatives were explored, and why was this alternative chosen?
Terminating leases for some wireless site, and reducing the wireless communication network was considered. This alternative was rejected due to the negative impact on maintenance operations, emergency response, traffic management, and information transmission in the following ways:

- The Highway Maintenance Program would experience operational inefficiencies and reduced employee safety due to compromised communication between supervisors and staff in remote areas where there are no other communication options.
- The Washington State Patrol, Department of Natural Resources, the State Emergency Management Division, and counties rely on the department's wireless communication infrastructure for communicating during emergencies. Reduced wireless capability would lead to a loss of communications during a major disaster such as an earthquake or volcanic eruption.
- The ability to convey information to and from variable message signs, cameras, and other traffic management devices to traffic management centers would be reduced.

The option of shifting funds from facilities maintenance was considered but this would add to the current $473 million facility repair and replacement backlog. The alternative of requesting additional spending authority for these unavoidable costs was selected in order to maintain essential communications and to sustain facilities maintenance and operations activities without impacting department programs and agency performance.

What are the consequences of adopting or not adopting this package?
Approval of this package will allow the department to retain its current communications network without needing to eliminate some radio sites, which would create holes in an essential communication network that is relied upon for highway maintenance and emergency operations.

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

Determine which statutes, rules, or contracts might be impacted.
N/A

Expenditure calculations and assumptions.
The table below is a summary of the primary categories of leases and projected cost increases. Please see Attachment A for the detailed inventory of calculations for each lease.

Summary of Budget Request by Lease Category

Lease Category	Number of Leases	Additional Funding Needed	Reason for Increase
Emergent Needs	—	$81,502	Leases for Chewelah Peak, Ruby Mountain, and Cooks Mountain.
Periodic Cost Adjustments	71	$56,960	Cost increases are written into the lease agreement; typically three to five percent annually, or based on the Consumer Price Index (CPI).
WSP - Utility Adjustments	15	$28,184	New and existing sites where the lesssor is now requiring rent and utility costs.
Fixed-Cost Leases	13	$0	N/A
Total	99	$166,646	

Shown below are the calculations supporting the $82,000 request for emergent needs.

Estimate of Increased Costs of Wireless Communication Site Leases at Chewelah Peak, Cooks Mountain, and Ruby Mountain			
Site	**Current Actual Cost**	**Plus Estimate for Lease Amendments**	**Total New Lease Costs**
Chewelah Peak - Space on tower			
Size of microwave dish, in feet			6
Cost per-foot per-month			$100
Cost per-dish			$600
Number of dishes			3
Total cost per-month, for three dishes			$1,800
Months per-year			12
Total cost per-year, FY 2016	$1,800	$21,600	$23,400
Five percent annual increase	5.0%		5.0%
Total cost per-year, FY 2017	$1,890	$22,680	$24,570
Total Biennium	**$3,690**	**$44,280**	**$47,970**
Chewelah Peak - Space in building for transmitters			
Total cost per-year, FY 2016	$1,971	$2,400	$4,371
Five percent annual increase	5.0%		5.0%
Total cost per-year, FY 2017	$2,070	$2,520	$4,590
Total Biennium	**$4,041**	**$4,920**	**$8,961**
Cooks Mountain			
Total cost per-year, FY 2016	$6,157	$4,800	$10,957
Five percent annual increase	5.0%		5.0%
Total cost per-year, FY 2017	$6,465	$5,040	$11,505
Total Biennium	**$12,622**	**$9,840**	**$22,462**
Note: The Cooks Mtn. lease amendment for one microwave dish and transmitter will cost $400 per-month for first 12 months, then increase by 5 percent.			
Ruby Mountain			
Total cost per-year, FY 2016	$0	$10,957	$10,957
Five percent annual increase	5.0%		5.0%
Total cost per-year, FY 2017	$0	$11,505	$11,505
Total Biennium	**$0**	**$22,462**	**$22,462**
Note: It is assumed that total costs for Ruby Mountain will equal those for Cooks Mountain since the equipment and the lessor are the same.			
Grand Total	**$20,352**	**$81,502**	**$101,854**

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

All costs are ongoing and are expected to increase in the future.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	**FY 2016**	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
E - Goods and Services	83,000	84,000	167,000	167,000	167,000
Total by Object	**83,000**	**84,000**	**167,000**	**167,000**	**167,000**

Attachment A

WSDOT Capital Facilities 2015-17 Wireless Lease Budget Projection

					Baseline Funding for 2013-15			Actual/Forecast for 2013-15			Forecast for 2015-17			Change
Site Name	Lessor	Lease QTY	Site Lease	Last Rent Review	FY14 Baseline Projection	FY15 Baseline Projection	2013-15 Baseline Projection	FY14 Actuals	FY15 Revised Projection	2013-15 Revised Projection	FY16 Projection	FY17 Projection	2015-17 Projection	$ change from 2013-15
Aeneas Mt (DNR)	DNR	1	47	12/31/2013	5,234	5,234	**10,468**	4,362	4,824	**9,186**	4,824	4,824	**9,649**	**(819)**
Babcock Creek	City of Seattle	2	72	7/15/2014	1,326	1,326	**2,652**	1,326	1,326	**2,652**	1,326	1,326	**2,652**	**-**
Bald Butte	Inland Cellular	3	1	7/1/2014	9,792	9,988	**19,780**	9,792	9,988	**19,780**	10,188	10,391	**20,579**	**799**
Bald Butte	Hoffman Family	4		7/1/2014	640	640	**1,280**	640	700	**1,340**	700	700	**1,400**	**120**
Baw Faw (WSP)	WA State Patrol	5	38	7/1/2014			**-**	2,458	2,532	**4,990**	2,608	2,686	**5,294**	**5,294**
Beezley (WSP)	WA State Patrol	6	2	7/1/2014	1,208	631	**1,839**	1,208	631	**1,839**	650	669	**1,319**	**(520)**
Bethel Ridge	Century Link	7	48	1/1/2014	14,279	14,708	**28,987**	10,384	10,604	**20,988**	10,743	10,904	**21,648**	**(7,339)**
Beverly (WSP)	WA State Patrol	8	3	7/1/2014	1,208	631	**1,839**	1,208	631	**1,839**	650	669	**1,319**	**(520)**
Buck Mt	Spectrasite Comm. Inc.	9	4	1/1/2014	38,692	40,240	**78,932**	37,759	39,269	**77,027**	40,840	42,473	**83,313**	**4,381**
Burch Mountain	WA State Patrol	10			-		**-**	-		**-**	618	637	**1,255**	**1,255**
Cambridge	Valley Communications Ctr	11	49	7/1/2014	3,334	3,434	**6,768**	3,282	3,399	**6,681**	3,325	3,375	**6,700**	**(68)**
Capital Peak (WSP)	WA State Patrol	12			-		**-**	-		**-**	618	637	**1,255**	**1,255**
Capitol Peak (DNR)	DNR	13		7/1/2014	13,203	13,203	**26,406**	12,546	12,922	**25,468**	13,310	13,709	**27,019**	**613**
Capitol Peak	KOMO-TV	14	5	12/3/2013	3,478	3,617	**7,095**	3,221	3,350	**6,571**	3,484	3,623	**7,108**	**13**
Chelan Butte	Chelan County PUD 1	15	6	7/25/2014	2,776	2,887	**5,663**	2,776	2,887	**5,663**	3,002	3,122	**6,125**	**462**
Chewelah	SBA Structures	16	7	12/1/2013	3,772	3,960	**7,732**	3,772	3,960	**7,732**	4,158	4,366	**8,524**	**792**
Chewelah-Ruby-	SBA Structures				-	-	**-**	-	-	**-**	40,000	41,502	**81,502**	**81,502**
Colville Mt	SBA-Bonnie Baker	17	61	10/7/2010	1,500	1,500	**3,000**	1,500	1,750	**3,250**	1,750	1,750	**3,500**	**500**
Concrete	Glacier Northwest	18		7/15/2014	1,000	1,000	**2,000**	1,000	1,000	**2,000**	1,000	1,000	**2,000**	**-**
Cooks Mt	AT&T	19	8	11/1/2013	6,157	6,465	**12,622**	6,157	6,465	**12,622**	6,788	7,128	**13,916**	**1,294**
Creston Butte (WSP)	WA State Patrol	20	39	7/1/2014			**-**	-	420	**420**	433	446	**878**	**878**
Crystal Mt -	Verizon Wireless	21	73	7/15/2014	6,039	6,039	**12,078**	6,039	6,039	**12,078**	6,039	6,039	**12,078**	**-**
Davis Peak	Day Wireless Systems	22	9	7/1/2014	14,460	15,038	**29,498**	14,460	15,038	**29,498**	15,640	16,265	**31,905**	**2,407**
Devils Mt (DNR)	DNR	23		7/1/2011	4,330	4,330	**8,660**	4,330	4,330	**8,660**	4,330	4,655	**8,985**	**325**
Devils Mt (WSP)	WA State Patrol	24	40	7/1/2014			**-**	210	433	**643**	446	459	**905**	**905**
Dry Hollow	Broughton Land Company	25	50	4/1/2014	1,665	1,998	**3,663**	1,665	1,998	**3,663**	1,998	1,998	**3,996**	**333**
Dusty	Inland Cellular	26	10	7/1/2014	10,188	10,392	**20,580**	10,188	10,392	**20,580**	10,600	10,812	**21,412**	**832**
E Tiger Mt	American Tower	27	11	8/1/2013	22,628	23,759	**46,387**	26,028	27,329	**53,357**	28,696	30,130	**58,826**	**12,439**
Ellis Mt	DNR	28	70	7/1/2010	7,814	7,814	**15,628**	7,814	7,814	**15,628**	8,326	8,326	**16,652**	**1,024**
Flagstaff	SBA Structures, LLC	29	12	1/1/2014	4,427	4,560	**8,987**	8,028	8,268	**16,296**	8,516	8,772	**17,288**	**8,301**
Franson Peak	Ferry County PUD 1	30	62	6/23/2013	50	50	**100**	52	52	**104**	52	52	**104**	**4**
Gabi Mt - Blewett	Longview Fibre Company	31	51	10/23/2013	1,967	1,997	**3,964**	1,993	2,036	**4,029**	2,062	2,093	**4,156**	**192**
Galbraith Mt	Trillium Corporation	32	52	12/31/2012	1,000	1,000	**2,000**	1,000	1,000	**2,000**	1,000	1,000	**2,000**	**-**
Galbraith Mt (DNR)	DNR	33		4/1/2014	3,684	3,684	**7,368**	3,514	3,514	**7,028**	3,514	3,514	**7,028**	**(340)**
Gold Mt (DNR)	DNR	34	53	7/1/2014	1,522	1,522	**3,044**	1,268	1,268	**2,536**	1,268	1,268	**2,536**	**(508)**
Grass Mountain	WA State Patrol	35			-		**-**	-		**-**	618	637	**1,255**	**1,255**
Grass Mt (DNR)	DNR	36	63	1/1/2011	4,166	4,166	**8,332**	3,472	3,472	**6,944**	4,166	4,166	**8,333**	**1**
Hansen Ranch	Hansen Harvester, Inc.	37	13	9/1/2014	13,160	13,686	**26,846**	13,160	13,686	**26,846**	14,233	14,802	**29,036**	**2,190**
Hart Road	Day Wireless Systems	38	14	1/1/2014	4,106	4,270	**8,376**	3,948	4,032	**7,979**	4,193	4,361	**8,553**	**177**
Hoquiam	Whistler Comm.	39	15	1/1/2014	4,698	4,839	**9,537**	4,698	4,839	**9,537**	4,984	5,134	**10,118**	**581**
Johnson Butte	DNR	40	54	7/1/2014	2,071	2,071	**4,142**	1,726	2,002	**3,728**	2,002	2,002	**4,004**	**(138)**
Jump Off Joe Butte	DNR	41		7/1/2013	3,017	3,017	**6,034**	1,944	1,944	**3,888**	1,944	1,944	**3,888**	**(2,146)**
Jump Off Joe Butte	Benton PUD	42	55	1/1/2013	9,033	9,394	**18,427**	9,582	9,582	**19,164**	9,833	9,833	**19,666**	**1,239**
Jump Off Joe Butte	WA State Patrol	43	41	7/1/2014			**-**	420	433	**853**	446	459	**905**	**905**
Kahlotus (WSP)	WA State Patrol	44	74	7/15/2014	4,500	4,500	**9,000**	4,500	4,500	**9,000**	4,500	4,500	**9,000**	**-**
Kalama (WSP)	WA State Patrol	45	42	7/1/2014			**-**	600	618	**1,218**	637	656	**1,292**	**1,292**
King Lake (WSP)	WA State Patrol	46	75	7/15/2014	2,000	2,000	**4,000**	2,000	2,000	**4,000**	2,000	2,000	**4,000**	**-**
Klondike Mt	Avista-Ferry County PUD 1	47	76	7/15/2014	150	150	**300**	150	150	**300**	150	150	**300**	**-**
Lewiston Ridge	WA State Patrol	48	43	7/1/2014			**-**	3,420	3,433	**6,853**	3,446	3,459	**6,905**	**6,905**
Lind (easement)	Greller Family	49		7/15/2014	2,000	2,000	**4,000**	2,000	2,000	**4,000**	2,000	2,000	**4,000**	**-**
Lind (WSP)	WA State Patrol	50	16	7/1/2014	380	391	**771**	380	391	**771**	403	415	**818**	**47**
Longacres	Renton Acquisition LLC	51	17	9/29/2013	2,660	2,740	**5,401**	2,660	2,740	**5,401**	2,823	2,907	**5,730**	**329**
Magnuson Butte	Avista Utilities	52	18	4/1/2013	6,720	6,921	**13,641**	6,720	6,921	**13,641**	7,129	7,343	**14,472**	**831**
Maxwell - Summit	Green Diamond	53	19	7/1/2014	7,065	7,276	**14,341**	7,065	7,276	**14,341**	7,495	7,719	**15,214**	**873**
Maynard Peak	DNR	54		7/1/2013	2,848	2,848	**5,696**	2,373	2,848	**5,221**	2,848	2,848	**5,696**	**-**
Maynard Peak	WA State Patrol	55	44	7/1/2014			**-**	420	433	**853**	446	459	**905**	**905**
Megler	Pacific County	56	56	4/12/2010	3,386	3,386	**6,772**	3,386	3,386	**6,772**	3,608	3,608	**7,216**	**444**
Mica Peak (WSP)	WA State Patrol	57			-		**-**	-		**-**	618	637	**1,255**	**1,255**
Mineral Hill	Tacoma Public Works	58	20	8/1/2013	38,251	39,953	**78,204**	39,248	40,995	**80,243**	42,819	44,725	**87,544**	**9,340**
Minot Peak (+	Ulrich Trucking	59	21	7/1/2014	6,031	6,272	**12,303**	6,944	4,679	**11,623**	6,192	6,192	**12,385**	**82**
Mount Cleman	WA State Patrol	60			-		**-**	-		**-**	618	637	**1,255**	**1,255**
Mt Constitution	WA State Parks	61	22	12/1/2013	8,109	8,352	**16,461**	6,884	7,091	**13,975**	7,303	7,523	**14,826**	**(1,635)**
Mt Spokane	WA State Parks	62	23	7/1/2014	11,509	11,854	**23,363**	11,509	11,854	**23,363**	12,210	12,576	**24,786**	**1,423**
Naselle Ridge	DNR (Terminating 12/31/2013)			1/1/2014	7,984	7,984	**15,968**	1,975	-	**1,975**	-	-	**-**	**(15,968)**
Naselle Ridge	WA State Patrol	63	45	1/1/2014			**-**	3,115	3,208	**6,323**	3,305	3,404	**6,709**	**6,709**
Newhalem - Ross	City of Seattle	64	57	3/24/2014	1,200	1,200	**2,400**	1,200	1,200	**2,400**	1,200	1,200	**2,400**	**-**
Newhalem (WSP)	WA State Patrol	65			-		**-**	-		**-**	618	637	**1,255**	**1,255**
Octopus Mountain	WA State Patrol	66			-		**-**	-		**-**	618	637	**1,255**	**1,255**
Octopus Mt (DNR)	DNR	67	58	7/1/2014	2,130	2,130	**4,260**	2,130	2,130	**4,260**	2,270	2,270	**4,539**	**279**
Odessa	Inland Cellular	68	24	7/1/2014	10,612	10,824	**21,436**	10,612	10,824	**21,436**	11,041	11,262	**22,302**	**866**
Pickens Hill	Day Wireless Systems	69	25	1/1/2014	2,229	2,296	**4,525**	3,900	4,017	**7,917**	4,138	4,262	**8,399**	**3,875**
Pomeroy - Freeborn	Inland Cellular	70	26	7/1/2014	9,988	10,188	**20,175**	9,988	10,188	**20,175**	10,391	10,599	**20,991**	**815**
Prosser Butte (EMD)	Benton PUD	71	59	1/1/2013	3,752	3,902	**7,654**	2,506	2,506	**5,012**	2,571	2,571	**5,143**	**(2,511)**
Puffer Butte - Land	WA State Parks	72	27	12/31/2013	2,925	3,013	**5,939**	2,925	3,013	**5,939**	3,104	3,197	**6,300**	**362**
Puffer Butte - Tower	Asotin Telephone	73		9/1/2013	4,248	4,374	**8,622**	4,252	4,380	**8,632**	4,511	4,646	**9,157**	**536**
Queets	American Tower	74	28	10/1/2013	14,948	15,695	**30,643**	14,948	15,695	**30,643**	16,480	17,304	**33,783**	**3,141**
Rainier Hill, OR	American Tower	75	29	4/20/2013	15,078	15,832	**30,910**	15,040	15,792	**30,831**	16,581	17,410	**33,991**	**3,082**

WSDOT Capital Facilities 2015-17 Wireless Lease Budget Projection

					Baseline Funding for 2013-15			Actual/Forecast for 2013-15			Forecast for 2015-17			Change
Site Name	Lessor	Lease QTY	Site Lease	Last Rent Review	FY14 Baseline Projection	FY15 Baseline Projection	2013-15 Baseline Projection	FY14 Actuals	FY15 Revised Projection	2013-15 Revised Projection	FY16 Projection	FY17 Projection	2015-17 Projection	$ change from 2013-15
Rattlesnake Mt	Benton PUD	76	64	4/1/2014	3,485	3,485	**6,970**	4,018	4,464	**8,482**	4,464	4,464	**8,927**	**1,957**
Raymond - Holy	Pacific County	77	60	1/1/2013	7,244	7,244	**14,488**	4,148	4,148	**8,296**	4,148	4,148	**8,296**	**(6,192)**
Ridpath - Denny	WA State Patrol	78		7/15/2014	5,469	5,469	**10,938**	5,469	5,469	**10,938**	5,469	5,469	**10,938**	-
Ridpath - Nervig	WA State Patrol	79	77	7/15/2014	144	144	**287**	144	144	**287**	144	144	**287**	-
Ritzville	Inland Cellular	80	30	7/1/2014	10,612	10,824	**21,436**	10,612	10,824	**21,436**	11,040	11,261	**22,302**	**866**
Rockport Passive	Cascade Tmbrlds-Sierra Pac. Holding Co	81	78	7/15/2014	1,000	1,000	**2,000**	1,000	1,000	**2,000**	1,000	1,000	**2,000**	-
Rockport Solid	Skagit County Public Works Department	82	79	7/15/2014	250	250	**500**	250	250	**500**	250	250	**500**	-
Roosevelt (WSP)	WA State Patrol	83	46	7/1/2014			-	420	433	**853**	446	459	**905**	**905**
Scoggins Hill	Scoggin Family	84	31	7/1/2014	3,528	3,670	**7,198**	3,528	3,670	**7,198**	3,817	3,969	**7,786**	**588**
Signal Peak	Day Wireless Systems	85	32	1/1/2014	15,943	16,580	**32,523**	16,592	17,256	**33,848**	17,946	18,664	**36,609**	**4,086**
Sky Meadows	Kittcom	86	71	5/1/2014	-	-	-	-	-	-		700	**700**	**700**
Skyrocket Hill	Inland Cellular	87	33	7/1/2014	10,188	10,392	**20,580**	10,188	10,392	**20,580**	10,600	10,812	**21,412**	**832**
South Bradwood	American Tower	88	34	7/1/2014	12,537	13,163	**25,700**	11,934	12,530	**24,464**	13,157	13,815	**26,972**	**1,272**
Squak Mt	King County	89	35	7/1/2014	12,110	12,716	**24,826**	11,934	12,530	**24,464**	13,157	13,815	**26,972**	**2,146**
Steptoe Butte (WA	WA State Parks	90	36	1/1/2014	4,970	5,119	**10,089**	4,874	5,020	**9,893**	5,170	5,325	**10,496**	**407**
Steptoe Butte (WSP)	WA State Patrol	91		1/1/2014	690	711	**1,401**	690	711	**1,401**	732	754	**1,486**	**85**
Striped Peak (DNR)	DNR	92	65	7/1/2010	4,888	4,888	**9,776**	4,888	4,888	**9,776**	5,208	5,208	**10,416**	**640**
Sumas (WSP)	WA State Patrol	93	66	7/1/2014	10,415	10,415	**20,830**	5,353	5,353	**10,706**	5,353	5,353	**10,706**	**(10,124)**
Sunnyside Slope	DNR	94	67	7/1/2014	2,614	2,614	**5,228**	5,190	5,190	**10,380**	5,190	5,190	**10,380**	**5,152**
Umatilla Ridge	Benton PUD	95	68	1/1/2013	1,789	1,861	**3,650**	2,660	2,660	**5,320**	2,730	2,730	**5,459**	**1,809**
Underwood Mt	SDS Company, LLC	96		1/1/2014	2,278	2,369	**4,646**	2,278	2,369	**4,646**	2,463	2,562	**5,025**	**379**
Whiskey Dick (DNR)	DNR	97	69	7/1/2015	1,493	1,493	**2,986**	1,244	1,730	**2,974**	1,730	1,730	**3,460**	**474**
White Pass - Pigtail	McDaniel Cellular	98	37	7/1/2014	-	-	-	6,000	6,240	**12,240**	6,490	6,749	**13,239**	**13,239**
Yakima Ridge	Yakima Ranches Phase 2	99		7/1/2014	-	-	-	250	255	**505**	259	263	**521**	**521**
15-17 Wireless Lease Decision Package Request Total					**509,970**	**523,578**	**1,033,548**	**515,440**	**527,951**	**1,043,391**	**590,952**	**609,242**	**1,200,194**	**166,646**

General Notes:

1) FY13-15 baseline projections were used to acquire funding for the 2013-15 biennium.

2) 2013-15 revised projections are refined using actual expenditures for FY14 and new information relevant to FY15 charges.

3) 2015-17 projections were calculated by applying the anticipated increase (CPI or stated %) to the revised projections for 2013-15.

4) The requested increase in funding was calculated by subtracting the 2013-15 Baseline Projection (i.e. amount currently funded) from the 2015-17 Projection.

Agency: 405 Department of Transportation
Decision Package Code/Title: DB Janitorial and Utility Rates
Budget Period: 2015-17
Budget Level: ML – Maintenance Level

Program D – Facilities – Operating
M – Highway Maintenance and Operations

Recommendation Summary
Funding is requested for increased janitorial costs and expected increases in electricity costs due to rate and usage increases.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
108-1 MVA-State	610,000	611,000	1,221,000	1,221,000	1,221,000
Total by Fund	**610,000**	**611,000**	**1,221,000**	**1,221,000**	**1,221,000**

Detail by Program	FY 2016	FY 2017	2015-17	2017-19	2019-21
D-Facilities	74,000	75,000	149,000	149,000	149,000
M-Maintenance	536,000	536,000	1,072,000	1,072,000	1,072,000
Total by Program	**610,000**	**611,000**	**1,221,000**	**1,221,000**	**1,221,000**

Package Description
Janitorial Costs
Currently 35 janitorial service contracts support daily operations at department facilities statewide. Janitorial activities include garbage removal, restroom cleaning, floor care (such as vacuuming, sweeping, and mopping), carpet cleaning, and window washing. These service contracts are necessary to maintain acceptable working conditions for WSDOT employees and the public. Over the last three biennia, despite reducing levels of service to a bare minimum (for example, window washing, and carpet cleaning are reduced to once-a-biennium service) janitorial costs have steadily increased by an average of two percent each biennium. Further reductions to levels of service would adversely affect the sanitation and suitability of these facilities for department operations.

Janitorial expenditures from 2005-07 to 2011-13 have increased by $156,000 without any increase in funding. This request is for $45,000, which is the increase in actual expenditures between 2009-11 and 2011-13, the most recent completed biennia.

Electricity Costs

Additional funding is requested to pay for increased expenditures for electricity. This request focuses on electricity expenditures in Program D in the operation of 966 buildings, and Program M 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 the addition of new highway infrastructure and rate increases.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

This funding will support suitable and hygienic working conditions for department operations. Funding for increased electricity expenditures supports all functions of the department.

Performance Measure Detail

N/A

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

Yes. This decision package is essential to the department's strategic plan, Results WSDOT, Goal 1: Strategic investments. By funding this request, resources for infrastructure maintenance would not need to be diverted to cover the increased costs of electricity and maintaining and preserving highway infrastructure, which is a priority of WSDOT strategic investments.

Sanitary facilities assist with Goal 4: Organizational strength and the stated outcome to cultivate and enhance WSDOT's ability to attract, develop, and retain a core workforce targeting mission critical skills.

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 Government Results Washington priority, Goal 5: Efficient, effective, and accountable government. Appropriately maintained, sanitary facilities contribute to a suitable and safe work environment that fosters employee led efficiency development and improvements to state processes.

The maintenance and operations of the state highway system support the Governor's Results Washington priority, Goal 2: Prosperous economy, by contributing to a sustainable and efficient transportation infrastructure. Specifically, this request 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.

The requested funding is essential to keeping WSDOT facilities operational. 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 $72 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?
The department considered the following: shifting janitorial costs to other programs, but this confuses the department's program structure; reducing levels of service, but service levels are already at the minimum practicable; and, forcing office staff to perform janitorial tasks, but this would reduce productivity at their normal tasks. A request for additional funding was selected in order to prevent these adverse consequences.

Funds could be shifted from other maintenance activities 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.

What are the consequences of adopting or not adopting this package?
Without the additional funding for janitorial costs, the department anticipates more complaints from staff about unsanitary conditions and employee productivity and retention will be affected. Customers entering these facilities will have a negative image of the department.

Since electrical bills must be paid, the program will need to divert funds from maintenance and repair activities, which will cause a decrease in maintenance levels of service.

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

Determine which statutes, rules, or contracts might be impacted.
N/A

Expenditure calculations and assumptions

History of Program D Expenditures for Janitorial Services

Biennium	Expenditures	Change from previous biennium	Percent Change
2005-2007	2,476,021		
2007-2009	2,529,112	53,091	2.1%
2009-2011	2,587,790	58,678	2.3%
2011-2013	2,632,247	**44,457**	1.7%
Total Increase		**156,226**	6.3%

The request is for $45,000, which is just the increase between 2009-11 and 2011-13, the most recent completed two biennia.

The tables below show the history of expenditures versus funding for electricity, along with the calculation of the requested amounts for Program D and Program M.

History of Program D Expenditures vs. Funding for Electricity			
Biennium	**Electricity Expenditures (Object EC05)**	**Change from Previous Biennium**	**Funding Increases**
2003-05	3,466,686		
2005-07	3,511,906	45,220	0
Basis for Request:			
2007-09	3,877,627	365,721	0
2009-11[1]	3,709,229	(168,398)	42,000
2011-13[2]	3,786,302	77,073	30,000
Total 2009-11 and 2011-13		**274,396**	**72,000**
2013-15[3]	TBD		99,000
Total Funding Increases			**171,000**
Calculation of Request			
Expenditure Increases for 2007-09 through 2011-13			274,396
Less Funding Increases 2007-09 thru 2013-15			171,000
Difference			**103,396**
Budget Request-- Rounded to Nearest Even Thousand			**104,000**
Notes			
(1) 2009-11 funding of $42,000 is from the 2010 supplemental budget.			
(2) 2011-13 funding of $30,000 is from the initial 2011-13 budget; -$8,000 in carry forward level plus $38,000 in maintenance level.			
(3) 2013-15 funding of $99,000 is from $75,000 in the initial budget plus $24,000 in 2014 supplemental budget.			

History of Program M Expenditures vs. Funding for Electricity			
Biennium	**Electricity Expenditures (Object EC05)**	**Change from Previous Biennium**	**Funding Increases**
2003-05	9,234,725		
2005-07	9,507,920	273,195	0
2007-09	10,197,158	689,238	0
Basis for Request:			
2009-11[1]	11,222,956	1,025,798	765,000
2011-13[2]	12,614,449	1,391,493	182,000
Total 2009-11 and 2011-13		**2,417,291**	**947,000**
2013-15[3]	TBD		399,000
Total Funding Increases			**1,346,000**

Calculation of Request	
Expenditure Increases for 2009-11 and 2011-13	2,417,291
Less Funding Increases 2009-11 thru 2013-15	1,346,000
Difference	**1,071,291**
Budget Request-- Rounded to Nearest Even Thousand	**1,072,000**

Notes

(1) 2009-11 funding of $765,000 is from $400,000 in the initial 2009-11 budget plus $365,000 in 2010 supplemental budget.

(2) 2011-13 funding of $182,000 is from the initial 2011-13 budget; $7,000 in carry forward level plus $175,000 in maintenance level.

(3) 2013-15 funding of $399,000 is from $307,000 in the initial budget plus $92,000 in 2014 supplemental budget.

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 accurately forecast expenditure increases since they were based only on rate increases approved by the Utilities and Transportation Commission (UTC). The three utility companies that the UTC regulates Avista, Puget Sound Energy, and Pacific Power, only provide about one-half of the energy used by the department.

There are dozens of other providers across the state that are unregulated and do not give advance notice of their rate adjustments so that the department can fit those rate increases into a budget request. In addition, previous budget requests did not factor in the larger impact of new energy-using highway system infrastructure.

Due to the difficulty in identifying when new infrastructure may become operational and in forecasting future electrical usage and rates, no attempt is made to forecast costs for future periods, including the remainder of the 2013-15 Biennium as well as the 2015-17 Biennium. Instead, the methodology for calculating this request is to take actual expenditure increases compared to actual budget increases and to request the difference.

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	610,000	611,000	1,221,000	1,221,000	1,221,000
Total by Object	**610,000**	**611,000**	**1,221,000**	**1,221,000**	**1,221,000**

Agency:	**405**	**Department of Transportation**
Decision Package Code/Title:	**DC**	**Maintenance of System Additions**
Budget Period:	**2015-17**	
Budget Level:	**ML – Maintenance Level**	

Programs **D00 – Capital Facilities – Operating**
M – Highway Maintenance and Operations

Recommendation Summary
The construction of three new buildings is underway and will be functional for the 2015-17 biennium. Additional state appropriation for Program D, Capital Facilities, is requested for maintenance and operating costs for the three new buildings: 1) the Northwest Region Traffic Management Center (TMC) and Emergency Operations Room; 2) the SR520 Northup Equipment Building; and 3) the Everett Equipment/Material Storage Buildings.

Additionally, appropriation authority is requested for Program M, Highway Maintenance, and Operations, for the maintenance of Quarry Road, which was added to the state highway system in 2014 by a transfer from Snohomish County.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
108-1 MVA-State	160,000	162,000	322,000	322,000	322,000
16J-1 SR 520-State	17,000	17,000	34,000	34,000	34,000
Total by Fund	**177,000**	**179,000**	**356,000**	**356,000**	**356,000**
Staffing FTEs	**0.87**	**0.87**	**0.87**	**0.87**	**0.87**

Detail by Program	FY 2016	FY 2017	2015-17	2017-19	2019-21
D-Facilities Operations	133,000	134,000	267,000	267,000	267,000
M-Highway	44,000	45,000	89,000	89,000	89,000
Total by Program	**177,000**	**179,000**	**356,000**	**356,000**	**356,000**

Package Description
Construction of three new buildings is underway in the Northwest Region, and these facilities will be functional for the 2015-17 biennium. Because they are new, no funding for maintenance or operations exists in the current budget. Additional state appropriation authority is needed to preserve these assets and to provide functional, safe, and efficient work environments for WSDOT employees. The breakdown of costs by building is as follows:

Building	Requested Appropriation	FTEs
NWR TMC & Emergency Operations	$218,000	0.44
SR520 Northup Equipment Building	34,000	0.10
Everett Equipment/Material Storage Buildings	15,000	0.03
Total New Requirements	**$267,000**	**0.57**

Quarry Road was transferred to the state highway system from Snohomish County. Section 306(24) of the enacted 2014 transportation budget (Chapter 222, Laws of 2014, Engrossed Substitute Senate Bill 6001) required the department to "…accept transfer to the state highway system of Quarry Road (also known as the Granite Falls Alternate Route)…" The line item was vetoed by the Governor as unnecessary, because by that time, the department had reached agreement with Snohomish County to transfer Quarry Road to the state highway system. The department is requesting additional maintenance funding for this highway facility, because as a new addition to the state highway system, no funding is currently in place for its ongoing maintenance and operation.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
This funding will facilitate the long-term preservation of newly constructed buildings and ensure that work areas meet L&I standards for employee health and safety. Funding for highway maintenance will sustain system-wide levels of service that would otherwise have been attained, absent the Quarry Road addition.

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 department's strategic plan, Results WSDOT, Goal 1: Strategic investments, effectively manage system assets and multimodal investments on 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. The decision package contributes to two of the Governor's Results Washington priorities, Goal 2: Prosperous economy – specifically contributing to reliable infrastructure and sustainable transportation; and Goal 5: Efficient, effective, and accountable government, supporting the outcome of resource stewardship.

Identify important connections or impacts related to this proposal.
There are no known concerns or legal matters associated with this request. The additional appropriation authority is needed to avoid diversion of resources from other core functions and expectations of the programs.

As of the 2013-15 biennium, the Highway Maintenance and Operations Program has an estimated $72 million per-biennium of unfunded maintenance backlog that continues to grow as new transportation infrastructure is added to the system. Further, the Capital Facilities Program currently has a backlog of approximately $473 million in building repair and replacement needs. The requested funding is needed to prevent further additions to these backlogs.

What alternatives were explored, and why was this alternative chosen?
Reducing or deferring maintenance activities in other buildings in favor of the new buildings' needs was considered. This alternative was not selected because deferring maintenance is more costly and a less efficient use of public resources in the long run. Similarly, resources could be diverted from other core highway maintenance activities but would have a detrimental effect on other assets and levels of service.

Requesting additional spending authority to maintain the new public assets was selected to preserve existing levels of service and prevent increases in existing backlogs.

What are the consequences of adopting or not adopting this package?
If this package were not adopted, the program would redirect funds from other program activities, causing service levels to decrease.

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

Determine which statutes, rules, or contracts might be impacted.
N/A

Expenditure calculations and assumptions:
New buildings:
The per-square-foot maintenance cost estimates are based on the Office of Financial Management's Operating Expenses Calculation Tool for 2015-2021 Six-Year Facilities Plan dated March 24, 2014. The tool provides costs by type of building for the specific cities where buildings are located. The TMC building is in Shoreline; the Northup building is in Bellevue; and the Everett buildings are in Everett. Buildings' square footage and per-city unit costs are shown below:

Calculations	Costs Per Square Foot								
Facility	Janitorial	Grounds	Utilities	Maint.	Total	Square Footage	Total Annual Costs	Total Biennial Costs	FTE Annual
NWR Traffic Management Center SR	$2.34	$0.16	$0.93	$2.47	$5.90	18,463	$108,932	$217,863	0.44
520 Northup Equipment Building	NA	$0.16	$0.32	$1.82	$2.30	7,500	$17,250	$34,500	0.10
Everett Equipment/Materials Storage	NA	$0.13	$0.32	$1.82	$2.27	3,300	$7,491	$14,982	0.03
Total						**29,263**	**$133,673**	**$267,345**	**0.57**

Quarry Road:
This section of roadway has a number of features that are expensive to maintain including 196 catch basins, two stormwater treatment facilities, three highway-lighting systems, and a 26-acre wetland mitigation site. Costs were estimated using the Northwest Region Area Five average biennial cost per lane mile of $23,363 x 3.8 lane miles = $88,779, rounded to $89,000.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?
All costs are ongoing and are likely to increase with inflation over time.

Objects of Expenditure

Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
A - Salaries and Wages	42,000	44,000	86,000	86,000	86,000
B - Benefits	17,000	17,000	34,000	24,000	24,000
E - Goods and Services	118,000	118,000	236,000	236,000	236,000
Total by Object	**177,000**	**179,000**	**356,000**	**356,000**	**356,000**

	FTEs			Dollars		
List Positions by Classification	FY 2016	FY 2017	Biennial Average	FY 2016	FY 2017	Total
Maintenance Technician 2	0.30	0.30	0.30	13,000	14,000	27,000
Maintenance Mechanic 3	0.57	0.57	0.57	29,000	30,000	59,000
Total	**0.87**	**0.87**	**0.87**	**42,000**	**44,000**	**86,000**

Out Biennia				
	FTEs		Dollars	
List Positions by Classification	2017-19	2019-21	2017-19	2019-21
Maintenance Technician 2	0.30	0.30	27,000	27,000
Maintenance Mechanic 3	0.57	0.57	59,000	59,000
Total	**0.87**	**0.87**	**86,000**	**86,000**

Agency: 405 Department of Transportation
Decision Package Code/Title: FB Non-State Funds Items
Budget Period: 2015-17
Budget Level: ML – Maintenance Level

Programs F – Aviation
S – Transportation Management and Support
U – Payments to Other Agencies

Recommendation Summary
The department is requesting several increases to non-state funding; the increases are in the Aviation, Transportation Management and Support, and Payments to Other Agencies programs. The Aviation program is requesting an increase in local funding for an ongoing increase in reimbursable airport safety inspections and a one-time increase in federal for anticipated project costs. The Transportation Management and Support program is requesting an ongoing increase in federal funding for on-the-job (OJT) training grants. This funding was provided in the 2014 Supplemental budget but was removed in a carry-forward level adjustment. The Payments to Other Agencies program is requesting additional spending authority for federal support of disadvantaged business enterprises.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
108-2 MVA-Fed	175,000	175,000	350,000	350,000	350,000
039-7 Aeronautics-Local	30,000	30,000	60,000	60,000	60,000
039-2 Aeronautics-Fed	974,000	976,000	1,950,000	-	-
Total by Fund	**1,179,000**	**1,181,000**	**2,360,000**	**410,000**	**410,000**

Revenue Detail	FY 2016	FY 2017	2015-17	2017-19	2019-21
108-2 MVA-Fed	175,000	175,000	350,000	350,000	350,000
039-7 Aeronautics-Local	30,000	30,000	60,000	60,000	60,000
039-2 Aeronautics-Fed	974,000	976,000	1,950,000	-	-
Total by Fund	**1,179,000**	**1,181,000**	**2,360,000**	**410,000**	**410,000**

Detail by Program	FY 2016	FY 2017	2015-17	2017-19	2019-21
F-Aviation	1,004,000	1,006,000	2,010,000	60,000	60,000
S- Trans Mgmt and Supp	125,000	125,000	250,000	250,000	250,000
U-Pymnts to Other Agn	50,000	50,000	100,000	100,000	100,000
Total by Program	**1,179,000**	**1,181,000**	**2,360,000**	**410,000**	**410,000**

Package Description
The request is for several non-state fund increases, these increases are detailed below by program.

Aviation-Airport Safety Inspections
In July 2014, the department received spending approval from the Office of Financial Management for an unanticipated receipt of local funds to reimburse costs of airport safety data inspections conducted by the Aviation Program. The reimbursement is expected to be ongoing but occurred too late to be included in the carry-forward level calculations for 2015-17. This local funding authority for public-use airport inspections is associated with the Federal Aviation Administration (FAA) Airport Safety Data Program. Although this is a mandated program and the FAA prefers the states to conduct inspections, it allows options for the state to opt out. In the past, WSDOT opted out of the program and a private contractor conducted the inspections.

However, WSDOT began performing these inspections in the current federal fiscal year. The reimbursement is local rather than federal funds because the FAA funds are received via an intermediary rather than directly from the federal government. The current schedule is for the department to perform half of the necessary inspections (21 of 42 airport inspections) in the current federal fiscal year as a phased-in approach to assume responsibility for performing all of the required annual inspections. These expenditures, reimbursed with local funds, were included in an unanticipated receipt request approved in July 2014. Next federal fiscal year (October 1, 2014-September 30, 2015) and in future years, WSDOT Aviation will conduct 100 percent of these federally mandated airport inspections. The department requests ongoing local appropriation authority of $60,000 in the Aeronautics Account for the reimbursements that will be received when WSDOT assumes responsibility for 100 percent of the inspections.

Aviation-Airport Improvement Program
The anticipated 2015-17 Biennium federal spending plan from the FAA-Airport Improvement Program grants is $4,100,000. However, the current appropriation authority for this program is $2,150,000 so a one-time federal appropriation increase of $1,950,000 ($4,100,000 less $2,150,000) is requested in the Aeronautics Account. The 2015-17 expenditure plan for the program includes two projects – phases one and two of the Aviation System Plan and pavement rehabilitation for the Methow Valley State Airport.

- The overall objective of the Aviation System Plan is to assess the condition and performance of Washington State's aviation system.
    - The first phase of the plan, which will begin in the 2013-15 biennium, is to update activity forecasts and performance measures, determine system requirements, program development priorities, and identify policy recommendations.
    - The second phase is to conduct high-definition land surveying at selected airports, analyze the data, and determine what actions need to be taken in order to incorporate lower altitude instrument approaches. WSDOT will contract with

a consultant to complete the study and surveys and provide the needed data. WSDOT will then analyze the data and prepare a summary regarding needed airport changes to accommodate lower altitude instrument approaches. The program supports the Federal Aviation Administration's plan to replace the current radio navigation system with a GPS airspace navigation system. Total cost = $1,250,000.

- The Methow Valley State Airport will get several infrastructure improvements, including pavement overlay for the runway, west taxiway connector, and west aircraft-parking apron; stormwater management study to determine if sub-drains are needed; expansion of holding bays or construction of turnarounds; and expansion of west aircraft parking apron. Total cost = $2,850,000.

