



Washington State
Department of Transportation

2013-2015 Biennial Budget Request

September 2012



Paula J. Hammond P.E.
Secretary of Transportation

Cover Design

The cover, designed by Diana Lessard of the Communications Office, shows photos taken by department staff that depict scenes related to department operations, including:

- Highway construction
- Ferries
- Smart Highways SR 520 variable speed limit signs
- Rail – Amtrak Cascades train
- Maintenance – snow and ice removal
- Traffic operations – traveler information sign

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Doug Vaughn, Director of Budget and Financial Analysis

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Executive Summary

Executive Summary

A reliable and efficient transportation network lies at the core of Washington's economic vitality and outstanding quality of life. Maintaining, preserving and improving Washington's statewide, multimodal transportation system is essential. Transportation investments create living-wage jobs, spur economic recovery, promote vibrant communities, and position businesses for participation in the global economy. Transportation is the foundation that moves goods to market, people to jobs, and families to activities.

But funding for Washington's transportation system is insufficient over the long term. Projected increases in population and freight movement, coupled with flat or declining transportation revenues, are placing a tremendous strain on the state's ability to maintain and preserve its transportation system. In 2011, Governor Gregoire formed the Connecting Washington Task Force in order to review statewide transportation needs and recommend the most promising investment options and revenue sources. Its report, which was delivered to the Legislature in January 2012, concluded that without additional funding, the quality of our transportation system would decline and not keep pace with future demands. The task force also identified performance objectives and four areas for investment: system preservation, strategic mobility improvements, system efficiency, and safety.

These priorities mirror the department's Moving Washington strategy – the framework that guides how the department maintains and preserves the existing system, manages demand, operates efficiently, and strategically adds capacity. The department's 2013-15 biennial budget request reflects this framework. However, current projected transportation revenues are insufficient to achieve the performance objectives recommended by the Connecting Washington Task Force.

State Transportation at a Crossroads

Entering the 2013-15 biennium, the state transportation system is at a crossroads. Most projects funded by the 2003 and 2005 transportation revenue packages are either under construction or completed. The traveling public is enjoying the benefits of these investments with enhanced mobility and safety, reliability to support a strengthened economy, and an improved environment. However, as these projects are completed, the revenues enacted to support their construction are being dedicated to debt repayment for the next 30 years. There are not additional revenues to build new projects. In fact, there aren't revenues available to maintain, operate, or preserve the facilities that were just built.

The state's ferry system remains critically under-funded and is not sustainable. Operating costs for items such as fuel and labor continue to outpace fare collections. Revenues dedicated for ferry and terminal preservation and other ferry capital needs are only sufficient to cover debt repayment for projects built in the 1990's. In recent biennia, the ferry system has had to rely on transfers and funding from other state transportation accounts to maintain, operate and preserve the existing system, as well as to build new ferry vessels. Absent a new funding source, the department's budget continues to assume those transfers.

Executive Summary

However, the funds that were used in the past to make those transfers and investments are not keeping up with the demands of the transportation system. Fuel consumption is flat due to more fuel-efficient vehicles, changing driver behaviors, and a weaker economy. With the recent congressional passage of MAP-21, federal transportation dollars look to hold at current levels for the next two years, but the long-term health of the Highway Trust Fund suggests a decline in federal dollars is on the horizon. Increasing expenditure pressures due to higher fuel and materials prices, regulatory changes, and increasing labor costs further compound this problem. Projected increases in population and economic growth will result in greater demands on the existing system, which will in turn impact businesses and freight movement.

2013-15 Biennial Budget: Balancing Competing Priorities

The challenges facing WSDOT require strategic choices to ensure the department is well-positioned to meet its core mission.

WSDOT's 2013-15 budget request focuses on preserving and operating a safe transportation system as efficiently as possible. The budget request continues the delivery of projects and program commitments assumed in the 2012 legislative session, including construction of projects funded as part of the 2003 and 2005 transportation revenue funding packages. The gas tax increases included in those packages is supporting \$16.3 billion in investments statewide. Since 2003, the department has delivered 331 of 421 projects funded by the 2003 and 2005 gas tax increases. Eighty-eight percent of the projects were completed early or on time and 91 percent of completed projects were on or under budget.