Transportation Management and Support

Increased Motor Vehicle Account (MVA)-federal expenditure authority is requested for OJT grants. The current level of federal authority does not align with the federal funding expected for these grants. Making this adjustment should eliminate the need for an unanticipated receipt request during the biennium; this increase was provided in the 2014 Supplemental Budget but was removed in a carry-forward level adjustment.

The goal of the OJT program is to assist minorities and women who desire to work and/or have a career in the construction trades by providing them gateways to employment in the construction trades. The OJT unit with WSDOT is responsible for assisting contractors in finding qualified individuals to meet identified workforce shortages and for identifying paths and gateways to entry-level apprenticeship and trainee programs. The program also assists with job placement.

Payments to Other Agencies

Increased federal spending authority is needed for the Disadvantaged Business Enterprises (DBE) Support Program. The DBE support program is managed by the WSDOT Office of Equal Opportunity (OEO) and is designed to enable businesses owned by minorities and women to compete successfully for transportation construction contracts. (The DBE program is currently funded in Program U, although DBE funds are not paid to other agencies. These funds will eventually be transferred in a budget structure change to Program S, where a similar federal program, the federal On the Job Training Program is managed by the OEO.)

Current federal spending authority for this program is set at $400,000, although that amount has been exceeded in the last two biennia (the unanticipated receipts process had to be used for getting temporary increases in spending authority). WSDOT is requesting an additional $100,000 in MVA-federal authority for the DBE program. The additional spending authority does not obligate the spending of any state funds, or pose any risk to the state; it only authorizes the spending of federal funds when they are available. Without the additional spending authority, there is a risk that available federal funds may not be able to be utilized by this state. This is particularly concerning near the end of the biennium when spending is close

to the limit and there is not enough time to request additional spending authority through the unanticipated receipt process.

Shown below is the history of expenditures for the federal DBE support program.

History of WSDOT Expenditures--Federal Funds By WSDOT Office of Equal Opportunity For Disadvantaged Business Enterprises Support			
Biennium	**Pgm U**	**Pgm S**	**Total**
FY 2014	121,402		121,402
2011-13	510,192		510,192
2009-11	399,539	50,820	450,359
2007-09	322,100		322,100
2005-07	99,000		99,000

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
N/A

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.
Yes. This proposal supports several of the goals identified in the department's strategic plan, Results WSDOT, specifically Goal 1: Strategic Investments, Goal 2: Modal Integration, and Goal 5: Community Engagement.

Does this decision package provide essential support to one or more of the Governor's Results Washington priorities? If so, please describe.
Yes. This proposal supports the Governor's Results Washington priority, Goal 2: Prosperous economy. Specifically, it increases the speed of Washington commerce by businesses and their workers moving products efficiently and reliably across our highways and railways, through our ports and in the air.

Identify important connections or impacts related to this proposal.
WSDOT Aviation's primary stakeholders are airport sponsors (counties, cities, port authorities, and private public-use airport owners). Through organizations such as the Washington Airport Management Association and the Washington State Community Airport Association, airport sponsors have indicated a desire for WSDOT to complete these federally mandated airport safety inspections instead of a private contractor.

What alternatives were explored, and why was this alternative chosen?
WSDOT can opt out of performing the airport inspections; however, conducting airport safety data inspections would improve Aviation's visibility on airport conditions, needs, and stakeholder outreach.

Providing additional federal authority for the Aviation Safety Plan, OJT grants and the OEO program through a budget item is the most efficient method to increase the department's spending authority. The most likely alternative is using an unanticipated receipt.

What are the consequences of adopting or not adopting this package?
Not adopting this package would be a lost opportunity to obtain federal reimbursement for administering a program that would result in WSDOT improving services, safeguarding the quality of critical airport safety data inspections, and enhancing stakeholder outreach.

If the department does not receive increased authority for the Aviation Safety Plan, OJT grants, and OEO funding, it will request approval of an unanticipated receipt if additional grants become available when the legislature is not in session.

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

Determine which statutes, rules, or contracts might be impacted.
N/A

Expenditure calculations and assumptions.
Aviation is planning to conduct approximately 42 eligible airport inspections per year. It is assumed that the FAA through GRC and Associates will reimburse approximately $650 per inspection, for a total of $27,300 (42 x $650) or $54,600 per biennium. This amount was rounded up to $60,000 to cover any unforeseen change in the reimbursement received.

The Airport Safety Plan increase of $1.95 million is based on the federal Airport Improvement Program grant.

The increased MVA-Federal for OJT and OEO is based on historical spending patterns.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?
The four items requested in this package are detailed below:

- Airport inspection reimbursement: Costs are assumed ongoing at $30,000 per year.
- Aviation Improvement Plan: The requested $1.95 million increase in federal authority is one-time.
- On-the-job grants: Grants are assumed ongoing at $125,000 per year.
- Payments to Other Agencies: Increased federal authority for OEO funding is assumed ongoing at $50,000 per year.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	**FY 2016**	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
A - Salaries and Wages	-	-	-	-	-
B - Benefits	-	-	-	-	-
C - Personal Service Contracts	597,000	598,000	1,195,000	-	-
E - Goods and Services	112,000	113,000	225,000	100,000	100,000
J - Capital Outlay	315,000	315,000	630,000	-	-
N - Grant	155,000	155,000	310,000	310,000	310,000
Total by Object	**1,179,000**	**1,181,000**	**2,360,000**	**410,000**	**410,000**

Agency:	**405**	**Department of Transportation**
Decision Package Code/Title:	**MC**	**Transient Encampment Removal and Cleanup**
Budget Period:	**2015-17**	
Budget Level:	**ML – Maintenance Level**	

Program M – Highway Maintenance and Operations

Recommendation Summary
Additional appropriation authority is requested to pay for increased expenditures associated with the removal and cleanup of transient encampments.

Fiscal Detail

108-1 MVA-State	108,000	108,000	216,000	216,000	216,000
Total by Fund	**108,000**	**108,000**	**216,000**	**216,000**	**216,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-20**
Staffing FTEs	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**

Package Description
State-owned right-of-way along state highways in urban areas are increasingly becoming home to transient encampments that present health and safety hazards for the public and WSDOT workers because of debris from alcohol and drug use, solid waste contamination, and criminal activity. The Highway Maintenance and Operations Program have been diverting funds from other maintenance activities to clean up encampments. As the cost of cleanup continues to expand, additional funds are needed to avoid a detrimental drain on core maintenance work.

Points of consideration:

- Each month, 20,000 pounds of garbage is removed from Seattle roadsides due to homeless encampments.
- Within the first 10 months of the 2013-15 biennium, there were 45 calls to 911 for various issues related to illegal behavior or medical emergencies on WSDOT right-of-way within a two-mile stretch of I-5 in Seattle.
- A WSDOT employee was attacked and stabbed by a homeless person in an encampment in August 2013.
- Crime has increased in neighborhoods adjacent to WSDOT right-of-way.
- In a recent one-week period:
    - WSDOT employees found an extensive meth lab on WSDOT right-of-way.
    - A decomposed body was found in a sleeping bag on WSDOT right-of-way.
    - A man was arrested because he attacked a 60-year-old man with a machete. He had just emerged from WSDOT right-of-way.
- In a 2014, during a one-night count in King County, 357 people were reported living under structures and 64 people living in bushes or undergrowth. (WSDOT right-of-way accounted for a portion of the survey.) The count underestimated the number of

homeless on WSDOT right-of-way because counters cannot safely see completely into WSDOT property.
- WSDOT is constructing fences at significant cost to deter use of WSDOT right-of-way.
- Bridge inspection is impeded because of accumulations of garbage at the base of columns and abutments within rights-of-way.
- The Alaska Way Tunnel project hired a security service due to employee encounters with the homeless population sleeping overnight at the office's front door. The program has not received funding for this effort but has, to-date, redirected resources from other core activities that keep the highway infrastructure in good working order.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
Cleaning up transient camps reduces the risk to WSDOT workers and the public's health and safety related to debris from alcohol and drug use, criminal activity, solid waste contamination, and watershed pollution. The cleanup improves the aesthetics of the area. Additionally, once garbage is removed from the base of bridge columns, bridge inspections can continue.

Performance Measure Detail

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, of the department's strategic plan, Results WSDOT. The cleanup will contribute to the desired outcome of effectively managing assets on strategic corridors.

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 to two of the Governor's Results Washington priorities. Goal 2: Prosperous economy, specifically, toward a reliable and sustainable transportation infrastructure and Goal 4: Healthy and safe communities.

Identify important connections or impacts related to this proposal.
Removing and cleaning up transient camps will reduce risks to public health and safety.

What alternatives were explored, and why was this alternative chosen?
Without any action, the condition of urban roadsides would continue to degrade and negatively affect the health and safety of the public and WSDOT personnel. If funds continue to be diverted from core maintenance work, levels of service for other maintenance activities are negatively affected. Requesting additional appropriation authority was selected as a preferred alternative.

What are the consequences of adopting or not adopting this package?
The program will continue to redirect funds from other maintenance activities, causing service levels to decrease.

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

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

Expenditure calculations and assumptions
Historical expenditures for transient encampment cleanup are shown in the following table (Work operation code 1676 - Transient Removal and Cleanup):

History of Program M Expenditures for Transient Camp Cleanup		
Biennium	**Expended**	**Increase**
2013-15 Estimated	$812,000	217,000
2011-13	595,000	82,000
2009-11	513,000	134,000
2007-09	379,000	109,000
2005-07	270,000	130,000
2003-05	140,000	
Note: 2013-15 is estimated: Actual expenditures through May 2014 of $372,325 divided by 11 months, multiplied by 24 months.		

= $216,000

This request is based on measured cost increases over the last two completed biennia ($82,000 in 2011-13 and $134,000 in 2009-11) for a total of $216,000. This adjustment would cover the anticipated increase from 2011-13 to 2013-15 of $217,000 but would not cover any further growth from 2013-15 to 2015-17 in the event the demand for transient cleanup continues to expand.

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**	**2019-20**
A - Salaries and Wages	42,000	42,000	84,000	84,000	84,000
B - Benefits	19,000	19,000	38,000	38,000	38,000
E - Goods and Services	47,000	47,000	94,000	94,000	94,000
Total by Object	**108,000**	**108,000**	**216,000**	**216,000**	**216,000**

Salary and FTE Detail						
	FTEs			**Dollars**		
List Positions by Classification	**FY 2016**	**FY 2017**	**Biennial Average**	**FY 2016**	**FY 2017**	**Total**
Maintenance Technician 2	1.0	1.0	1.0	42,000	42,000	84,000
Total	**1.0**	**1.0**	**1.0**	**42,000**	**42,000**	**84,000**

Out Biennia				
	FTEs		**Dollars**	
List Positions by Classification	**2017-19**	**2019-20**	**2017-19**	**2019-20**
Maintenance Technician 2	1.0	1.0	84,000	84,000
Total	**1.0**	**1.0**	**84,000**	**84,000**

Agency:	**405**	**Department of Transportation**
Decision Package Code/Title:	**ME**	**Local Government Assessments**
Budget Period:	**2015-17**	
Budget Level:	**ML – Maintenance Level**	

Programs **D – Facilities Operations**
M – Highway Maintenance and Operations

Recommendation Summary
Additional appropriation authority is requested for property assessments made by local governments for purposes such as emergency medical services, weed control, irrigation, diking, drainage, landscaping, roads, fire districts, and other city and county support. The request also includes appropriation authority to pay the cost of local assessments related to state highway rights-of-way.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-20
108-1 MVA-State	872,000	874,000	1,746,000	1,746,000	1,746,000
Total by Fund	**872,000**	**874,000**	**1,746,000**	**1,746,000**	**1,746,000**
Staffing FTEs	-	-	-	-	-

Detail by Program	FY 2016	FY 2017	2015-17	2017-19	2019-21
Pgm. D-Facilities Oper.	43,000	44,000	87,000	87,000	87,000
Pgm. M-Highway Maint.	829,000	830,000	1,659,000	1,659,000	1,659,000
Total by Program	872,000	874,000	1,746,000	1,746,000	1,746,000

Package Description
Local government bodies have the statutory authority to charge property owners, including government bodies, rate-based tax for multiple purposes. Examples of taxing districts include counties, cities, fire departments, wastewater districts, and more. Examples of levies include emergency medical services, fire protection, weed control, water management, irrigation, diking, drainage, and other local services.

Both the Highway Maintenance and Operations Program (Program M) and the Facilities Program (Program D) pay assessments from local governments. Program M pays for assessments associated with highways and Program D pays for most other property assessments, excluding ferries sites and properties related to highway construction projects.

The local government fees that are related to stormwater[1] and assessed on WSDOT state highway right-of-way generally must be discounted (RCW 90.03.525). The Legislature considers

[1] Property rates that must be charged at 30 percent of the rate for comparable real property when applied to state highway rights-of-way include: sewerage systems for refuse collection and disposal (35.67 RCW); municipal utilities (35.92 RCW); highways, open spaces, parks, other public facilities, stormwater control (36.89 RCW); sewerage, water, and drainage systems (36.94 RCW); powers (57.08 RCW); and flood control zone districts (86.15 RCW).

these lower rates for stormwater control facilities to be equitable because of the continuing expenditures WSDOT makes to control surface water or stormwater runoff from state highway rights-of-way.

The local government assessments paid by WSDOT are tracked in the accounting system under two objects EZ03, for non-stormwater related assessments, and EZ04, for stormwater. Those stormwater fees that are charged at 30 percent fall under Program M, object EZ04, and are separately invoiced to facilitate tracking the specific local government requirements associated with them.[2]

Additional appropriation authority is requested to adjust the two programs' budgets for increasing costs for these fees. The request is based upon the difference between the increases in expenditures versus funding over the last three biennia.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
The department expects that the additional funding will prevent the programs from having to redirect funds from other highway and facilities 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 would 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 buildings, highways, and other facilities.

[2] Historically, the local governments were required by statute to use the revenues paid by WSDOT solely for stormwater control facilities that directly reduce state highway runoff impacts or to implement best management practices to reduce the need for such facilities. Further, each local government was required to submit an annual plan to WSDOT for the use of the proceeds. Section 708 of the 2014 enacted supplemental budget for 2013-15 (ESSB 6001) amends RCW 90.03.525 for the remainder of the biennium, eliminating the requirement for the annual plan and removing the restriction that proceeds be used to control "state" highway runoff.

Identify important connections or impacts related to this proposal.
As of the 2013-15 biennium, Program D has an unfunded backlog of $473 million for building repair and replacement needs. Program M has an estimated $72 million backlog of unfunded maintenance, which will continue to increase as new transportation infrastructure is added to the system.

What alternatives were explored, and why was this alternative chosen?
Because the fees must be paid, the only alternative is to shift existing funds from various maintenance activities. This option was not chosen due to the adverse impacts and reduced levels of service that would result.

What are the consequences of adopting or not adopting this package?
Because the agency is legally required to pay these assessments, funding for the request prevents diversion of funds from other maintenance activities.

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

Determine which statutes, rules, or contracts might be impacted.
N/A

Expenditure calculations and assumptions
The additional need for assessments (other than those for highway-related stormwater) was calculated by comparing actual expenditure increases to the budget amounts added over the last three biennia. The difference is the requested additional appropriation authority.

The tables below show the calculations for both Program D and Program M for this portion of the request.

Difference Between Expenditure Increases versus Funding Increases
Assessments Not Subject to RCW 90.03.525 (Stormwater Assessments on State Highways)

Program D - Stormwater and Other Assessments							
Pgm.	**Object**	**Object Name**	**2005-07**	**2007-09**	**2009-11**	**2011-13**	**Cumulative**
D	EZ03	Assessments	140,801	197,688	162,185	254,255	
D	EZ04	Storm Water	76,976	142,055	160,257	172,140	
Total			217,777	339,743	322,442	426,396	
Change From Previous Biennium				**121,966**	**(17,301)**	**103,953**	**208,619**
Incremental funding appropriated for Program				0	0	122,000	122,000
Difference							86,619
Rounded to thousands of dollars							**$87,000**

Program M - Other Assessments							
Pgm.	**Object**	**Object Name**	**2005-07**	**2007-09**	**2009-11**	**2011-13**	**Cumulative**
M	EZ03	Assessments	90,085	79,977	193,684	427,820	
Change From Previous Biennium				**(10,108)**	**113,707**	**234,136**	**337,735**
Incremental funding appropriated for Program				0	0	0	0
Difference							337,735
Rounded to thousands of dollars							**$338,000**

Note: 2013-15 expenditure experience is not included as it is incomplete; no additional appropriation provided in 2013-15 for these purposes.

Stormwater assessments charged to WSDOT and related to state highway right-of-way are invoiced and tracked separately. The appropriation request for this portion was calculated by comparing the most recent full biennium's expenditures to the funding available in the base budget that has been provided for this purpose. The history of costs is displayed below:

Program M Expenditures for Local Government Stormwater Assessments									
Local Government Entity	**1995-97**	**1997-99**	**1999-01**	**2001-03**	**2003-05**	**2005-07**	**2007-09**	**2009-11**	**2011-13**
Pierce County	$105,484	$68,829	$360,595	$350,205	$326,987	$117,832	$265,976	$345,241	$416,870
City of Renton	77,002	65,642	61,872	64,110	83,449	52,520	85,290	95,051	135,245
City of Puyallup	17,028	30,049	33,541	31,605	244	0	0	0	0
City of Olympia	69,614	41,936	86,668	67,098	58,687	32,431	66,295	67,108	67,098
City of Kent	56,589	79,106	102,536	98,160	91,385	61,251	59,744	95,188	0
City of Tukwila	64,939	428	116,083	98,772	61,682	91,290	133,166	97,489	150,651
City of Bothel	9,471	27,220	30,101	41,947	34,486	0	0	52,905	65,360
City of Seatac	43,225	49,400	92,924	68,224	68,224	68,224	68,224	74,552	74,552
City of Vancouver	164,292	201,361	67,000	90,596	0	219,595	0	432,724	215,000
City of Issaquah	48,368	64,263	74,701	67,608	0	0	0	0	0
Kitsap County	40,585	187,692	67,001	0	81,453	183,998	221,385	20,692	52,312
King County	243,171	243,171	1,228,004	1,309,578	1,309,578	1,374,906	1,435,490	1,520,694	1,713,333
Snohomish County	84,501	133,149	133,390	288,723	331,010	319,516	391,315	161,157	147,287
Skagit County	0	0	92,178	30,043	36,872	36,872	36,871	36,871	36,871
City of Federal Way	61,492	0	161,838	67,536	35,252	0	0	0	0
City of Bellingham	0	0	0	0	69,015	89,272	88,727	88,727	97,988
City of Tacoma	0	0	520	436	731	1,164	0	4,631	1,525
City of Port Angeles	0	0	2,343	0	0	0	0	0	0
City of Bellevue	103,324	0	0	0	0	421,603	470,453	535,373	585,933
Douglas County	0	0	28,119	9,828	29,484	9,828	29,484	21,529	12,636
Spokane County	0	0	2,573	0	0	0	0	0	0
Clark County	20,879	0	149,328	161,322	161,322	93,196	91,918	162,978	153,571
City of Redmond	22,134	0	0	0	0	0	0	0	0
City of Northbend	0	0	0	10,792	0	0	14,395	0	0
Total	$1,232,098	$1,192,246	$2,891,317	$2,856,583	$2,779,862	$3,173,498	$3,458,733	$3,812,911	$3,926,231

Most recent biennial costs of $3.926 million, less funding in the base of $2.605 million, leave $1.321 million unfunded. The base funding is made up of the following:

2001-13 = $ 700,000
2003-05 = 319,000
2009-11 = 286,000
2013-15 = 1,300,000
$2,605,000

A summary of all local assessment funding needs, by program is below:

Program	Type of Assessment	Cumulative Cost Increase	Available in Budget	Shortfall
D	Non-Stormwater & Stormwater (EZ03, EZ04)	209,000	122,000	87,000
M	Non-Stormwater (EZ03)	338,000	0	338,000
		Total Cost	**Available in Budget**	**Shortfall**
M	RCW 90.03.525 Stormwater (EZ04)	3,926,000	2,605,000	1,321,000
			Total 2015-17 Request:	**1,746,000**

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**	**2019-20**
E - Goods and Services	872,000	874,000	1,746,000	1,746,000	1,746,000
Total by Object	**872,000**	**874,000**	**1,746,000**	**1,746,000**	**1,746,000**

Agency: 405 Department of Transportation
Decision Package Code/Title: MG Oregon Bridge Agreements
Budget Period: 2015-17
Budget Level: ML – Maintenance Level

Program M – Highway Maintenance Operations

Recommendation Summary
Additional appropriation authority of $692,000 is requested to reimburse the Oregon Department of Transportation (ODOT) for the Washington State Department of Transportation (WSDOT) share of increased maintenance costs of bridges over the Columbia River.

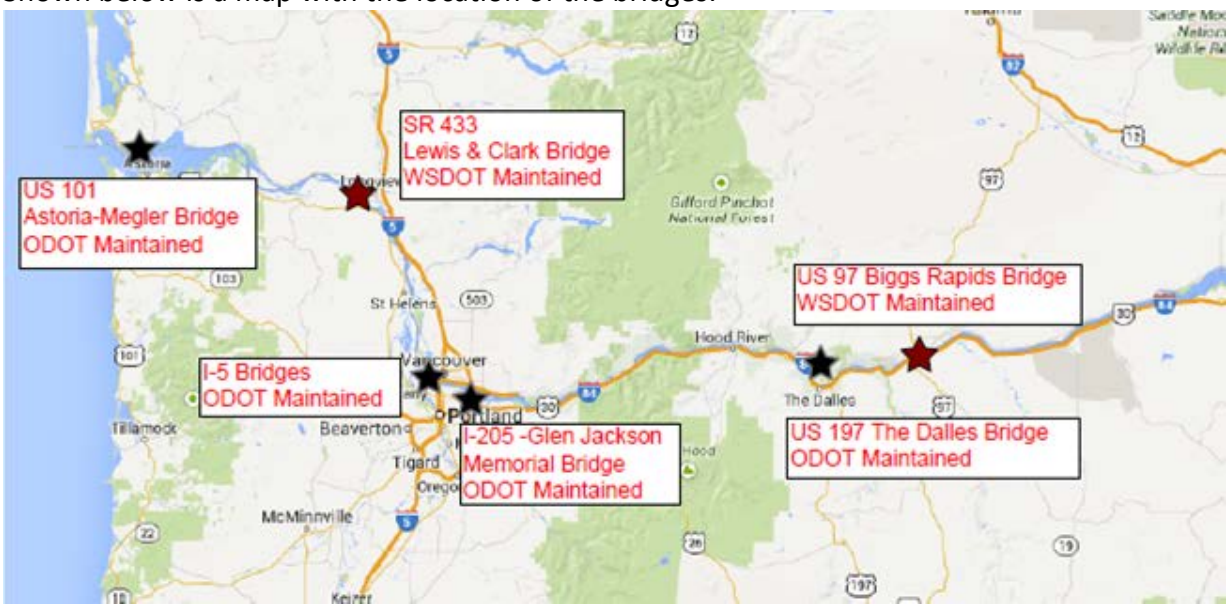
Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-20
108-1 MVA-State	346,000	346,000	692,000	-	-
Total by Fund	**346,000**	**346,000**	**692,000**	**-**	**-**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-20**
Staffing FTEs	**-**	**-**	**-**	**-**	**-**

Package Description
WSDOT and ODOT split the maintenance costs between the two states for bridges that span the Columbia River. In the agreements, one state takes the lead in planning and managing the work and paying the maintenance costs; the other state reimburses the lead state for half the costs after the work is completed. ODOT has the lead for the US-101 Astoria-Megler Bridge, the I-5 northbound and southbound bridges, the I-205 Glenn Jackson Memorial Bridge, and the US 197 The Dalles Bridge. WSDOT has the lead for the SR 433 Lewis and Clark Bridge, and the US 97 Biggs Rapid Bridge.

Without a commitment to replace the two bridges across the Columbia River on I-5, ODOT determined it was necessary to perform extensive maintenance work on those bridges. This work includes replacing and re-bushing cable guides, bearing seat repair, joint replacement, and electrical testing and replacement. The US-197 The Dalles Bridge requires deck repairs and fall protection system inspection and repair. The US-101 Astoria-Megler Bridge requires joint repair and replacement. Finally, the I-205 Jackson Bridge is in need of bridge-joint replacement. ODOT has informed WSDOT that the additional planned 2015-17 maintenance work for these bridges will cost $1,383,000, half of which – $691,500 – is WSDOT's share.

Shown below is a map with the location of the bridges:



Narrative Justification and Impact

What specific performance outcomes does the agency expect?
The additional funding will enable the program to fulfill its commitment to ODOT without having to re-direct funds from other maintenance activities to cover the obligation.

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 links to the agency's strategic plan, Results WSDOT, Goal 1: Strategic investments, as it contributes to the effective management of system assets on strategic corridors and enhances economic vitality.

Does this decision package provide essential support to one or more of the Governor's Results Washington priorities? If so, please describe.
The request supports the Governor's Results Washington priority, Goal 2: Prosperous economy. Maintaining and preserving bridges contributes to a sustainable and efficient transportation infrastructure. Specifically, this proposal will help achieve performance outcome 3.1.b, "Improve percentage of state and local bridges in fair or better condition at 95 percent or higher."

Identify important connections or impacts related to this proposal.
The bridge maintenance agreements between Washington and Oregon are a key partnership and the department is legally bound to pay its share of these necessary costs.

Additionally, as of the 2013-15 biennium, the Highway Maintenance Program has an estimated backlog of unfunded maintenance needs of $72 million, which will continue to increase as new transportation infrastructure is added to the system. At the same time, the program is expected to achieve Maintenance Accountability Program (MAP) targets and meet legal obligations of stormwater control mandates. The additional funding is needed to avoid diverting resources from other expectations of the program.

What alternatives were explored, and why was this alternative chosen?
The only alternative to requesting additional appropriation authority is to shift existing funds from various maintenance activities to cover the new costs. Not incurring the cost is not an option, since the bridge-agreement payments are a legal requirement.

The option of diverting resources from other maintenance activities was not chosen due to the adverse impacts and reduced level of service that would result.

What are the consequences of adopting or not adopting this package?
If this package were not adopted, since this is a legal mandate, the program would redirect funds from other maintenance activities, causing service levels to decrease.

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

Determine which statutes, rules, or contracts might be impacted.
N/A

Expenditure calculations and assumptions:
The current average biennial maintenance costs for the ODOT bridges are as follows:

Bridge Name	Total Biennial Maintenance Cost (Average)	ODOT Share	WSDOT Share
I-5 Bridges	$1,810,000	$950,000	$950,000
US-197 The Dalles Bridge	100,000	50,000	50,000
US-101 Astoria/Megler Bridge	100,000	50,000	50,000
I-205 Jackson Bridge	100,000	50,000	50,000
Total	$2,200,000	$1,100,000	$1,100,000

ODOT has informed WSDOT that the additional planned 2015-17 maintenance work for these bridges will cost $1,383,000, half of which WSDOT's share is $691,500 ($1,383,000 ÷ 2).

Bridge Name	2015-17 Biennial Additional Maintenance	ODOT Share	WSDOT Share
I-5 Bridges	$1,063,000	$531,500	$531,500
US-197 The Dalles Bridge	60,000	30,000	30,000
US-101 Astoria/Megler Bridge	240,000	120,000	120,000
I-205 Jackson Bridge	20,000	10,000	10,000
Total	$1,383,000	$691,500	$691,500

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

Although some portion of these additional maintenance costs will likely continue, the level of ongoing need is dependent on the results of implementing the maintenance work in 2015-17 and ODOT's final evaluation of condition. Consequently, the $691,500 is considered one-time but with the expectation that there will be future biennia requests that could be higher or lower.

Objects of Expenditure

Payments to ODOT are recorded to sub-sub-object ER16: Services Rendered by Other Governmental Entities.

Object of Expenditure Detail					
Object of Expenditure	**FY 2016**	**FY 2017**	**2015-17**	**2017-19**	**2019-20**
E - Goods and Services	346,000	346,000	692,000	-	-
Total by Object	**346,000**	**346,000**	**692,000**	**-**	**-**

Agency:	**405 Department of Transportation**
Decision Package Code/Title:	**MH Damages by Known Third Parties**
Budget Period:	**2015-17**
Budget Level:	**ML – Maintenance Level**

Program M – Highway Maintenance and Operations

Recommendation Summary

When damage to WSDOT property is caused by a third party and the third party who caused the damage is known, the department pursues collection of reimbursement for the cost of the repair from the identified individual.

The total cost of repairs is anticipated to be higher in 2015-17 than in the current biennium, based on recent historical trends. Additional appropriation authority is requested to repair damages by known third parties, and for the costs to collect associated reimbursements.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-20
108-1 MVA-State	1,092,000	1,098,000	2,190,000	2,194,000	2,194,000
Total by Fund	**1,092,000**	**1,098,000**	**2,190,000**	**2,194,000**	**2,194,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-20**
Staffing FTEs	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**

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 and Operations 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 third party 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 $10.5 million rather than the $8.5 million appropriated. The administrative cost of collecting this additional $2.0 million is estimated to be $190,000, for total additional requested appropriation authority of $2.190 million.

Revenues from collected reimbursements are expected to 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 performance management system, Results Washington, 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?
Additional alternatives explored include:

- Redirecting funds from other activities. The Highway Maintenance and Operations Program has an estimated $72 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 Program (MAP) performance targets and meet legal obligations of federal stormwater permit compliance. Damages caused by motorists are usually to safety features, such as to guard rails and signage, so repairs are generally given a high priority and made quickly – regardless of the cost or other plans for the funding. Without the requested appropriation authority, funding for other areas of the Highway Maintenance and Operations Program would be used for third-party damage repairs, which would adversely affect other program activities.

- Deferring damage repair until funding is available. If the specific damage does not create a safety hazard, deferring the repair is an option but adds to the already-substantial maintenance backlog.

Requesting the additional appropriation authority is the preferred option to prevent the adverse consequences of other alternatives. The appropriation is supported by associated revenue, and this approach is consistent with previous decisions of the Legislature.

What are the consequences of adopting or not adopting this package?
Depending on the nature of the damage, and the availability of other funds, if the unrepaired highway infrastructure poses a safety hazard, the program would likely have no option other than to redirect funds from other activities. As noted in the previous section, this would negatively affect other core activities. If the damage does not pose a safety hazard, the repair could be deferred, but collection efforts might be affected, since the responsible third party could argue that no reimbursement is warranted if no repairs were made.

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

Determine which statutes, rules, or contracts might be impacted.
N/A

Expenditure calculations and assumptions
The additional expenditure authority need is projected by extrapolating estimated expenditures for 2013-15. Expenditures for 2013-15 through May 2014 (representing 11 months of the biennium) are $4,792,727, or a monthly average of $435,702. Extending this monthly average to the full 24 months yields $10,456,859 ($435,702 x 24 = $10,456,859, or $10.5 million rounded). Comparing the projected need to the carry-forward level amount of $8.5 million yields a spending authority gap of $2.0 million ($10.5 - $8.5 = $2.0 million), plus 9.52 percent needed for collections. The total request then is $1,800,000 + $190,000 = $2,190,000.

Forecast of Third-Party Damages - Program M Expenditures	
	Program M Expenditures
Total through May 2014	$4,792,727
Divided by Number of Months (11)	11
Monthly Average	$435,702
Biennial Months (24)	24
Estimated 2013-15 Total	$10,456,859
Rounded	$10,500,000
2015-17 Carry-Forward Level	8,500,000
Difference - Additional Repair Authority Requested	**$2,000,000**
9.52% for Administration (Collections), rounded	190,000
Total 2015-17 Request	**$2,190,000**

Shown below is the biennial history of known third party damage revenue and Program M expenditures on known third party repairs.

Known Third Party Damages
(in Millions of Dollars)

Biennium	Revenue	Program M Expenditures
2003-05	$5.8	$5.6
2005-07	$7.2	$7.2
2007-09	$9.5	$9.0
2009-11	$11.0	$7.3
2011-13	$10.0	$8.5
2013-15 Est.		$10.3

Total revenues and expenditures for the 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 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 probably 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 probably of collection within a fiscal period.

An estimate of revenue for 2013-15 is not shown in the table above since there is not a consistent pattern upon which to base a projection. However, revenues through May 2014 are $6.037 million, which exceeds Program M expenditures of $4.793 million by $1.244 million. Total revenues in 2013-15 are expected to exceed Program M expenditures by this amount or more.

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

All costs are ongoing. The level of expenditures needed to maintain this activity is projected to continue to increase over time with population and traffic growth. In the case of identified third parties, the agency pursues collection and costs are reimbursed.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	**FY 2016**	**FY 2017**	**2015-17**	**2017-19**	**2019-20**
A - Salaries and Wages	479,000	483,000	962,000	966,000	966,000
B - Benefits	217,000	218,000	435,000	435,000	435,000
E - Goods and Services	396,000	397,000	793,000	793,000	793,000
Total by Object	**1,092,000**	**1,098,000**	**2,190,000**	**2,194,000**	**2,194,000**

Salary and FTE Detail						
	FTEs			**Dollars**		
List Positions by Classification	**FY 2016**	**FY 2017**	**Biennial Average**	**FY 2016**	**FY 2017**	**Total**
Maintenance Technician 2	10.0	10.0	10.0	415,000	419,000	834,000
Claims Representative			-	64,000	64,000	128,000
Total	**10.0**	**10.0**	**10.0**	**479,000**	**483,000**	**962,000**

Out Biennia				
	FTEs		**Dollars**	
List Positions by Classification	**2017-19**	**2019-20**	**2017-19**	**2019-20**
Maintenance Technician 3	10.0	10.0	838,000	838,000
Claims Representative			128,000	128,000
Total	**10.0**	**10.0**	**966,000**	**966,000**

Agency:	**405**	**Department of Transportation**
Decision Package Code/Title:	**MI**	**Continue Highway Maintenance Funding**
Budget Period:	**2015-17**	
Budget Level:	**ML – Maintenance Level**	

Program M – Highway Maintenance and Operations

Recommendation Summary

The 2012 Legislature provided appropriations to maintain or increase the highway maintenance level of service. The funding continued at $10 million for the 2013-15 Biennium. The department requests continuation of the funding to avoid reduction of structural bridge repairs, bridge cleaning, pavement repairs and striping work that sustains the safe operation of the highway infrastructure.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
106-1 Hwy Safety Acct-State	5,000,000	5,000,000	10,000,000	10,000,000	10,000,000
Total by Fund	**5,000,000**	**5,000,000**	**10,000,000**	**10,000,000**	**10,000,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**9.0**	**9.0**	**9.0**	**9.0**	**9.0**

Package Description

The 2012 Legislature provided funding for the backlog of unfunded maintenance needs for $3.5 million for 2011-13, with the stated intention that $10 million be appropriated in 2013-15. As planned, the enacted 2013-15 budget included $10 million for this purpose. As the designated period of funding is through the current biennium, the funding was eliminated as a step in the technical carry-forward level adjustments that set the base for the 2015-17.

The department requests restoration of this funding. The Highway Maintenance Program (Program M) would apply these resources to the backlog of highway maintenance work, with an emphasis on continuing the work that was previously funded including structural bridge repairs, bridge cleaning, pavement repairs and striping.

The elimination of $10 million in the 2015-17 carry-forward base, contributes to the aggregate financial burdens being faced by the Highway Maintenance Program that affect service delivery and, ultimately, highway-asset conditions. These burdens include:

1) The program entered the 2013-15 Biennium with a $72 million per-biennium maintenance backlog resulting from past additions to the highway system, which was not accompanied by additional maintenance funding. As the program enters the 2015-17 Biennium, it will assume responsibility for additional new infrastructure, adding $4.9 million per-biennium to this total. Nickel and Transportation Partnership Account (TPA) projects have added the equivalent of one to two regions worth of new infrastructure that must be maintained.

2) With preservation funding falling far short of needs, a large burden of maintaining deteriorating highway and bridge assets will shift to the Highway Maintenance Program. This burden will soon overwhelm and trump other activities in the program as resources are shifted from preventive maintenance activities to more unplanned work.
3) A 2015-17 biennial budget reduction of $15 million in Program M – proposed as part of reductions necessary to balance to current-law resources – would result in substantially reduced levels of service statewide and reduce the permanent workforce by 125 employees, or 10 percent of the workforce. Maintenance, by its function and nature, is performed geographically. Fewer "boots on the ground" will affect WSDOT's ability to deliver maintenance services, which ultimately affects the condition of highway and bridge assets. A separate decision package describes the impacts associated with reduced maintenance funding.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
Please refer to the decision package, "1B Highway Maintenance Service Reduction," Attachment A, for details on the projected Maintenance Accountability Process (MAP) Levels of Service (LOS) that result from the cumulative funding impacts. Performance outcome narratives for specific MAP activities are also summarized below, not including the additional impacts of the separate $15 million reduction proposal:

Structural Bridge
More emergent and emergency structural bridge repairs could be expected without restoration of the $10 million, combined with the shortfalls in planned levels of preservation funding and the preexisting maintenance backlog. For example, two recent incidents of expansion joint failures in the first half of 2014 resulted in property damage and significant traffic congestion and costly delays in Seattle and Olympia. The lower LOS for 2013 was due primarily to many individual bridge repairs that were high cost and time-consuming to complete. Additionally, the reduction in funding at the carry-forward level, if not restored, will further reduce Program M resources to complete needed structural bridge repairs.

Pavement Patching and Crack Seal
An increased need for maintenance work can be expected without the requested $10 million, with an increase in the volume of deficiencies (such as potholes) to which maintenance workers will need to respond. It is expected that driver complaints and claims regarding vehicle damage will increase.

Striping
The requested $10 million provides funding for the durable striping contracts that commenced in 2012. Without the continued funding, these longer-lasting markings will be replaced with painted markings as they wear out. Durable markings are currently being used in high-wear areas and painted markings will wear out sooner, leaving lesser roadway outlining for drivers.

Bridge Cleaning

The requested $10 million provides the funding for bridge washing. Without it, a formal agreement between WSDOT and the Federal Highway Administration (FHWA) regarding the state's bridge-condition inspection program will be compromised. In addition, the bridge-cleaning pilot program was established with environmental regulatory agreement for a two-stage approach. This approach included an initial heavy cleaning followed by ongoing light-touch follow-up cleanings. Elimination of this funding will be a setback that will result in losing the long-range benefits of the initial heavy cleaning.

Performance Measure Detail

Please refer to the decision package, 1B Highway Maintenance Service Reduction, Attachment A, for details on the projected MAP Levels of Service (LOS) related to various funding levels

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 strategic plan, Results Washington. It contributes to achieving Goal 1: Strategic Investments, to effectively manage system assets and multimodal investments on corridors to enhance economic vitality.

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, outcome measure 3.1 "Maintain infrastructure assets at 2012 baseline condition levels."

Identify important connections or impacts related to this proposal.

A top priority of the current Washington Transportation Plan is to maintain the capacity of the existing transportation system. As the Plan notes, "Like anything that was built in the last century, our aging infrastructure needs ongoing maintenance, upgrades, and replacement to ensure continued safety and improve mobility." The most recent Washington State Transportation Commission statewide transportation survey, conducted in 2013, found that – as in 2011, maintenance and preservation is the top priority investment for respondents. The need to catch up on the maintenance backlog is prominently addressed in the January 10, 2008, State Auditor's Report regarding highway maintenance and construction management. There are no known stakeholder concerns with this request.

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

The only alternative to requesting the funding is to stop $10 million of structural bridge repairs, bridge cleaning, pavement repairs, and striping work that is needed on state highways. The continuation is essential because the combination of decreased Preservation Program spending, coupled with the continued decline in bridge and pavement conditions, is creating a significant challenge.

What are the consequences of adopting or not adopting this package?

If this package is not adopted, $10 million of structural bridge repairs, bridge cleaning, pavement repairs, and striping work will not be continued. This is in addition to the other financial pressures affecting the Highway Maintenance Program. The consequences of not funding, combined with other pressures, will have a cumulative impact on both short-term service delivery and the long-range condition of highway assets.

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

Determine which statutes, rules, or contracts might be impacted.
N/A

Expenditure calculations and assumptions
N/A

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	378,000	378,000	756,000	756,000	756,000
B - Benefits	162,000	162,000	324,000	324,000	324,000
E - Goods and Services	4,400,000	4,400,000	8,800,000	8,800,000	8,800,000
G - Travel	60,000	60,000	120,000	120,000	120,000
Total by Object	**5,000,000**	**5,000,000**	**10,000,000**	**10,000,000**	**10,000,000**

Salary and FTE Detail						
	FTEs			**Dollars**		
List Positions by Classification	**FY 2016**	**FY 2017**	**Biennial Average**	**FY 2016**	**FY 2017**	**Total**
Maintenance Tech. 2	9.0	9.0	9.0	378,000	378,000	756,000
Total	**9.0**	**9.0**	**9.0**	**378,000**	**378,000**	**756,000**

Out Biennia				
	FTEs		**Dollars**	
List Positions by Classification	**2017-19**	**2019-21**	**2017-19**	**2019-21**
Maintenance Tech. 2	9.0	9.0	378,000	378,000
Total	**9.0**	**9.0**	**378,000**	**378,000**

Agency:	**405**	**Department of Transportation**
Decision Package Code/Title:	**QA**	**Olympic Region Congestion Management**
Budget Period:	**2015-17**	
Budget Level:	**ML – Maintenance Level**	

Program Q – Traffic Operations

Recommendation Summary

Approximately $22 million has been invested in traffic congestion management systems on the I-5 Joint Base Lewis-McChord (JBLM) corridor, which will be coming online in 2015. Examples of new devices include added ramp meters, electronic signs for up-to-date travel time information, and electronic hardware that will allow WSDOT to better manage traffic. One additional Full-Time Equivalent (FTE), an Intelligent Transportation System (ITS) operations engineer, is needed to implement and support all operational elements of the added infrastructure. The position would optimize performance and ensure a full return on investment.

Fiscal Detail

Detail by Fund	**FY 2016**	**FY 2017**	**2015-17**	**2017-19**	**2019-20**
108-1 MVA-State	94,000	94,000	188,000	188,000	188,000
Total by Fund	**94,000**	**94,000**	**188,000**	**188,000**	**188,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-20**
Staffing FTEs	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**

Package Description

A staff person is needed in the Olympic Region Traffic Management Center (TMC) in Tacoma to implement and support all operational elements of the added ITS infrastructure coming online in 2015. Currently there is no staff available to perform this added work. The new ITS measures will operate throughout the affected area to better manage traffic throughput on I-5 during weekday commute hours. The new staff person would be assigned to specifically implement, optimize, and find operational efficiencies for these systems to achieve the maximum possible throughput of traffic in the area and help reduce the significant backups and slowdowns that occur along the JBLM corridor daily.

For example, the operations engineer would monitor traffic that is metered as it enters the highway and make subsequent adjustments to the flow rates in the software algorithms that control the timing of the stop and go traffic signals located at freeway on-ramps, supporting optimal traffic flow. In addition, the position would ensure that field devices, such as the side-fire radar, are accurately assessing and communicating information through the fiber-optic network for processing through the central-system software that posts travel time information on electronic signs for the traveling public.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

1) Desired results achieved:
   Traffic moving through the JBLM corridor of I-5 would experience improved travel time reliability and enhanced safety in terms of traffic merging onto the freeway.
2) Undesired results reduced:
   The routine backups, slowdowns, and periodic collisions at rush hour times where recurring congestion exists will be reduced with the introduction of the new ramp meter system. The new system will help drivers to make informed decisions about their trips through the corridor, both before they leave and en route to their destination.
3) Efficiency improvements:
   Appropriate management of the corridor, using the ramp-metering system, will improve travel time reliability and freight mobility through the area. Additionally, I-5 access to important destinations – including surrounding communities, JBLM, Camp Murray, and Madigan Army Hospital – will improve when mainline traffic throughput is increased.
4) Output changes:
   A positive output of optimizing the new system with the addition of this position would be increased traffic throughput and safety for the traveling public. An HOV bypass lane at several ramp meter locations will promote transit and HOV access to the freeway mainline. The additional position would ensure that these new traffic enhancements benefit drivers during the commute periods.
5) Expected impact on clients, services provided, citizens, other agencies, and governments:
   The expected impact would be positive for mainline traffic flow while balancing the needs of adjacent entities such as JBLM, local agencies, and others in the area to create a new understanding of travel time reliability in the area. The new staff person would look for opportunities, during meter operations, to balance entering traffic flow with the surrounding signals and local roadway infrastructure. The new position is designed to monitor the overall system, adjust the central system software using the data received from the field, and improve efficiencies whenever possible. The project that brings this new infrastructure includes electronic signs that display estimated travel times. This position would also be responsible for collecting and validating field data to produce accurate travel time information that is posted for the traveling public.

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 position directly contributes to two goals in the agency's strategic plan, Results WSDOT: Goal 1: Strategic investments, and Goal 6: Smart technology. It is designed to effectively manage assets on a strategic corridor, and improve the seamless integration between

transportation facilities and service – such as between the new ITS technology and data presented to the traveling public.

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 two the Governor's Results Washington priorities, Goal 2: Prosperous economy, by supporting the development and functioning of a sustainable, efficient transportation infrastructure. Additionally, it contributes to Goal 3: Sustainable energy and a clean environment by assisting with outcome measure 1.1 Reducing transportation-related greenhouse gas emissions through reduced traffic slowdowns and backups.

Identify important connections or impacts related to this proposal.
This position would serve to meet expectations of stakeholders throughout the corridor by ensuring the newly added system is managed appropriately and efficiently.

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

1) The alternative of not funding this position would adversely affect other tasks required by existing Traffic Management Center (TMC) staff in Olympic Region.

2) An alternative that was considered and rejected was assigning responsibility for operating the system to the Northwest Region TMC in Shoreline, although it is being constructed and deployed in the Olympic Region. The Northwest Region TMC is currently understaffed and this additional work would exacerbate the understaffing. When significant systems additions come online, appropriate operations engineering staffing is required. It is prudent to align this additional work the local staff already responsible for other TMC operations in the region.

3) The alternative of requesting additional appropriation authority was chosen as the only realistic option available to appropriately match the operational requirements of the significant new improvements to the ITS infrastructure in Olympic Region.

What are the consequences of funding or not funding this package?
Approximately $22 million has been invested to manage congestion in the JBLM corridor of I-5. The addition of this operational position would maximize the return on the investment of the significant capital project expenditures.

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

Determine which statutes, rules, or contracts might be impacted.
N/A

Expenditure calculations and assumptions.
One additional FTE appropriate for this level of responsibility requires $94,000 per year, including benefits.

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**	**2019-20**
A - Salaries and Wages	70,000	70,000	140,000	140,000	140,000
B - Benefits	24,000	24,000	48,000	48,000	48,000
Total by Object	**94,000**	**94,000**	**188,000**	**188,000**	**188,000**

Transportation Engineer 3	1.0	1.0	1.0	70,000	70,000	140,000
Total	**1.0**	**1.0**	**1.0**	**70,000**	**70,000**	**140,000**

Out Biennia				
	FTEs		**Dollars**	
List Positions by Classification	**2017-19**	**2019-20**	**2017-19**	**2019-20**
Transportation Engineer 3	1.0	1.0	140,000	140,000
Total	**1.0**	**1.0**	**140,000**	**140,000**

Agency:	**405**	**Department of Transportation**
Decision Package Code/Title:	**SA**	**DBE Community Engagement**
Budget Period:	**2015-17**	
Budget Level:	**ML – Maintenance Level**	

Program S – Transportation Management and Support

Recommendation Summary

Funding is requested to continue the department's outreach and engagement with the Disadvantaged Business Enterprise (DBE) community in Washington State. The purpose of the DBE program is to ensure a level playing field and foster equal opportunity for firms owned and operated by disadvantaged individuals on USDOT-assisted contracts and procurements. This request would continue a permanent position originally funded in the 2014 Legislative Session specifically tasked with statewide DBE community outreach and coordination with the goals of increasing participation and preparing contractors to work with the department.

Fiscal Detail

Detail by Fund	**FY 2016**	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
108-1 MVA-State	144,000	144,000	288,000	288,000	288,000
Total by Fund	**144,000**	**144,000**	**288,000**	**288,000**	**288,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**

Package Description

As a condition of receiving federal financial assistance from the United States Department of Transportation (USDOT), the department has given assurance to USDOT that it will comply with Title 49 Code of Federal Regulations (CFR) Part 26. It is the policy of the department to comply with 49 CFR Part 26 and to provide DBEs with an equal opportunity to receive and participate in USDOT-assisted contracts. It is also the department's stated policy to help remove barriers to the participation of DBEs and to assist in the development of DBEs so they can compete successfully in the marketplace outside the DBE program. Ongoing resources are required to continue the department's outreach and engagement efforts.

The purpose of the DBE program is to ensure a level playing field and foster equal opportunity for firms owned and operated by individuals who are both socially and economically disadvantaged. The department establishes DBE, minority, women, and small business enterprise goals for both state and federally funded projects. One of the primary distinctions between the state and federal programs is that state funded projects contain voluntary goals while federally funded projects may require prime contractors to meet the DBE goal (or show sufficient good faith efforts to meet the goal) in order to be considered for contract award. If the department doesn't make a good faith effort to implement the program in accordance with the federal DBE regulations, federal funding for our projects could be withheld.

Recent projects, like the Alaskan Way Viaduct Replacement Program, have demonstrated the need to do more to attract and retain DBE firms to work on WSDOT projects. The department currently offers some assistance through the DBE Support Services program, which is designed to help those DBEs wishing to bid on WSDOT and local agency highway projects. Support services are available only to DBEs that are certified in the highway construction industry. Through this program, the department offers pre-qualification and certification assistance to interested firms as well as technical assistance in a number of areas, including estimating and bidding, financial services, record keeping, etc. However, additional resources are required to fill in the gaps in the existing program and to allow the department to be strategic in its outreach, partnerships, and collaboration.

The department is requesting ongoing funding to retain a position funded in the 2014 Supplemental Budget to work as a liaison to the DBE community to find ways to increase DBE opportunities and participation. Specific tasks include engaging the DBE community to understand their needs, expectations, and concerns better. This information will then be used to develop an annual community engagement plan to improve the overall involvement of DBE contractors in projects across the state. The DBE Community Engagement Manager will be an important part of meeting the department's goals of increasing participation and preparing contractors to work with the department.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
This investment will enhance the department's efforts to be more successful in meeting its DBE participation targets. This position will be specifically tasked with DBE community outreach and coordination with the goals of increasing participation and preparing contractors to work with the department.

Performance Measure Detail
This request contributes to the Results Washington 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.

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 with the objective of increasing consent on decisions made by WSDOT, communities, stakeholders, and the Legislature based on a shared understanding of needs and opportunities.

Does this decision package provide essential support to one or more of the Governor's Results Washington priorities? If so, please describe.
This proposal addresses the Governor's Results Washington priority, Goal 2: Prosperous economy and supports the following two goal topics: Business vitality (removing barriers and

thus encouraging participation of DBEs) and Thriving Washingtonians (supporting equal opportunity for firms owned and operated by individuals who are both socially and economically disadvantaged).

Identify important connections or impacts related to this proposal.
This proposal will improve and strengthen the DBE process at the department, which will have a positive impact for the businesses and taxpayers of Washington State. With additional resources, the coordination and outreach to the DBE community will be improved, which will increase the department's ability to meet its DBE participation targets.

What alternatives were explored, and why was this alternative chosen?
Rather than create a position in the department to coordinate and lead the DBE outreach process, the department could contract with a consultant to fulfill those functions. That alternative was not chosen because this critical work will be ongoing and the department needs to retain this expertise in house. Additionally, a consultant is considered cost-prohibitive for this type of work that can be accomplished with an experienced state employee.

What are the consequences of adopting or not adopting this package?
If this package is not adopted, the status quo of an under-resourced DBE program would continue, and the department would continue to be at risk of not meeting its DBE participation targets.

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

Determine which statutes, rules, or contracts might be impacted.
The department would be better positioned to fulfill the requirements of 49 CFR Part 26.

Expenditure calculations and assumptions.
Given the scope and authority of the position, the request assumes one WMS 2 position and associated costs.

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	97,000	97,000	194,000	194,000	194,000
B - Benefits	28,000	28,000	56,000	56,000	56,000
E - Goods and Services	7,000	7,000	14,000	14,000	14,000
G - Travel	10,500	10,500	21,000	21,000	21,000
J - Capital Outlay	1,500	1,500	3,000	3,000	3,000
Total by Object	**144,000**	**144,000**	**288,000**	**288,000**	**288,000**

Salary and FTE Detail						
	FTEs			**Dollars**		
List Positions by Classification	**FY 2016**	**FY 2017**	**Biennial Average**	**FY 2016**	**FY 2017**	**Total**
DBE Outreach Manager - WMS2	1.0	1.0	1.0	97,000	97,000	194,000
Total	**1.0**	**1.0**	**1.0**	**97,000**	**97,000**	**194,000**

Out Biennia				
	FTEs		**Dollars**	
List Positions by Classification	**2017-19**	**2019-21**	**2017-19**	**2019-21**
DBE Outreach Manager - WMS 2	1.0	1.0	194,000	194,000
Total	**1.0**	**1.0**	**194,000**	**194,000**

Agency:	**405**	**Department of Transportation**
Decision Package Code/Title:	**SB**	**Website and Social Media Investments**
Budget Period:	**2015-2017 Regular Session**	
Budget Level:	**ML – Maintenance Level**	

Program S – Transportation Management & Support (Operating)

Recommendation Summary

The Washington State Department of Transportation (WSDOT) website is one of the most used, most visited websites in state government and provides critical travel information such as road congestion updates, mountain pass conditions, construction project status, and ferry and rail route information. The WSDOT website receives an average of about 500,000 pages views per day. Additionally, WSDOT aggressively utilizes social media to communicate with citizens, travelers, and stakeholders and often drives these customers back to our website as the primary source for WSDOT information. There are more than 70,000 Twitter followers on the WSDOT account and national media have frequently picked up WSDOT tweets. However, the investment in staff and technology supporting the website and social media platforms is significantly below industry standards. This package would dedicate current website revenues and an additional investment to right-size website/social media staff support.

Fiscal Detail

Detail by Fund	**FY 2016**	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
108-1 MVA-State	334,000	255,000	589,000	450,000	450,000
Total by Fund	334,000	255,000	589,000	450,000	450,000
	FY 2014	**FY 2015**	**2013-15**	**2015-17**	**2017-19**
Staffing FTEs	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**

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. WSDOT's website 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 four key investments in the WSDOT website and social media presence—

- Web development team - $339,000
- Develop new and improve existing traveler information - $110,000
- Improve website usability - $80,000
- Web content management system and staff training - $60,000

<u>Web Development Team $339,000 (ongoing)</u>

A team of five develops and supports multiple external and internal WSDOT websites. The wsdot.wa.gov website is the primary way that people (in state and out-of-state residents) interact with the agency. More than 100,000 people access our primary website, on a daily basis. On an eventful day such as the last major snowstorm in Western Washington, more than 800,000 accessed our website.

In addition, our employee intranet provides crucial resources (employee updates, executive orders, policies, program specific tools, and other information) that employees access on a daily basis to perform their job duties.

According to Jakob Nielson, an internationally recognized web and usability expert, an ideal *intranet* team should equal 0.144 percent of the organization's employee pool. WSDOT employs roughly 7,000 FTEs, so that would equate to a team of 10 employees simply for support of the intranet. The current WSDOT web team of five employees (two Information Technology Specialist 5, one Communication Consultant 4, one Information Technology Specialist 2, and one Graphic Designer Senior) develops and supports both internal and external websites and supports the department's extensive social media presence.

The current team needs additional staff to effectively design, develop, deploy, and manage the web and social media content for an agency our size. This request is for an additional two permanent FTEs (an Information Technology Specialist 3 and a Communication Consultant 4). This increase in staffing will provide the following benefits:

- Allow staff to specialize in site content development, management, or site usability thus improving those key areas.
- Supplement current social media and electronic communication outreach efforts.
- Increase support for much needed site maintenance.
- Expand the ability to provide data to an audience that is moving towards using mobile devices as their primary tool to access web content.
- Review and effectively use website analytics to make better data driven content decisions to improve how information is organized and communicated to website users.

Develop and Improve Existing Traveler Information $110,000 (ongoing)

The travel information pages are the most frequently viewed pages on the WSDOT website. The website is constantly updated with roadway, ferry sailing, mountain pass, and construction project information and the numerous cameras provide travelers with real-time information regarding their planned travel route. Given the number of visitors, the WSDOT website is one of the best, most trusted resource for travel information especially during emergency operations.

However, the website is built using outdated technology and the mapping data and functionality needs to be updated to improve real-time route and traveler information and to support the continually expanding IT infrastructure. WSDOT is requesting an ongoing annual investment of $55,000 to move the traveler information content to an interactive solution that will support current and future IT investments and to develop an ESRI map solution as a parallel website.

Improve Website Usability $80,000 (one-time)

Usability is defined as how effectively, efficiently, and satisfactorily a user can interact with a user interface. A user's interaction with a site ultimately determines the site's success and influences a negative or positive perception of the agency. An inability to navigate the website's layout, load pages, or access the hosted functionality will result in users (often the public) being frustrated with WSDOT. These website usability failures can result in the public having to contact WSDOT directly to get their information and/or complain about the website. Thus WSDOT staff end up assisting individuals in locating information that is [or should be] easily accessed on the website. Despite the size and prominence of the WSDOT website, there is not currently a formalized method for assessing usability, the web team relies on anecdotal feedback, internal audiences, and best guesses to drive how information is organized. Many large state agency websites such as dor.wa.gov, dol.wa.gov, and

lni.wa.gov have invested in usability for a number of years and as a result have incredibly well organized websites that users find easy to use.

WSDOT is requesting $80,000 to initiate a strategy for assessing and improving website usability. The first phase of this work will require the assistance of a contractor and will start with an assessment of the user's interaction with the website. Essentially, do users have a positive or negative interaction with the site, are they able to locate the information they're looking for, is information presented in a way that made sense, and so on.

As a best practice, the usability process is ongoing and should be an iterative process that continuously assesses the website and makes improvements based on the user experience, evolving hosted information and functionality. The funding requested is one-time to secure a consultant to assist the department in launching the usability effort. The department will continue the effort within existing funds. The first phase of that process would include four parts:

1. **Discovery, user research.** Develop a data driven understanding of website users by surveying, collecting and analyzing available analytics, conducting user interviews/focus groups and developing user personas. This would also include surveying and assessing internal audience needs from the site.
2. **Comparative analysis.** Review comparable transportation and transit agencies and their approach to user center designed. Given the number of website users that access the site using mobile devices, this review would also focus on the mobile landscape.
3. **Baseline usability study of current website.** The study would focus on testing actual users of the site from both desktop and mobile devices.
4. **Website plan and priorities**. Results of the usability study and other parts of this initial phase of usability would inform a plan for the web with set priorities for a website redesign. Components of such a plan would include website redesign with a focus on responsive design (makes our website more usable on mobile devices), redesigning our current site, reorganizing site content and layout, pulling relevant web applications into a similar design for a consistent end user experience, redesign of our mobile app, etc.

Web Content Management and Staff Training $60,000 (one-time)

Microsoft no longer supports the current content management system (CMS) that WSDOT uses to manage internal and external websites. WSDOT is exploring moving to a Drupal open source content management system. This will require a significant undertaking for the team to build the web structure using a new CMS and then move content from the current sites to the new sites. WSDOT is requesting $60,000 to train the necessary technical expertise to develop the sites, provide ongoing technical support to configure and install software and hardware, and train staff as we transition to the new system.

Monetization of the WSDOT Website—available revenue totaling $60,000 per year (ongoing)

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 authority for this effort did not address what department functions should be supported with the website advertising revenue (the revenue is currently deposited in the State Motor Vehicle Fund).

WSDOT is proposing that the advertising program revenues be dedicated to making website 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) 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.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
Investing in the web, online and social media tools the department utilizes to manage information and communicate with travelers will improve customer satisfaction and confidence.

Performance Measure Detail
Results Washington leading indicators 1.1a and 1.1b.

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.

What alternatives were explored, and why was this alternative chosen?
The alternative is to do nothing given our staffing limitations. Inaction will have negative consequences on the overall quality of our website including:

- The ability to transition to a new content management system (something we must due as our current system is out-of-date and no longer supported by Microsoft)
- Respond to market trends that indicate we must pursue mobile/responsive website design to better accommodate our customers.
- Continue to grow and maintain our social media presence to inform and engage the public.

What are the consequences of adopting or not 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

Determine which statutes, rules, or contracts might be impacted.
N/A

Expenditure calculations and assumptions.
The costs associated with the two state staff (an Information Technology Specialist 3 and a Communication Consultant 4) are calculated using the current state salary schedule and enacted employee benefit rates. The salaries are calculated at step L. These costs are assumed ongoing and the detail for the salaries and benefits amounts is shown by year in the tables below.

The costs associated with the other components of the package (website development, website usability, and content management) are estimated based on information about the industry costs and best practices. These expenditures are assumed in the goods, 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?
Please see discussion above under Package Description where the components of this proposal are identified as either one-time or ongoing.

Objects of Expenditure

Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
A - Salaries and Wages	125,000	126,000	251,000	252,000	252,000
B - Benefits	44,000	44,000	88,000	88,000	88,000
C - Personal Service Contrac	135,000	55,000	190,000	110,000	110,000
E - Goods and Services	30,000	30,000	60,000		-
Total by Object	**334,000**	**255,000**	**589,000**	**450,000**	**450,000**

Salary and FTE Detail						
	FTEs			Dollars		
List Positions by Classification	FY 2014	FY 2015	Biennial Average	FY 2014	FY 2015	Total
Information Technology Spec 3	1.0	1.0	1.0	65,000	66,000	131,000
Communications Consultant 4	1.0	1.0	1.0	60,000	60,000	120,000
	-	-	-	-	-	-
Total	**2.0**	**2.0**	**2.0**	**125,000**	**126,000**	**251,000**

Out Biennia				
	FTEs		Dollars	
List Positions by Classification	2015-17	2017-19	2015-17	2017-19
Information Technology Spec 3	1.0	1.0	132,000	132,000
Communications Consultant 4	1.0	1.0	120,000	120,000
	-	-	-	-
Total	**2.0**	**2.0**	**252,000**	**252,000**

Agency:	**405**	**Department of Transportation**
Decision Package Code/Title:	**UA**	**Vendor Management Fee**
Budget Period:	**2015-17**	
Budget Level:	**ML – Maintenance Level**	

Program U – Payments to Other Agencies

Recommendation Summary

The Department of Enterprise Services (DES) charges WSDOT Fuel contract management fees for managing two statewide fuel contracts – one for ferries marine fuel, and one statewide contract for Transportation Equipment Fund (TEF) fuel for land-based vehicles and equipment. Appropriation authority provided by the Legislature in the 2013-15 Biennium for fuel contract management fees was one-time, and does not carry forward to the 2015-17 Biennium.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
108-1 MVA-State	69,000	69,000	138,000	138,000	138,000
Total by Fund	**69,000**	**69,000**	**138,000**	**138,000**	**138,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**-**	**-**	**-**	**-**	**-**

Package Description

The 2014 supplemental budget provided $600,000 for fees charged by DES for managing statewide contracts for fuel used by WSDOT ferries and land-based vehicles and equipment. This was a temporary measure until a long-term plan could be developed to set a reasonable fee for that service. DES and WSDOT now have an agreement for an annual fee of $68,500 that represents the estimated cost of managing those contracts. The $600,000 of one-time funding was removed in carry-forward level and the requested appropriation authority is needed for the ongoing costs of DES management of fuel contracts.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

Provision for paying fuel contract management fees will support the department's responsibility to maintain and operate state highways and ferry services.

Performance Measure Detail

N/A

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.
This decision package indirectly contributes to achieving the agency's strategic plan, Results WSDOT, Goal 2: Modal integration. Providing funding for increased costs for fuel, equipment, and procurement will help support a variety of department programs and modes.

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 by maintaining current resources that are used to operate and maintain the transportation infrastructure.

Identify important connections or impacts related to this proposal.
Vehicles and equipment used by the department are essential to meeting agency responsibilities. Citizens across the state are affected by the department's ability to provide necessary services such as snow and ice removal, highway maintenance, ferry service, and other activities related to operating and maintaining the state transportation system.

What alternatives were explored, and why was this alternative chosen?
DES manages fuel contracts for all state agencies, so no alternatives were explored.

What are the consequences of adopting or not adopting this package?
The department will be left with a shortfall elsewhere, as the costs are unavoidable.

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

Determine which statutes, rules, or contracts might be impacted.
N/A

Expenditure calculations and assumptions
The cost was established by agreement between DES and WSDOT, based on the level of effort required by DES for the services provided.

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	69,000	69,000	138,000	138,000	138,000
Total by Object	**69,000**	**69,000**	**138,000**	**138,000**	**138,000**

Agency:	**405**	**Department of Transportation**
Decision Package Code/Title:	**UB**	**ELG Building Lease Savings**
Budget Period:	**2015-17**	
Budget Level:	**ML – Maintenance Level**	

Program U – Payments to Other Agencies

Recommendation Summary
The department proposes an adjustment to appropriations, to account for savings from the refinance of the Edna Lucille Goodrich (ELG) Building, and subsequent reduced charges from the Department of Enterprise Services (DES) for lease payments.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
108-1 MVA-State	(176,000)	(177,000)	(353,000)	(353,000)	(353,000)
Total by Fund	**(176,000)**	**(177,000)**	**(353,000)**	**(353,000)**	**(353,000)**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**-**	**-**	**-**	**-**	**-**

Package Description
In 2004, the state entered into a long-term lease with a nonprofit corporation that issued a "63-20" lease revenue bond on behalf of the state for the lease-purchase of the ELG Building. With this type of financing, a non-profit corporation issues bonds on behalf of the state and uses the proceeds to manage the design and construction of a facility. Upon substantial completion of the project, the state leases the facility from the non-profit and these lease payments are pledged to the repayment of the bonds. The state takes title to the property once the bonds have been paid.

In 2014, the Office of the State Treasurer (OST) identified potential savings in debt service that could be achieved by refunding the 2004 bonds. In collaboration with DES, the Office of Financial Management, and WSDOT, the OST concluded the most useful option would be refunding the 2004 bonds with a new issue of 63-20 bonds.

The ELG Building was refinanced in June 2014, and the savings in 2015-17, when compared to the spending authority provided in Program U for this purpose in the 2013-15 biennium, is $353,000. This adjustment frees up resources in the Motor Vehicle Account for other transportation purposes.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
This adjustment will allow the Legislature to appropriate the unneeded funds from Program U for other priorities.

Performance Measure Detail
N/A

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.
The decision package supports the agency's strategic plan, Results WSDOT, Goal 1: Strategic investments, by freeing up transportation resources for higher-priority asset preservation and maintenance.

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 5: Efficient, effective, and accountable government. In particular, the proposal contributes to improved resource stewardship and the desired outcome of cost-effective government.

Identify important connections or impacts related to this proposal.
The proposal affects the resources available for other transportation projects by making the best, most efficient use of funds and minimizing ongoing operating costs paid from the Motor Vehicle Account.

What alternatives were explored, and why was this alternative chosen?
OST, in collaboration with DES and OFM, reviewed various refunding scenarios including whether to sell the bonds competitively at a public sale or whether the bonds will be sold by means of a negotiated sale to one or more underwriters. It was ultimately concluded that it was most advantageous to the State to refund the 2004 bonds with a new issue of 63-20 bonds sold competitively at a public sale.

The current higher appropriation could be left in Program U to offset possible increased charges from other agencies. It was determined that the requested decrease in appropriation is the best option to allow funds to be used for other higher priorities.

What are the consequences of adopting or not adopting this package?
Approval of this request will align appropriation with expenditure needs and free up Motor Vehicle Account resources for higher priorities.

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

Determine which statutes, rules, or contracts might be impacted.

Expenditure calculations and assumptions

Comparison of Old versus New ELG Building Lease Payments

Biennium	Monthly Payment	Months	Total Biennium
2013-15 Previous Schedule:	147,191.76	24	$3,532,602
2015-17 New Schedule:			
Fiscal Year 1	130,240.34	12	1,562,884
Fiscal Year 2	134,697.15	12	1,616,366
Total 2015-17			3,179,250
Difference from 2013-15 Schedule (rounded):			**($353,000)**

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

All cost savings 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	(176,000)	(177,000)	(353,000)	(353,000)	(353,000)
Total by Object	**(176,000)**	**(177,000)**	**(353,000)**	**(353,000)**	**(353,000)**

Agency:	**405**	**Department of Transportation**
Decision Package Code/Title:	**VA**	**Oversight of State Grant Programs**
Budget Period:	**2015-17**	
Budget Level:	**ML – Maintenance Level**	

Program V – Public Transportation

Recommendation Summary

Funding is requested to address audit findings regarding payroll costs charged to federal funds for administration of the state's Rural Mobility Grant and Regional Mobility Grant programs. This request continues the funding provided for this purpose in the 2014 Supplemental Transportation Budget. This funding was designated as one-time and was not included in the department's 2015-17 carry-forward level (CFL); however, the 2.0 FTEs, which were also provided, were not removed in the CFL so this request is for the funding only. In order to remain in compliance with federal regulations, the department is requesting state appropriation authority for the administration and oversight of these grants programs.

Fiscal Detail

Detail by Fund	**FY 2016**	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
218-1 Multimodal-State	257,000	253,000	510,000	506,000	510,000
Total by Fund	257,000	253,000	510,000	506,000	510,000
	FY 2014	**FY 2015**	**2013-15**	**2015-17**	**2017-19**
Staffing FTEs	**-**	**-**	**-**	**-**	**-**

Package Description

In 2009, 2010, and 2011, the State Auditor's Office (SAO) reported that WSDOT did not charge payroll costs to Federal Transit Administration (FTA) in accordance with federal regulations. The SAO determined that WSDOT charges were based on budgeted percentages and not on actual work performed. In 2012, the SAO concluded that WSDOT had corrected the methodology used to allocate payroll charges between state and federal activities. However, the department had not implemented the corrected methodology due to the lack of state funding to support the administration and oversight of the state grant programs. Essentially, during these years, the department was charging staff time to administer both federal and state grant programs wholly against federal sources. The appropriate charging of this staff time would have been to use timesheets (or some other time keeping methodology) to track actual time spent administering the different grant programs and then charge the staff time to either state or federal sources based on the timesheet information.

Once this issue was raised, the FTA informed the department of the expectation that state rather than federal sources be used to fund state grant administration. The department's failure to allocate payroll charges properly between state and federal activities was disclosed on the fiscal year 2013 financial records.

Incorrectly charging the federal sources for administration of state grant programs is a risk to the department because the federal government can require retroactive payback for previous years' unauthorized charges.

The one-time funding provided in the 2014 Supplemental Transportation Budget allowed the department to come into compliance with federal requirements and appropriately fund the administration of the state grant programs. The state grant programs and administration of the programs are an ongoing expense. Therefore, the department requires continued state funding for this work to avoid an additional non-compliance finding and to mitigate the risk of retroactive payback.

State funding for two FTEs will allow department staff administering the state grants programs (Rural Mobility and Regional Mobility Grant programs) to charge their work to state funds in compliance with federal regulations. The staff perform work in four main areas:

1. **Administer Competitive Grant Process** – Administer a competitive process from solicitation through project review, technical assistance, and grant award.
2. **Oversee Project Implementation and Manage Contracts** – Process invoices, provide technical assistance, conduct site visits, and disperse funds for over 100 contracts for the 2015-17 Biennium.
3. **Collect and Publish Reports** – These programs have substantial reporting requirements. Data must be collected, analyzed, and compiled into reports. Over the past few years, the requirements have increased, consuming additional WSDOT resources.
4. **Provide Technical Assistance** – Staff share expertise in special needs and rural transportation with transportation providers, grantees, planners, and riders. Rural Mobility program recipients (small transits, non-profits, and tribes) don't have the expertise of larger systems and rely on WSDOT for guidance.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
State funding will allow the department to continue with an appropriate timekeeping and charging methodology for the administration of state and federal grant programs. The methodology was developed in response to the state audit findings.

Performance Measure Detail
The agency doesn't have a specific performance measure for correctly tracking and charging time.

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.
This decision package is consistent with Results WSDOT Goal 4: Organizational strength. Correctly aligning program administration funding and addressing an outstanding audit finding contributes to the department's strength as an organization.

Does this decision package provide essential support to one or more of the Governor's Results Washington priorities? If so, please describe.
This package supports the Governor's Results Washington priority, Goal 5: Efficient, effective, and accountable government. The package will allow the department to continue appropriately charging state fund sources for state grant administration.

Identify important connections or impacts related to this proposal.
This effort will allow the department to remain in compliance with federal regulations and SAO's corrective actions.

What alternatives were explored, and why was this alternative chosen?
WSDOT took some actions in order to address the SAO findings. These actions provided some short-term solutions that could potentially be part of longer-term solutions. However, without the additional funding to support the administration and oversight of state grant programs, they will not be enough to comply with federal regulations.

1. **Made Grants Federal** – For the 2013-15 Biennium, WSDOT awarded federal funds to every successful Consolidated Grant applicant where possible (mixing state and federal funds). This was done so administration costs for these grants could be shared between state and federal funds.
2. **Other Options within the Department** – WSDOT reviewed options to move or consolidate Public Transportation's grant administration with other programs in the department, with specific focus on Program Z – Highways and Local Programs. Program Z receives and administers funding from the Federal Highway Administration (FHWA), whereas Program V receives and administers funding from the Federal Transit Administration (FTA). Since each agency awards and oversees their funds differently, any efficiency realized by consolidating transit grants in Program Z would be negated by the inefficiencies of Program Z learning and complying with separate agencies and regulations.

What are the consequences of adopting or not adopting this package?
If funding is not provided, the department would reduce staffing and oversight of state grant programs.

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

Determine which statutes, rules, or contracts might be impacted.
N/A
Expenditure Calculations and Assumptions
Because the funding provided in the 2014, Supplemental Transportation Budget was removed from the 2015-17 CFL but the FTEs were not, calculations are based on 2.0 FTEs of Transportation Planning Specialist 4, but the request includes only the funding and no additional FTEs. Calculations for costs of goods and services, travel, and capital outlays are

based on WSDOT's standard FTE costs but do not include one-time facilities costs for new FTEs because this request is to continue funding for current staff.

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

Object of Expenditure

Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
A - Salaries and Wages	154,000	154,000	308,000	308,000	308,000
B - Benefits	49,000	49,000	98,000	98,000	98,000
E - Goods and Services	32,000	32,000	64,000	64,000	64,000
G - Travel	10,000	10,000	20,000	20,000	20,000
J - Capital Outlays	12,000	8,000	20,000	16,000	20,000
Total by Object	257,000	253,000	510,000	506,000	510,000

Salary and FTE Detail						
	FTEs			Dollars		
Position by Classification	FY 2016	FY 2017	Biennial Average	FY 2016	FY 2017	Total
Transportation Planning Specialist 4	-	-	-	154,000	154,000	308,000
Total	**-**	**-**	**-**	**154,000**	**154,000**	**308,000**

Out Biennia				
	FTEs		Dollars	
Position by Classification	2017-19	2019-21	2017-19	2019-21
Transportation Planning Specialist 4	-	-	308,000	308,000
Total	**-**	**-**	**308,000**	**308,000**

Agency: 405 Department of Transportation
Decision Package Code/Title: VB Regional Mobility Grant Program
Budget Period: 2015-17
Budget Level: ML – Maintenance Level

Program: V – Public Transportation

Recommendation Summary
Funding is requested to continue the Regional Mobility Grant program at the previously authorized level. This program was included in the 16-year plan associated with the 2003 Transportation Funding Package. The Regional Mobility Grant program increases connectivity between counties and regional population centers. The program funds local projects that reduce traffic delays for people and goods, traffic congestion, and greenhouse gas emissions.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
11B-1 Regional Mobility Grar	20,000,000	20,000,000	40,000,000	40,000,000	40,000,000
Total by Fund	20,000,000	20,000,000	40,000,000	40,000,000	40,000,000
	FY 2014	**FY 2015**	**2013-15**	**2015-17**	**2017-19**
Staffing FTEs	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Package Description
The Regional Mobility Grant program improves efficiency of congested regional transportation corridors through transit improvements to facilitate connection and coordination of transit services and planning among regions and jurisdictions. Regional Mobility Grants are competitively awarded to local governments (cities, counties, ports, and public transportation benefit areas) for public transportation projects that improve connections between cities and counties, provide rush hour transit on congested roadways, park and ride lots, and projects that reduce delay for people and goods in areas where the need for transportation alternatives is greatest. The department requests funding for the Regional Mobility Grant program to continue at previously authorized levels.

This request is necessary because the Regional Mobility Grant program is zeroed out at carry-forward level each biennium. RCW 47.66.030 provides the authority for the department to operate this grant program and RCW 46.68.320 provides the funding mechanism for the program. Under current law, the amount available for these grants would grow to $50 million in the 2015-17 biennium; this request maintains the current level of funding of $40 million.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?
Funding will help the state achieve its goals of reducing greenhouse gases and vehicle miles traveled. When the projects are operational, the current portfolio of Regional Mobility Grant

projects will yield over 260 million in reduced vehicle miles traveled per year. Additionally, the program expects to see continued reductions in congestion, vehicle trips, and miles traveled, and greenhouse gas emissions.

Performance Measure Detail
This request contributes to the Results Washington Goal 3: Sustainable energy and a clean environment, 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: Prosperous economy, Outcome measure 3.2, "Increase the percentage of Washingtonians using alternative transportation commute methods to 33% by 2015."[1] Completed regional mobility projects and these projects will have the combined effect of reducing 113.6 thousand metric tons of carbon dioxide and 260 million vehicle miles traveled annually.

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.
This package is consistent with the agency's strategic plan, Results WSDOT, Goals 1 and 2: Strategic Investments and Modal Integration. 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 and coordination of 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 through put 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 3: Sustainable energy and a clean environment. Outcomes of this goal are to reduce transportation-related greenhouse gas emissions and increase transit ridership. The specific outcome measure detail is discusses in "Performance Measure Detail" above.

Identify important connections or impacts related to this proposal.
An important aspect of the Regional Mobility Grant program is the role it plays in creating connections between jurisdictions and transportation benefit areas, bridging gaps in service that would occur due to political boundaries. The selection process favors projects that create inter-jurisdictional links between agencies and municipalities, including connections between Washington transit systems, and those in neighboring states. This program directly contributes to a well-integrated transportation system through Washington, and helps ensure vital connections between its cities, counties, and neighboring states.

Rising congestion on Washington's roads decreases quality of life and economic competitiveness. With population growth projected to continue in Washington State in the

[1] mmt: million metric tons

coming decades, demands on our transportation infrastructure will continue to increase. This rising demand, combined with scarcity of space and funding for large-scale expansion of the road network makes it imperative that we maximize the efficient use of existing transportation infrastructure, and provide transportation alternatives to the single occupant vehicle.

What alternatives were explored by the agency, and why was this alternative chosen?
A considered alternative was to allow the increase of $1.25 million per biennial quarter to go into effect beginning with September 2015. However, due to current budget constraints, the department is proposing to forego this increase until the 2021-2023 biennium.

What are the consequences of adopting or not adopting this package?
There are currently six four-year projects from the 2013-15 biennium that are scheduled to continue into the 2015-2017 biennium, contingent on the availability of funds. If funding is not provided, these projects will likely be put on hold, facilities under construction and real estate and right-of-way acquired will sit idle until alternatives for funding are secured.

What is the relationship, if any, to the capital budget?
N/A

What changes would be required to existing statutes, rules, or contracts, in order to implement the proposed change?
N/A
Expenditure Calculations and Assumptions
RCW 46.68.320(3) states that:

"Beginning with September 2015, by the last day of September, December, March, and June of each year, the state treasurer shall transfer from the multimodal transportation account to the regional mobility grant program account six million two hundred fifty thousand dollars."

These quarterly transfers amount to $50 million per biennium; however, the department is proposing to limit expenditures to $40 million. The department will transfer $1.25 million per quarter, the difference between the statutory transfer and the requested expenditure authority, from the Regional Mobility Grant Program account to the Multimodal Transportation account.

Details of planned expenditures will be established through the grant application process.

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

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	**FY 2016**	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
N - Grants	20,000,000	20,000,000	40,000,000	40,000,000	40,000,000
Total by Object	20,000,000	20,000,000	40,000,000	40,000,000	40,000,000

Agency:	**405**	**Department of Transportation**
Decision Package Code/Title:	**VC**	**Regional Mobility Reappropriation**
Budget Period:	**2015-17**	
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, expenditures planned for the 2013-15 biennium will be made in the 2015-17 biennium. Therefore, a reappropriation of $10 million is requested.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
11B-1 Regional Mobility	10,000,000	-	10,000,000	-	-
Total by Fund	**10,000,000**	**-**	**10,000,000**	**-**	**-**
	FY 2014	**FY 2015**	**2013-15**	**2015-17**	**2017-19**
Staffing FTEs	**-**	**-**	**-**	**-**	**-**

Package Description

Ten regional mobility projects that had work planned for completion in the 2013-15 Biennium have been rescheduled to be completed in the 2015-17 Biennium. As a result, the department is requesting that authority for the funds associated with this work be reappropriated in the 2015-17 Biennium.

City of Shoreline – 195th to 205th

This project should be operationally complete on time. However, final punch list items and landscaping will not be completed until after June 30, 2015.

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 will not be complete until after June 30, 2015.

City of Seattle Rainier/Jackson

The original project scope has been completed, but the scope was subsequently increased to make additional improvements and those changes are in the design phase. In addition, the new Seattle streetcar project is in the immediate area and is causing the project to be delayed.

City of Seattle 23rd Ave Corridor
This project should be operationally complete on time. However, final punch list items and landscaping will be completed after June 30, 2015.

C-TRAN Fourth Plain Blvd. BRT
This project was delayed due to a Federal Transit Administration grant being received a year later than planned.

Ben Franklin Transit Tulip Lane Park and Ride
The park and ride lot will be built on WSDOT land. Internal WSDOT reviews and Maintenance and Operations planning have been delayed, resulting in project schedule delays.

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.

Community Transit Mukilteo Park and Ride
Project design is expected to be completed under the $1 million budget. The remaining expenditure authority not required for project design is requested to be reappropriated into the 2015-17 biennium to be used for construction.

City of Tukwila Pedestrian Bridge
This project has been delayed because of difficulties in acquiring right of way and environmental permits.

Kitsap Transit SR 305 Interchange Improvements and Park and Ride
This project will be operationally complete before June 30, 2015, but final finish work will not be completed until after the end of the 2013-15 biennium.

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 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% by 2015."

These ten projects along with other completed and ongoing Regional Mobility Grant projects will have the combined effect of reducing 113.6 thousand metric tons of carbon dioxide and 260 million vehicle miles traveled annually.

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 effectively manage assets on strategic corridors 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 discusses in "Performance Measure Detail" above.

Identify important connections or impacts related to this proposal.
Without this reappropriation, these projects 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 or not 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, in order to implement the proposed 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

Dollars in thousands	2013-15 Budget	Spent/Accrued through FY 2014*	Planned Expenditures for FY 2015	2015-17 Requested Reappropriation
City of Tukwila – Urban Center Pedestrian Bridge	4,600	0	600	4,000
C-Tran – Fourth Plain Bus Rapid Transit	3,000	0	300	2,700
Community Transit – Mukilteo park and ride	1,000	20	180	800
Seattle DOT – 23rd Avenue Transit Improvements	4,000	234	3,066	700
City of Seattle – Rainier/Jackson	900	319	131	450
Kitsap Transit - SR 305 Intersection Improvements and park and ride	801	0	301	500
Spokane Transit – Central City Line	500	0	250	250
Ben Franklin Transit – park and ride Richland Tulip Lane	593	0	393	200
Kitsap Transit – Poulsbo SR 305/3 park and ride	1,733	123	1,410	200
City of Shoreline – N 192nd St. to N 205th St BAT Lanes	2,396	1,277	919	200
Total	19,523	1,973	7,550	10,000

*Spent/Accrued amounts through 13 August 2014.

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 and Loans	10,000,000	-	-	-	-
Total by Object	**10,000,000**	**-**	**-**	**-**	**-**

Agency:	**405**	**Department of Transportation**
Decision Package Code/Title:	**XA**	**Credit Card Costs**
Budget Period:	**2015-17**	
Budget Level:	**ML – Maintenance Level**	

Program X – WSF Operations

Recommendation Summary

Businesses that accept credit cards pay fees based on the percentage of the total transaction. Because WSF accepts payments for fares by credit card, it incurs these costs. Credit card costs paid by WSF are increasing for two reasons. First, the overall volume of revenue is increasing, both because of natural overall revenue growth and as a percentage of total revenue. Secondly, the Bank of America and Visa/MasterCard have recently informed the Office of the State Treasurer that WSF's merchant accounts were being billed in the wrong rate class and must be increased to the correct higher rate. Appropriation authority is requested to cover the cost of these increases in 2015-17.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
109-1 PSFOA-State	462,000	562,000	1,024,000	1,124,000	1,124,000
Total by Fund	**462,000**	**562,000**	**1,024,000**	**1,124,000**	**1,124,000**

Package Description

This decision package requests additional appropriation authority for merchant-related credit card costs that are increasing for two reasons: 1) a higher volume and value of credit card payments, and 2) a reclassification of WSF's merchant fee rate.

Increasing Volume of Credit Card Revenue

WSF began accepting credit card payments in 2008. Recent history reveals that credit card payments as a percent of total fare revenue has, for the most part, steadily increased. Merchant fees paid by WSF are charged as a percentage of the credit card revenue so, as credit card revenue volume increases, the amount WSF pays increases proportionately.
In fiscal year 2009, credit card revenue made up 60 percent of revenue collections. In the most recently completed fiscal year, 2014, the share of credit card revenue had increased to 68.4 percent – or $114.1 million out of total fare revenue of $166.8 million.

Merchant Fee Rate Class Revision

WSDOT has been informed by the Office of the State Treasurer that WSF payments need to be based on a different Merchant Category Code (MCC) than what has been reflected in its billings previously and, therefore, fee rates will increase. Government agency accounts are typically the lowest fee rate but ferries accounts are considered transportation accounts with a higher rate. Although most of WSF's accounts were correctly classified, the contractor processing payments had been incorrectly categorizing them with other government agency accounts and WSF had

been billed at that lower rate. The switch to a higher MCC rate increases WSF's fee rate from 2.13 percent to 2.40 percent of credit card revenue. Although other states have challenged credit card companies on these classifications, rulings have affirmed the higher transportation-based MCC.

This request supports the use of credit cards by WSF customers, reflects the continued use of credit cards as the primary form of payment for ferry travel, accounts for forecasted increases in total revenue, and meets required revisions to fee-paying practices.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
Compliance with the higher credit card fees allows the department to continue to accept credit cards as a form of payment, which supports the daily operations of WSF and provides customers with a convenient payment option.

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 6: Smart Technology. The department relies on stable access to the credit card industry for efficient operations and customer service.

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 two of the Governor's Results Washington priorities, Goal 4: Prosperous economy, as well as Goal 5: Efficient, effective, and accountable government. It contributes to a prosperous economy by supporting a sustainable, efficient transportation infrastructure. Additionally, continuing credit card services allows the public and business to pay fares in a way that meets their needs, resulting in quality customer service.

Identify important connections or impacts related to this proposal.
Without this investment, businesses and regular users of Washington's ferry system would lose an efficient and functional method of paying fares. Out-of-state visitors expecting to pay by credit card would not be able to do so. Visitors from Canada would have to carry sufficient U.S. currency to enable them to ride the ferries on a cash basis.

What alternatives were explored, and why was this alternative chosen?
Compliance with the Payment Card Industry (PCI) merchant classification is not optional if the department is to continue to offer credit card payment options. The alternative of limiting payments to cash-only would be inefficient, impractical, and increase safety and security risks to WSF personnel.

What are the consequences of adopting or not adopting this package?
In order to continue to accept fare payments by credit card, the department must fund the costs associated with higher volumes and fees. If this package is not adopted and additional appropriation is not approved, WSF will have to reprioritize within existing resources, which would affect other program areas. For example, some maintenance needs might be deferred or other services no longer offered.

What is the relationship, if any, to the state capital budget?
N/A
Determine which statutes, rules, or contracts might be impacted.
N/A

Expenditure calculations and assumptions.
The cost increases were estimated by:

1) Measuring the percentage of total revenue attributable to credit card payments, based on most recent actual experience (FY 2014);
2) Applying the most recent percentage of credit card activity to the forecast of future total receipts to estimate the future revenue from credit card payments;
3) Applying the updated fee rate for the correct merchant category; and,
4) Calculating the difference between resulting projected costs and the base budget for credit card costs.

The details of the steps are displayed in the following table.

Fare Revenue History & Forecast and Percentage from Credit Card Payments

	Fiscal Year	Revenue[1]	Revenue Receipts via Credit Card	Credit Card Payments as % of Fare Revenue[2]	Merchant Fee Rate	Merchant Fee	Budget	Difference
	2014	$166,823,000	$114,124,741	68.41%	2.13%	$2,432,566	$2,424,000	
Forecast	2015	$170,369,000	$116,550,584	68.41%	2.40%	$2,797,214	$2,424,000	
↓	2016	$175,804,000	$120,268,704	68.41%	2.40%	$2,886,449	$2,424,000	$462,449
↓	2017	$181,857,000	$124,409,602	68.41%	2.40%	$2,985,830	$2,424,000	$561,830
							2015-17 Budget Gap:	**$1,024,279**

[1] Actuals through June 2014 and forecast from adopted WSF Revenue Forecast, June 2014, Alternative 1.

[2] The FY14 actual percentage of total revenue received in credit card payments (68.41%) that is applied to forecasted total revenue to estimate future credit card payments is a derived percentage from FY14 actuals so 68.41% is a rounded number.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?
All costs are ongoing. Future biennium costs continue at the fiscal year 2017 level, annually.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	**FY 2016**	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
E - Goods and Services	462,000	562,000	1,024,000	1,124,000	1,124,000
Total by Object	**462,000**	**562,000**	**1,024,000**	**1,124,000**	**1,124,000**

Agency:	**405 Department of Transportation Decision**
Package Code/Title:	**XF WSF Deck & Engine Employee Mileage**
Budget Period:	**2015-17**
Budget Level:	**ML – Maintenance Level**

Program X – Ferries Operations

Recommendation Summary

Washington State Ferries (WSF) reimburses employees for three million miles of travel each year. These costs occur when employees must travel from their regularly assigned terminals, routes, or homeports for work at other locations within the ferry system. Reassignments of both deck and engine room employees occur due to staffing absences or vacancies. Reassignments of engine room employees also occur when a vessel is assigned to a route other than its homeport.

Since 2012, miles reimbursed to employees have increased by 17.5 and 5.9 percent for deck employees and engine room employees, respectively. Additional appropriation authority is requested to cover these increases.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
109-1 PSFOA-State	377,000	377,000	754,000	754,000	754,000
Total by Fund	**377,000**	**377,000**	**754,000**	**754,000**	**754,000**

Package Description

The number of miles reimbursed has increased since FY 2012 due to several factors affecting various areas of operations:

- Additional mileage is paid to deck employees who are working additional hours on routes other than their regular assignment due to a current lack of personnel in specific job classes.
- For engine room crew, additional out-of-service time due to unforeseen mechanical issues in the fleet has resulted in additional days where ferry vessels are not on their regularly assigned routes. The current limited number of larger vessels available for relief means that multiple boat moves and reassignments are required when a vessel breaks down. In addition, the reduced workforce also increases mileage reimbursements as staff are called in to work routes they would not normally be assigned.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
The ability to cover the cost of staff reassignments ensures that WSF complies with USCG Certificate of Inspections and collective bargaining agreements, and can maintain current levels of service as set forth by the Legislature.

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 department's strategic plan, Results WSDOT, Goal 2: Model integration. This package contributes to the functionality of one mode of transportation in strategic corridors, supporting the movement of people and goods.

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 two of the Governor's Results Washington priorities, Goal 2: Prosperous economy and Goal 5: Efficient, effective, and accountable government. A fully operational ferry system supports Goal 2 as part of a reliable transportation infrastructure, and Goal 5 through maintaining customer service satisfaction and timely delivery of services.

Identify important connections or impacts related to this proposal.
This decision package allows WSF to comply with collective bargaining agreements and the USCG Certificates of Inspection for the levels of service set forth by the Legislature.

What alternatives were explored, and why was this alternative chosen?
WSF is required to follow USCG rules on staffing vessels and collective bargaining agreements to pay mileage to employees who are working away from their home assignments. The only alternative to requesting additional appropriation authority is to reduce service elsewhere, which would have a negative effect on the traveling public.

What are the consequences of adopting or not adopting this package?
If adopted, the additional appropriation will enable WSF to fill all needed staffing for the current level of vessel service.

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

Determine which statutes, rules, or contracts might be impacted.
This package does not necessitate changes in statutes, rules, or contracts but instead allows WSF to comply with the provisions of collective bargaining agreements, while maintaining service.

Expenditure calculations and assumptions.
This package funds an increase of 385,000 miles at $0.565 (current FY14 reimbursement rate) and an increase in the reimbursement rate of $0.055 (from $0.510 in FY13 to $0.565 in FY14) on the previously funded 2.9 million miles.

Rate increase on base miles = 2,900,000 miles x $0.055 = $159,500
Additional miles increase = 385,000 miles x $0.565 = $217,525
Total Increase = $159,500 + $217,525 = $377,025 per-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	377,000	377,000	754,000	754,000	754,000
Total by Object	**377,000**	**377,000**	**754,000**	**754,000**	**754,000**

Agency:	**405**	**Department of Transportation**
Decision Package Code/Title:	**XG**	**Contracted Terminal Agents-Leases**
Budget Period:	**2015-17**	
Budget Level:	**ML – Maintenance Level**	

Program X – WSF Operations

Recommendation Summary
Additional appropriation authority is requested for contractually required increases for contracted terminal agents at San Juan Island (Friday Harbor), Orcas Island, Lopez Island, Shaw Island and at Sidney, British Columbia, Canada. In addition, terminal lease costs are increasing at the Anacortes, Mukilteo, Kingston, and Sidney, BC, Canada ferry terminals.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
109-1 PSFOA-State	102,000	160,000	262,000	320,000	320,000
Total by Fund	**102,000**	**160,000**	**262,000**	**320,000**	**320,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**-**	**-**	**-**	**-**	**-**

Package Description
Washington State Ferries (WSF) has twenty terminals on nine routes throughout Puget Sound, the San Juan Islands, and Vancouver Island (Sidney), British Columbia, Canada. Due to the remote location of the terminals in the San Juan Islands (San Juan, Orcas, Lopez, and Shaw) and at Sidney, BC, the department utilizes private contractors – contracted terminal agents – to, in conjunction with WSF, run operations at these facilities.

In addition, WSF pays a lease cost for the ferry terminal properties at Anacortes, Mukilteo, and Kingston, and for use of the ferry terminal at Sidney, BC.

The funding request is dual:

- $84,000 is requested for contractually required increases in contracted terminal agent contract costs, based on annual inflation.
- $90,000 is requested to cover a $45,000 annual increase in the lease cost for the ferry terminal at Sidney, BC, and $88,000 is requested for increases in other locations' terminal leases, based on annual inflation. These costs are required by the terminal lease contracts.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
Approval of this request will allow WSF to meet contractually required cost increases.

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 department's strategic plan, Results WSDOT, Goal 2: Modal integration.

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. Continuing to cover unavoidable WSF operating costs contributes to maintaining a sustainable, efficient, transportation infrastructure.

Identify important connections or impacts related to this proposal.
Funding for contracted terminal agents and terminal leases will allow WSF to meet contractual requirements.

What alternatives were explored, and why was this alternative chosen?
There is no alternative to paying these costs, as they are contractually required. The only option other than to request additional appropriation authority would be to absorb the costs. That option would take resources from other areas in terminal operations. As terminal operations are essential for ferry service, it is not advisable to reduce other activities.

What are the consequences of adopting or not adopting this package?
Approval of the request will enable WSF to meet the terms of these contracts, avoiding additional costs or potential legal action.

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

Determine which statutes, rules, or contracts might be impacted.
Payments are required or outlined in the contracted terminal agent contracts or the terminal lease contracts.

Expenditure calculations and assumptions.
Costs for contracted terminal agents are based on a 1.5 percent inflation factor. Terminal leases are inflated in contract by a 3.0 percent inflation factor.

Contracted Terminal Agents

Contractually-Required Cost Increases

	FY 2015	FY 2016	FY 2017	2015-17 Biennium
FY 2015 base cost	$1,861,044	$1,861,044	$1,861,044	$3,722,088
FY 2016 cost increase (1.5% of base)	0	27,916	27,916	55,831
FY 2017 cost increase (1.5% of FY16)	0	0	28,334	28,334
Total 2015-17 cost		1,888,960	1,917,294	3,806,254
Less base budget		(1,861,044)	(1,861,044)	(3,722,088)
2015-17 Contracted Agent Request		**$27,916**	**$56,250**	**$84,166**

Items may not sum to totals, due to rounding.

Terminal Leases

Contractually-Required Cost Increases

	FY 2015	FY 2016	FY 2017	2015-17 Biennium
FY 2015 base cost	$970,220	$970,220	$970,220	$1,940,440
FY 2016 cost increase (3.0% of base)	0	29,107	29,107	58,213
FY 2017 cost increase (3.0% of FY16)	0	0	29,980	29,980
Total 2015-17 cost		999,327	1,029,306	2,028,633
Less base budget		(970,220)	(970,220)	(1,940,440)
2015-17 San Juan, Lopez, and Shaw Increases		**29,107**	**59,086**	**88,193**
Sidney Lease Ongoing Increase	**0**	**45,000**	**45,000**	**90,000**
2015-17 Terminal Lease Request		**$74,107**	**$104,086**	**$178,193**

Items may not sum to totals, due to rounding.

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	FY 2016	FY 2017	2015-17	2017-19	2019-21
C - Personal Service Contracts	28,000	56,000	84,000	84,000	84,000
E - Goods and Services	74,000	104,000	178,000	178,000	178,000
Total by Object	**102,000**	**160,000**	**262,000**	**262,000**	**262,000**

Agency:	**405**	**Department of Transportation**
Decision Package Code/Title:	**XJ**	**Reservations System Operations**
Budget Period:	**2015-17**	
Budget Level:	**ML – Maintenance Level**	

Program X — Ferries Operations

Recommendation Summary

The vehicle reservation system (VRS) capital project – funded by the Legislature in 2010 – is nearing completion. Phase 1 was implemented in 2012 and Phase 2 will be implemented in January 2015. The department has identified the staffing levels and logistics changes that need to be in place to operate under a reservations model. This request covers additional staff needed to:

- Sort and stage traffic, 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 previous reservations system, VRS Phase 1 implementation, and the impact of expanding reservations on existing operations. The department requests $2.3 million and 9.7 FTEs for the necessary staffing changes.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
109-1 PSFOA-State	$1,151,000	$1,151,000	$2,302,000	$2,302,000	$2,302,000
Total by Fund	$1,151,000	$1,151,000	$2,302,000	$2,302,000	$2,302,000
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	9.6	9.7	9.7	9.7	9.7

Package Description

Background

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. At the same time, there is 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 designed. Outreach to community partners, internal stakeholders, and WSF staff is continuing and WSF will begin redeeming reservations on January 5, 2015. The department is not requesting capital funding for Phase 3 at this time.

Although the VRS yields multiple benefits, as noted above, there are costs associated with the business and operations changes that need to 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.

Terminal Labor

Logistics changes must be made at the affected terminals to manage traffic under the new model properly. Additional staffing is needed to: 1) sort and stage traffic both in the queues outside the tollbooths and in the terminal holding lanes; 2) supervise the deployment of resources as conditions constantly change by sailing, time-of-day, and volume; and 3) in some cases, extend the hours for ticket sales.

Without Reservations

Vehicles arriving at a terminal for upcoming sailings line up behind the ticket booth and are processed on a first-come, first-served basis as they pass through the booth. As traffic is processed through the tollbooths (or, in Anacortes, the staging booth), the ticket seller directs 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 is further segregated into the five destinations, and the lot is so large that much of it is not visible from the tollbooths. This segregates the vehicles by size and type, which allows the vessel staff to stage vehicles most efficiently on the given vessel. Vehicles that are early for a subsequent sailing must be queued separately to allow vehicles for the next sailing to stage, then load and clear the area.

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** are needed to 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, so when vessels are fully reserved, reservations for future sailings will be available for drive-up vehicles at the tollbooth. 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 will be kept moving and does not need to queue into neighboring streets. When a vehicle with a reservation for the next sailing reaches the tollbooth, it will be staged on the lot. A vehicle without a reservation reaching the tollbooth will still be staged on the lot, if space is available; if no staging room is left, it will be given a reservation for the next open sailing to the chosen destination, and sent away to return later. This keeps traffic moving and eliminates the need to manage a queue.

(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 make on-the-spot logistics decisions in response to shifting traffic volumes and conditions.

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, 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 will increase 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. 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 addition of a reservations manager. This position is needed to assume overall operating responsibility for the VRS, integrate the system with current operations, and manage 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.)

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, currently, can range four to six hours and longer in Anacortes and the San Juan Islands.

Performance Measure Detail
The number of reservations will increase and ridership will start 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 ridership is up, over 60 percent of all vehicles in the summer travel with a reservation, and lines are significantly reduced. WSF expects shorter wait times, improvements in on-time performance and reductions in customer complaints, once the system is implemented fully.

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 optimize the current infrastructure by managing ferry-traffic demand and spreading peak vehicle traffic, minimizing the need for expensive terminal and vessel expansion projects. In regard to 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 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. Other working groups included representatives of WSF terminal staff, customer service staff, and others.

What alternatives were explored, and why was this alternative chosen?
An antiquated reservations system (AOSS) had been in place for commercial customers in the San Juan Islands and on the International route for many years. A test expansion to the Port Townsend-Coupeville Route in 2011 was unsuccessful due to significant system limitations. For

example, the system could not accommodate a fare-related deposit or penalty. Commercial customers in the San Juans paid a yearly subscription fee but were assessed no per-reservation charges and no “no-show” penalties. International customers paid a flat fee unrelated to their fares. When the system was tested at Port Townsend and Coupeville, no fees or penalties were attached. Customers made multiple reservations and WSF experienced a 50 percent no-show rate, making the process unworkable. A new system was required to maintain reservations for existing routes and customers and to support expansion.

The VRS system, Phase 2, could have included Lopez and Shaw Islands but, based on community input and significant costs to increase labor for lower ridership results, implementing reservations for Shaw Island is not recommended and will be limited to small numbers of tall commercial vehicles at Lopez Island.

Customer features that make use of emerging cell phone and other payment technologies have been discussed. However, those options are not workable until the current ticketing system is replaced and, ideally, integrated with the tolling program’s system.

The presence of a reservation system increases the need for additional customer information support, additional labor at multiple ferry terminals, and a Reservations Manager to make sure VRS is working properly. It is possible that a reduction in human intervention and management could be made in the future by means of variable message signs. WSF will be exploring ways to reduce the ongoing operating cost of VRS.

What are the consequences of adopting or not adopting this package?
Funding for this request will enable VRS to perform as planned, resulting in improved use of current assets, more fully using existing capacity, minimizing terminal congestion and neighborhood impact, and improving customer satisfaction.

Without additional resources, expanding 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

Determine which statutes, rules, or contracts might be impacted.
Contracts with affected contracted terminal agents will need to be adjusted. The modifications in procedures will affect 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 additions:

- **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, staffing is needed to 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 are needed to handle the new requirements for staging and processing reservations. Currently there is no fare collection or system interaction at these two terminals. The addition of reservations requires system interaction and new vehicle staging for those with and without reservations.
- **Additional customer information staffing** is needed 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 expected call volumes from passenger who do not make or cancel reservations online, and estimated operator-assisted transactions commensurate with ridership projections. Anacortes vehicle ridership is forecast to be 802,100 in FY16 and 809,700 in FY17; however, the request assumes ridership does not grow in fiscal year17. 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** is needed to oversee logistics, monitor performance, and help 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 following table displays cost estimates associated with each portion of the request:

WSF Reservations System Operations

	Hours	Per-Hour Cost	FY 2016	Hours	Per-Hour Cost	FY 2017	2015-17 Total
Terminal Labor:							
Anacortes							
Terminal Supervisor	1,472	$55.48	$81,667	1,416	$55.48	$78,560	$160,226
Traffic Attendant	768	$35.93	27,594	944	$35.93	33,918	61,512
Ticket Seller	2,260	$40.77	92,140	2,160	$40.77	88,063	180,203
Port Townsend-Coupeville							
Terminal Supervisor (Coupeville)	513	$55.48	28,461	513	$55.48	28,461	56,922
Traffic Attendants (both locations)	2,120	$37.24	78,949	2,120	$37.24	78,949	157,898
Ticket Sellers (both locations)	192	$40.77	7,828	192	$40.77	7,828	15,656
Subtotal - Terminal Labor			316,639			315,779	632,418
Contracted Terminal Agents:							
San Juan Island (Friday Harbor)							
Peak (Jul 1 through Sep 30)	2,944	$25.00	73,600	2,944	$25.00	73,600	147,200
Non-Peak (Oct 1 through Apr 30)	3,392	$25.00	84,800	3,392	$25.00	84,800	169,600
Peak (May 1 through Jun 30)	1,952	$25.00	48,800	1,952	$25.00	48,800	97,600
Orcas Island							
Peak (Jul 1 through Sep 30)	1,296	$25.00	32,400	1,296	$25.00	32,400	64,800
Non-Peak (Oct 1 through Apr 30)	2,968	$25.00	74,200	2,968	$25.00	74,200	148,400
Peak (May 1 through Jun 30)	976	$25.00	24,400	976	$25.00	24,400	48,800
Subtotal - Contracted Terminal Agents			338,200			338,200	676,400
Call Center Labor:							
Customer Service Agents	10,000	$38.38	383,840	10,000	$38.38	383,840	767,680
Operations Reservation Manager:							
Salary	—	—	86,000	—	—	86,000	172,000
Benefits	—	—	27,000	—	—	27,000	54,000
Subtotal - Operations Reservation Manag	—	—	113,000	—	—	113,000	226,000
Decision Package Total			**$1,151,679**			**$1,150,819**	**$2,302,498**

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

Second year (FY 2017) 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	611,000	611,000	1,222,000	1,222,000	1,222,000
B - Benefits	202,000	202,000	404,000	404,000	404,000
C - Personal Service Contracts	338,000	338,000	676,000	676,000	676,000
Total by Object	**1,151,000**	**1,151,000**	**2,302,000**	**2,302,000**	**2,302,000**

Salary and FTE Detail						
	FTEs			Dollars		
List Positions by Classification	FY 2016	FY 2017	Biennial Average	FY 2016	FY 2017	Total
Terminal Supervisor	1.0	1.0	1.0	82,000	80,000	162,000
Traffic Attendant	1.4	1.5	1.5	80,000	85,000	165,000
Ticket Seller	1.2	1.2	1.2	75,000	72,000	147,000
Customer Service Agent	5.0	5.0	5.0	288,000	288,000	576,000
Operations Reservations Mgr	1.0	1.0	1.0	86,000	86,000	172,000
Total	**9.6**	**9.7**	**9.7**	**611,000**	**611,000**	**1,222,000**

Out Biennia				
	FTEs		Dollars	
List Positions by Classification	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:	**XK**	**Olympic Class Vessel Operations**
Budget Period:	**2015-17**	
Budget Level:	**ML – Maintenance Level**	

Program X – WSF Operations

Recommendation Summary
Two new Olympic Class (144-car capacity) vessels were constructed and were brought into service partway through the 2013-15 Biennium. This decision package requests the additional incremental funding needed to operate the vessels for a full 24-month biennium, which will be combined with the partial-biennium funding from 2013-15 that is carried forward to the 2015-17 base.

The ongoing costs of operation do not include fuel costs, as those amounts are combined with WSF's total fuel request, but do include adjustments that have been made to the original deployment plan.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
109-1 PSFOA-State	1,236,000	45,000	1,281,000	1,281,000	1,281,000
Total by Fund	**1,236,000**	**45,000**	**1,281,000**	**1,281,000**	**1,281,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**11.3**	**8.3**	**9.8**	**9.8**	**9.8**

Package Description
The requested additional appropriation authority, combined with available funding in the base budget, covers the following costs:

- Updating the pay rates and U.S. Coast Guard (USCG) crew requirements from the original 2013-15 request.
- Adjusting the deployment plan for the second vessel. Under the previous plan, the vessel would have split its time between the Bremerton and Anacortes routes. In the revised deployment plan, the vessel will be regularly assigned to Anacortes.
- Revising the stand-by vessel designation.

The vessel operating costs include updates to the original decision package estimates to account for increased USCG requirements for vessel crew levels and for increases in wages from labor contracts.

The deployment plan for the second vessel is being adjusted to avoid splitting the second-vessel routes between Bremerton and Anacortes, which was the initial plan when only two Olympic Class vessels were to be added to the fleet. With the addition of a third 144-car ferry to the planned project list, it is not necessary to divide the second vessel between two routes. There

are advantages to dedicating a vessel to its own route since the engine-room crew must be home ported in one location. Maintaining a vessel on one route, rather than two, minimizes travel time and mileage costs that occur when employees have to travel to the alternate location.

The original 2013-15 request included a plan to maintain the MV Hiyu as a stand-by vessel and to decommission the MV Klahowya. In this revised plan, these are reversed. The larger MV Klahowya is better suited as a stand-by vessel, as it is more versatile and able to operate on more routes. With deployment of the second Olympic Class vessel, the department is able to move an Evergreen Class vessel into stand-by mode and replace the lower-capacity Hiyu, which is then retired. This revised stand-by plan also provides flexibility to remove the Hyak for its hybrid-propulsion project. Under this scenario, the M/V Sealth would replace the remaining Evergreen Class vessels on the Fauntleroy route.

The value of the total need is estimated by netting the total projected cost of operations in the 2015-17 Biennium, including the impact of the above changes, against the carry-forward level funding available. The difference is requested in this decision package. The base funding being carried forward to 2015-17 from the current biennium is $2,881,000. The total need for operating the first and second Olympic Class vessels in the 2015-2017 Biennium, with the revised deployment plan and accounting for vessels being decommissioned is $4,162,000. The decision package requests the $1,281,000 difference.

	FY16	FY17	2015-17
Total 2015-2017 need	2,081,000	2,081,000	4,162,000
Less amount available in 2015-17 carry-forward	(845,000)	(2,036,000)	(2,881,000)
Decision package request	**1,236,000**	**45,000**	**1,281,000**

NOTE: This request does not include fuel costs, which are included in the fuel decision package.

Please see Attachment A for cost detail.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
Funding to support the operation of these two new vessels will result in 167 additional vehicle spaces in the fleet. Each Olympic Class vessel provides 144 vehicle spaces, for 288 total new spaces. Decommissioning the M/V Hiyu and moving the M/V Klahowya to stand-by removes 34 and 87 spaces, respectively, from the fleet for net capacity increase of 167 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 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.
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 package requests funding to operate and maintain two new 144-car vessels constructed with Capital Program (Program W) funds. Funding will allow for improved capacity on several routes and will allow full operation of both vessels for all 24 months of the biennium. 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 vessels – which were constructed with the authorization of the Legislature and the Governor – requires new expenditures that have not been budgeted for previously. WSF is not able to absorb the magnitude of these costs through other marginal reductions. The operation of these ferries allows WSF to provide increased capacity on several routes.

What are the consequences of funding or not funding this package?
Operating costs for the two new vessels were funded for part of the 2013-15 biennium, as of the dates when the vessels began passenger-carrying service. The first vessel went into service on the Mukilteo route on June 30, 2014, and the second vessel is scheduled to go into service on the Anacortes route in late spring, 2015. This appropriation authority will allow WSF to operate the new vessels for the entirety of the 2015-17 biennium, thus making full use of vessel resources.

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

Determine which statutes, rules, or contracts might be impacted.
N/A

Expenditure calculations and assumptions.
See table, Attachment A.

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	898,000	559,000	1,457,000	1,457,000	1,457,000
B - Benefits	225,000	140,000	365,000	365,000	365,000
E - Goods and Services	113,000	(654,000)	(541,000)	(541,000)	(541,000)
Total by Object	**1,236,000**	**45,000**	**1,281,000**	**1,281,000**	**1,281,000**

Salary and FTE Detail						
	FTEs			**Dollars**		
List Positions by Classification	**FY 2016**	**FY 2017**	**Biennial Average**	**FY 2016**	**FY 2017**	**Total**
Vessel and deck engine personnel	11.3	8.3	9.8	898,000	559,000	1,457,000
Total	**11.3**	**8.3**	**9.8**	**898,000**	**559,000**	**1,457,000**

Out Biennia				
	FTEs		**Dollars**	
List Positions by Classification	**2017-19**	**2019-21**	**2017-19**	**2019-21**
Vessel and deck engine personnel	9.8	9.8	1,457,000	1,457,000
Total	**9.8**	**9.8**	**1,457,000**	**1,457,000**

Attachment A

2015-17 Operating Costs
Two Olympic Class 144-Car Vessels

Dollars in Thousands

	FY 2016	FY 2017	2015-17 Total
Engine Labor Costs			
1st New Olympic Class Vessel	$1,626	$1,626	$3,252
2nd New Olmpic Class Vessel	1,626	1,626	3,252
Evergreen State Class Vessel	(1,441)	(1,441)	(2,882)
Hiyu	(672)	(672)	(1,344)
Sub-total Engine Labor	1,139	1,139	2,278
Deck Labor Costs			
1st New Olympic Class Vessel	2,749	2,749	5,498
2nd New Olmpic Class Vessel	3,270	3,270	6,540
Issaquah Class Vessels	(3,055)	(3,055)	(6,110)
Evergreen State Class Vessel	(4,298)	(4,298)	(8,596)
MV Sealth	2,076	2,076	4,152
Sub-total Deck Labor	742	742	1,484
Non-Labor Costs			
Ongoing maintenance needs	200	200	400
Sub-total Maintenance	200	200	400
Grand Total 2015-17 Operating Cost	2,081	2,081	4,162
Less amt. available in base carry-forward budget	(845)	(2,036)	(2,881)
Decision Package Request	**$1,236**	**$45**	**$1,281**
Full-Time Equivalents			
Total 2015-17 Need	22.1	22.1	22.1
Less FTE available in base carry-forward budget	(10.8)	(13.8)	(12.3)
Decision Package Request - FTEs	**11.3**	**8.3**	**9.8**

Agency: 405 Department of Transportation
Decision Package Code/Title: XL Marine Insurance
Budget Period: 2015-17
Budget Level: ML – Maintenance Level

Program X – Ferries Operations

Recommendation Summary
Two new Olympic Class (144-car capacity) vessels have been constructed and were brought into service partway through the current 2013-15 biennium. The department requests appropriation authority for the additional full biennium's cost of adding the vessels to its marine insurance policy – adjusted for the savings from lapsing insurance on the two vessels being decommissioned.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
109-1 MVA-State	198,000	199,000	397,000	397,000	397,000
Total by Fund	**198,000**	**199,000**	**397,000**	**397,000**	**397,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	-	-	-	-	-

Package Description
Washington State Ferries (WSF) has a marine insurance policy that covers ferry vessels and ferry terminals. The current budget authorized by the Legislature provides $5 million for marine insurance in the 2013-15 biennium and requires, through budget proviso, that the funds be used solely for marine insurance.

The current insurance policy was originally written to cover vessels and terminals in operation at the beginning of the 2013-15 biennium (as of July 1, 2013).

Since the initial policy was written, a new vessel, the M/V Tokitae, was acquired and is currently in service on the Mukiteo–Clinton ferry route. A second vessel, the M/V Samish, is scheduled to be delivered in FY 2015 and put in to service at the end of the 2013-15 Biennium. The original WSF insurance policy did not include coverage for either vessel, so both will carry new costs for 2015-17.

The value of the additional appropriation authority needed is partially eased by the decommissioning of two old vessels. As the new vessels come into service, two older vessels – the M/V Evergreen State and the M/V Hiyu – are removed from service and will not be on the insurance policy for 2015-17.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
Funding for this package would allow WSF to meet the insurance costs of the vessel fleet and terminals that are expected to be in operation for the 2015-17 biennium.

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 continuing the operation of all modes in the WSF 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.

Identify important connections or impacts related to this proposal.
This package requests funding to operate and maintain two new 144-car vessels constructed with Capital Program (Program W) funds. Operation of the new vessels will improve capacity on several routes. Those affected include the traveling public and businesses engaging in commerce and the transport of goods.

What alternatives were explored, and why was this alternative chosen?
Non-compliance (not paying) is not a viable option, given the unacceptable risk of being uninsured as well as the contractual obligation with the insurance provider. Non-payment puts WSF at risk for late payment penalties and, potentially, a cancellation of the WSF insurance policy.

The current insurance policy structure (limits of deductible, for example) could be changed with the potential for savings or additional costs. However, this request is based on current policy elements; any changes in policy terms or costs would be part of the negotiations for insurance that would occur in calendar year 2015.

What are the consequences of adopting or not adopting this package?
Payments are required by contract. If additional appropriation authority is not provided, WSF would have to pay for the increases by reducing services or activities funded with current resources.

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

Determine which statutes, rules, or contracts might be impacted.
As noted above, the department maintains a contract for services with the insurance provider.

Expenditure calculations and assumptions.
Additional costs
The additional cost to insure the M/V Tokitae is $11,374 per-month, based on the revised WSF insurance policy. The calculation for the 2015-17 biennium:

$11,374 per-month x 12 months = $136,488 per-year or $272,976 for the biennium

Based on a quote from the insurance provider, the additional cost to insure the M/V Samish is $11,010 per-month. The additional cost for the biennium is expected to be:

$11,010 per-month x 12 months = $132,120 per-year or $264,240 for the biennium

Offsetting savings
Although two new vessels will be on the 2015-17 insurance policy, the additional cost is partially eased by removing coverage for two vessels being decommissioned.

Retiring the M/V Evergreen State saves:

$4,812 per-month x 12 months = $57,744 per-year or $115,488 for the biennium

Retiring the M/V Hiyu saves:

$1,021 per-month x 12 months = $12,252 per-year or $24,504 for the biennium

Cost Calculations for Net Additional Marine Insurance

	Monthly Cost	Annual Cost	2015-17 Total	2015-17 Rounded
New Vessels:				
M/V Tokitae	$11,374	$136,488	$272,976	$273,000
M/V Samish	11,010	132,120	264,240	264,000
Retiring Vessels:				
M/V Evergreen State	(4,812)	(57,744)	(115,488)	(115,000)
M/V Hiyu	(1,021)	(12,252)	(24,504)	(25,000)
2015-17 Decision Package Request	**$16,551**	**$198,612**	**$397,224**	**$397,000**

Assumptions
It is assumed that the insurance costs for the M/V Tokitae, M/V Evergreen State, and M/V Hiyu remain the same between the 2013-15 and 2015-17 biennia. It is also assumed that the cost to insure the M/V Samish for the 2015-17 biennium is the preliminary price quote received from the insurer. The request assumes that both the M/V Evergreen State and M/V Hiyu are no longer on the WSF insurance policy based on these vessels being removed from service, retired from the WSF fleet, and disposed of through sale and/or salvage.

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	198,000	199,000	397,000	397,000	397,000
Total by Object	**198,000**	**199,000**	**397,000**	**397,000**	**397,000**

Agency:	**405**	**Department of Transportation**
Decision Package Title/Code:	**XM**	**Ferries Utilities**
Budget Period:	**2015-17**	
Budget Level:	**ML – Maintenance Level**	

Program: X – Ferries Operating Program

Recommendation Summary Text
Funding is requested for increased utility costs that are required to operate terminals and vessels and provide ferry service. These costs are paid through the terminals budget and include utilities such as sewer, garbage, electricity, stormwater, water, propane, natural gas, and other heating costs.

Fiscal detail:

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
109-1 PSFOA-State	434,000	535,000	969,000	1,070,000	1,070,000
Total by Fund	**434,000**	**535,000**	**969,000**	**1,070,000**	**1,070,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**-**	**-**	**-**	**-**	**-**

Package description
Utility costs at Washington State Ferries (WSF) terminals continue to rise annually due to utility rate increases and infrastructure upgrades and improvements. The last budget increase for terminal utilities was included in the 2009-11 Biennium budget (fiscal years 2010 and 2011). Since fiscal year 2011, utility costs have increased 14 percent, rising at an average annual rate of 4.7 percent. Based on existing usage, vessel upgrades, and the same projected rate increases, the projected shortfall between the budget and costs for 2017-19 is $969,000.

This decision package requests additional appropriation authority to cover these utility cost increases.

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 funding 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 or not adopting this package?
Adoption of this request will enable the department to continue to cover this unavoidable operating expenses.

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

Determine which statutes, rules, or contracts might be impacted.
N/A

Expenditure calculations and assumptions.
Utilities costs[1] paid through the terminals budget have increased 14 percent since the last budget increase in the 2009-11 Biennium, which equates to an average annual increase of 4.7 percent over the last three years (fiscal years 2011 through 2014).

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

The cost growth since fiscal year 2011 is primarily due to rate increases for electricity, water, and stormwater[2]. A small portion of the increase includes added utility costs associated with terminal upgrades and improvements that have taken place over time.

The calculation of next biennium's costs assumes the continuation of the historical 4.7 percent annual growth, using fiscal year 2014 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 terminal[3] 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: 2015-17 Budget Request

	Actual Expenditure History				Forcasted Expenditures[a]		
	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	$845,336	$885,416	$927,397
EC02 Natural/Propane Gas	23,693	22,576	19,880	19,911	20,855	21,844	22,880
EC04 Other Heating/Power	56,498	45,598	47,386	58,534	61,309	64,216	67,261
EC05 Electricity	722,382	788,640	791,409	798,330	836,181	875,828	917,354
EC09 Water	184,100	205,954	225,290	229,923	240,825	252,243	264,203
New 144-car vessel utility costs	-	-	-	-	-	34,000	
Total	$1,675,450	$1,831,288	$1,827,409	$1,913,768	$2,004,507	$2,133,548	$2,234,707
Budget Base[b]	*1,635,000*	*1,655,000*	*1,700,000*	*1,696,500*	*1,696,500*	*1,696,500*	*1,696,500*
Projected Shortfall (rounded to $1,000s)						**(434,000)**	**(535,000)**
					2015-17 Projected Shortfall:	**($969,000)**	

[a] *Forecasted expenditures derived by applying average annual growth from FY11 to FY14 (4.7 percent).*

[b] *The last increase provided in an enacted budget for utilities was for the 2009-11 biennium. Annual available levels that exceed the FY 2011 budget — ranging from an additional $20,000 to $65,000 — are amounts absorbed by the program's general operating budget.*

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.

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 affect the terminal utility costs.

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 Detail					
Object of Expenditure	**FY 2016**	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
E - Goods and Services	434,000	535,000	969,000	1,070,000	1,070,000
Total by Object	**434,000**	**535,000**	**969,000**	**1,070,000**	**1,070,000**

Agency:	**405 Department of Transportation**
Decision Package Code/Title:	**YA New Service for Amtrak Cascades**
Budget Period:	**2015-17**
Budget Level:	**ML – Maintenance Level**

Program Y – Rail Operations

Recommendation Summary

Extensive federal capital funding has been provided for intercity passenger rail expansion however, the agreement requires the state to bear additional operating costs. As part of the state's commitment related to receiving the federal capital funds, Amtrak Cascades will add two round trips between Seattle and Portland starting in mid-2017. Appropriation authority is requested for the costs associated with the expanded service for the final month of the biennium. In addition to service operating costs, the state will have additional responsibility concerning track maintenance. These costs are also assumed to begin in June 2017.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
218-1 Multimodal-State	-	1,168,000	1,168,000	24,196,000	24,196,000
Total by Fund	**-**	**1,168,000**	**1,168,000**	**24,196,000**	**24,196,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**-**	**-**	**-**	**-**	**-**

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 88 percent on-time performance; a 10-minute improvement (reduction) to the scheduled running time; and two additional daily round trips between Seattle and Portland, for a new total of six daily round trips.

The capital construction projects will be completed between the summer and fall of 2017. The earliest new service is expected to begin in June 2017.

Because recent changes in federal law – effective October 1, 2013 – assign responsibility for the cost of intercity passenger rail operations (under 750 miles in length) entirely to the states,

Washington and Oregon are 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.

The costs[1] associated with this new service are as follows:

- The two new round trips, anticipated to begin in June 2017, are estimated to cost a net of $684,000 for Amtrak costs of operating the service during the last month of the 2015-17 biennium (total direct operating cost of $1,217,000 less expected revenue of $533,000).
- Because of the state's SOA agreement on ARRA projects, costs for maintenance of track charged by the host railroads are increased by $483,000 for June 2017 because the standards for track infrastructure condition are higher for passenger rail than for freight service.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
Funding for increased Intercity Passenger Rail costs will allow the state to fulfill its commitment to provide additional service between Seattle and Portland, which meets the ARRA program investment levels and requirements in the state's Service Outcome Agreement.

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 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 conditions[2] by developing travel options to replace single-occupancy vehicles.

[1] The costs identified in this request are the department's best estimates as of late summer, 2014, but will be revised as the delivery schedule for the ARRA program is finalized.
[2] 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.

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 the American Recovery Reinvestment Act (ARRA) for funding of high-speed rail projects, Washington 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 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.

What alternatives were explored, and why was this alternative chosen?
Service reduction options are limited because of the requirements in the Service Outcome Agreement (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 Federal Railroad Administration, is working with Amtrak to negotiate lower service fees and implement cost-management strategies.

What are the consequences of adopting or not adopting this package?
Without this funding, the state will be unable to fulfill its commitment to add two additional round trips between Seattle and Portland. As a result, 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

Determine which statutes, rules, or contracts might be impacted.
The department could be penalized financially for an inability to meet the SOA, as required for the use of ARRA funds.

Expenditure Calculations and Assumptions
The estimated cost for the 2015-17 biennium is based on the Amtrak Federal fiscal year 2015 forecast released on March 31, 2014 and the inflation factor (rate is based on 2.88 percent to 3.65 percent) provided by Amtrak, as well as Host Railroad Maintenance costs outlined in the SOA.

Revenue assumptions are based on 40 percent of train capacity (12,864 riders), on two additional round trips (four trains), for one month (30 days).

Costs assumptions:

- $1,217,468 - Operating costs (note, partially offset by additional revenue):
  - $747,158 - Direct route costs (for example, labor, equipment, and station costs)
  - $272,428 - Third party costs (for example, fuel, incentive payment for on-time performance, maintenance of tracks to current standard)
  - $197,882 - Share of overhead costs (indirect costs such as marketing, and general administration)
- $483,333 - Enhanced maintenance of track above the "normal" level due to higher track-level infrastructure standards for passenger rail exceeding the standard for freight service (ARRA projects).

Estimated Net Cost for Expanded Amtrack Cascades Service

State Fiscal Year	Ridership	(A) Amtrak Costs	(B) Amtrak Revenues	(C=A-B) State Support
June 2017	12,864			
Projected Revenue:			533,237	
Estimated Costs:				
Operating on Two Add'l Roundtrips		1,217,468		
Higher Level of Track Maintenance - ARRA		483,333		
2015-2017 Biennium		1,700,801	533,237	1,167,564
Rounded to Dollars in Thousands		**1,701,000**	**533,000**	**1,168,000**

Estimates are based on Amtrak's Federal Fiscal Year 2015 Forecast.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?
The operations and host railroad maintenance costs are ongoing.

Objects of Expenditure

Object of Expenditure	FY 2015	FY 2017	2015-17	2017-19	2019-21
E - Goods and Services	-	1,168,000	1,168,000	24,196,000	24,196,000
Total by Object	**-**	**1,168,000**	**1,168,000**	**24,196,000**	**24,196,000**

Agency: 405 Department of Transportation
Decision Package Code/Title: ZR – Transp. Commission Fee Increases
Budget Period: 2015-17
Budget Level: Maintenance Level

Program B – Toll Operations and Maintenance
X – Washington State Ferries Maintenance and Operation

Recommendation Summary
The Transportation Commission has rate-setting authority to set highway and bridge tolls and state ferry fares. The Commission is expected to set and/or adjust fees related to the Tacoma Narrows Bridge (TNB), State Route (SR) 167 High Occupancy Toll (HOT) Lanes, I-405 Express Toll Lanes (ETL), SR 520, and state ferry fares, in the 2015-17 biennium.

Revenue Detail
Washington State Department of Transportation (WSDOT) Total

Fee/Fund	Source Code	FY 2016	FY 2017	2015-17
Ferry Fares/109	0497	2,450,000	5,736,000	8,186,000
*TNB Tolls/511	0497	-	-	-
**HOT Late Tolls/09F	0497	1,246,000	1,305,000	2,551,000
I-405 ETL/595	0497	4,510,000	7,904,000	12,414,000
***SR 520 Tolls/16J	0497	6,913,000	6,517,000	13,430,000
Total by Fund		**15,119,000**	**21,462,000**	**36,581,000**

*TNB forecasted revenue is based solely on projected traffic increase as the future toll rate is not yet set.
**SR 167 HOT Lanes is a pilot project and toll authorization ends at the end of 2013-15 biennium.
***SR 520 increase includes both projected traffic increase and toll rate increases.

In response to Office of Financial Management (OFM) operating budget instructions, the Transportation Commission prepared the following responses for each fee category:

Justification for New or Increased Fee Requests

FERRY FARES

1. **Fee name –** Ferry Fares.
2. **Current fee rate (FY 2015) –** Schedule varies by route and type of service. Transaction average is $7.281.
3. **Proposed fee rate**
   a. **FY 2016 –** The amounts of future fare increases are unknown at this time as the Transportation Commission sets ferry fares to meet revenue targets established in the biennial budget enacted by the Legislature. Future fare increases may be approximately

2.5% above current rates, if current Legislative budget assumptions carry forward into the 2015-17 biennium.

   b. **FY 2017 –** The amounts of future fare increases are unknown at this time as the Transportation Commission sets ferry fares to meet revenue targets established in the biennial budget enacted by the Legislature. Future fare increases may be approximately 2.5% above 2016 rates, if current Legislative budget assumptions carry forward into the 2015-17 biennium.

4. **Incremental rate change for each year**
   a. **FY 2016 –** The amounts of future fare increases are unknown at this time as the Transportation Commission sets ferry fares to meet revenue targets established in the biennial budget enacted by the Legislature. Future fare increases may be approximately 2.5% above current rates, if current Legislative budget assumptions carry forward into the 2015-17 biennium.
   b. **FY 2017 –** The amounts of future fare increases are unknown at this time as the Transportation Commission sets ferry fares to meet revenue targets established in the biennial budget enacted by the Legislature. Future fare increases may be approximately 2.5% above 2016 rates, if current Legislative budget assumptions carry forward into the 2015-17 biennium.
5. **Expected implementation date –** October 2015 and October 2016.
6. **Estimated additional revenue generated by increase**
   a. **FY 2016 –** $2,450,000 (based upon the June 2014 Transportation Revenue Forecast (Alternative 1) which assumes a 2.5% fare increase).
   b. **FY 2017 –** $5,736,000 (based upon the June 2014 Transportation Revenue Forecast (Alternative 1) which assumes a 2.5% fare increase).
7. **Justification for the increase and discussion of consequences of not increasing the fee –** Fares are proposed by the Washington State Department of Transportation (WSDOT) to the Transportation Commission based on input from ferry advisory committees, ferry served communities, and the financial needs of Washington State Ferries based upon the enacted transportation budget. Based upon this input and recommendations, the Transportation Commission sets ferry fares and fare policies for the state ferry system.

   If the fares are not adjusted, Ferries Maintenance and Operations budget (Program X) would have to be reduced, which may result in service reductions and delays for ferry vessel and/or ferry terminal maintenance. Without proper maintenance there could be a disruption of ferry service due to a vessel breaking down or due to terminals not being able to receive ferries for loading and unloading of passengers and vehicles. In addition, the department may have to reduce service hours, reduce ferry capacity, and/or significantly alter the existing ferry service schedule.
8. **Indication of any changes in who pays –** No change.
9. **Indication of any changes in methodology for determining the fee –** No change.
10. **Recommendation Summary code for the related expenditure request, if tied to a budget request –** Department of Transportation Decision Package ML-ZR, Transp. Commission Fee Increases.

11. **Alternatives considered to an increase –** None considered given the Transportation Budget assumes established fare revenue targets will be achieved via fare increases.
12. **Indication of whether the fee increase requires a statutory change, i.e., a separate bill. (If yes, a proposal should be submitted as part of the agency request legislation process.) –** Statutory change is not required.

TNB TOLLS

1. **Fee name –** Tacoma Narrows Bridge Tolls.
2. **Current fee rate (FY 2015) –** two-axle vehicles: $4.50 electronic toll collection (ETC)/$5.50 cash/$6.50 pay by mail. Toll rates increase on a per axle charge, if a vehicle has more than two axles. (up to six axles).
3. **Proposed fee rate**
   a. **FY 2016 –** Unknown at this time. The Transportation Commission determines toll rate adjustments based upon current and estimated traffic volumes and toll revenue for the coming fiscal year, along with estimates on futures costs and revenues. Toll rates must be set to cover those costs identified in current law, including debt payments, maintenance, operations, and insurance. While the amount of the toll rate increase is not yet known, the debt repayment schedule will require a toll rate increase in FY 2016.
   b. **FY 2017 –** Unknown at this time. The Transportation Commission determines toll rate adjustments based upon current and estimated traffic volumes and toll revenue for the coming fiscal year, along with estimates on futures costs and revenues. Toll rates must be set to cover those costs identified in current law, including debt payments, maintenance, operations, and insurance. While the amount of the toll rate increase is not yet known, the debt repayment schedule will require a toll rate increase in FY 2017.
4. **Incremental rate change for each year**
   a. **FY 2016 –** Varies year by year. Rates are adjusted on an as-needed basis to ensure costs and requirements are being met based on current law mandates.
   b. **FY 2017 –** Varies year by year. Rates are adjusted on an as-needed basis to ensure costs and requirements are being met based on current law mandates.
5. **Expected implementation date –** July 2015 and July 2016.
6. **Estimated additional revenue generated by increase –** These estimates will be determined during the Transportation Commission rate setting process which will begin December 2014.
   a. FY 2016 - $ TBD
   b. FY 2017 - $ TBD
7. **Justification for the increase and discussion of consequences of not increasing the fee –** Toll revenues fund construction, operations, maintenance, and reimbursement of debt service for the TNB. Toll rates must be raised periodically to keep up with escalating debt payments as well as operational and maintenance costs and other funding needs.

The consequence of not raising the toll rates periodically will likely result in insufficient revenue collections to make debt payments and cover required costs, thus requiring funds in the Motor Vehicle Fund (MVF) to make the debt payments and cover the costs referred to above. Taking funds out of the MVF for this purpose takes away obligated revenues that would have otherwise funded highway projects and other transportation programs.

8. **Indication of any changes in who pays –** No change.
9. **Indication of any changes in methodology for determining the fee –** No change.
10. **Recommendation Summary code for the related expenditure request, if tied to a budget request –** Department of Transportation Decision Package ML-ZR, Transp. Commission Fee Increases.
11. **Alternatives considered to an increase –** None. If toll revenues are insufficient to cover debt service and other required costs, other revenue sources would need to be used.
12. **Indication of whether the fee increase requires a statutory change, i.e., a separate bill. (If yes, a proposal should be submitted as part of the agency request legislation process.) –** Statutory change is not required.

SR 167 HOT LANE TOLLS

1. **Fee name –** SR 167 High Occupancy Toll (HOT) Lane Tolls.
2. **Current fee rate (FY 2015) –** Toll schedule varies by time of day. Toll authorization ends in FY 2015.
3. **Proposed fee rate**
   a. **FY 2016 –** The variable rate schedule is anticipated to be the same as FY 2015.
   b. **FY 2017 –** The variable rate schedule is anticipated to be the same as FY 2015.
4. **Incremental rate change for each year**
   a. **FY 2016 –**The variable rate schedule is not expected to be adjusted unless revenues are insufficient to cover toll operation costs or required performance measures are not met.
   b. **FY 2017 –** The variable rate schedule is not expected to be adjusted unless revenues are insufficient to cover toll operation costs or required performance measures are not met.
5. **Expected implementation date –** NA
6. **Estimated additional revenue generated by increase**
   a. **FY 2016 –** $1,246,000 (based on June 2013 traffic and revenue estimates).
   b. **FY 2017 –** $1,305,000 (based on June 2013 traffic and revenue estimates).
7. **Justification for the increase and discussion of consequences of not increasing the fee –** Tolls are needed to administer SR 167 HOT Lanes tolling and achieve the required performance measures.

   If WSDOT cannot administer tolling on SR 167 HOT Lanes, the following impacts to the corridor would occur:

   - Increased travel time
   - Increased traffic congestion

- Fewer choices for drivers
- Lack of funding for the operations of the HOT lanes.

8. **Indication of any changes in who pays –** No change.
9. **Indication of any changes in methodology for determining the fee –** No change.
10. **Recommendation Summary code for the related expenditure request, if tied to a budget request –** Department of Transportation Decision Package PL-BC, SR 167 HOT Lanes Operations.
11. **Alternatives considered to an increase –** Yes, taking no action, which would result in no tolling taking place on SR 167 Hot Lanes thus no longer allowing for management of demand in those lanes through toll pricing.
12. **Indication of whether the fee increase requires a statutory change, i.e., a separate bill. (If yes, a proposal should be submitted as part of the agency request legislation process.) –** Yes, a statutory change is required. WSDOT is developing agency-request legislation to continue to toll SR 167HOT Lanes. This request will be submitted to OFM and the Governor's Office for review.

I-405 ETL TOLLS

1. **Fee name –** I-405 Express Toll Lanes Tolls.
2. **Current fee rate (FY 2015) –** To be determined.
3. **Proposed fee rate**
   a. **FY 2016 –** RCW 47.56.850 provides the Transportation Commission authority to set toll rates on eligible toll facilities. The Transportation Commission determines toll rates and adjustments based on current and estimated traffic volumes and toll revenues, and current and estimated futures costs and revenues. Toll rates must be set to cover those costs identified in current law which include debt payments, maintenance, operations, and insurance. In addition, RCW 47.56.880 designates the express toll lanes of I-405 as an eligible toll facility and provides that tolls are to be automatically adjusted through dynamic tolling to ensure performance standards are met. The minimum performance standard requires that average vehicle speeds remain above forty-five miles per hour at least ninety percent of the time during peak hours. The Transportation Commission will be setting the toll rate for the corridor during the winter of 2014/15.
   b. **FY 2017 –** RCW 47.56.850 provides the Transportation Commission authority to set toll rates on eligible toll facilities. The Transportation Commission determines toll rates and adjustments based on current and estimated traffic volumes and toll revenues, and current and estimated futures costs and revenues. Toll rates must be set to cover those costs identified in current law which include debt payments, maintenance, operations, and insurance. In addition, RCW 47.56.880 designates the express toll lanes of I-405 as an eligible toll facility and provides that tolls are to be automatically adjusted through dynamic tolling to ensure performance standards are met. The minimum performance standards require that average vehicle speeds remain above forty-five miles per hour at least ninety percent of the time during peak hours. The Transportation Commission will be setting the toll rate for the corridor during the winter of 2014/15.

4. **Incremental rate change for each year**
   a. **FY 2016 –** TBD. Pursuant to RCW 47.56.880 (2a) toll rates may vary in amount by time of day, level of traffic congestion within the highway facility, or other criteria, as the toll authority deems appropriate.
   b. **FY 2017 –** TBD. Pursuant to RCW 47.56.880 (2a) toll rates may vary in amount by time of day, level of traffic congestion within the highway facility, or other criteria, as the toll authority deems appropriate.
5. **Expected implementation date –** September 2015.
6. **Estimated additional revenue generated by increase**
   a. **FY 2016 –** $4,510,000
   b. **FY 2017 –** 7,904,000
7. **Justification for the increase and discussion of consequences of not increasing the fee –** RCW 47.56.850 provides the Transportation Commission authority to set toll rates on eligible toll facilities. RCW 47.56.880 designates the express toll lanes of I-405 as an eligible toll facility. Toll rates may vary in amount by time of day, level of traffic congestion within the highway facility, or other criteria, as the toll authority deems appropriate.

   If WSDOT cannot administer tolling on I-405 Express Toll Lanes, the following impacts to the corridor would occur:
   - Increased travel time
   - Increased traffic congestion
   - Fewer choices for drivers
   - Lack of operational funding for the ETL lanes.
8. **Indication of any changes in who pays –** Not applicable.
9. **Indication of any changes in methodology for determining the fee –** Not applicable.
10. **Recommendation Summary code for the related expenditure request, if tied to a budget request –** Department of Transportation Decision Package ML-ZR, Transp. Commission Fee Increases.
11. **Alternatives considered to an increase –** Yes, taking no action, which would result in no tolling taking place on I-405 Express Lanes and thus not being delivered per current law requirements.
12. **Indication of whether the fee increase requires a statutory change, i.e., a separate bill. (If yes, a proposal should be submitted as part of the agency request legislation process.) –** Statutory change is not required.

SR 520 TOLLS

1. **Fee name –** State Route 520 Tolls.
2. **Current fee rate (FY 2015) –** Toll schedule varies by time of day, day of week, and payment option.
3. **Proposed fee rate**
   c. **FY 2016 –** RCW 47.56.850 provides the Transportation Commission authority to set toll rates on eligible toll facilities. RCW 47.56.870 designates SR 520 as an eligible toll

facility. Pursuant to WAC 468-270-040(2)(b), adopted by the Transportation Commission on January 5, 2011, toll rates may increase by two and one-half percent annually, subject to the Commission's review and approval. The actual amount of future toll rate increases for SR 520 may be more or less than this amount, depending on traffic volumes, cost and revenue needs at the time the rates are reviewed. The Transportation Commission determines toll rate adjustments based on current and estimated traffic volumes and toll revenues, and current and estimated futures costs and revenues. Toll rates must be set to cover those costs identified in current law which include debt payments, maintenance, operations, and insurance.

d. FY 2017 – RCW 47.56.850 provides the Transportation Commission authority to set toll rates on eligible toll facilities. RCW 47.56.870 designates SR 520 as an eligible toll facility. Pursuant to WAC 468-270-040(2)(b), adopted by the Transportation Commission on January 5, 2011, toll rates may increase by two and one-half percent annually, subject to the Commission's review and approval. The actual amount of future toll rate increases for SR 520 may be more or less than this amount, depending on traffic volumes, cost and revenue needs at the time the rates are reviewed. The Transportation Commission determines toll rate adjustments based on current and estimated traffic volumes, and toll revenues, and current and estimated futures costs and revenues. Toll rates must be set to cover those costs identified in current law which include debt payments, maintenance, operations, and insurance.

4. Incremental rate change for each year

c. FY 2016 – Pursuant to WAC 468-270-040(2)(b), adopted by the Transportation Commission on January 5, 2011, toll rates may increase by two and one-half percent annually, subject to the Commission's review and approval. The actual amount of toll rate increases for SR 520 may be more or less than this amount, depending on cost and revenue needs at the time the rates are reviewed.

d. FY 2016 – Pursuant to WAC 468-270-040(2)(b), adopted by the Transportation Commission on January 5, 2011, toll rates may increase by two and one-half percent annually, subject to the Commission's review and approval. The actual amount of toll rate increases for SR 520 may be more or less than this amount, depending on cost and revenue needs at the time the rates are reviewed.

5. Expected implementation date – July 2015 and July 2016.

6. Estimated additional revenue generated by increase

a. FY 2016 – Toll rate increases are already assumed in the Transportation Revenue Forecasts.

b. FY 2017 – Toll rate increases are already assumed in the Transportation Revenue Forecasts.

7. Justification for the increase and discussion of consequences of not increasing the fee – RCW 47.56.850 provides the Transportation Commission authority to set toll rates on eligible toll facilities. RCW 47.56.870 designates SR 520 as an eligible toll facility. Pursuant to WAC 468-270-040(2)(b), adopted by the Transportation Commission on January 5, 2011, toll rates may increase by two and one-half percent annually, subject to the Commission's review and approval. The actual amount of toll rate increases for SR 520 may be more or less than this amount, depending on cost and revenue needs at the time the rates are

reviewed.

The consequence of not raising the toll rates periodically could result in the state failing to cover required costs and meet its debt service requirements. Not raising toll rates will likely result in insufficient revenue collections, thus requiring funds in the Motor Vehicle Fund (MVF) to make the debt payments and cover the costs mentioned above. Using MVF funds for this purpose would take away revenue that would have otherwise funded highway projects and other transportation programs.

8. **Indication of any changes in who pays –** No change.
9. **Indication of any changes in methodology for determining the fee –** No change.
10. **Recommendation Summary code for the related expenditure request, if tied to a budget request –** Department of Transportation Decision Package ML-ZR, Transp. Commission Fee Increases.
11. **Alternatives considered to an increase –** None. If toll revenues are insufficient to cover debt service, other revenue sources would have to be used.
12. **Indication of whether the fee increase requires a statutory change, i.e., a separate bill. (If yes, a proposal should be submitted as part of the agency request legislation process.) –** Statutory change is not required.

Agency:	**405**	**Department of Transportation**
Decision Package Code/Title:	**A0**	**1A WSF Service Reductions**
Budget Period:	**2015-17**	
Budget Level:	**PL – Performance Level**	

Program X – Ferries Operations

Recommendation Summary

Ferry service reductions are proposed to save an estimated $3.2 million, offset by associated revenue reductions of $1.1 million, for net savings of $2.1 million in the 2015-17 Biennium to the Puget Sound Ferries Operating Account (PSFOA).

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
Revenue					
109-1 PSFOA-State	(546,000)	(575,000)	(1,121,000)	(1,150,000)	(1,150,000)
Expenditures					
109-1 PSFOA-State	(1,563,000)	(1,631,000)	(3,194,000)	(3,262,000)	(3,262,000)
Total by Fund	**(1,563,000)**	**(1,631,000)**	**(3,194,000)**	**(3,262,000)**	**(3,262,000)**
Net Savings (Exp. less Lost Rev.)	**(1,017,000)**	**(1,056,000)**	**(2,073,000)**	**(2,112,000)**	**(2,112,000)**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**(12.0)**	**(12.7)**	**(12.4)**	**(12.7)**	**(12.7)**

Package Description

The department is starting from a deficit position for the 2015-17 Biennium. The four primary transportation accounts[1] that support WSDOT expenditures are projected to have an aggregate 2015-17 deficit of approximately $72 million after adjusting currently approved budgets for carry-forward level changes, adding maintenance-level unavoidable cost increases, and accounting for the capital project list referenced by the 2014 enacted budget[2].

The proposed operating budget reductions target the department's three largest programs – Highway Maintenance (Program M), Ferry Operations (Program X), and Public Transportation (Program V). Together, the three programs account for nearly 70 percent of the department's operating budget.

The ferry service reductions proposed will save an estimated $3.2 million by reducing costs associated with vessel crew labor, terminal staff labor, and ferries' fuel consumption. In addition, associated revenue losses are estimated to be $1.1 million, resulting in a net savings of $2.1 million to the Puget Sound Ferries Operating Account (PSFOA). Service reductions are

[1] Motor Vehicle Account, Multimodal Transportation Account, Puget Sound Ferry Operations Account, and Puget Sound Capital Construction Account.
[2] LEAP Transportation Document 2014-2 ALL PROJECTS as developed March 10, 2014.

based on established criteria: 1) minimize impact on customers; 2) maintain service where other travel options are not available; 3) consider ratio of savings to lost revenue; and 4) distribute impacts across the system. Under this proposal, the least profitable runs in the system will be eliminated. This package reduces late night service on the Mukilteo-Clinton route, reduces the operating day at Point Defiance-Tahlequah, and extends the reduced winter service from the current 12 weeks to 20 weeks. During reduced winter operations, there is no Sidney service, reduced service in the San Juan Islands, and reduced weekend service on the Fauntleroy-Vashon-Southworth route.

Route	Changes to Services	Effective Date	2015-17 Net Savings
Mukilteo-Clinton	Eliminate late-night service (12:30 am from Clinton and 1:05 am from Mukilteo, M-F). Fall/Winter/Spring	Sept. 2015	$970,000
Sidney, BC, San Juan Islands & Fauntleroy-Vashon	Extend winter service from 12 weeks to 20 weeks: no service to Sidney, BC, reduced service on San Juan Island routes, no third vessel service on weekends for Fauntleroy-Vashon-Southworth route.	Nov. 2015	$594,000
Point Defiance-Tahlequah	Eliminate two round-trip/day (1:40 pm, 10:30 pm from Point Defiance; 2:10 pm, 10:55 pm from Tahlequah), beginning in Fall 2015 and continuing year-round.	Sept. 2015	$509,000

In addition to the reductions above, proposed for budget-balancing purposes, the department will work to redirect remaining resources to address other needs. The state's ferry system remains critically under-funded, even with recent investments in new vessels. While 99.5 percent of all scheduled sailings were completed during the first half of 2014, the experience of recent weeks has provided indications of the impact that the ongoing underinvestment in ferry maintenance, operations, and preservation could have on the system as vessels break down and staff resources are stretched to the breaking point. The department's budget request recommends some ferry service reductions on least profitable runs and WSF will continue to explore other options to free up additional funds to improve the reliability of staff and equipment.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
A reduction in ferry services will limit transportation mobility and connectivity for residents, visitors, and businesses in the affected communities. With fewer sailings, ferry ridership will be reduced.

Performance Measure Detail
N/A

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

The package indirectly supports the department's strategic plan, Results WSDOT, Goal 1: Strategic investments, by balancing to available revenue and allowing other strategic investments to be made. The reduction in ferry service, however, reduces – rather than improves – the value of the state's transportation infrastructure.

Does this decision package provide essential support to one or more of the Governor's Results Washington priorities? If so, please describe.
The proposal contributes to the Governor's Results Washington priorities, Goal 5: Efficient, effective, and accountable government, to the extent that it contributes to responsible management of public fiscal resources but does not advance his goals for transportation infrastructure improvement.

Identify important connections or impacts related to this proposal.
Ferry riders, emergency responders, and freight haulers are expected to express strong concerns when a ferry route has fewer service hours. In specific, proposed reductions will affect:

- Mukilteo-Clinton late night service: Boeing swing-shift employees working past normal hours and mainland patrons traveling to evening events.
- Sidney, B.C.: Riders traveling to Vancouver Island in November and December.
- San Juan inter-island: Minor weekend impacts to riders traveling between San Juan Islands.
- Vashon/Southworth: Minor weekend impacts to riders traveling between Vashon and Southworth.
- Point Defiance-Tahlequah mid-day service: Swing-shift workers and Tacoma area event attendees or night class students.

Local communities with ferry terminals, particularly island communities in remote areas and dependent upon ferry service for off-island transportation, would see a reduction in ferry services. Legislators who represent ferry communities may express concerns. Finally, marine labor unions representing marine employees may have concerns about service reductions that affect represented employees.

What alternatives were explored, and why was this alternative chosen?
Because the operating budget for Washington State Ferries (WSF) is largely composed of ferry operating costs, alternatives explored included increasing ferry fares significantly or cutting other department activities. This alternative was chosen because it does not result in the need for increased fares beyond existing planned fare increases, or the need for reductions to other department activities.

What are the consequences of funding this package?
This package helps the department meet its budget reduction targets to balance transportation accounts in 2015-17, given current-law levels of resources.

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

Determine which statutes, rules, or contracts might be impacted.
N/A

Expenditure calculations and assumptions.
Ridership loss represents net lost riders (not those who would move to a different sailing or route within the system). Estimated ridership loss is projected at approximately 0.1 percent system wide but varies from 0.1 percent to 6.9 percent by route. Revenue loss is calculated based on the projected lost ridership by route.

The number of gallons assumed to be reduced because of service adjustments are 171,718 in FY 2016 and 181,966 in FY 2017 for a total of 353,684 gallons of fuel reductions. Estimated fuel costs are $3.20 per gallon in FY 2016 and $3.08 per gallon in FY 2017 based on the June 2014 fuel price forecast for B5 biodiesel.

The $2.1 million net savings represents one-half of one percent of WSF's total operating budget, based on the carry-forward level. Savings in the first fiscal year are less than the second fiscal year because the reduction of the Point Defiance-Tahlequah route is delayed until fall of 2015.

Ferry Operations Reduction

	FY 2016						
	Annual Ridership Change	Service Hours Reduced	Labor and Benefits Savings	Gallons of Fuel Saved	Value of Fuel Savings @ $ 3.20	Lost Revenue	Net Savings
Late night service at Mukilteo eliminated	(5,320)	(1,064)	($455,000)	(21,000)	($67,000)	$36,000	($486,000)
Winter service schedule to 20 weeks	(18,022)	(768)	($346,000)	(117,000)	($374,000)	$415,000	($305,000)
Point Defiance operating day reduced	(7,138)	(560)	($212,000)	(34,000)	($109,000)	$95,000	($226,000)
							($1,017,000)

	FY 2017						
	Annual Ridership Change	Service Hours Reduced	Labor and Benefits Savings	Gallons of Fuel Saved	Value of Fuel Savings @ $ 3.08	Lost Revenue	Net Savings
Late night service at Mukilteo eliminated	(5,320)	(1,064)	($455,000)	(21,000)	($65,000)	$37,000	($483,000)
Winter service schedule to 20 weeks	(18,022)	(768)	($346,000)	(117,000)	($360,000)	$415,000	($291,000)
Point Defiance operating day reduced	(9,282)	(728)	($270,000)	(44,000)	($135,000)	$123,000	($282,000)
							($1,056,000)

2015-17 Net Savings **($2,073,000)**

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?
All cost changes will be 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	(790,000)	(835,000)	(1,625,000)	(1,670,000)	(1,670,000)
B - Benefits	(223,000)	(236,000)	(459,000)	(472,000)	(472,000)
E - Goods and Services	(550,000)	(560,000)	(1,110,000)	(1,120,000)	(1,120,000)
Total by Object	**(1,563,000)**	**(1,631,000)**	**(3,194,000)**	**(3,262,000)**	**(3,262,000)**

Salary and FTE Detail						
	FTEs			**Dollars**		
List Positions by Classification	**FY 2016**	**FY 2017**	**Biennial Average**	**FY 2016**	**FY 2017**	**Total**
Vessel and Terminal personnel	(12.0)	(12.7)	(12.4)	(790,000)	(835,000)	(1,625,000)
Total	**(12.0)**	**(12.7)**	**(12.4)**	**(790,000)**	**(835,000)**	**(1,625,000)**

Out Biennia				
	FTEs		**Dollars**	
List Positions by Classification	**2017-19**	**2019-21**	**2017-19**	**2019-21**
Vessel and Terminal personnel	(12.7)	(12.7)	(1,670,000)	(1,670,000)
Total	**(12.7)**	**(12.7)**	**(1,670,000)**	**(1,670,000)**

Agency:	**405 Department of Transportation**
Decision Package Code/Title:	**A1 1B Highway Maintenance Reduction**
Budget Period:	**2015-17**
Budget Level:	**PL – Performance Level**

Program M – Highway Maintenance and Operations

Recommendation Summary

The department budget request includes Highway Maintenance service reductions of $15.0 million per-biennium to contribute to a budget proposal that is balanced to current resources.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
108-1 MVA-State	(7,500,000)	(7,500,000)	(15,000,000)	(15,000,000)	(15,000,000)
Total by Fund	**(7,500,000)**	**(7,500,000)**	**(15,000,000)**	**(15,000,000)**	**(15,000,000)**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**(125.0)**	**(125.0)**	**(125.0)**	**(125.0)**	**(125.0)**

Package Description

The department is starting from a deficit position for the 2015-17 Biennium. The four primary transportation accounts[1] that support WSDOT expenditures are projected to have an aggregate 2015-17 deficit of approximately $72 million after adjusting currently approved budgets for carry-forward level changes, adding maintenance-level unavoidable cost increases, and accounting for the capital project list referenced by the 2014 enacted budget[2].

The proposed operating budget reductions target the department's three largest programs – Highway Maintenance (Program M), Ferry Operations (Program X), and Public Transportation (Program V). Together, the three programs account for nearly 70 percent of the department's operating budget.

A 2015-17 Biennial budget reduction of $15 million in Program M would result in substantially reduced levels of service statewide and would reduce the permanent workforce by approximately 125 employees, or 10 percent of the workforce. Maintenance, by its function and nature, is performed geographically. Reducing the number of employees will affect WSDOT's ability to deliver maintenance services, which ultimately affects the condition of highway and bridge assets.

[1] Motor Vehicle Account, Multimodal Transportation Account, Puget Sound Ferry Operations Account, and Puget Sound Capital Construction Account.

[2] LEAP Transportation Document 2014-2 ALL PROJECTS as developed March 10, 2014.

Although part of an agency-wide strategy to propose a balanced 2015-17 budget, the proposed $15 million reduction contributes to the multiple cumulative financial pressures being faced by the Maintenance program:

1) The Maintenance program entered the 2013-15 Biennium with a $72 million per-biennium maintenance backlog resulting from past additions to the highway system, which was not accompanied by additional maintenance funding. As the Maintenance program enters the 2015-17 Biennium, it will assume responsibility for additional new infrastructure, adding $4.9 million per-biennium to this total. Since 2005, Nickel and Transportation Partnership Account (TPA) projects have added the equivalent of one to two regions worth of new infrastructure that must be maintained, without adequate increases in Maintenance program funding to perform that work.
2) With Preservation program funding falling far short of needs, a large burden of maintaining deteriorating highway and bridge assets will shift to the Maintenance program. This burden will soon overwhelm and trump other activities in the Maintenance program, as resources will be shifted from preventive maintenance activities to more unplanned, emergent work.
3) The 2012 Legislature provided substantial funding toward the maintenance backlog for $3.5 million in 2011-13, with the stated intention that $10 million be appropriated in 2013-15. As planned, the enacted 2013-15 budget included $10 million for this purpose. As the designated period of funding is through the current biennium, the funding was eliminated as a step in the technical carry-forward level adjustments that set the base for 2015-17. A separate decision package requesting restoration of this funding has been submitted. However, if the separate restoration request is not approved, the total reduction that will be incurred in the Maintenance program will be $25 million per-biennium.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
Please refer to Attachment A for details on the projected Maintenance Accountability Program (MAP) Levels of Service (LOS) that result from each of the funding items noted above.

Performance outcome narratives for specific MAP activities describing the effects of the $15 million reduction are summarized below:

<u>Safety Rest Areas</u>
Reductions in Preservation program funding for replacing rest area facilities will extend the use of many of these facilities beyond their useful lifespan. This will result in an increased need for maintenance work and repairs to keep the facilities functional. Additionally, services at safety rest areas will be reduced, with seasonal closures or reduced hours of operation. Permanent closures may go into effect at a limited number of rest areas. Specific closures have not yet been identified. If funding is reduced, WSDOT will conduct a community and stakeholder engagement process to help identify how reductions to the Safety Rest Area program will be implemented.

Landscape

In order to preserve the highest priority landscape areas, lower priority designated landscape areas (approximately one-half of the currently designated areas) would be converted to general roadside and maintained at a lower level of care. The significant investments made in establishing these converted landscape areas will be lost as some plants will die from reduced levels of care, from turning off irrigation systems, or by displacement from invasive weed species. Because the converted areas would no longer be measured as landscape, the service level for the remaining landscape areas would not be affected.

Mowing and Weed Control

The Maintenance program will reduce mowing and weed control activities, while continuing to fulfill its statutory obligations to control designated noxious weeds. Noxious weeds are highly destructive, competitive, or difficult to control by chemical or cultural practices and, therefore, law regulates their control. Weeds that are not noxious but are nevertheless a nuisance or unsightly (for example, scotch broom) are controlled primarily through mowing and spraying in areas where there is wider highway right-of-way (for example, freeway interchanges, and rural interstate highways). Reduced mowing will result in nuisance weeds being left to grow unchecked everywhere except in key areas such as gateway interchanges and select freeway sections. Less mowing would lead to an increase in public and neighboring property complaints, as nuisance weed populations expand and spill onto adjacent properties.

Signal Systems

Reductions in Preservation program funding for replacing major electrical infrastructure will extend many signal systems beyond their useful lifespans. This will result in increased malfunctions and an increased need for maintenance work. A reduction in preventive maintenance work will further increase malfunctions in signal systems, resulting in increased congestion at intersections.

Snow and Ice

Response to snow and ice conditions will be slower as fewer personnel will be available. During significant storm events, once snow and ice conditions exceed maintenance resources, lower-priority roads will not be cleared for extended periods. In rural areas, snow-bottom on the roadway will accumulate. There may be more frequent and longer mountain pass closures.

Intelligent Transportation Systems (ITS)

Reductions in Preservation program funding for replacing major electrical infrastructure will extend many ITS components (for example, cameras, variable message signs, and highway advisory radios sites) beyond their useful lifespans. This will result in increased malfunctions and an increased need for maintenance work. In addition, a reduction in preventive maintenance work in the Maintenance program will further increase malfunctions in ITS components, resulting in increased traffic congestion and less accurate information being provided to the public through the WSDOT website.

Catch Basins

Staff hours will be reduced, with fewer inspections and less maintenance of catch basins. It is anticipated that the program will remain in compliance with National Pollutant Discharge Elimination System (NPDES) permit requirements but efforts will be reduced to the bare minimum for compliance, with no margin for error or unexpected circumstances.

Striping

Lane lines on lower-priority routes will not be re-painted each year, as is current practice, leaving these routes with poorer lane line visibility. Additionally, the durable striping contracts that commenced in 2012 will be discontinued, given the base level of 2015-17 funding, unless the separately requested restoration of $10 million in backlog funding is approved. The longer-lasting markings will be replaced with painted markings as they wear out. Durable markings are currently being used in high-wear areas. Painted markings will wear out sooner in these areas, leaving poorer lane line visibility for drivers.

Ditches

Roadside ditches will be maintained in critical areas only and many ditches will not be maintained to standards. This will increase the likelihood of water over the roadway and subsequent erosion during heavy rain events. Rock fall ditches will not be cleaned as often, resulting in less rock catchment. Unmaintained ditches will reduce the ability of the pavement subgrade to drain properly, which may lead to increased freezing and icing on the pavement.

Highway Lighting

Reductions in Preservation program funding for replacing highway lighting systems will extend the use of many lights beyond their useful lifespan. A number of lights will remain dark as budget cuts will delay response time to burnouts. Rather than replacing some lights on a preventive maintenance schedule, replacement will wait until after lights fail. Citizen complaints can be expected to increase.

Culverts

Reductions in Preservation program funding for replacing culverts will extend many culverts beyond their useful lifespans. This will result in an increased need for cleaning and repairs to keep aging culverts functional. Additionally, the inspection and cleaning of culverts will be decreased, resulting in an increased likelihood of plugged or failing culverts. Culvert maintenance will become more reactive than proactive. This may lead to an increase in water over the roadway, collapsed culverts, roadway sinkholes, and environmental degradation, as well as higher costs for emergency repairs.

Pavement Marking

Because of less frequent re-painting cycles, crosswalks, railroad crossings, and other pavement markings will generally be less readable. The painting season (summer) will be shortened and less work will be accomplished.

Shoulder Maintenance
Reductions in Preservation program funding for replacing and rehabilitating pavements will extend paved shoulder surfaces beyond their useful lifespans. Additional reductions in shoulder maintenance will result in fewer repairs made to paved road shoulders. Maintenance will become more reactive to reported problems than proactive. Shoulders will have higher edge drop-off and more pavement deficiencies.

Guide Signs
Reductions in Preservation program funding for replacing traffic signs will extend many signs beyond their useful lifespans. Additionally, washing and repair of guide signs will be significantly cut back, resulting in less-readable signs and slower responses to damaged signs. Signs will be more difficult to read, and drivers will be less able to make travel decisions while on the highway. An increase in complaints is anticipated.

Stormwater Facility Maintenance
There will be a slight reduction in maintenance of stormwater treatment facilities. It is anticipated that the program will remain in compliance with NPDES permit requirements but efforts will be reduced to the bare minimum for compliance, with no margin for error or unexpected circumstances.

Litter
Litterbag pickup and disposal will occur less frequently. This will force a reduction of work by Adopt-a-Highway groups and Ecology Youth Corps as the department will not be able to pick up and dispose of bagged litter at the current frequency. Reduced budgets will also lead to slower response for removal and disposal of larger debris and road kill. More litter will be present on roadside. There will be generally negative impacts but particularly so during peak travel seasons such as for fairs, events, and summer travel season, where people will be observing increased amounts of trash on roadsides when traveling to destinations.

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 contributes to the agency's strategic plan, Goal 1: Strategic investments, by supporting the priority outcome, "Prioritize strategic corridors for preservation and maintenance investments…to achieve the broadest benefits to the system, within existing resources…" This decision package assists the department in proposing a budget that is matched to existing resources and, within that context, preserves the highest-priority maintenance activities.

Does this decision package provide essential support to one or more of the Governor's Results Washington priorities? If so, please describe.
The decision package contributes to the Governor's plan, "Results Washington," Goal 5: Efficient, effective, and accountable government by proposing a balanced budget that relies on available resources.

Identify important connections or impacts related to this proposal.
The Highway Maintenance program is closely related to the Highway Preservation program. Even under a scenario of constant Highway Maintenance resources, reductions in Preservation program funding lead to a deterioration in performance outcomes for various MAP activities. Because the capital project list assumes declining Preservation program funding, the proposed Highway Maintenance reductions are exacerbated. Other important connections and stakeholders include the traveling public and policy makers. As specific decisions are made regarding cuts, such as rest area closures, the department will embark on a public engagement process.

What alternatives were explored, and why was this alternative chosen?
The agency examined the option of taking across-the-board, pro rata reductions from all operating programs, rather than only the largest three programs. The more targeted option was selected because, like many other administrative programs across state government, the three support programs[3] have taken multiple reductions since the onset of the last recession in 2008. Despite construction activities ramping up with the build-out of Nickel and Transportation Partnership Account (TPA) projects, the current biennium's budget for these three programs is lower by $25 million and by 53 FTEs than it was six years ago. Further reductions could affect the department's ability to fulfill its mission. A second option would be eliminating or reducing the modest number of policy-level decision packages being requested. The department has done that, and the remaining requests are those that department executives believe are essential for making progress in key areas and in implementing necessary reforms.

What are the consequences of adopting or not adopting this package?
If adopted along with remaining department proposals, the WSDOT budget will be balanced to current resources. Please see Attachment A for detailed Highway Maintenance implications.

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

Determine which statutes, rules, or contracts might be impacted.
RCW 47.04.280 requires that the department "maintain, preserve, and extend the life and utility of prior investments in transportation systems and services." Additions to the current backlog will affect the department's ability to fulfill this directive.

[3] Information Technology (Program C); Program Delivery Management and Support (Program H); and Transportation Management and Support (Program S).

Expenditure calculations and assumptions.
The main position classification used in the field to maintain highway infrastructure is a Maintenance Technician 2, Range 40E. The annual average salary for this classification is $36,000 with the benefit cost averaging 45 percent of the annual salary. As reported in the Object of Expenditure and Salary Detail sections below, a $15 million reduction is assumed to eliminate 125.0 Maintenance Technician 2 positions, with a corresponding reduction in Goods and Services, reflecting less use of materials.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?
Reductions 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	(4,500,000)	(4,500,000)	(9,000,000)	(9,000,000)	(9,000,000)
B - Benefits	(2,000,000)	(2,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
C - Personal Service Contract	-	-	-	-	-
E - Goods and Services	(1,000,000)	(1,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
G - Travel	-	-	-	-	-
J - Capital Outlay	-	-	-	-	-
Total by Object	**(7,500,000)**	**(7,500,000)**	**(15,000,000)**	**(15,000,000)**	**(15,000,000)**

Salary and FTE Detail						
	FTEs			**Dollars**		
List Positions by Classification	**FY 2016**	**FY 2017**	**Biennial Average**	**FY 2016**	**FY 2017**	**Total**
Maintenance Technician 2	(125.0)	(125.0)	(125.0)	(4,500,000)	(4,500,000)	(9,000,000)
Total	**(125.0)**	**(125.0)**	**(125.0)**	**(4,500,000)**	**(4,500,000)**	**(9,000,000)**

Out Biennia				
	FTEs		**Dollars**	
List Positions by Classification	**2017-19**	**2019-21**	**2017-19**	**2019-21**
Maintenance Technician 2	(125.0)	(125.0)	(9,000,000)	(9,000,000)
Total	**(125.0)**	**(125.0)**	**(9,000,000)**	**(9,000,000)**

Attachment A • Maintenance Program

2015-17 MAP Targets and LOS Projections for absorbing $4.9m system additions, declining Preservation program funding, $15m agency-directed reduction, and negative $10m carry-forward level adjustment

August 11, 2014

							Impacts						
						2013-15 System Additions -		2015-17 Preservation Program		2015-17 Budget Balancing Program		2015-17 Negative Carry-Forward	
Priority Rank	Work Op. Class	MAP Activity	2013-15 M2 Spending Plan (not including 2014 supplemental budget)	2013-15 Funded Level Targets	2013 Level of Service: Baseline for Reductions	Estimated Maintenance Costs to be absorbed by the Program in 2015-17	Projected MAP Level of Service from system addition impact	Maintenance Impacts resulting from Preservation Shortfall	Projected MAP Level of Service from Preservation Program Shortfall	Funds reduced from selected activities to cover agency-proposed reduction	Projected MAP Level of Service from funding reduction	Funds reduced from activities that were financed in 2013-15 by $10m in license fees	Projected MAP Level of Service from funding reduction	Impact on expected results or project delivery; 2015-17 and beyond
1	4B1	Movable & Floating Bridges	$7,547,473	A+	A+	$0	A+	Shortfall in P2 funding will impact bridge assets	A	$0	A	$0	A	Mechanical and electrical systems on many of our movable bridges have been identified as at the end of their useful life and in need of replacement. As projected P2 funding levels do not provide for replacement of these systems, the likelihood of malfunctions increases and more burden for repair and maintenance shifts to Program M.
2	9B2	Disasters	4,243,666			0		0		0		0		
3	6B1	Signal Systems	10,780,720	C+	B-	0	B-	Shortfall in P3 funding will impact signal system assets	C+	(1,000,000)	C	0	C	Reductions in preservation funding to replace major electrical infrastructure will extend many signal systems beyond their useful lifespan. This will result in an increased need for maintenance work and increased malfunctions. A reduction in the amount of preventive maintenance work will further increase malfunctions in signal systems resulting in congestion at intersections.
4	5B1	Snow & Ice	79,798,168	A	A+	0	A+	0	A+	(3,000,000)	A-	0	A-	Response to snow and ice conditions will be slower as fewer personnel will be available for this activity. During significant storm events, once snow and ice conditions overrun maintenance resources, lower-priority roads will not get cleared for extended periods of time. In rural areas, snowbottom on the roadway will accumulate. There may be more frequent and longer duration mountain pass closures.
5	4B2	Keller Ferry	1,480,974	B	F-	0	B	0	B	0	B	0	B	The dramatic drop in LOS rating in 2013 was due to the extended closure for dock reconstruction to accommodate the new vessel on this ferry run. It is anticipated that the ferry will continue on its normal operating schedule which is consistent with the "B" LOS rating this activity has traditionally achieved.
6	4B3	Urban Tunnels	3,775,642	B	B-	0	B	0	B	0	B	0	B	The missed target for 2013 is due primarily to a one-time problem in vendor communication infrastructure and is not projected to continue into the future.
7	4A2	Structural Bridge	10,820,942	C	D	0	C	Shortfall in P2 funding will impact bridge assets	C-	0	C-	(700,000)	D+	Reductions in preservation funding will lead to more emergent and emergency structural bridge repairs. There are two recent examples of expansion joint failures already in 2014 that have resulted in property damage and significant traffic congestion and costly delays in Seattle and Olympia. The lower LOS for 2013 was due primarily to many individual bridge repairs that were high cost and time-consuming to complete. Additionally, the reduction in funding from the OFM carry forward adjustment will further reduce program M resources to complete needed structural bridge repairs.
8	6A4	Regulatory Signs	3,170,849	C+	C+	0	C+	Shortfall in P3 funding will impact signing assets	C	0	C	0	C	Reductions in preservation funding to replace regulatory signs will extend the use of more signs beyond their useful lifespan. This will result in difficulty for drivers reading and making travel decisions while on the highway. An increase in complaints is anticipated.
9	2A5	Slope Repair	6,009,627	A	A-	0	A-	Shortfall in P3 funding will impact roadside slope conditions	B+	0	B+	0	B+	Reductions in preservation funding to re-construct unstable roadside slopes will extend the time that these slopes exist in their current condition. This will result in more erosion, slides, and slumps that maintenance has to repair, ditches that need to be cleaned out, and under-mined road shoulders that need to be filled and re-shaped. Periodic lane closures may increase as maintenance tries to keep up with this additional work.
10	6B3	ITS	9,489,718	A-	A-	0	A-	Shortfall in P3 funding will impact ITS assets	B+	(1,000,000)	B	0	B	Reductions in preservation funding to replace major electrical infrastructure will extend many ITS components (i.e. cameras, variable message signs, highway advisory radio sites) beyond their useful lifespan. This will result in an increased need for maintenance work and increased malfunctions. A reduction in the amount of preventive maintenance work will further increase malfunctions in ITS components resulting in traffic congestion and less accurate information being provided to the public through the WSDOT website.
11	2A3	Catch Basins	10,882,528	B	B+	0	B+	0	B+	(400,000)	B	0	B	Efforts will be reduced with fewer inspections and less maintenance of catch basins. It is anticipated that the program will remain in compliance with NPDES permit requirements but efforts are reduced to the bare minimum to get by with no margin for error or unexpected circumstances.
12	1A1	Pavement Repair & Crack Seal	33,738,043	92% Fair or Better Condition	91.8% Fair or Better Condition	0	91.8% Fair or Better Condition	Shortfall in P1 funding will impact pavement assets	<91.8% Fair or Better Condition	0	<91.8% Fair or Better Condition	(3,300,000)	<91.8% Fair or Better Condition	Reductions in preservation funding to replace and rehabilitate pavements will extend road surfaces beyond their useful lifespan. This will result in an increased need for maintenance work and will increase the amount of deficiencies such as potholes that maintenance must react to. It is expected that driver complaints and claims regarding automobile damage will increase.
13	4A1	Bridge Decks	2,792,896	C+	C+	0	C+	Shortfall in P2 funding will impact bridge assets	C	0	C	0	C	Reductions in preservation funding to replace and rehabilitate bridge decks will extend deck surfaces beyond their useful lifespan. This will result in an increased need for maintenance work and will increase the amount of deficiencies such as spalling that maintenance must react to. It is expected that driver complaints and claims regarding automobile damage will increase.
14	6A7	Guardrail	2,592,599	A-	A	0	A	Shortfall in P3 funding will impact guardrail assets	A-	0	A-	0	A-	Reductions in preservation funding to replace guardrail runs will extend the use of this infrastructure beyond their useful lifespan. This will result in an increased need for maintenance work and will slow down maintenance response time to damage that needs to be repaired.
15	6A1	Striping	16,532,387	B-	C+	0	C+	0	C+	(1,000,000)	C	(4,000,000)	C-	Lane lines on lower priority routes will not be re-painted each year as they currently are, leaving these routes with poorer visibility of delineation. Additionally, the durable striping contracts that commenced in 2012 will be discontinued due to the OFM carry forward adjustment. These longer-lasting markings will be replaced with painted markings as they wear out. Durable markings are currently being used in high-wear areas and painted markings will wear out sooner, leaving poorer roadway delineation for drivers.
16	6A2	Raised/Recessed Markers	2,972,910	C+	B-	0	B-	0	B-	0	B-	0	B-	
17	3A4	Veg Obstructions	12,457,362	C	C	0	C	0	C	0	C	0	C	
18	7B1	Safety Rest Areas	12,827,314	B	B	0	B	Shortfall in P3 funding will impact safety rest area assets	B-	(1,600,000)	C+	0	C+	Reductions in preservation funding to replace rest area facilities will extend the use of many of these facilities beyond their useful lifespan. This will result in an increased need for maintenance work and repairs to keep these facilities functional. Additionally, services at some lower-volume, non-interstate safety rest areas will be reduced, with seasonal closures or reduced hours of operation. Permanent closures will also go into effect at a limited number of rest areas. Specific closures have not yet been identified. If funding is reduced, WSDOT will conduct a community engagement process to help identify closures across the system.
19	1A4	Sweeping	9,237,285	A	A	0	A	0	A	0	A	0	A	

						Impacts								
						2013-15 System Additions -		2015-17 Preservation Program		2015-17 Budget Balancing Program		2015-17 Negative Carry-Forward		
Priority Rank	Work Op. Class	MAP Activity	2013-15 M2 Spending Plan (not including 2014 supplemental budget)	2013-15 Funded Level Targets	2013 Level of Service: Baseline for Reductions	Estimated Maintenance Costs to be absorbed by the Program in 2015-17	Projected MAP Level of Service from system addition impact	Maintenance Impacts resulting from Preservation Shortfall	Projected MAP Level of Service from Preservation Program Shortfall	Funds reduced from selected activities to cover agency-proposed reduction	Projected MAP Level of Service from funding reduction	Funds reduced from activities that were financed in 2013-15 by $10m in license fees	Projected MAP Level of Service from funding reduction	Impact on expected results or project delivery; 2015-17 and beyond
20	2A1	Ditches	8,795,586	B+	B	0	B	0	B	(900,000)	B-	0	B-	Roadside ditches will be maintained in critical areas only and many ditches will not be maintained to standards. This will increase the likelihood of water over the roadway and subsequent erosion during heavy rain events. Rockfall ditches won't be cleaned as often resulting in less rock catchment and an increase in the related safety hazards. Unmaintained ditches will reduce the ability of the pavement subgrade to drain properly which may lead to increased freezing and icing on the pavement.
21	6B2	Highway Lighting	14,124,205	A-	A	(600,000)	A-	Shortfall in P3 funding will impact highway lighting assets	A-	(800,000)	A-	0	A-	Reductions in preservation funding to replace highway lighting systems will extend the use of many lights beyond their useful lifespan. A number of lights will remain dark as budget cuts will delay response time to burn-outs. Instead of replacing some lights on a preventive maintenance schedule, replacement will wait until after lights fail. Safety will be reduced and citizen complaints are anticipated to increase.
22	6A6	Guide Posts	2,398,213	D	D	(300,000)	D-	0	D-	0	D-	0	D-	Guidepost maintenance will be cut back with the focus limited to known accident locations and emphasis areas such as curves and intersections. This will reduce visual guidance needed by motorists, as well as snowplow drivers, in times of poor visibility and at night. Complaints will increase.
23	1B1	Safety Patrol	4,761,705			(500,000)		0		0		0		This reduction will put maintenance in more of a reactive mode instead of proactive. Dead animals, potholes, and rocks on the road will more often be discovered by public complaints rather than maintenance finding them proactively and addressing them before a complaint or accident results in their discovery. Public complaints are expected to increase.
24	2A2	Culverts	5,880,171	D	D	(600,000)	D-	Shortfall in P3 funding will impact roadway drainage assets	F+	(600,000)	F	0	F	Reductions in preservation funding to replace culverts will extend many culverts beyond their useful lifespan. This will result in an increased need for cleaning and repairs to keep these aging culverts functional. Additionally, the inspection and cleaning of culverts will be decreased resulting in an increased likelihood of plugged or failing culverts. Culvert maintenance will become more reactive rather than proactive. This may lead to an increase in water over the roadway, collapsed culverts, roadway sinkholes, environmental degradation, and the related implications to the traveling public and higher cost of emergency repairs.
25	6B4	Permits	4,311,865			0		0		0		0		
26	6A3	Pavement Marking	3,395,291	D	D	(300,000)	D-	0	D-	(300,000)	F+	0	F+	Crosswalks, railroad crossings, and other pavement markings will generally be less readable as the re-painting cycle will be decreased. The painting season (summer) will be shortened and less work will be accomplished.
27	3A2	Noxious Weeds	5,640,706	C+	B	0	B	0	B	0	B	0	B	
28	1A3	Shoulder Maintenance	4,172,188	C-	C	(800,000)	D+	Shortfall in P1 funding will impact pavement marking assets	D	(800,000)	F+	0	F+	Reductions in preservation funding to replace and rehabilitate pavements will extend paved shoulder surfaces beyond their useful lifespan. Additional reductions in shoulder maintenance will result in less repairs made to paved road shoulders. Maintenance will become more reactive to reported problems rather than proactive. Shoulders will become more hazardous for driving with higher edge drop-off and more pavement deficiencies.
29	6A5	Guide Signs	4,491,245	C+	B	(400,000)	B-	Shortfall in P3 funding will impact pavement marking assets	C+	(400,000)	C	0	C	Reductions in preservation funding to replace traffic signs will extend many signs beyond their useful lifespan. Additionally, washing and repair of guide signs will be significantly cut back resulting in less readable signs and slower response to damaged signs. This will result in difficulty for drivers reading and making travel decisions while on the highway. An increase in complaints is anticipated.
30	2A4	Stormwater Facility Mainter	5,943,885	C	C	0	C	0	C	(200,000)	C-	0	C-	There will be a slight reduction in maintenance of storm water treatment facilities. It is anticipated that the program will remain in compliance with NPDES permit requirements but efforts are reduced to the bare minimum to get by with no margin for error or unexpected circumstances.
31	4A3	Bridge Cleaning	4,221,304	B	B	0	B	Shortfall in P2 funding will impact bridge assets	B-	0	B-	(2,000,000)	D	Reductions in preservation funding for painting steel bridges will extend the presence of coatings beyond their useful lifespan. This will result in an increased need for maintenance to do spot painting and possibly more structural repairs as steel bridges will be vulnerable to increased corrosion due to poor condition coatings. The OFM carry forward adjustment eliminates the funding for bridge washing. This will compromise a formal agreement with FHWA regarding our bridge condition inspection program.
32	3A3	Nuisance Weeds	6,256,844	D-	D+	(1,100,000)	D-	0	D-	(1,200,000)	F+	0	F+	Nuisance weed control takes place mainly in areas where there is wider highway right of way (i.e. freeway interchanges, rural interstate highways). WSDOT will reduce mowing for nuisance weed control statewide. Reduced mowing will result in nuisance weeds being left to grow unchecked everywhere except in key areas such as gateway interchanges and select freeway sections. This will lead to an increase in public and neighboring property complaints as nuisance weed populations expand and spill over onto adjacent properties.
33	3A5	Landscape	4,006,626	D	D+	(300,000)	D	0	D	(600,000)	D	0	D	In order to preserve the highest priority landscape areas, lower priority designated landscape areas (approximately 1/2 of the currently designated areas) would be converted to general roadside and maintained at a lower level of care. The significant investments made in establishing these converted landscape areas will be lost as some plants will die from reduced levels of care, turning off irrigation systems, or by displacement from invasive weed species. Because the converted areas would no longer be measured as Landscape, the service level for the remaining Landscape areas would not be impacted.
34	3A1	Litter	8,376,934	D	D	0	D	0	D	(1,200,000)	F+	0	F+	Litter bag pickup and disposal will occur less frequently. This will force a reduction of work by Adopt-a-Highway groups and Ecology Youth Corps as maintenance won't be able to pick-up and dispose bagged litter at the current frequency. Reduced budgets will also lead to slower response for removal and disposal of larger debris and road kill. More litter will be present on roadside. There will be generally negative impacts but particularly so during events (i.e. fairs, summer travel season, events) where people will be observing trashy roadside while they are traveling to destinations.
35	8B1	Training	12,166,746			0		0		0		0		
36	8B2	Support & Testing	7,862,422			0		0		0		0		
	9B1	3rd Party Damages	20,596,961			0		0		0		0		
		Totals	$368,554,000			($4,900,000)				($15,000,000)		($10,000,000)		

Rating Increment Between Funded Target and Projected Delivery (i.e. "B+" to a "B" is 1 increment)
1
2
3
4
5
6
7
8

Agency:	**405**	**Department of Transportation**
Decision Package Code/Title:	**N0**	**FC Aviation Emergency Services**
Budget Period:	**2015-17**	
Budget Level:	**PL – Performance Level**	

Program F – Aviation

Recommendation Summary

The department's Aviation Search and Rescue (ASAR) Program requires improvements in its training program and back up for key responsibilities. Additional appropriation authority is requested to 1) add one staff person to improve capacity, provide necessary coverage for leading air searches, increase time available for community outreach, and to coordinate training; 2) expand and improve ASAR training programs and exercises; and 3) pay for additional flight hours to conduct more training and exercises.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
039-1 Aeronautics Acct - State	172,000	155,000	327,000	310,000	312,000
Total by Fund	**172,000**	**155,000**	**327,000**	**310,000**	**312,000**
	FY 2014	**FY 2015**	**2013-15**	**2015-17**	**2017-19**
Staffing FTEs	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**

Package Description

WSDOT is responsible by statute (RCW 47.68.380) for the coordination and management of all aerial search and rescue within the state. This includes coordinating all aircraft used in search and rescue operations requested through the Washington State Emergency Operations Center (EOC). The department is also responsible for search and rescue activities involving electronic-signaling devices such as emergency locater transmitters, emergency position-indicating radio beacons, and personal locater beacons associated with aeronautical use. WSDOT responsibilities also include following up on reported sightings of distressed aircraft, reports of overdue aircraft, and coordination of aviation resources for disaster response.

By way of a 2012 supplemental budget proviso, the Legislature directed the Joint Transportation Committee (JTC) to evaluate several issues related to aviation search and rescue. As directed in Chapter 86, Laws of 2012, Partial Veto (ESHB 2190 – Supplemental Transportation Budget), Section 204 (5), the study was to address:

1) Where the aviation search and rescue operations should be located to provide the maximum benefit for these searches;
2) How duplication of services and training should be addressed;
3) Whether the current structure is the best use of state and federal funding; and
4) If aviation search and rescue is relocated, what should be the source of funding?

The resulting final Aviation Search and Rescue Study[1], accepted by the JTC in January 2013, identified 13 recommendations[2] to address the issues counted by the Legislature. The study determined that the Washington Aviation Search and Rescue (WASAR) Program should remain in WSDOT. However, the agency could make improvements by providing additional cross training to staff who lead air searches, and by making the program more transparent to its volunteer community. Further, the report recommended that WSDOT and the Civil Air Patrol (CAP) should coordinate their training and make an effort to conduct training in Eastern Washington.

Funding is requested to address issues raised in the report and to enhance the effectiveness and efficiency of WSDOT's Aviation Emergency Services Program. The proposal requests additional appropriation authority for:

- **One Full-Time Equivalent (Emergency Management Program Specialist 3)** to assist and provide adequate staffing for the ASAR Program. Study recommendation numbers 3, 5, and 7 address "cross training, holding regular meetings, coordinate training." The program examined the possibility of cross training, rather than adding an additional FTE, but concluded the additional capacity is needed to fulfill its ASAR responsibilities sufficiently.
- **Additional ASAR and natural-disaster response training and exercises**, to be conducted by WSDOT staff for aircrews and ground support personnel (government and volunteers). This item addresses study recommendation numbers 7 and 8 "coordinate ASAR training courses and expand training course offerings in Central and Eastern Washington."
- **Additional flight hours for WSDOT aircraft** to support increased training and exercise requirements. Having budget capacity to pay for additional flight hours will address study recommendation number 5 "WSDOT should work more closely with CAP, WASAR, and other aviation stakeholders" and number 8 "expand training course offerings in Central and Eastern Washington."

The most recent projections of the biennial ending balance in the Aeronautics Account indicate there are funds to support this request (Please see Attachment A). WSDOT recommends using $327,000 of available funds to increase the Aviation Emergency Services Program in the 2015-17 Biennium, and continue the enhanced level of effort in future biennia.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
This request will enable the agency to improve performance outcomes and efficiencies effectively in two areas: 1) coordination and management of aviation search and rescue activities, and 2) coordination of aviation resources for disaster response and recovery as

[1] Joint Transportation Committee "Aviation Search and Rescue Study." Washington State Legislature, Joint Transportation Committee website, "Completed Studies." January 9, 2013. Web. August 21, 2014.

[2] A summary of the 13 recommendations can be found on pages 18 and 19 in the final report.

delineated in the state's Comprehensive Emergency Management Plan (CEMP), Emergency Support Function (ESF) #1 – Transportation. The specific performance outcomes are as follows:

1) Increase the successful outcome of ASAR and disaster-response missions through improved WSDOT management of incidents and improved aircrew training.
2) Decrease the amount of time to respond and mobilize for ASAR and disaster-response mission requests.
3) Increase recruitment and retention of WSDOT's volunteer aircrews by improving the ASAR training program and increasing participation in disaster-response exercises. Increasing volunteer participation will help control future cost increases by minimizing the need to outsource aircraft and crew.
4) Reduce the rate of fatality aviation accidents for the nearly 20,000 pilots in Washington State through an enhanced WSDOT-led pilot outreach and aviation-safety educational program.
5) Reduce the likelihood of an accident involving aircrews participating in ASAR and disaster response missions with more frequent and effective training conducted by WSDOT staff.

Performance Measure Detail
N/A

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.
Yes. This proposal contributes to the department's strategic plan, Results WSDOT, Goal 5: Community engagement, and Goal 4: Organizational strength. The aim of Goal 5 is to strengthen partnerships to increase credibility, drive priorities, and inform decision making. The ASAR relies on strong partnerships with other federal, state, and local agencies – as well as with citizen volunteers – all of which will be strengthened under this proposal. Goal 4 involves supporting a culture of multidisciplinary teams, innovation, and people development through training and continuous improvement.

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 4: Healthy and safe communities – specifically helping to keep people safe in their homes, on their jobs, and in their communities – and Goal 5 Efficient, effective, and accountable government by contributing to achieving outcome measure 1.3, "Increase timely delivery for state services."

Identify important connections or impacts related to this proposal.
The ASAR program relies heavily on volunteers and other agencies to conduct search and rescue operations. WSDOT's Aviation Emergency Coordinator may call on resources from the Civil Air Patrol (CAP), WASAR, and federal, state, and local agencies in the event of a search or natural disaster response.

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

The primary alternative was to manage the Aviation Emergency Services Program with existing staffing and resources while attempting to improve the program and implement the recommendations of the JTC study. After analyzing this option, the department determined this approach has been attempted since 2011 and has not resulted in the desired outcomes that can only be achieved with additional staffing and funding.

What are the consequences of adopting or not adopting this package?
Approval of this request would enable the department to use available resources to improve a critical component of public safety significantly – the use of coordinated aviation assets to support search and rescue or disaster-response efforts.

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

Determine which statutes, rules, or contracts might be impacted.
N/A

Expenditure Calculations and Assumptions
The Aeronautics Account is projected to have a 2015-17 ending balance of $571,000 prior to this request. This does not include an additional $500,000 that is retained in the account as a minimum operating balance. Investing a portion of the available fund balance into the Aviation Emergency Services Program would greatly improve the state's ability to coordinate aviation assets effectively to support search and rescue or disaster-response efforts. (Please see Attachment A for the financial plan for the Aeronautics Account, demonstrating the impact of this request.)

Below are expenditure calculations and assumptions for each element of the proposal:

1) **One FTE (Emergency Management Program Specialist 3)**, to assist and provide staffing depth for the Aviation Emergency Services Program.

   The responsibilities of the new position would include providing back up for the current Aviation Emergency Program Manager position to allow 24-hour operations during high tempo missions, coverage during vacation time, for managing the volunteer training and qualification program, and for operational readiness of all aviation-response resources. The volunteer program consists of nearly 300 individuals who perform a variety of functions and fill Incident Command System (ICS) positions to support WSDOT-managed incidents and operations.

   Cost includes salary, benefits, and goods and services starting in July 2015.

FY 2016	FY 2017	2015-17	2017-19	2019-21
123,300	$106,300	$229,600	$212,500	$214,500

2) **Additional ASAR and natural disaster response training and exercises**, conducted by WSDOT staff for aircrews and ground support personnel (government and volunteers).

Costs would cover improvements to WSDOT's search and rescue training and stakeholder outreach programs. The requested funding would pay for increased aircraft fuel reimbursements to volunteers and government agency aircrews that result from increased training events and readiness exercises, plus staff training costs.

Costs are based on the current WSDOT's Aviation Emergency Services Program, consisting of 17 training and exercise events each biennium. The average cost of each event is $4,500 – 55 percent for aircraft fuel reimbursement to volunteers, and 45 percent for WSDOT staff travel expenses. The request assumes an increase in training and exercise events from the currently funded 17 events to 25 events each biennium, starting in fiscal year 2016.

Proposed funding:	25 events x $4,500 =	$112,500
Currently funded:	17 events x $4,500 =	$ 76,500
Delta:		$ 36,000 biennium or $18,000 annually

$36,000 x 0.55 = $19,800 aircraft fuel reimbursement (Object E)
$36,000 x 0.45 = $16,200 staff travel costs (Object G)

FY 2016	FY 2017	2015-17	2017-19	2019-21
$18,000	$18,000	$36,000	$36,000	$36,000

3) **Additional flight hours** for the WSDOT aircraft to support increase training and exercise requirements.

New costs include additional flight hours for the WSDOT aircraft. Increased use of the WSDOT airplane for aircrew flight training will ensure WSDOT pilots meet Federal Aviation Regulations (FARs) experience requirements and accepted proficiency requirements. The flight hours will also allow the program to conduct natural disaster readiness exercises, including in Central and Eastern Washington, with more optimum frequency to ensure that WSDOT's aircrew experience is current, and aircrews are proficient in safety practices and readiness, which is consistent with the JTC study's recommendations.

The proposed additional WSDOT aircraft flight-hour cost is based on additional training and readiness exercises, plus required FARs currency and established WSDOT flight-proficiency requirements. The annual cost per-pilot is based on 96 flight hours estimated at $19,333, multiplied by three pilots ($58,000), less the current annual allotment ($27,300) for a total of $30,700 annually.

FY 2016	FY 2017	2015-17	2017-19	2019-21
$30,700	$30,700	$61,400	$61,500	$61,500

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	64,800	64,800	129,600	129,500	129,500
B - Benefits	21,500	21,500	43,000	43,000	43,000
C - Personal Service Contracts	-	-	-	-	-
E - Goods and Services	71,600	56,600	128,200	113,300	113,300
G - Travel	8,100	8,100	16,200	16,200	16,200
J - Capital Outlay	6,000	4,000	10,000	8,000	10,000
Total by Object	**172,000**	**155,000**	**327,000**	**310,000**	**312,000**

Out Biennia				
	FTEs		**Dollars**	
Position by Classification	**2017-19**	**2019-21**	**2017-19**	**2019-21**
Emergency Management Prog Specialist 3	1.0	1.0	129,500	129,500
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
Total	**1.0**	**1.0**	**129,500**	**129,500**

Attachment A

Financial Plan • Aeronautics Account (039)

10-Year Financial Plan • Dollars in Thousands

June 2014 Revenue Forecast

Aeronautics Account (039) - 2015-17 Agency Request Budget						
Biennium	**2013-15**	**2015-17**	**2017-19**	**2019-21**	**2021-23**	**2023-25**
Beginning Fund Balance	$3,741	$1,597	$162	$61	$45	$69
Minimum Fund Balance	(500)	0	0	0	0	0
State Aeronautics Revenue	6,253	6,267	6,382	6,470	6,508	6,542
Treasury Deposit Earnings	12	12	12	12	12	12
Federal Revenue	2,150	4,100	2,150	2,150	2,150	2,150
Local Revenue	14	60	60	60	60	60
Total Revenue	8,428	10,439	8,604	8,692	8,730	8,764
State Expenditures						
State Operating Expenditures	3,844	3,884	3,884	3,884	3,884	3,884
Airport Aid - State Grants	4,065	3,500	3,500	2,300	2,300	2,300
DP - Aviation Emergency Services	0	327	310	312	312	312
DP - TEF Fuel	0	2	2	2	0	0
2017-19 Assumed Airport Grant Adj	0	0	(1,200)	0	0	0
Federal Expenditures						
Federal Expenditures	2,150	2,150	2,150	2,150	2,150	2,150
Carry Forward Level Adj. - Federal	0	1,950	0	0	0	0
Local Expenditures						
Local Expenditures	14	0	0	0	0	0
Carry Forward Level Adj. - Local	0	60	60	60	60	60
Total Expenditures	10,073	11,873	8,706	8,708	8,706	8,706
Ending Fund Balance	**$1,597**	**$162**	**$61**	**$45**	**$69**	**$127**

Agency:	**405**	**Department of Transportation**
Decision Package Code/Title:	**N1**	**HA Reforms Implementation-Practical Design**
Budget Period:	**2015-17**	
Budget Level:	**PL – Performance Level**	

Program H – Program Delivery, Management, and Support

Recommendation Summary

Develop a practical solutions training program and implement least cost planning and practical design within WSDOT. WSDOT will develop a training continuum to foster the internal use of practical solutions to achieve WSDOT's strategic goals of modal integration and strategic investment. Practical design focuses on the need for the project and finding the most cost-effective solution to address that need.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
108-1 MVA-State	1,369,000	817,000	2,186,000	1,719,000	1,737,000
Total by Fund	**1,369,000**	**817,000**	**2,186,000**	**1,719,000**	**1,737,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**5.0**	**6.0**	**5.5**	**6.0**	**6.0**

Package Description

WSDOT has undertaken an agency wide effort to identify crucial reforms needed to improve agency performance. There are ten reforms grouped into three categories. One category is *Implement programs that save money and mitigate risk* and *Reform V: Implement Practical Design* is one of four reforms in this category. The complete listing of WSDOT reforms is included as Attachment A. WSDOT has a commitment to expand a robust program to find practical solutions to transportation problems and this relies on effective implementation of least cost planning and practical design.

This decision package addresses a gap in information, knowledge, and skills with regard to use of least cost planning and practical design. This major reform will implement a new approach to developing projects that targets transportation solutions for the lowest cost; assesses all components of project design at its earliest stages; and engages local stakeholders on defining scope to ensure their input is given at the right stage of project design.

This request will fund the development (curriculum and course materials) and deployment of training throughout the agency.

Deployment of reforms training will help WSDOT ensure that all employees apply the practical solutions approach at every opportunity. This will help maximize our return on investment across the program. The practical solutions approach is based on performance management,

and focuses on using well-defined problem statements to ensure that projects are not over-designed. This approach sets the stage for a comprehensive, performance-based approach to transportation system management, which results in better overall system performance within the limited funding constraints.

This funding addresses several important issues that are critical to effective development, delivery, and implementation of a robust and effective program to find practical solutions to mounting transportation problems. There are several goals for undertaking a large training program; most notably the need for a uniform understanding of practical solutions to transportation problems using least cost planning and practical design needs to be established across the organization. The courses specific to practical design and least cost planning will be developed along with updated and enhanced course work on cost estimating for multimodal projects throughout project development. The final course in the series will focus on the new Highway Safety Manual.

Five different courses will be developed; the course title, description, and identification of which WSDOT employees should attend each course are detailed on Attachment B. The five courses are:

- Practical Solutions 101-Project Development Overview
- Practical Solutions 202-Multimodal Design Approach
- Least Cost Planning 101
- Multimodal Cost Estimating through Project Development (three modules)
- Integrating the Highway Safety Manual into the project delivery process (seven modules)

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

- Expanded use of demand management and operational systems improvements to address transportation deficiencies
- Strategic use of capital projects as alternatives to capital investments
- Least cost solutions are implemented to address system needs strategically
- Better, more transparent decision-making

Performance Measure Detail

- Consideration of multimodal off-system demand management solution to address problems for the least cost
- Implementation of practical solutions and Lean at all levels of project development

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

Yes. Practical design spans across all goals within WSDOT's strategic plan. It specifically has a significant role in meeting Goal 1: Strategic investments, effectively manage system assets and

multimodal investments on strategic corridors to enhance economic vitality, and in meeting Goal 2: Modal integration, optimize existing system capacity through better interconnectivity of all transportation modes.

Does this decision package provide essential support to one or more of the Governor's Results Washington priorities? If so, please describe.
Yes. Practical solutions heavily support the Governor's Results Washington priority, Goal 5: Efficient, effective, and accountable government. Practical design is an approach that makes project decisions that focus on the need for the project and looks for lowest cost solutions. There is a stronger emphasis on project scoping and collaborative planning resulting in implementation agreements that streamline design decision making.

Identify important connections or impacts related to this proposal.
A robust and focused training program will be supported by stakeholders and will provide the following benefits:

- It catalyzes culture change within WSDOT
- It fosters expanded communication in and among disciplinary groups
- It focuses on system solutions and intermodal connectivity

Stakeholders include citizens and taxpayers of Washington state, local agencies (city, county, tribal governments, regulatory agencies, transit, MPO's, RTPO's) and multi-modal advocacy groups.

What alternatives were explored, and why was this alternative chosen?
Currently, use of opportunistic communication with regions and staff to share the message on practical solutions has been employed. These communications include design and construction conferences, practical design peer reviews, and other informal communication. They have reached a limited audience, and do not provide the depth and breadth of knowledge to implement a practical solutions program. The proposed training program is the preferred choice because it provides high-impact benefits for relatively low costs.

What are the consequences of adopting or not adopting this package?
If not adopted, implementation of practical solutions would be impeded by a lack of dedicated resources to accomplish major activities. In addition, the ability to achieve the goals of Results Washington in a timely fashion becomes severely compromised.

What is the relationship, if any, to the state capital budget?
There is no relationship or impact to the state capital budget.

Determine which statutes, rules, or contracts might be impacted.
This decision package would not require any changes in current statutes, rules, or contracts.

Expenditure calculations and assumptions.
Salary and benefit estimates are based on current state salary schedules and approved benefit rates. All positions are shown at step L. The detail for salary amounts by position is shown in the tables below.

The detail for all other objects is provided on Attachments C and D.

The training program will consist of five separate subject matter classes, although one class (Practical Solutions 101) will be offered in two versions, one version for non-engineering/design staff and a longer, more detailed version for engineering/design staff. WSDOT will contract with a consultant to develop the curriculum and materials for the classes and will include the preparation of an online version of all classes.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?
State employee related costs are all on going and increase in the second year due to the normal staff hiring cycle. The training related costs, such as room rental, printing, and trainer travel, are all also on going. However, the single largest expense in the first year, the consultant costs to develop the classes, is largely one-time. There is a small on-going consultant cost ($84,000 per year) for the continual updating and refining of the course materials and curriculum. It is possible Class 5—Integrating the Highway Safety Manual into the project delivery process will be expanded to more modules in the future. This expansion would be covered in the on-going consultant 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	378,000	453,000	831,000	906,000	906,000
B - Benefits	123,000	148,000	271,000	296,000	296,000
C - Personal Service Contracts	761,000	84,000	845,000	168,000	168,000
E - Goods and Services	36,000	67,000	103,000	215,000	215,000
G - Travel	51,000	61,000	112,000	122,000	122,000
J - Capital Outlay	20,000	4,000	24,000	12,000	30,000
Total by Object	**1,369,000**	**817,000**	**2,186,000**	**1,719,000**	**1,737,000**

Salary and FTE Detail						
	FTEs			Dollars		
List Positions by Classification	FY 2016	FY 2017	Biennial Average	FY 2016	FY 2017	Total
Info. Tech. Specialist 3	0.8	1.0	0.9	52,000	65,000	117,000
Trans. Plan. Specialist 4	1.6	2.0	1.8	123,000	154,000	277,000
Trans. Engineer 4	1.6	2.0	1.8	123,000	154,000	277,000
WMS 2 Manager	1.0	1.0	1.0	80,000	80,000	160,000
Total	**5.0**	**6.0**	**5.5**	**378,000**	**453,000**	**831,000**

Out Biennia				
	FTEs		Dollars	
List Positions by Classification	2017-19	2019-21	2017-19	2019-21
Info. Tech. Specialist 3	1.0	1.0	130,000	130,000
Trans. Plan. Specialist 4	2.0	2.0	308,000	308,000
Trans. Engineer 4	2.0	2.0	308,000	308,000
WMS 2 Manager	1.0	1.0	160,000	160,000
Total	**6.0**	**6.0**	**906,000**	**906,000**

Washington State Department of Transportation

Proposed Reforms and their status

Develop a team committed to expedited project delivery

Reform I: Ensure efficiency and accuracy through strong management direction
Developing a strategic plan that will serve as a roadmap for WSDOT. It will identify specific outcome measures and leading indicators to support each of the agency's goals.

Progress: Recently finalized our vision, mission, values and goals providing the framework for the agency's new strategic plan. We are currently identifying outcome measures and leading indicators to support each of the agency's goals that will be incorporated into our implementation plans to ensure focus and alignment throughout the organization.

Reform II: Reward innovation in cost effective design and construction management
Evaluating options for rewarding innovation in design and construction incentives; developing a contractual approach to allow alternate technical concepts during bidding; and, evaluating concepts to allow contactor-led value engineering and constructability reviews.

Progress: Actively evaluating options for rewarding innovation in Design and Construction incentives by allowing reinvestment of savings on other high-priority regional needs such as safety projects. In addition, WSDOT is developing a contractual approach to allow alternate technical concepts during bidding for design-bid-build projects and evaluating options to allow contractor-led value engineering and constructability reviews after a contract is executed and before work is started.

Reform III: Develop workforce
Making a development plan and exploring cost-effective ways to work on the following: Workforce Development – staff training in best industry practices; Leadership Development and Succession Planning – preparing the right employees for future executive-level positions; retraining talent within the agency; and, Internship Programs – actively recruit interns for entry-level engineering positions.

Progress: The Develop Workforce reform team has identified and agreed upon important components of organizational and individual development. They include, but are not limited to: management training options from entry to executive-level and the development of individual training plans taking into consideration core competencies and providing guidance for expectations to improve decision-making agency-wide. The team is currently developing the strategies necessary to bring these items to fruition.

Reform IV: Increase opportunities for disadvantaged business enterprise (DBE)
Taking actions to maximize disadvantaged business enterprise participation in WSDOT projects, identifying areas and processes where reform is necessary.

Progress: DBE Executive Committee formed. Thirty-eight tasks to increase and broaden DBE participation on WSDOT and local agency contracts are underway. Most of this work will be substantially completed by July 1, 2014.

Implement programs that save money and mitigate risk

Reform V: Implement Practical Design
Implementing a new approach to developing projects that targets transportation solutions for the lowest cost; assesses all components of project design at its earliest stages; and, engages local stakeholders on defining scope to ensure their input is given at the right stage of project design.

Progress: An executive order is being drafted and outreach is being conducted to regional design and construction offices to discuss practical design implementation.

Reform VI: Strengthen quality assurance protocols for increased accountability
Creating an independent audit verification program; streamlining quality assurance guidance utilizing Lean principles; and, creating a position for a quality assurance manager to assure our quality assurance program is being effectively implemented.

Progress: Our supplemental budget request includes a new Quality Assurance management position who will report to the Secretary. This position will ensure a high level of quality across the agency. We are working with Senate staff to explain the position intent.

Reform VII: Expand and strengthen construction contracting methods and protocols
Implementing a thorough risk analysis protocol for choosing the appropriate contracting method for WSDOT projects; obtain authority for WSDOT to utilize additional contracting methods — in particular, general contractor/construction management (GCCM) method.

Progress: Working with the Legislature to draft a bill that authorizes a pilot program to implement GCCM. Draft bill language is being reviewed by staff.

Reform VIII: Implement vessel construction and maintenance improvements suggested by State Auditor's Office and develop cost-effective protocols to staff every scheduled ferry sailing
Strengthening five leading practices identified in a State Auditor's Office audit and actively preparing to recruit for 81 positions to staff up to the appropriate level.

Progress: Olympic class vessel construction is progressing well with change orders totaling less than one percent of total shipyard contract cost. SAO recommendations will be more fully addressed during future vessel construction contracts. The following highlights some of WSF's actions to address staffing challenges: directly hired Able Bodied Seaman (A/B); working with the union to start a program to assist entry level Ordinary Seaman (OS) to advance to A/B - first class in late January and March; accelerated the annual summer hiring process for OS; continued 2nd Mate Orientation & Training with a maritime training contractor to qualify mates for this summer; and, initiated discussions with the union to train and qualify terminal staff to serve on ferries when an unexpected vacancy occurs (subject to negotiations).

Establish cost-effective and efficiency measures to improve performance

Reform IX: Lean, more cost-effective operations
Removing duplicative tasks or unnecessary steps; training appropriate management staff in Lean management with a goal of identifying areas where cost savings can be gained and work can be done more efficiently.

Progress: WSDOT has initiated nearly 20 Lean projects (since 2012) to improve the effectiveness of processes and better meet customers' needs. WSDOT has been actively learning more about Lean processes and how they will help address identified issues and improve the way the agency does business. We have seven current projects being measured and five additional Lean projects underway. We are developing the structure to support continuous improvement and create a Lean culture. More focused outreach and training and the use of an employee engagement will be part of our strategy.

Reform X: Streamline tolling operations, costs and efficiencies
Reducing overhead and eliminating duplicative tasks to make tolling operations more efficient and cost effective; implementing Lean practices, reviewing contracting methods, improving toll collection efficiency and evaluating toll-facility planning.

Progress: The Toll Division is currently in negotiations with two vendors for efficiencies and cost reductions. Two further Lean initiatives are underway.

021014

	Practical Solutions Implementation Training	Practical Solutions (LCP/PD Training) Decision Pkg.	Project Development Training
Conceptual Descriptions	**Practical Solutions 101 – Project Development Overview** How collaborative solutions are developed and implemented. Overview of WSDOT approach to Least Cost Planning, Practical Design, Context Sensitive Solutions. Two versions will be developed: a half-day and full day version and employees will enroll in the course depending on their primary job duties. **Recommended for all WSDOT employees**.	✓	Replaces: "Context Sensitive Solutions," CL8 and "Introduction to Project Development," CF4.
	Practical Solutions 202 – Multimodal Design Approach Builds on Practical Solutions 101, with details that are more technical and techniques for developing multimodal solutions. **Recommended for designers and others involved in developing multi-modal solutions. Prerequisites: Practical Solutions 101**	✓	Covers some content from: "Intersection and Pedestrian Design", CBD and "Pedestrian Accommodation Workshop", DER.
	Least Cost Planning 101 Describes how the Least Cost Planning approach works and how to make planning decisions that produce the desired system performance targets for the least cost. **Recommended for planners and others involved in multi-disciplinary planning efforts. Prerequisites: Practical Solutions 101**	✓	
	Multimodal Cost Estimating through Project Development Cost estimating for multimodal solutions in a consistent manner and with improved accuracy of cost estimates at each phase of project delivery (planning, scoping, and design). Includes life cycle cost analysis and benefit cost analysis. **Recommended for designers and others involved in developing or reviewing cost estimates at planning, scoping/programming, and design phases. Prerequisites: Practical Solutions 101**	✓	
	Integrating the Highway Safety Manual into the Project Delivery Process How to use the Highway Safety Manual and crash modification factors to develop site-specific, cost-efficient design solutions without compromising safety. **Recommended for designers, traffic engineers, and system analysis engineers. Prerequisites: Practical Solutions 101**	✓	Replaces: "Design Documentation, BZ8," and uses some material from "Roadside Safety and Roadway Departures," DEZ.

2015-17 Decision Package

H-Reforms Implementation

		FTE	FY16	FTE	FY17	FY18	FY19	FY20	FY21
Salaries			**378,000**		**453,000**	**453,000**	**453,000**	**453,000**	**453,000**
Information Technology Specialist 3		0.8	52,000	1.0	65,000	65,000	65,000	65,000	65,000
Transportation Planning Specialist 4		1.0	77,000	1.0	77,000	77,000	77,000	77,000	77,000
Transportation Planning Specialist 4		0.6	46,000	1.0	77,000	77,000	77,000	77,000	77,000
Transportation Engineer 4		1.0	77,000	1.0	77,000	77,000	77,000	77,000	77,000
Transportation Engineer 4		0.6	46,000	1.0	77,000	77,000	77,000	77,000	77,000
WMS Manager		1.0	80,000	1.0	80,000	80,000	80,000	80,000	80,000
Benefits			**122,400**		**148,000**	**148,000**	**148,000**	**148,000**	**148,000**
Information Technology Specialist 3		0.8	18,400	1.0	23,000	23,000	23,000	23,000	23,000
Transportation Planning Specialist 4		1.0	24,000	1.0	25,000	25,000	25,000	25,000	25,000
Transportation Planning Specialist 4		0.6	15,000	1.0	25,000	25,000	25,000	25,000	25,000
Transportation Engineer 4		1.0	25,000	1.0	25,000	25,000	25,000	25,000	25,000
Transportation Engineer 4		0.6	15,000	1.0	25,000	25,000	25,000	25,000	25,000
WMS Manager		1.0	25,000	1.0	25,000	25,000	25,000	25,000	25,000
Contracts									
Consultant costs			**760,950**		**84,000**	**84,000**	**84,000**	**84,000**	**84,000**
Goods and Services			**36,216**		**66,672**	**107,280**	**107,280**	**107,280**	**107,280**
Printing materials, $27.30/attendee			19,656		39,312	65,520	65,520	65,520	65,520
phone line for six staff	$80/month		5,760		5,760	5,760	5,760	5,760	5,760
room rental			10,800		21,600	36,000	36,000	36,000	36,000
Travel			**51,000**		**61,200**	**61,200**	**61,200**	**61,200**	**61,200**
out-of-state travel	$3000/yr/FTE		15,000		18,000	18,000	18,000	18,000	18,000
in-state travel	$600/mo/FTE		36,000		43,200	43,200	43,200	43,200	43,200
Captial Outlay									
Initial purchase of labtops, docking stations and work stations for 6 employees	6 FTE		**20,000**		**4,000**	**6,000**	**6,000**	**6,000**	**24,000**
Fiscal Year Total			**1,368,566**		**816,872**	**859,480**	**859,480**	**859,480**	**877,480**
Biennium Total					**2,185,438**		**1,718,960**		**1,736,960**

2015-17 Decision Package
H-Reforms Implementation

	Class hours	Development Consultant SME $175/hour	QA $275/hour		Year 1 FY2016	Year 2 FY2017	Year 3 FY2018	Year 4 FY2019	Year 5 FY2020	Year 6 FY2021	
					Classes per year, printing costs						
				students/class	**20**	**20**	**20**	**20**	**20**	20	Totals
Class 1-Basic A	4	28,000	825	classes/year	9	12	20	20	20	20	
Practical Solutions 101-lite. Four hour class				students	180	240	400	400	400	400	2,020
Project development overview				printing costs	4,914	6,552	10,920	10,920	10,920	10,920	55,146
Class 1-Basic B	8	56,000	825	classes/year	9	12	20	20	20	20	
Practical Solutions 101-full course. Eight hour class				total students	180	240	400	400	400	400	2,020
Multimodal design approach				printing costs	4,914	6,552	10,920	10,920	10,920	10,920	55,146
Class 2-SME 1	8	56,000	825	classes/year	9	12	20	20	20	20	
Practical Solutions 102-full course. Eight hour class				total students	180	240	400	400	400	400	2,020
				printing costs	4,914	6,552	10,920	10,920	10,920	10,920	55,146
Class 3-SME 2	8	56,000	825	classes/year	9	12	20	20	20	20	
Least Cost Planning 101. Eight hour class				total students	180	240	400	400	400	400	2,020
				printing costs	4,914	6,552	10,920	10,920	10,920	10,920	55,146
Class 4-SME 3	24	168,000	825	classes/year	-	12	20	20	20	20	
Multimodal Cost Estimating through Project Development				total students	-	240	400	400	400	400	1,840
multiple modules, three day class				printing costs	-	6,552	10,920	10,920	10,920	10,920	50,232
Class 5-SME 4	56	392,000	825	classes/year	-	12	20	20	20	20	
Integrating the Highway Safety Manual into the project delivery process				total students	-	240	400	400	400	400	1,840
multiple modules, seven day class				printing costs	-	6,552	10,920	10,920	10,920	10,920	50,232
Totals		**756,000**	**4,950**	**total classes**	**36**	**72**	**120**	**120**	**120**	**120**	588
				total students	**720**	**1,440**	**2,400**	**2,400**	**2,400**	**2,400**	
				total printing	**19,656**	**39,312**	**65,520**	**65,520**	**65,520**	**65,520**	

Agency:	**405**	**Department of Transportation**
Decision Package Code/Title:	**N2**	**HB Facilities Preservation & Impr**
Budget Period:	**2013-15**	
Budget Level:	**PL – Policy Level**	

Program H – Program Delivery Management and Support

Recommendation Summary

Agency request legislation (Z-0003.3/15 3rd draft) proposes the creation of a new account, the Transportation Facilities Account. All moneys received for surplus and unused real property sales must be deposited into the new account rather than to the Motor Vehicle Account (MVA), which currently receives these deposits. Revenues in the new account will be used to pay the costs of generating revenue through the sale of surplus property, with the remaining funds dedicated to repair and replacement of department buildings. The bill shifts both expenditures and revenue from the Motor Vehicle Account to the newly created Transportation Facilities Account.

Fiscal Detail

Detail by Fund	**FY 2016**	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
108-1 MVA-State	(875,000)	(875,000)	(1,750,000)	(1,750,000)	(1,750,000)
Transportation Facilities	1,208,000	1,215,000	2,423,000	2,430,000	2,430,000
Total by Fund	**333,000**	**340,000**	**673,000**	**680,000**	**680,000**
Staffing FTEs by Fund	**FY 2016**	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
108-1 MVA-State	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)
Transportation Facilities	9.3	9.3	9.3	9.3	9.3
Staffing FTEs	**2.3**	**2.3**	**2.3**	**2.3**	**2.3**

Revenue Detail

Fund	**FY 2016**	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
108 MVA	(3,115,000)	(3,115,000)	(6,230,000)	(5,937,000)	(6,192,000)
Transportation Facilities	3,115,000	3,115,000	6,230,000	5,937,000	6,192,000
Total	-	-	-	-	-

Package Description

This agency request legislation creates a new account, the Transportation Facilities Account. All moneys received by the department for surplus and unused real property sales, with certain exceptions, must be deposited into the new account. The proceeds will be used in support of the department's office of real estate services' costs related to the sales of surplus property, with the remainder dedicated to capital facilities preservation and improvements.

The property sales proceeds that are exempted from deposit into the new account are listed in Attachment A.
Other provisions of the proposed legislation:

- Removes the requirement for WSDOT to advertise real property auctions in the legal notices and classified sections of newspapers on the same day for two consecutive weeks. WSDOT will still publish, at least two weeks prior to the date of the auction, in a legal newspaper of general circulation in the area where the property to be sold is located.
- Removes the process currently required upon receipt of an after-auction offer, by which an individual may bid 10 percent more than the notice of proposed sale price, accompanied by a 20 percent down payment.
- Removed "appraised" in RCW 47.12.283 for continuity between the disposal authorities in RCW 47.12.063 and 47.12.283. Additionally, federal regulations and authorities for acquiring property reference "fair market value."
- Eliminates the authority to enter into equal value exchange transactions.
- Designates that the new account shall receive its proportional share of interest earnings.

The decision package represents the movement of surplus property sales revenue, as most recently adopted by the Transportation Revenue Forecast Council in June 2014. It reflects the shift of expenditures from the MVA to the new account of the funding appropriated in 2014 to Program Delivery Management and Support (Program H) for increased property sales activity. Finally, it adds operating spending authority to the Program H total to account for the base activities of the sales effort, which is currently funded from capital projects and will not be available in 2015-17.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
An established source of revenue dedicated to capital facilities preservation and improvement, as well as covering the costs associated with generating the revenue, contributes to several improvements. Directing available resources to capital facilities will help control a growing backlog of building facility needs. The backlog of high-priority needs is currently estimated to be over $473 million. Although the bill will not eliminate the backlog, it will allow some obsolete buildings to be repaired or replaced with resources that have a tie to facilities. As a result, WSDOT will realize operational efficiencies, reduce building operating costs, and remedy unsuitable working environments for staff that rely on essential facility assets.

Additionally, it is consistent with past legislative direction to use surplus property sales proceeds to cover the costs of conducting the sales and generating the revenue. In the 2013 Legislative Session, the Legislature directed WSDOT, by proviso, to recover its property sales costs, and additional future costs, with property sales proceeds. This request is aligned with that direction.

Finally, the proposal adds greater transparency to financial activities related to the sales of surplus and unused properties – allowing ready access to expenditure and revenue reports that are self-contained by fund and by program.

Performance Measure Detail
N/A

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.
The request contributes to WSDOT's strategic plan, Results WSDOT, Goal 3: Environmental stewardship. Upgrades and improvements to the condition and functioning of department buildings and facilities will contribute to energy efficient operations and a reduced carbon footprint.

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. Specifically, it contributes to attaining outcome measure 3.1, "Maintain infrastructure at 2012 baseline condition levels," by supporting facility preservation and improvement projects.

Identify important connections or impacts related to this proposal.
Individuals with an interest in this request would likely include policy makers and others interested in preserving infrastructure investments that have already been made and avoiding future higher costs related to deferred maintenance. Additionally, employees who work in buildings subject to health and safety improvements will benefit.

What alternatives were explored, and why was this alternative chosen?
One alternative is to continue to track surplus property sales proceeds and expenditures for related activities within the Motor Vehicle Fund. Although this is possible by pulling detailed fiscal reports, the selected option of requesting a dedicated account will provide greater transparency and immediate access to information by anyone who wishes to view data via the Legislative Evaluation and Accountability Program (LEAP) public data site fiscal.wa.gov.

What are the consequences of adopting or not adopting this package?
If adopted, the package is expected to provide greater fiscal transparency, better connections between revenue sources and uses, and contribute to modest increases in capital facilities preservation and improvement projects.

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

Determine which statutes, rules, or contracts might be impacted.

The agency request legislation amends RCW 47.12.063, 47.12.080, and 47.12.283; reenacts and amends RCW 43.84.092; and adds a new section to chapter 47.12 RCW.

Expenditure calculations and assumptions.

Property Sales Costs

The table below shows the funding for Program Delivery Management and Support Program (Program H) expenditures for surplus property sales that, under this bill, will be supported from the new account.

Program H Funding for Surplus Property Sales		
	Dollars	**FTEs**
Base funding prior to 2014 Legislative session	$673,000	2.3
Funding added in 2014 Legislative session	1,453,000	5.8
Biennialization of 2014 funding in Carry Forward Level adjustment for 2015-17	297,000	1.2
Total	**$2,423,000**	**9.3**

The portion of the Program H appropriation attributed to property sales work by real estate services staff is based on an assessment of the current biennium's level of effort, including the enhancement of $1.453 million and 5.8 FTEs provided in the 2014 Legislative Session. Adjusting that enhancement for carry-forward level changes of $297,000 and 1.2 FTEs for biennialization of the appropriation, brings the total enhancement for 2015-17 to $1.750 million and 7.0 FTEs. This amount, combined with baseline sales activity, is assumed to be appropriated from the new account under the proposed legislation and totals $2.423 million and 9.25FTEs.

Revenue Estimate

The value of surplus property sales revenue that will be deposited to the new account, rather than the MVA, is the June 2014 forecast of property sales proceeds, adopted by the Transportation Revenue Forecast Council.

The most recent history, based on sales activity, indicates the proceeds are more likely to be higher than the adopted June forecast - totaling approximately $10.0 million in 2015-17; $9.5 million in 2017-19; and $6.5 million in 2019-21. These figures will be examined in depth, along with the inventory of identified surplus and unused property, and an update will be incorporated into the September 2014 forecast.

Available for Appropriation for Facilities Capital Projects

The difference between the revenue received, and the cost of conducting the sales, is available for appropriation to Program D, Capital Facilities, for improvement and preservation projects. Under the June 2014 forecast, that amount is assumed to be $3.807 million in 2015-17; $3.507 million in 2017-19; and $3.762 million in 2019-21. If the June 2014 revenue forecast under-estimates actual receipts, more funding will be available for projects.

The department intends to track the revenue and expenditures carefully for one year, ensuring an accurate assessment of actual net proceeds available for projects, then return to the Legislature in the 2016 Supplemental Session with plans for the use of balances in the account for facilities preservation and improvement projects.

Estimated Revenue and Expenditures For Surplus Propery Sales			
June 2014 Estimate	**2015-17**	**2017-19**	**2019-21**
Revenue	$6,230,000	$5,937,000	$6,192,000
Expenditures	2,423,000	2,430,000	2,430,000
Difference Available for Facilities	$3,807,000	$3,507,000	$3,762,000

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

All costs are assumed ongoing.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	**FY 2014**	**FY 2015**	**2013-15**	**2015-17**	**2017-19**
A - Salaries and Wages	628,000	633,000	1,261,000	1,266,000	1,266,000
B - Benefits	213,000	214,000	427,000	428,000	428,000
C - Personal Service Contracts	200,000	200,000	400,000	400,000	400,000
E - Goods and Services	100,000	100,000	200,000	200,000	200,000
G - Travel	67,000	68,000	135,000	136,000	136,000
Total by Object	**1,208,000**	**1,215,000**	**2,423,000**	**2,430,000**	**2,430,000**

Salary and FTE Detail						
	FTEs			**Dollars**		
List Positions by Classification	**FY 2014**	**FY 2015**	**Biennial Average**	**FY 2014**	**FY 2015**	**Total**
Prop & Acquistion Specialist 5	2.3	2.3	2.3	165,000	166,000	331,000
Prop & Acquistion Specialist 4	1.5	1.5	1.5	102,000	103,000	205,000
Prop & Acquistion Specialist 3	4.5	4.5	4.5	291,000	294,000	585,000
Transportation Engineer 3	1.0	1.0	1.0	70,000	70,000	140,000
Total	**9.3**	**9.3**	**9.3**	**628,000**	**633,000**	**1,261,000**

Out Biennia				
	FTEs		**Dollars**	
List Positions by Classification	**2015-17**	**2017-19**	**2015-17**	**2017-19**
Prop & Acquistion Specialist 5	2.3	2.3	332,000	332,000
Prop & Acquistion Specialist 4	1.5	1.5	206,000	206,000
Prop & Acquistion Specialist 3	4.5	4.5	588,000	588,000
Transportation Engineer 3	1.0	1.0	140,000	140,000
Total	**9.3**	**9.3**	**1,266,000**	**1,266,000**

Attachment A
Property Sales Proceeds Exempted from Deposit to New Account

Exempted property sale:	Continues to be deposited to:	Statutory reference:
Any surplus real property acquired for the purpose of building the second Tacoma Narrows bridge	Tacoma Narrows Toll Bridge Account	RCW 47.56.165
Any surplus real property acquired for the purpose of building the Alaskan Way viaduct replacement project	Alaskan Way Viaduct Replacement Project Account	RCW 47.56.864
Any surplus real property acquired for the state route number 520 bridge replacement and HOV program	State Route No. 520 Corridor Account	RCW 47.56.875
Any surplus real property acquired for the Columbia River Crossing project	Columbia River Crossing Project Account	RCW 47.56.894
Real property acquired Chapter 47.76 RCW, Rail Freight Service, that is not essential for the operation of the rail service	Essential Rail Assistance Account	RCW 47.76.290
Other categories specified by statute	As specified by statute	—

Agency:	**405**	**Department of Transportation**
Decision Package Code/Title:	**N3**	**KA Electric Highway Charging Network**
Budget Period:	**2015-17**	
Budget Level:	**PL – Performance Level**	

Program: K – Public/Private Partnerships

Recommendation Summary

Consumers and fleets need a widely developed infrastructure of charging stations to use plug-in hybrid electric vehicles and all-electric vehicles. Although sites are in operation on Washington State's electric highway fast-charging network, the infrastructure is not complete. Appropriation authority is requested to install nine additional stations located along the Interstate 5 north-south corridor in the Puget Sound Region and the Interstate 90 east-west corridor between Seattle and Spokane.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
218-1 Multimodal-State	825,000	675,000	1,500,000	-	-
Total by Fund	825,000	675,000	1,500,000	-	-
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**1.0**	**-**	**0.5**	**0.5**	**-**

Package Description

Budget request

The requested appropriations would infill nine additional charging stations. The proposal is to fully connect the charging network along the major roadways in the Seattle metropolitan area and expand the network to reach other key destinations throughout the state, extending along I-90 to Spokane.

Background

Market penetration and availability of plug-in electric vehicles are growing quickly because of the benefits the vehicles offer. Many of these vehicles will charge primarily at drivers' homes. However, to achieve wider use, a large and widely distributed network of public and workplace charging stations is needed to provide the convenience, range, and confidence required by drivers.

The Washington State Department of Transportation (WSDOT) deployed a network of fast-charging stations in 12 communities along I-5, US Route 2, and I-90. The initial infrastructure was commissioned in 2012, with federal seed funding of $1.6 million provided by the U.S. Department of Energy through the State Energy Program. Through a public/private partnership agreement, WSDOT's private partner, AeroVironment, made in-kind donations valued at $600,000. The initial project was successfully completed.

In a separate, but complementary project also funded by the U.S. Department of Energy, Seattle was selected as a deployment market for The EV Project. ECOtality was contracted to install 22 Blink fast charging stations in the Puget Sound Region including key locations along the I-5 corridor. However, the project was left unfinished with only half the stations commissioned before ECOtality declared bankruptcy, leaving significant gaps in charging infrastructure.

West Coast Electric Highway Fast Charging Network Infill and Extension

The north-south (I-5) portion of the West Coast Electric Highway currently extends from Vancouver, BC through Washington and Oregon to the California border.

Although Washington has among the highest percentage of use of public Direct Current (DC) fast chargers in the nation, the network is incomplete. The network has only a partial route over I-90 to Cle Elum, few stations in the most heavily traveled central Puget Sound region, and no stations supporting key travel corridors serving Yakima, Tri-Cities, Spokane, and others.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

This investment will double the number of state highway miles that can be traveled by electric vehicles, reducing greenhouse gas emissions and reducing dependence on imported oil.

Performance Measure Detail

N/A

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

Yes. The proposal contributes directly to the agency's strategic plan, Results WSDOT, Goal 3: Environmental stewardship. The proposal advances each of the Goal's priority outcomes: to improve environmental conditions, leaving them better than before; reducing WSDOT's overall carbon footprint; and improving energy efficiency of transportation systems and WSDOT operations.

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 two of the Governor's, Results Washington, priorities, Goal 2: Prosperous economy, and Goal 3: Sustainable energy and a clean environment. The package specifically supports Goal 2 by helping to develop a sustainable, efficient transportation infrastructure. It contributes to Goal 3 by supporting sustainable and clean energy and clean transportation – specifically helping achieve performance outcome 1.1.c to increase the number of plug-in electric vehicles registered in Washington to 50,000 by the year 2020.

Additionally, Governor Inslee's Executive Order 14-04: *Washington Carbon Pollution Reduction and Clean Energy Action*, specifically directs WSDOT to "continue to build out the electric vehicle charging network along state highways and at key destinations, as funding and partnerships allow."

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

The proposal leverages public/partnerships, a model that was successful in setting up 12 public charging locations along I-5, US Route 2, and I-90 in 2012. This is one of the nation's most-used public charging networks.

Additionally, approval would provide key linkages in Washington's public fast-charging network on the east-west corridor and would fill the gaps in the network from the planned, but not completed, Blink fast-charging network. Installing stations in the Puget Sound Region and extending the network will

serve the approximately 9,000 currently registered all-electric vehicles and spur sales and future electric vehicle adoption.

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

The alternative is to forego the request. However, making advancements in developing a clean transportation system is a high priority and cannot be deferred.

What are the consequences of adopting or not adopting this package?

Should Washington not make this investment, the state's electric vehicle fast charging network would remain incomplete. Without stations at key intervals, electric vehicle drivers would not have access to intercity travel between Seattle, Ellensburg, Spokane, and other cities. The availability of a public charging infrastructure helps spur electric vehicle sales, and an incomplete network could slow economic growth for plug-in electric vehicles in Washington.

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

N/A

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

N/A

Expenditure Calculations and Assumptions

The requested appropriation will cover the capital costs for electric vehicle charging station infrastructure; plus program management for two years, which includes one Transportation Planning Specialist 4 position.

The estimated cost to install nine stations = $150,000 average per-location x 9 = $1,350,000

The remaining funding would cover the cost for program management to oversee the contracts and the deployment of charging station infrastructure, and help leverage private investment.

Estimated Cost to Install Charging Stations	
Electric utility upgrades & grid interconnection	$30,000
Construction and equipment installation	31,200
Level 2 Charger	2,400
Commercial-grade DC fast-charger (dual combo), networking & safety equipment	69,600
Lease & property transaction costs	7,200
Host site identification & screening	6,000
Highway signage and striping	3,600
Total per site	$150,000

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

All costs are one-time.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	**FY 2016**	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
A - Salaries and Wages	77,000	-	77,000	-	-
B - Benefits	25,000	-	25,000	-	-
E - Goods and Services	44,000	-	44,000	-	-
G - Travel	4,000	-	4,000	-	-
J- Capital Outlays	675,000	675,000	1,350,000	-	-
Total by Object	825,000	675,000	1,500,000	-	-

Salary and FTE Detail						
	FTEs			**Dollars**		
List Positions by Classification	**FY 2016**	**FY 2017**	**Biennial Average**	**FY 2016**	**FY 2017**	**Total**
Transportation Planning Specialist 4	1.0	-	0.5	77,000	-	77,000
Total	**1.0**	**-**	**0.5**	**77,000**	**-**	**77,000**

Out Biennia				
	FTEs		**Dollars**	
List Positions by Classification	**2017-19**	**2019-21**	**2017-19**	**2019-21**
Transportation Planning Specialist 4	-	-	-	-
Total	**-**	**-**	**-**	**-**

Agency:	**405**	**Department of Transportation**
Decision Package Code/Title:	**N4**	**SC Transformational Results Initiative**
Budget Period:	**2015-17**	
Budget Level:	**PL – Performance Level**	

Program S – Transportation Management and Support

Recommendation Summary

Training investments strengthen organizations. WSDOT has identified a need to have one staff dedicated to the facilitation and implementation of leadership training and succession planning. This includes implementing a two-phase leadership training beyond the introductory supervisor training currently mandated for all new supervisors. These investments are essential to create and maintain a highly efficient and effective organization. Additionally, this proposal helps WSDOT build and sustain a workplace culture that focuses on performance, accountability, and results.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
108-1 MVA-State	246,000	246,000	492,000	492,000	492,000
	-	-	-	-	-
	-	-	-	-	-
Total by Fund	**246,000**	**246,000**	**492,000**	**492,000**	**492,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**

Package Description

Like many state agencies, WSDOT is at a crossroads. Over forty percent of our workforce is, or soon will be, eligible for retirement. Unless new leaders are identified and trained, the skill and experience gap in management positions will be significant. This can be prevented with the strategic implementation of advanced leadership training and thoughtful planning of agency succession.

Well-prepared managers have a positive impact on clients, services provided, citizens, other agencies, and other governmental entities. WSDOT understands that people are the source of our innovation and success, and that this requires an investment. Currently, all new supervisors are required to complete introductory training. WSDOT will develop two additional phases of leadership training to fully develop dynamic leadership skills. The first phase, after the introductory supervisor training, will complement the entry-level curriculum by focusing on team dynamics and managing larger organizations. This leadership training will be targeted at the nearly 600 managers within our organization. The second phase prepares select employees for future executive level positions. Individuals selected for this final phase will provide a “pool” of potential candidates for future executive positions within WSDOT to ensure talent and

knowledge be properly retained. It is important for WSDOT to grow these leaders, as salaries are not typically competitive enough to attract them to the organization.

The first phase (Enhanced Leadership) will foster cultural shifts in WSDOT by:

- Strengthening the WSDOT culture to encourage respect, creativity, and innovative problem solving;
- Continuously improving and eliminating waste from government processes;
- Aligning efforts across state agencies; and,
- Delivering results that matter to Washingtonians.

The second phase (Dynamic Leadership) will be a systematic approach to:

- Develop a talent pool to ensure programmatic success and continuity;
- Develop potential position successors in ways that best fit their strengths; and
- Identify the best candidate(s) for talent development.

To undertake this agency-wide training effort, WSDOT has identified a need to have one Human Resources Manager dedicated to the facilitation and implementation of leadership training and succession planning for WSDOT. This staff will utilize a combination of internally prepared, WSDOT-centric, materials, courses (as available and suitable) through our e-learning vendor, SkillSoft, and using external providers, as needed and appropriate.

In addition, WSDOT will implement two phases of leadership training beyond the introductory supervisor training mandated for all new supervisors. The leadership courses will build dynamic leadership skills and focus on managing larger organizations while creating a culture of learning. Succession planning is a strategic investment in the future of WSDOT and the department's critical role in Washington. When executed correctly, succession planning supports agency success and aids in creating an environment that recognizes and develops leaders. These trainings will enhance current leaders' skills and build a cadre of new leaders who are prepared for high-level organizational leadership.

Investing in the WSDOT workforce is essential to create and maintain a highly efficient and effective organization. Additionally, this helps WSDOT build and sustain a workplace culture that focuses on performance, accountability, and results.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
Leadership training will build the strength of the organization, allow the department to plan for succession, give the public a trustworthy face, and ensure WSDOT is operating efficiently and effectively. This training also leads to constant improvement of customer service, accountability, and morale. This culminates in a quality work product and demonstrates our commitment to improvement in maintaining a stellar work force and good stewardship of public resources.

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 4: Organizational Strength. The objective of which is to support a culture of multi-disciplinary teams, innovation, and people development through training, continuous improvement and Lean efforts. However, all the goals identified in Results WSDOT require appropriately trained people in order to attain the proper results. This investment supports the management principles identified in WSDOT's current strategic plan.

Does this decision package provide essential support to one or more of the Governor's Results Washington priorities? If so, please describe.
This package directly supports the Governor's Results Washington priority, Goal 5: Efficient, effective, and accountable government. It also indirectly supports leading indicators in Goal 2: Prosperous economy because within that goal is the outcome of a sustainable transportation infrastructure, which relates to a majority of WSDOT work.

Identify important connections or impacts related to this proposal.
N/A

What alternatives were explored, and why was this alternative chosen?
In developing this plan, the department considered alternative methods of providing training to employees. There was not one strategy that addressed every need identified by WSDOT. The department recommends using a combination of these strategies (hired staff, e-learning, and contracted support) to leverage the best outcome for the organizational need identified by the department. The following options were considered:

<u>Using training available through DES</u>
DES coordinates and provides the introductory supervisor training for all new state managers. Choices for other leadership training are limited, and prices can vary depending on the topic. There is not an option for leadership training within the state beyond entry-level.

<u>Opting exclusively for an e-learning solution</u>
Although cost effective, many learners are not comfortable with e-learning (SkillSoft). Availability of courses can be limited depending upon topic. The department's SkillSoft system is an electronic learning system, which is used to make leadership training available to all department staff. Additionally, the sharing of ideas and collaboration is not ideal in this environment. The organization intends to use a hybrid approach allowing for some online training coupled with facilitated training that would allow collaboration amongst future leaders within the department. <u>Hiring outside vendors</u>

Costs, especially on courses that are WSDOT-specific, can be prohibitive.

Collaborating with other agencies
WSDOT has explored this option and to date, there has not been a great deal of interest in sharing production or creation costs.

What are the consequences of adopting or not adopting this package?
The proposed investment for one staff and associated training session costs, to implement an agency wide leader-development and succession planning program, is necessary for WSDOT to have successful and coordinated leadership and succession planning across the department. Not funding this investment, may increase recruitment time, costs, and a missed opportunity to optimize the workforce thus creating a less engaged workforce.

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

Determine which statutes, rules, or contracts might be impacted.
N/A

Expenditure calculations and assumptions.
Leadership Development and Succession Planning

- One WMS-level staff (FTE) to manage the effort, including developing the course curriculum and facilitating/delivering the training.
- Phase I Enhanced Leadership course for 90 managers; 18 sessions at $10,000 per session equaling $180,000.
- Phase II Dynamic Leadership course for 10 managers attending a comprehensive list of courses provided (national leadership institutes/conferences, executive coaching and mentoring, UW Executive Management Courses, etc.), at $10,000 per individual equaling $100,000.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?
To focus on continued improvement and support the cultural changes, the position and training 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	81,000	81,000	162,000	162,000	162,000
B - Benefits	25,000	25,000	50,000	50,000	50,000
C - Personal Service Contracts	140,000	140,000	280,000	280,000	280,000
E - Goods and Services	-	-	-	-	-
G - Travel	-	-	-	-	-
J - Capital Outlay	-	-	-	-	-
Total by Object	**246,000**	**246,000**	**492,000**	**492,000**	**492,000**

Salary and FTE Detail						
	FTEs			**Dollars**		
List Positions by Classification	**FY 2016**	**FY 2017**	**Biennial Average**	**FY 2016**	**FY 2017**	**Total**
WMS-01	1.0	1.0	1.0	81,000	81,000	162,000
Total	**1.0**	**1.0**	**1.0**	**81,000**	**81,000**	**162,000**

Out Biennia				
	FTEs		**Dollars**	
List Positions by Classification	**2017-19**	**2019-21**	**2017-19**	**2019-21**
WMS-01	1.0	1.0	162,000	162,000
Total	**1.0**	**1.0**	**162,000**	**162,000**

Agency:	**405**	**Department of Transportation**
Decision Package Code/Title:	**N5**	**TB Statewide Model Development**
Budget Period:	**2015-17**	
Budget Level:	**PL – Performance Level**	

Program T – Transportation Planning, Data, and Research

Recommendation Summary

The Governor's Executive Order 14-04 directs the Washington State Department of Transportation (WSDOT) to develop and utilize a statewide model to analyze reductions in Vehicle Miles Traveled (VMT) and Greenhouse Gas Emissions (GHG) necessary to meet legislatively prescribed goals. WSDOT will develop the transportation model to reflect the current local, state, and national trend showing a decrease in driving, and to evaluate how actions will contribute to achieving the state's enacted limits for greenhouse gas emission reductions. In addition, WSDOT would purchase a detailed economic impact model for local areas in Washington State and perform evaluations of the impact of transportation investments. WSDOT currently lacks consistent and robust tools to evaluate the performance and long term economic impacts from transportation investments. The requested funding will enable WSDOT to purchase and provide on an ongoing basis transportation investment economic impact studies and develop a statewide travel demand forecast model. This information will inform transportation investment decision making.

Fiscal Detail

Detail by Fund	**FY 2016**	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
218-1 Multimodal-State	1,409,000	1,109,000	2,518,000	1,118,000	1,118,000
Total by Fund	**1,409,000**	**1,109,000**	**2,518,000**	**1,118,000**	**1,118,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**

Package Description

WSDOT is implementing a new strategic plan as part of the Governor's "Results Washington" Initiative. A key element of the strategic plan is to improve its transportation planning and investment decision making process. This effort will require a set of robust analytical tools, including a statewide model and an economic impact analysis model.

A statewide travel demand forecast model and an economic impact forecast model help quantify the system performance outcomes of transportation investments and the associated changes in economic activity, jobs, and tax revenue. Transportation investments can be focused on those improvements that reduce travel time and congestion for commuters, enable freight trucks to deliver goods to their destinations in a shorter period, benefit the driving public and public transit riders by reducing travel time and providing alternative routes. Travel time savings from a statewide travel demand model and economic analysis of transportation projects will provide Washington State with the ability to articulate the value of transportation

investments, and to identify and prioritize transportation investments consistently across the state. Specifically, the models will improve WSDOT's capabilities in the following areas:

- Statewide long range multimodal planning
- Transportation investment scenarios evaluation and statewide transportation improvement program development
- Travel time savings for various transportation projects, greenhouse gas emissions, and air quality analyses
- Economic impact analysis Multimodal impacts: Passenger cars, households, freight, public transportation and rail
- Facilitate consistent travel demand forecasting and transportation planning across regional boundaries

Developing the travel demand forecast model will comprise two primary actions. First, a data collection effort will include three major surveys:

1. Statewide freight/manufacture travel survey
2. Statewide household travel activity survey
3. Statewide travel origin/destination survey/data acquisition

Second, the travel demand model development effort will consist of many tasks. The more significant tasks include:

1. Multimodal transportation network development
2. Household and employment data collection and analyses
3. Model mathematical/algorithms formulation
4. Model calibration and validation

The economic impact forecast model will be purchased however; the economic impact analysis will be completed by WSDOT staff. This will save money on consulting costs and develop internal expertise on performing economic impact studies on transportation investments. Additionally, this approach will save money on ad-hoc economic impact studies that are used for completing TIGER grant applications and other road or bridge closure impact studies. As the program is phased in, this analysis will also help our community and regional transportation partners to recognize the value of local transportation projects and have access to long-term local economic data and forecasts.

At this time, WSDOT and its regional partners lack a consistent methodology for identifying system deficiencies or evaluating and prioritizing transportation investments. Currently WSDOT lacks a robust and consistent set of tools to identify and evaluate the long-term performance and benefits of transportation investments. Having an economic impact forecast model at WSDOT will allow us to calculate economic benefits for all transportation projects. In addition, model results will aid WSDOT management and policymakers in communicating the value of transportation investments to the public.

Efficiency will increase because WSDOT will have a set of tools to evaluate investment scenarios consistently using improved statewide databases, saving time for data collection and project coordination and reconciliation associated with individual project approach. Additionally, the expertise needed to develop, maintain, and run these models will be retained within WSDOT to save money and be more productive and efficient as a state agency in the future.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
The proposed funding package will enable WSDOT to conduct performance based planning and meet the requirement of Governor's Executive Order 14-04 (EO 14-04). The Executive Order directs WSDOT to utilize scenario analysis of transportation investments and to develop a statewide transportation model.

The model development and economic impact studies proposed in this package will inform decision making by providing information on the value of transportation investments and various benefits of transportation investments.

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 achieving four of the six strategic goals identified in WSDOT's Strategic Plan: Goal 1: Strategic investments, Goal 2: Modal integration, Goal 3: Environmental Stewardship, and Goal 6: Smart Technology.

A statewide travel demand forecast model and an economic impact forecast model are important tools to evaluate the effectiveness of various transportation investment alternatives to help identify the most cost effective projects for funding. They will help to develop the best mix of multimodal investments to achieve maximum benefit. This will help identify the most effective strategies to align the operation of all modes in corridors to optimize throughput capacity to move people and freight and support economic development.

Does this decision package provide essential support to one or more of the Governor's Results Washington priorities? If so, please describe.
Yes. The Governor recently issued EO 14-04, which explicitly directs WSDOT to develop and utilize a statewide model:

> "The Department of Transportation will develop, adopt, and implement the multimodal, federally-compliant, long-range statewide transportation plan with a renewed focus on transportation strategies to increase efficiency and reduce both costs and greenhouse gas emissions … … In developing the plan, the Department shall utilize a multi-modal statewide model that allows for analysis of economic benefits, vehicle miles traveled, health, greenhouse gas emissions, and a least-cost planning methodology in order to develop

outcomes to be achieved at five, ten, and twenty years from the plan's adoption date. The Department shall develop the transportation model to reflect the current local, state, and national trend showing a decrease in driving, and to evaluate how actions will contribute to achieving the state's enacted limits for greenhouse gas emission reductions."

This proposed decision package is to fund the development of the statewide travel demand model as directed by the Governor's executive order. Additionally, this package supports the Governor's Results Washington priority, Goal 2: Prosperous economy by contributing to providing a sustainable, efficient infrastructure.

Identify important connections or impacts related to this proposal.
A multimodal statewide travel demand model, when developed, will be an important tool to help WSDOT conduct integrated multimodal planning. Recently, WSDOT conducted a national peer review with funding assistance from the FHWA. Panel members included experts from state DOTs, FHWA, FTA, and a university. The panelists shared their successful experience as well as lessons learned and offered many valuable recommendations for WSDOT. The feedback was supportive for developing a statewide travel demand model.

Metropolitan Planning Organizations (MPOs) and Regional Transportation Planning Organizations (RTPOs) are also important stakeholders of this effort. A statewide model developed through close collaboration with the MPOs/RTPOs will provide important cross-region and long distance travel forecast. The results can be fed into regional models to improve travel forecasts within individual regions. Many MPOs/RTPOs have expressed support of this effort.

Performing economic impact forecast modeling and studies help conduct performance based planning. WSDOT has been asked for quantifiable reports on the value of our transportation investments. In addition, stakeholders want to know the value of any future transportation projects from a new revenue package. MPOs, RTPOs, Tribes, cities, counties, and ports have expressed support for this type of transportation economic impact information.

What alternatives were explored, and why was this alternative chosen?
One alternative to developing a statewide travel demand model is to maintain the status quo. For those regions that have a regional travel demand model, WSDOT would use the regional model; in regions without a regional model, WSDOT would develop future travel forecasts based on past trends.

This approach has two shortcomings. First, it creates potential inconsistency in transportation planning and investment decision making process across regions. This is because for those regions that have a regional travel demand model, the assumptions, and model inputs, and hence model outputs are not necessarily consistent with each other. Therefore, the findings and recommendations made based on inconsistent information may not be rational, equitable, and optimal. Second, for those regions that do not have a travel demand model, using trend line methodology has a fundamental flaw in that it assumes what occurred in the past will continue in the future. It does not recognize emerging technologies, changing social

demographics and travel cost's impact on travel behavior. Therefore, the findings and decisions made based on this approach would be made without the benefit of complete or consistent data.

The proposed statewide travel demand model will overcome these problems.

Currently, we do not have detailed local area economic impact models for Washington State so to maintain the status quo would mean we continue to provide minimal and disconnected information on the economic impacts of transportation investments. WSDOT considered purchasing various types of economic impact models but the conclusion was that this economic impact model was both dynamic and more robust analysis of the economy that measures the changes in the future of industries' returns to labor and capital over time from new transportation investments.

What are the consequences of adopting or not adopting this package?
If this package is not adopted, WSDOT will not have adequate resources to fully implement Governor's Executive Order 04-14, which explicitly calls for WSDOT to develop and utilize a statewide model in conducting multimodal statewide planning. Without such a model, WSDOT would lack a robust tool for evaluating the impacts that transportation actions would have on greenhouse gas emissions and climate change.

MPOs and RTPOs would most likely continue to do their travel demand forecasts in their respective regions without the resources needed to coordinate model forecasts across region boundaries.

Without an economic impact analysis model, the state would find it more difficult to: (1) effectively compete for federal funds as most programs require an economic analysis; and (2) explain the value of transportation investments to the general public and elected officials (3) include economic benefits as a factor in the state's transportation project prioritization processes.

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

Determine which statutes, rules, or contracts might be impacted.
N/A

Expenditure calculations and assumptions.
Developing a statewide travel demand forecast model is a highly specialized task. WSDOT recently conducted a national peer review panel on statewide model development. The panel unanimously recommended that it is essential to have dedicated, qualified staff, working closely with consultants and researchers in every step of the model development to ensure success. The requested decision package is consistent with the panel recommendation.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?
The requested funding includes:

One-time costs:

- $1,000,000 for travel model development.
- $900,000 for data collection.
    - Statewide freight/manufacture travel data collection ($500,000)
    - Statewide travel origin/destination data acquisition ($400,000)
- $275,000 for economic impact forecast model acquisition .

Ongoing costs:

- $222,000 for one Transportation Technical Engineer 5 to supplement the existing staff. During model development in the 2015-17 biennium, this position will help with model development effort. After the initial model development, their role will be shifted to model applications, maintenance, and updates.
- $75,000 for annual software licenses renewal fees beginning the second fiscal year.
    - $55,000 for annual economic impact forecast model updates
- $4,000 per year for attendance of travel demand modeling related national conferences and training.

Out biennia ongoing costs:

- $222,000 for one Transportation Technical Engineer 5 for model applications, maintenance, and updates.
- $350,000 per year for ongoing model updates and improvements through personal service contract starting in the 2017-19 biennium.
- $75,000 per year for annual software licenses renewal fees.
    - $55,000 for annual economic impact forecast model updates
- $38,000 for upgrading two Transportation Planning Specialist (TPS) 4s to TPS 5 as they would be working out of class. The request would be for the salary and benefit differential only as the FTEs are in the base budget.
- $4,000 per year for attendance of travel demand modeling related national conferences and training.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	**FY 2016**	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
A - Salaries and Wages	101,000	101,000	202,000	202,000	202,000
B - Benefits	29,000	29,000	58,000	58,000	58,000
C - Personal Service Contracts	1,000,000	900,000	1,900,000	700,000	700,000
E - Goods and Services	275,000	75,000	350,000	150,000	150,000
G - Travel	4,000	4,000	8,000	8,000	8,000
J - Capital Outlay	-	-	-	-	-
Total by Object	**1,409,000**	**1,109,000**	**2,518,000**	**1,118,000**	**1,118,000**

Salary and FTE Detail						
	FTEs			Dollars		
List Positions by Classification	FY 2016	FY 2017	Biennial Average	FY 2016	FY 2017	Total
Trans Tech Engineer 5	1.0	1.0	1.0	85,000	85,000	170,000
TPS 5 (upgrade from TPS 4)	-	-	-	19,000	19,000	38,000
Total	**1.0**	**1.0**	**1.0**	**104,000**	**85,000**	**170,000**

Out Biennia				
	FTEs		Dollars	
List Positions by Classification	2017-19	2019-21	2017-19	2019-21
Trans Tech Engineer 5	1.0	1.0	170,000	170,000
TPS 5 (upgrade from TPS 4)	-	-	38,000	38,000
Total	**1.0**	**1.0**	**208,000**	**208,000**

Agency:	**405 Department of Transportation**
Decision Package Code/Title:	**N6 WA Unified Customer Accounts**
Budget Period:	**2015-17**
Budget Level:	**PL – Performance Level**

Program W – Washington State Ferries - Capital

Recommendation Summary

Washington State Ferries (WSF) is currently operating with a ticketing system that is inefficient and past its useful life. Pairing the development of a replacement system with the Tolling customer service center (CSC) development currently underway offers a unique chance to unify service and have one account-based system for all customers of the Toll Division and Ferries. Appropriation authority is requested for in-house staff and consultants to gather requirements and develop a Request for Proposals (RFP) for a ticketing system that would be integrated with the Tolling system.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
099-1 PSCCA-State	325,000	-	325,000	-	-
Total by Fund	**325,000**	**-**	**325,000**	**-**	**-**

Package Description

Current system

Currently, WSF collects fares using the *Wave 2Go* system, an Electronic Fare System (EFS) first deployed in 2005, and in need of replacement. At the time it was developed, it began as an off-the-shelf system with multiple modifications to model the WSF fare structure; to meet WSDOT accounting requirements; to allow customers to purchase fares over the web and at unattended kiosks; and to meet One Regional Card for All (ORCA) integration targets, which was still in the development phase. The key application, "Galaxy Admissions," was developed for use by amusement parks and, after the extensive modification, was very different from the off-the-shelf product.

The current system is overloaded with many problems including difficulty-making changes, age, multiple layers of software workarounds, sub-optimal system security, lack of social media or mobile device capability, and intensive maintenance requirements. Detailed descriptions of these issues are contained in Attachment A.

Opportunity for integration and customer service improvement

In 2014, the Legislature approved funding for the Toll Operations and Maintenance Program to get and transition to a new customer service center (CSC), and for CSC system improvements. The new system is expected to be in place in 2018.

There is a current opportunity to replace the WSF ticketing system that has serious deficiencies with one that works together with the new Tolling system. Therefore, efficiencies could be achieved, for both the traveling public and the department, by having a single account for all customers who require WSDOT services.

A single-account system would be convenient for customers, as it would allow them to designate their preferred payment method – including the future use of emerging cell phone and other payment technologies. A customer could choose a preferred payment medium, and households could have all fare products and reservations tied to one account. Infrequent customers who elect not to establish an account could pay for their fares using cash, credit cards, or other payment technologies.

An account-based system would allow WSF to offer its customers a variety of products. This could include a program that provides discounts or other incentives to frequent riders rather than requiring them to pre-pay for a non-refundable multi-ride card. An account-based system would integrate the reservation system so that customers would be able to make reservations and payments through the same system, linked to the same account. In the long-term, an account-based system is most compatible with the planned reservation system, other payment systems, and can support demand-management pricing.

The Joint Transportation Committee (JTC) report, *Fare Media Study* (January 2012), included the recommendation that WSF replace the current ticketing system with an account-based fare system from 2018 onward, corresponding to the timeline for this requested RFP. Customer survey data that informed the *Fare Media Study* indicated strong customer support. This is a concept also supported by key policy makers and Ferry Advisory Committee (FAC) members.

Decision package request

The decision package requests appropriation authority for consultants and in-house staff to do the requirements-gathering work, research the market, and develop an RFP for the capital replacement project.

The in-house hours needed to accomplish this work are beyond the capacity of existing staff without backfilling their positions. Therefore, the structure of the request includes funding for contractor hours to backfill the duties of the WSDOT staff that have the expertise and business knowledge to work on the RFP development. Contractor hours are requested, rather than project state employee hours, primarily because of timing and the short length of the project. The contractor hired to backfill existing staff hours would be at a lower per-hour rate than the project contractor because he or she would be backfilling lower level duties. However, staff time to conduct a Lean review of the ticketing process will be absorbed by existing staff.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
WSDOT would be in a position to issue an RFP to replace the current ticketing and reservation system with a software package specifically designed for ferry operations, which would be integrated into the Toll Division's system with the eventual outcome of providing customers a single WSDOT account-based system for ferry fares and tolls.

Efficiency is expected to increase as customers are given the ability to pay tolls and ferry fares with a convenient payment system and a single WSDOT account, rather than having to use separate media for different accounts and types of payment. For WSF, back-end discounting could replace front-end multi-ride card discounts. Faster processing of the payment transaction through tollbooths would be possible for many customers.

The following changes in practices connected to a single-account system are expected to result in savings and improvements in customer service by:

- Sending credit card transactions to a single location for processing, rather than maintaining business relations with multiple entities;
- Having one single system to secure and assess for compliance with industry standards (Payment Card Industry [PCI] standards), rather than multiple;
- Having a single repository of information about customers so all WSDOT divisions are able to recognize them the same way;
- Having a centralized, consistent way to communicate with the public, utilizing current and emergent social media pathways; and,
- Providing a customer-friendly online interface for managing the single account.

Performance Measure Detail
N/A

Is this decision package essential to implement a strategy identified in the agency's strategic plan?
Yes. This request advances all priority outcomes of the agency's strategic plan, Results WSDOT, Goal 6: Smart technology. It puts WSDOT in a position to replace aging, vulnerable, inefficient technology with an up-to-date system. It uses technology to provide better customer service, enhance system operations, and improves integration and usability between transportation facilities and modes.

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 contributes to two of the Governor's, Results Washington priorities, Goal 2: Prosperous economy, and Goal 5: Efficient, effective, and accountable government. Implementing a new WSF ticketing system would increase the speed of Washington commerce and the proposal would enhance customer satisfaction and confidence, increasing accuracy and improving timely delivery of services.
Identify important connections or impacts related to this proposal.

- Affected stakeholders include those who use the ferries or toll facilities, the ferry and toll advisory committees, the Washington State Transportation Commission (WSTC), and interested policy makers.
- The existing ticketing system, EFS, ended 20 years of audit findings concerning control of ticketing revenue. This system would continue to address the security of those funds.

What alternatives were explored, and why was this alternative chosen?
The alternative to the requested proposal is to wait to replace the ticketing system. Approval is sought now for the following reasons:

- The timing of aligning the much-needed replacement of an aging system with an integrated system is favorable as the Tolling Operations and Maintenance Program proceeds with procurement and the transition to a new customer service center (CSC).
- Allowing customers to designate their preferred payment method, including the future use of emerging cell phone and other payment technologies, would improve convenience.
- An account-based system would allow WSF to offer customers a variety of products.
- WSDOT would realize efficiencies by operating a single account system, rather than continuing to run two systems.
- Key policy makers and Ferry Advisory Committee (FAC) members support the concept. In addition, a Joint Transportation Committee (JTC) report, the *Fare Media Study* (January 2012), recommended that the current ticketing system be replaced.

What are the consequences of adopting or not adopting this package?
If adopted, launching the RFP process now would enable WSDOT to take advantage of the tolling project timing and better unify cross-modal customer service. Not adopting would result in losing the opportunity to develop simultaneously and, therefore, risk a tolling system that would not be able to accommodate WSF's needs later.

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

Determine which statutes, rules, or contracts might be impacted.
In the design of a new ticketing system, it's possible that there would be a change in working conditions, and that may involve changes to union contracts for the Ferry Agents, Supervisors and Project Administrators' Association (FASPAA) and the Inland Boatmen's Union (IBU). If back-end discounting were eventually implemented, the WSTC would have to approve fare policy changes to accommodate this.

Expenditure calculations and assumptions.
Please see Attachment B.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?
All of the funds in this request are one-time.

Additional funding will be requested in future biennia to include the cost of purchasing, implementing, and maintaining the new system. Assuming the department purchases commercial off-the-shelf software, annual maintenance charges typically cost 20 percent of the initial software purchase.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	**FY 2016**	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
C - Personal Service Contracts	317,500	-	317,500	-	-
J - Capital Outlay	7,500	-	7,500	-	-
Total by Object	**325,000**	**-**	**325,000**	**-**	**-**

Attachment A

Current Electronic Fare System (EFS) Shortfalls

Difficulty Making Changes:
The department does not own the software code for the current EFS, nor does it have access to it. The vendor does not provide an Application Programming Interface (API), with the exception of one module of EFS – the internet sales processing engine. Thus, when a change is needed, such as the ability to accept ORCA as payment, a request must be made to the vendor to modify the code. As WSF is not the company's main line of business, costs associated with WSF programming changes cannot be spread to other customers. Because WSF is not the company's highest priority, prices, and schedules tend not to favor the department.

Aging System:
The EFS was built on a foundation of aging but inexpensive software that was designed in the 1980s for much smaller applications. For example, an amusement park has a simple ticketing structure with limited entry points compared to the complexity of WSF fare schedules and logistics. Some modules of the EFS were built in MS-DOS and retain its characteristics; therefore, making adaptations to WSF changing environment and business needs is difficult and costly.

Layers of Software:
Because the application in use pre-dates many software advances of the past 20 years, several layers of software have been added by necessity to address deficiencies. For example, the concept of a complete and atomic structured query language (SQL) transaction is not inherent in the basic code; instead, a series of local text files at each tollbooth tracks individual pieces of a transaction. These journal files are constantly processed and re-processed to assure that the SQL records in a central database agree with the activity logged at each seller location.

Workarounds:
The many individual programs of EFS do not work well in a standard Windows 7 or Windows 8 environment. Modern business applications typically are built around the concept of "services" in the computer operating system that support a range of tasks and provide built-in security and integrity. This approach is an accepted standard today but was not in general practice when the current system was developed. As a result, WSDOT developed customized shells around some of these programs so they behave like a Windows service and can be counted on to be "awake" at all times.

Sub-Optimal System Security:
Security is less robust in EFS than would be expected in a modern enterprise-class solution. The point-of-sale software is not integrated with the enterprise directory of users, and so must maintain a separate set of passwords and permissions for the users, in addition to permissions secured by the corporate Microsoft Active Directory. This shortcoming is both a security risk and an added burden to administrators.

No Social Media or Mobile Device Capability:
The current system puts the department at a disadvantage in its efforts to integrate with social media tools and mobile devices. The vendor has no roadmap or a clearly developed plan to provide this integration, so progress is constrained to "best efforts."

Intensive Maintenance Requirements:
With incremental improvements made to the system by the vendor and WSDOT, users still require an extraordinary amount of support on a "24/7" basis, which has strained IT support resources. Weekends routinely require immediate response to anywhere from a half dozen to twenty or thirty problems. An evening that does not require immediate attention from support staff is a rarity. There were 2,455 calls for assistance in the past 12 months. Examples of support tasks are diagnosing terminal device problems (printers, ticket kiosks, video recorders, etc.); resolving customer transactions when something in the system "hangs"; assisting ticket sellers when problems emerge during end-of-shift closing and reconciliation; and assisting with general use of the system. Employees who are called upon outside of normal business hours are compensated with exchange time. This makes it expensive and difficult for IT to carry out its functions.

Attachment B

Cost Estimate to Develop Request for Proposals (RFP) Washington State Ferries - Ticketing System Replacement with WSDOT Single-Account System					
Project phase		**Contractor Hours to Backfill WSDOT IT Staff**	**Contractor Hours for RFP Project**	**Cost**	
	Hourly cost:	*$75.00*	*$135.00*		
Requirements gathering	Jul-Aug 2015	180	825	$124,875	This phase includes market survey already underway and requirements documentation in place from prior projects, including Ferries Reservation Service phases I & II.
Requirements elaboration	Aug-Oct 2015	200	900	$136,500	After initial requirements and user/departmental/public input is tabulated, intensive group meetings to review and detail these requirements.
IT+Ferries requirements review	Nov-Dec 2015	80	20	$8,700	This phase is an on-going cyclical process as requirements are documented, tested, and elaborated. All review will be done concurrently over project period with requirements gathering. After a final set of requirements is developed, a structured review will occur with input from agency executives and project planning teams.
RFP Document preparation	Dec 2015	80	160	$27,600	This phase includes formatting, de-duplication (eliminating redundant requirements) and editing for clarity.
Contract preparation	Dec 2015	80	40	$11,400	This work is done by the project consultants under the oversight of agency legal and contracts team(s).
Contract review	Jan 2016	20	0	$1,500	Agency legal staff and executives review the contract that will be circulated in the RFP.
RFP assembly	Jan 2016	20	40	$6,900	Final preparation of the tender, and distribution.
	Totals	**660**	**1,985**	**$317,475**	
				$7,525	
GRAND TOTAL				**$325,000**	

Current Electronic Fare System (EFS) Shortfalls

Difficulty Making Changes:
The department does not own the software code for the current EFS, nor does it have access to it. The vendor does not provide an Application Programming Interface (API), with the exception of one module of EFS – the internet sales processing engine. Thus, when a change is needed, such as the ability to accept ORCA as payment, a request must be made to the vendor to modify the code. As WSF is not the company's main line of business, costs associated with WSF programming changes cannot be spread to other customers. Because WSF is not the company's highest priority, prices, and schedules tend not to favor the department.

Aging System:
The EFS was built on a foundation of aging but inexpensive software that was designed in the 1980s for much smaller applications. For example, an amusement park has a simple ticketing structure with limited entry points compared to the complexity of WSF fare schedules and logistics. Some modules of the EFS were built in MS-DOS and retain its characteristics; therefore, making adaptations to WSF changing environment and business needs is difficult and costly.

Layers of Software:
Because the application in use pre-dates many software advances of the past 20 years, several layers of software have been added by necessity to address deficiencies. For example, the concept of a complete and atomic structured query language (SQL) transaction is not inherent in the basic code; instead, a series of local text files at each tollbooth tracks individual pieces of a transaction. These journal files are constantly processed and re-processed to assure that the SQL records in a central database agree with the activity logged at each seller location.

Workarounds:
The many individual programs of EFS do not work well in a standard Windows 7 or Windows 8 environment. Modern business applications typically are built around the concept of "services" in the computer operating system that support a range of tasks and provide built-in security and integrity. This approach is an accepted standard today but was not in general practice when the current system was developed. As a result, WSDOT developed customized shells around some of these programs so they behave like a Windows service and can be counted on to be "awake" at all times.

Sub-Optimal System Security:
Security is less robust in EFS than would be expected in a modern enterprise-class solution. The point-of-sale software is not integrated with the enterprise directory of users, and so must maintain a separate set of passwords and permissions for the users, in addition to permissions secured by the corporate Microsoft Active Directory. This shortcoming is both a security risk and an added burden to administrators.

No Social Media or Mobile Device Capability:
The current system puts the department at a disadvantage in its efforts to integrate with social media tools and mobile devices. The vendor has no roadmap or a clearly developed plan to provide this integration, so progress is constrained to "best efforts."

Intensive Maintenance Requirements:
With incremental improvements made to the system by the vendor and WSDOT, users still require an extraordinary amount of support on a "24/7" basis, which has strained IT support resources. Weekends routinely require immediate response to anywhere from a half dozen to twenty or thirty problems. An evening that does not require immediate attention from support staff is a rarity. There were 2,455 calls for assistance in the past 12 months. Examples of support tasks are diagnosing terminal device problems (printers, ticket kiosks, video recorders, etc.); resolving customer transactions when something in the system "hangs"; assisting ticket sellers when problems emerge during end-of-shift closing and reconciliation; and assisting with general use of the system. Employees who are called upon outside of normal business hours are compensated with exchange time. This makes it expensive and difficult for IT to carry out its functions.

Cost Estimate to Develop Request for Proposals (RFP)
Washington State Ferries - Ticketing System Replacement with WSDOT Single-Account System

Project phase		Contractor Hours to Backfill WSDOT IT Staff	Contractor Hours for RFP Project	Cost	
	Hourly cost:	*$75.00*	*$135.00*		
Requirements gathering	Jul-Aug 2015	180	825	$124,875	This phase includes market survey already underway and requirements documentation in place from prior projects, including Ferries Reservation Service phases I & II.
Requirements elaboration	Aug-Oct 2015	200	900	$136,500	After initial requirements and user/departmental/public input is tabulated, intensive group meetings to review and detail these requirements.
IT+Ferries requirements review	Nov-Dec 2015	80	20	$8,700	This phase is an on-going cyclical process as requirements are documented, tested, and elaborated. All review will be done concurrently over project period with requirements gathering. After a final set of requirements is developed, a structured review will occur with input from agency executives and project planning teams.
RFP Document preparation	Dec 2015	80	160	$27,600	This phase includes formatting, de-duplication (eliminating redundant requirements) and editing for clarity.
Contract preparation	Dec 2015	80	40	$11,400	This work is done by the project consultants under the oversight of agency legal and contracts team(s).
Contract review	Jan 2016	20	0	$1,500	Agency legal staff and executives review the contract that will be circulated in the RFP.
RFP assembly	Jan 2016	20	40	$6,900	Final preparation of the tender, and distribution.
	Totals	**660**	**1,985**	**$317,475**	
				$7,525	
GRAND TOTAL				**$325,000**	

Agency:	**405**	**Department of Transportation**
Decision Package Code/Title:	**N7**	**XH WSF Operation Training Initiatives**
Budget Period:	**2015-17**	
Budget Level:	**PL – Performance Level**	

Program X – Ferries Operations

Recommendation Summary

Appropriation authority is requested for new training components and for enhanced training for Washington State Ferries (WSF). The training will target ferry vessels deck and engine room employees, terminal employees, and maintenance employees responsible for ensuring safe and reliable ferry service. Investments in training would build skills and develop capacity so WSF is better able to fill senior positions on ferry vessels with technically skilled employees. The additional training will also improve the department's ability to replace employees who are at or near retirement age.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
109-1 PSFOA-State	2,235,000	2,267,000	4,502,000	4,534,000	4,534,000
Total by Fund	**2,235,000**	**2,267,000**	**4,502,000**	**4,534,000**	**4,534,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**18.7**	**24.3**	**21.5**	**24.3**	**24.3**

Package Description

In 2014, WSF management assessed current and future critical training needs. This appropriation request is based on the review of training resources, and the identified need to provide new training for current employees and to develop additional training to prepare for the replacement of employees nearing retirement.

The additional program-wide training activities that would be funded with this package are:
Deck Training ($1.9 M)

- $849,000 to provide deck officer training in navigation safety, risk management, leadership, performance management, and crew management.
- $714,000 to build capacity within the organization to meet critical vessel manning needs for unlicensed deck crew and licensed officer positions, to train new deck officers who will be able to fill the need for officer positions, and to prepare deck employees so they can move into licensed officer positions.
- $251,000 to upgrade the radar lab, which is used to train deck officers on navigation, operations, and emergency response. The current equipment is outdated and no longer supported.
- $92,000 to add a position to help coordinate trainings, and to ensure that employee schedules provide backfill on vessels when employees are in training classes.

Engine Training ($1.2 M)

- $660,000 for engine room officer training in personnel and resource management, leadership, staff management, and additional medical/first aid training.
- $538,000 for specific technical training on mechanical, electrical, and monitoring systems, which are essential for propulsion and vessel power systems.

Terminal Training ($1.0 M)

- $452,000 for additional ticket seller and traffic attendant training on safety, security, and emergency management.
- $443,000 for training terminal supervisors on supervisory skills and duties, mentorship, alcohol and/or drug testing, and specific training on route(s) served by particular ferry terminals.
- $55,000 for computer-based training.
- $48,000 for support staff, trainers, and for new employee orientation.

Eagle Harbor Maintenance Facility ($0.4 M)

- To continue an apprenticeship program for the skilled trades that would allow electrician, pipefitter, and boilermaker/welder apprentices to learn the trade. The program allows apprentices to develop experience in the marine industry, with emphasis on ferry vessels and ferry terminals.

Background

The focus for training at WSF has been to meet regulatory-required training demands. Training is specifically tailored to building the skills of employees that will enable them to fill more senior positions on ferry vessels. In these ways, WSF training is vital for employees to be able to meet U.S. Coast Guard (USCG) training requirements, and to ensure that the organization maintains a workforce with the skills and experience that has made Washington State Ferries one of the safest ferry systems in the world.

The training requested in this decision package is a priority for WSF for two reasons:

1) Regulations from the USCG require additional staff on certain classes of ferries.
2) A significant portion of the WSF workforce is aging, and at or near retirement age.

The additional appropriation authority requested would provide regulatory-required training and address the need to replace retiring personnel with technically skilled employees.

In 2012, the USCG increased the required number of crew on five vessels above the previous crewing levels. On seven other vessels, the required make-up of the deck crew was changed to provide a combination of crew with added senior licensed and unlicensed positions. Since this time, WSF has faced serious challenges in filling some of the necessary positions on vessels when regular employees are not able to be at work due to illness or other unforeseen circumstances. Without the USCG-required crew level and appropriate positions filled, the vessel may not be used to carry passengers, affecting service delivery and reliability.

Due to competition in the marine industry, there are challenges for filling certain positions in vessel engine rooms. This competition has diminished WSF ability to compete for entry-level and licensed engine room employees. In recent years, employees are choosing to work in the more lucrative private maritime industry.

While crewing challenges are a current focus and will continue to be a top priority for WSF, the impending retirement of many WSF employees will put additional pressure on personnel resources. These jobs tend to be highly skilled and require significant experience.

- Sixty-two percent of Masters and Mates (licensed Deck Officers) are over the age of 55. WSF must promote and train a large number of employees to replace the number of employees at or near retirement age.
- Fifty-five percent of WSF maintenance workers (engine room and maintenance facility employees) are over the age of 50. Many of these positions require significant experience on passenger vessels (engine rooms) and are specialized positions, such as electricians, carpenters, and pipefitters.

Additional training will be provided for ferry terminals employees (all job classifications) for safety, security, emergency management, and transportation-related issues such as Americans with Disabilities Act (ADA) access. Additional training for terminal supervisors will support them in their roles as supervisors – including developing mentorship skills, necessary for succession planning, and developing expertise in areas such as alcohol and drug testing of employees.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
Approval of this request will result in a more robust and effective training program. Through training investments, the organization will build capacity to fill licensed and unlicensed deck and engine room positions.

These training initiatives will build resources to fill positions so vessels are fully crewed. These investments will help ensure that all ferry sailings will occur as scheduled.

As an ongoing issue, the training will help WSF prepare for a shift in the workforce where many employees, including many in senior and skilled staff, retire. The investments in training proposed, would enable WSF to train current staff to fill more senior positions on ferry vessels (deck and engine room), at ferry terminals (ticket seller and terminal supervisor) and will prepare apprentices to fill skilled trades positions at WSF's Eagle Harbor Maintenance Facility.

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 4: Organizational strength. The request specifically contributes to two of the Goal's priority outcomes: fostering a capable, engaged, and valued workforce - balancing project and service delivery demands with professional development needs; as well as cultivating and enhancing WSDOT's ability to attract, develop, and retain a core workforce targeting mission-critical skills.

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 2: Prosperous economy. Specifically, it contributes to a sustainable, efficient transportation infrastructure.

Identify important connections or impacts related to this proposal.
This proposal increases the pool of skilled workers available on ferry vessels and at ferry terminals, which allows WSF to maintain service reliability at a high level for ferry customers.

What alternatives were explored, and why was this alternative chosen?
The alternatives to providing additional and enhanced training are: 1) continue with the status quo, providing the same amount of training currently provided; 2) reprioritize current training programs, dropping some requirements to make room for others; or 3) absorb the costs for new and enhanced training.

Continuing with the status quo does not address the challenges WSF now faces filling positions, given recent USCG requirements for additional crew on ferry vessels, nor does it address the need to develop additional staff capacity to fill many senior positions that will become vacant over the next several years and the next decade as current skilled employees retire.

Currently, training budgets are constrained and are focused almost exclusively on required training for USCG regulations and required Washington State and WSDOT training. It is not possible to reprioritize the current training curriculum without eliminating required trainings in other areas.

It is not possible to absorb the added costs of the proposed training due to both the scope and depth of the need. Absorbing the magnitude of cost would result in significant reduction in the vessel or terminal maintenance expenditures, and cuts in other areas of WSF's budget would directly affect ferry service. A reduction in maintenance is not advisable. Reduced maintenance could lead to vessel breakdowns and out-of-service vessels, or could affect terminal functioning and the inability to load and unload cars and passengers.

What are the consequences of adopting or not adopting this package?
The request is necessary for achieving proper levels of staffing, with employees trained in mission-critical skills. Not only is there a current demand for trained employees but approval of the request will enable the department to start to plan for upcoming personnel shortages that will be exacerbated as baby-boom generation employees retire.

Without additional training, WSF may not be able fill certain key positions on ferry vessels. A shortage of employees will result in additional overtime and callback pay, both of which will increase labor costs. In addition, in a situation where there is not enough staff to back-fill positions, there will be less service reliability due to a lack of qualified crewmembers.

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

Determine which statutes, rules, or contracts might be impacted.
N/A

Expenditure calculations and assumptions.
Currently, the WSF training budget is $4.3 million per-year for deck, engine, terminal, and Eagle Harbor. This proposal would increase the training budget by approximately $2.3 million per-year for these areas as seen in the following tables:

Deck Training	**FY 2016**	**FY 2017**	**2015-17**
Risk Management & Navigational Safety	$309,000	$0	$309,000
Performance Management & Leadership	171,000	-	171,000
Pilotage Endorsement Program	-	369,000	369,000
Subtotal - Deck Officer Training	480,000	369,000	849,000
WSF Cadet Program	169,000	-	169,000
Able-bodied Seaman (AB) to Mate Program	-	186,000	186,000
Ordinary Seaman (OS) to AB Development	-	65,000	65,000
Licensed Deck Officer Training & Development	-	294,000	294,000
Subtotal - Organizational Capacity Training	169,000	545,000	714,000
Purchase and Design of Radar Consoles & Software	127,000	-	127,000
Purchase of Control Station & Software	9,000	-	9,000
Purchase of Video Interface Software & Maintenance	115,000	-	115,000
Subtotal - Radar Lab Upgrade	251,000	-	251,000
Training Scheduler & Logistics Coordinator	46,000	46,000	92,000
Total Deck Training	**$946,000**	**$960,000**	**$1,906,000**
Deck Hours	*8,740*	*20,266*	*29,006*
Deck FTEs	*4.2*	*9.7*	*6.9*

Engine Training	FY 2016	FY 2017	2015-17
Engine Room Resource Management	$109,000	$109,000	$218,000
Leadership & Team Building/Management Level	145,000	145,000	290,000
Medical Care/First Aid Provider	59,000	59,000	118,000
Port Engineers and Owners Rep	17,000	17,000	34,000
Subtotal - Engine Room Officer Training	330,000	330,000	660,000
Elementary Electricity	45,000	45,000	90,000
Programmable Logic Controls/Troubleshooting	87,000	87,000	174,000
General Electric Engine Technical/Practical	32,000	32,000	64,000
Electro-Motive Engine Technical/Practical	23,000	23,000	46,000
Damage Control	12,000	12,000	24,000
Basic Electricity	70,000	70,000	140,000
Subtotal - Essential Skills Training	269,000	269,000	538,000
Total Engine Training	**$599,000**	**$599,000**	**$1,198,000**
Engine Hours	*12,110*	*12,110*	*24,220*
Engine FTEs	*5.8*	*5.8*	*5.8*

Terminal Training	FY 2016	FY 2017	2015-17
HR Safety-Security	$113,000	$113,000	$226,000
Emergency Mgmt	113,000	113,000	226,000
Subtotal - Ticket Seller & Traffic Attendant Training	226,000	226,000	452,000
Drug & Alcohol Training	24,000	-	24,000
Electronic Fare System Seller Qualification (Supervisor)	48,000	48,000	96,000
Supervisor Leadership Series	76,000	76,000	152,000
Supervisor Route Meetings	48,000	48,000	96,000
Supervisor Mentorship	31,000	44,000	75,000
Subtotal - Terminal Supervisor Training	227,000	216,000	443,000
Management-Directed Computer-Based Training (CBT)	-	9,000	9,000
Project Development - CBT Development	23,000	23,000	46,000
Subtotal - Computer-Based Training	23,000	32,000	55,000
New Employee Orientation - Flagger	7,000	7,000	14,000
Instructor	8,000	8,000	16,000
Support Staff	9,000	9,000	18,000
Subtotal - Support Staff, Trainers, Orientation	24,000	24,000	48,000
Total Terminal Training	**$500,000**	**$498,000**	**$998,000**
Terminal Hours	*12,050*	*12,050*	*24,100*
Terminal FTEs	*5.8*	*5.8*	*5.8*

Eagle Harbor	FY 2016	FY 2017	2015-17
Eagle Harbor Apprenticeship Program	**$190,000**	**$210,000**	**$400,000**
Eagle Harbor Hours	*6,240*	*6,240*	*12,480*
Eagle Harbor FTEs	*3.0*	*3.0*	*3.0*

Total Training Request

Deck Training	$1,906,000
Engine Training	1,198,000
Terminal Training	998,000
Eagle Harbor Program	400,000
Total	$4,502,000

The requested FTE authority will backfill staff hours spent in training to ensure uninterrupted operations of vessels and terminals.

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

Second-year 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	1,430,000	1,725,000	3,155,000	3,450,000	3,450,000
B - Benefits	358,000	431,000	789,000	862,000	862,000
C - Personal Service Contracts	192,000	111,000	303,000	222,000	222,000
E - Goods and Services	255,000	-	255,000	-	-
Total by Object	**2,235,000**	**2,267,000**	**4,502,000**	**4,534,000**	**4,534,000**

Salary and FTE Detail						
	FTEs			Dollars		
List Positions by Classification	FY 2016	FY 2017	Biennial Average	FY 2016	FY 2017	Total
Vessel - Deck Personnel	4.2	9.7	6.9	399,000	680,000	1,079,000
Vessel - Engine Personnel	5.8	5.8	5.8	479,000	479,000	958,000
Terminal Personnel	5.8	5.8	5.8	400,000	398,000	798,000
Eagle Harbor Apprentices	3.0	3.0	3.0	152,000	168,000	320,000
Total	**18.8**	**24.3**	**21.6**	**1,430,000**	**1,725,000**	**3,155,000**

Out Biennia				
	FTEs		Dollars	
List Positions by Classification	2017-19	2019-21	2017-19	2019-21
Vessel - Deck Personnel	9.7	9.7	1,360,000	1,360,000
Vessel - Engine Personnel	5.8	5.8	958,000	958,000
Terminal Personnel	5.8	5.8	796,000	796,000
Eagle Harbor Apprentices	3.0	3.0	336,000	336,000
Total	**24.3**	**24.3**	**3,450,000**	**3,450,000**

Agency: 405 Department of Transportation
Decision Package Code/Title: N8 XI Fleet Facility Security Officer
Budget Period: 2015-17
Budget Level: PL – Performance Level

Program X – Ferries Operations

Recommendation Summary
The level of activity and the scope of work required of Washington State Ferries' (WSF) two Fleet Facility Security Officers (FFSOs) has exceeded the hours available for the two assigned FFSOs. Additional appropriation authority is requested for one additional FFSO.

Fiscal Detail

Detail by Fund	FY 2016	FY 2017	2015-17	2017-19	2019-21
109-1 PSFOA-State	89,000	89,000	178,000	178,000	178,000
Total by Fund	**89,000**	**89,000**	**178,000**	**178,000**	**178,000**
	FY 2016	**FY 2017**	**2015-17**	**2017-19**	**2019-21**
Staffing FTEs	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**

Package Description
The demands of WSF's security systems have exceeded the human resources available to administer the systems properly. The addition of a third FFSO position in the division will enable WSF to:

- Meet all of its federally mandated requirements
- Safeguard WSF passenger and employee lives and property
- Be more responsive to emergencies
- Provide weekend and after hours response capabilities
- Equitably distribute increased work demands
- Provide an acceptable level of coverage in the Security Office

WSF's two FFSO Full Time Equivalents (FTEs) were established in 2003 in anticipation of the promulgation of new security regulations being enforced by the U.S. Coast Guard (USCG). The federal regulations (33 CFR Part 105) required one FFSO for each facility. As part of an Alternate Security Program (ASP), WSF sought approval to have only two Fleet Facility Security Officers cover WSF's 20 terminals, rather than a FFSO for each terminal. The USCG agreed to this alternative.

In 2003, when the duties and responsibilities of the FFSOs were established, WSF did not have a video monitoring center, security cameras, electronic physical access control system (electronically controlled doors, hatches, cages and gates), sensors (motion and infrared) or intrusion detection devices (electronic locks that detect forced entry or malfunctions) , electronic key control system, or corporate security employee badging system. Additionally, the

department had limited procedures for the investigation of breaches of security and employee violation of security procedures.

In the intervening years, WSF has built a very sophisticated and complex security infrastructure so that, as of June 2014, WSF has:

- A fully functional video monitoring center that is manned by Washington State Patrol 24 hours a days, 365 days a year
- Approximately 1,100 security cameras
- Approximately 900 devices for the electronic physical access control system
- Approximately 800 sensors, detection devices, and associated alarms
- 62 electronic key control boxes
- Over 1,500 active electronic employee access badges on any given day

In total, there are now over 4,300 major components in WSF's electronic security system that must be tracked, monitored, maintained, and repaired to provide uninterrupted 24 hour/7 day-a-week services. FFSOs must spend a significant amount of time assessing security equipment failures to ensure timely repairs.

In addition to the management of WSF's security infrastructure, the FFSOs are tasked with a number of administrative duties. Some of these duties are very time consuming and require a high level of training. For example:

- Serve as lead auditor for 40 internal WSF Safety Management System (SMS) audits, every year, with each audit requiring four to six hours of time plus approximately two hours for writing audit reports.
- Annually, facilitate 19 USCG terminal security inspections, and one Transport Canada security inspection for WSF's Sidney, BC, terminal.
- Participate in three to five large-scale security exercises each year.
- Investigate and document Breach of Security (BOS) incidents. Each investigation can take two to eight hours. A BOS incident is any incident in which security measures have been circumvented, eluded, or violated.
- Investigate and document reports of suspicious activity. Each investigation can take two to eight hours. Suspicious activity is any activity which could be reasonably interpreted as abnormal, potentially threatening, or would indicate an effort to collect security-sensitive information.
- Coordinate responses for law enforcement activity. These incidents do not directly violate WSF security procedures or systems but have an impact on operations. For example, acts of violence between passengers, intoxicated passengers, threats, or acts of violence against WSF employees, or passenger and employee theft.
- Participate in the U.S. Coast Guard's Area Maritime Security Committee and numerous subcommittees.

Though the duties of the FFSOs have not fundamentally changed since 2003, the volume and complexity of the work has increased. For example:

- In 2012, there were 13 BOS incidents, in 2013, there were 49, and in the first six months of 2014, there have been 105.
- On October 8, 2013, the USCG issued WSF a letter of warning in which they cited WSF for failure to maintain adequate access control at facilities and vessels, and failure to report breaches of security (please see Attachment A).
- With the increased scrutiny of WSF's security operations, the USCG has required greater levels of detail in the follow up and documentation of BOS incidents.
- The USCG's inquiries regarding WSF security operations continue to escalate. In June of 2014, the USCG opened four separate investigations involving BOS incidents or perceived violation of security procedures. These investigations are currently ongoing however, could result in civil penalties for WSF, individuals, or proceedings against individuals before a USCG Administrative Law Judge.

The current staffing level limits field time to investigate security incidents properly. It is currently very difficult to accommodate schedule changes for family emergencies or vacations. Consequently, the supervising Company Security Officer has to fill in for one or both of the FFSOs for several days. During a large-scale emergency, WSF could not meet all of its regulatory requirements. Professional development is not possible.

The FFSOs are required to be available 24 hours a day/7 days-a-week, unless on leave. They are exempt employees and do not receive overtime or standby pay. Unfortunately, almost half of incidents requiring FFSO response occur after hours, on weekends, and on holidays.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?
Creation of a third FFSO position would reduce the number of USCG violations and civil penalties, reduce the number of BOS incidents, enable the department to complete BOS investigations within 48 hours, and increase weekend and afterhours availability.

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.
In addition to supporting safety, the first value of WSDOT, promoting the safety of the public and employees at all times, the decision package contributes to the department's strategic plan, Results WSDOT, Goal 4: Organizational strength. A priority outcome of this goal is to foster a capable, engaged, and valued workforce, balancing project and service delivery demands with professional development needs. A second priority outcome is to cultivate and enhance the department's ability to attract, develop, and retain a core workforce targeting mission-critical skills.

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 4: Healthy and safe communities. This decision package contributes to keeping people safe on their jobs and in their communities.

Identify important connections or impacts related to this proposal.
Key stakeholders regarding the issue of ferry safety include the public and the USCG. Being able to prevent or quickly resolve security incidents is crucial to retaining the trust of both. Additionally, failure to meet USCG requirements could result in service disruptions. The Washington State Patrol (WSP) provides field security services to WSF and depends on the FFSOs to maintain the security system that allows WSP to operate the monitoring center and respond to security incidents.

What alternatives were explored, and why was this alternative chosen?
The Company Security Officer, who supervises the FFSOs, has allowed the use of some compensatory time for after-hours work. Unfortunately, giving only compensatory time decreases the availability of the FFSOs and creates more pressure on the Company Security Officer and the Safety Security Systems Manager. Overtime and standby pay were considered but these did not address the root issue, which is the inability of the FFSOs to keep up with the demands of their responsibilities.

What are the consequences of adopting or not adopting this package?
Without the ability to add a third FFSO, the security system that WSP depends on will experience an increase in failures. These failures may cause WSP to be unable to detect or prevent potentially serious security incidents. Failures of the security system have and will continue to invite more scrutiny from the USCG, which may lead to additional regulatory requirements. Increases in security incidents, or the inability to resolve such incidents quickly, may undermine public and USCG trust.

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

Determine which statutes, rules, or contracts might be impacted.
No statutes or contracts are affected by the decision package. Without the additional FFSO, the USCG may put in place additional rules and requirements to address security concerns.

Expenditure calculations and assumptions.
One FFSO position will cost $71,200 in salary and $17,800 in benefits annually. Workload is expected to continue at current levels, at a minimum.

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	71,200	71,200	142,400	142,400	142,400
B - Benefits	17,800	17,800	35,600	35,600	35,600
Total by Object	**89,000**	**89,000**	**178,000**	**178,000**	**178,000**

Salary and FTE Detail						
	FTEs			**Dollars**		
List Positions by Classification	**FY 2016**	**FY 2017**	**Biennial Average**	**FY 2016**	**FY 2017**	**Total**
Fleet Facility Security Officer	1.0	1.0	1.0	71,200	71,200	142,400
Total	**1.0**	**1.0**	**1.0**	**71,200**	**71,200**	**142,400**

Out Biennia				
	FTEs		**Dollars**	
List Positions by Classification	**2017-19**	**2019-21**	**2017-19**	**2019-21**
Fleet Facility Security Officer	1.0	1.0	142,400	142,400
Total	**1.0**	**1.0**	**142,400**	**142,400**

Attachment A

U.S. Department of Homeland Security
United States Coast Guard

Captain of the Port
United States Coast Guard
Sector Puget Sound

1519 Alaskan Way South
Seattle, WA 98134-1192
Staff Symbol: (spi)
Phone: (206) 217-6165
Fax: (206) 217-6199

OCT 8 2013

16600/4716458

David Moseley
Washington State Ferries
2901 3rd Ave / Suite 500
Seattle WA 98121

Subject: WARNING IN LIEU OF CIVIL PENALTY

Dear Sir:

USCG Sector Puget Sound has identified several recent incidents whereupon Washington State Ferries (WSF) demonstrated a lack of compliance with its approved Alternative Security Plan (ASP). These incidents include a failure to maintain adequate access control at a facility, a failure to maintain adequate access control on a vessel, and a failure to report a breach of security without delay to the National Response Center.

Violation Cite: 33 CFR §105.140(a) (2) / 33 CFR §105.260
To wit: On 19 AUG 2013 (NRC Case Number 1057551) WSF failed to maintain adequate access control at Colman Dock Terminal when a security gate was left open and unattended for approximately one hour and twenty five minutes, violating provisions within WSF's approved Alternative Security Plan.

Violation Cite: 33 CFR §104.140(c) / 33 CFR §104.270
To wit: On 22 AUG 2013 (NRC Case Number 1057888) WSF failed to maintain adequate access control at M/V TACOMA by leaving a door open to the engine room, a restricted area, violating provisions within WSF's approved Alternative Security Plan.

Violation Cite: 33 CFR §105.140(a)(2) / 33 CFR §101.305
To wit: On 27 AUG 2013 (NRC Case Number 1058443) WSF failed to report a breach of security at Port Townsend Ferry Terminal without delay to the National Response Center, violating provisions within WSF's approved Alternative Security Plan.

It was determined that justice will be best served by issuing a warning rather that pursuing a monetary penalty for the conduct as set forth above. You are advised that this warning will become a matter of Coast Guard record and will be considered for any future enforcement actions against your facility. You may accept or decline this warning. To decline this warning, sign and date below and return a copy to the return address within 30 days of receipt of this letter. Failure to return a signed copy will result in the Coast Guard considering this warning accepted. Should you choose to decline this warning or continue to be incompliant, civil penalty

proceedings will be initiated against your facility in accordance with 33 CFR 1.07. You may contact the Facilities and Containers branch at (206) 217-6165.

Sincerely,

S. J. FERGUSON
Captain, U. S. Coast Guard
Captain of the Port, Puget Sound

I voluntarily decline the above-mentioned warning.

Facility Representative_____ Date: _____