In preparing its budget submittal, the department is constraining proposed investment levels to match available revenues. Given projected shortfalls in a number of transportation accounts, some activities are reduced, and requests for new expenditure authority are limited to unavoidable cost increases for items such as fuel, utilities and leases, and regulatory and contractual commitments.

Given the financial challenges that exist for the next biennium, difficult choices need to be made. WSDOT's 2013-15 budget proposes \$5.9 million in additional administrative and staff reductions, which are in addition to the \$56 million in overhead and administrative reductions of the last four years. In 2011-13, the department is spending fewer state dollars on its overhead programs than it did six years ago. The department's budget request for 2013-15 continues this trend. The department is committed to being as efficient and effective as possible in our administrative programs so that more tax dollars are spent out on our transportation system.

This proposed budget prioritizes the operation and maintenance of our existing system within the available base gas tax revenues. However current funding levels require department expenditures to be reduced or constrained in areas that could impact the traveling public:

- Ferry operations service levels are maintained for the vast majority of passengers, but sailings are proposed to be reduced by three percent (5,330 out 165,000 total sailings) with reductions occurring in some of the least-utilized ferry runs. By targeting these

Executive Summary

sailings, the department is able to realize the greatest cost savings while still maintaining the important transportation connections on which our ferry communities rely.

- Funding is proposed for ferry vessel and terminal preservation at a limited level that still allows the department to maintain its Coast Guard operating certifications. In order to keep the system operational at these limited preservation levels, a modest reserve is proposed for emergency repairs and unforeseen maintenance needs.
- Costs for state-supported Amtrak Cascades passenger rail service are increasing due to federal Passenger Rail Investment and Improvement Act (PRIIA) requirements that shift operating and capital costs for trains operating on regional routes from the federal government to states. In an effort to constrain those costs, service changes are proposed that reduce train station staffing levels and the frequency of service during non-peak periods of the year.
- Highway maintenance is essentially constrained in this proposal to current funding levels. Service levels of some maintenance activities are declining due to growing system demands and recent system additions.
- Roadway and bridge preservation funding is reduced so that only the highest priority deficiencies on the most heavily traveled corridors are addressed. The funding level proposed brings preservation investments down to total level not seen since the 2005-07 biennium.

The outlook beyond 2013-15 is even more challenging. A projected decline in federal funding levels and the continued shortfall in ferry operating and capital funding, if not addressed, will require even greater reductions in highway preservation. Further reductions in preservation will increase the backlog of capital projects, putting greater burdens on the maintenance program in the short-term and increasing the likelihood of having to perform more expensive reconstruction projects in the future as roadways and other assets begin to fail. Also, if funding is not secured to maintain and preserve newly constructed system additions, there will be a continued decline in maintenance performance levels. The 10-year financial plan and capital project list the department is submitting with the budget request demonstrate the magnitude of the challenge ahead.

Executive Summary

2013-15 Budget Request

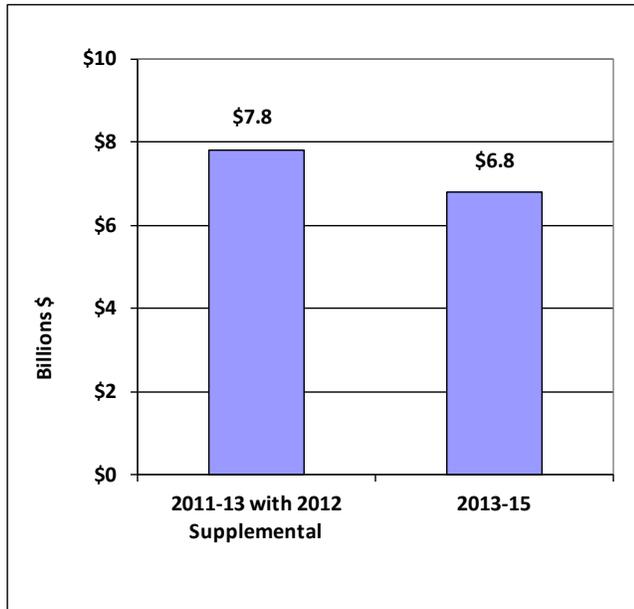
in Millions of Dollars

Pgm Code	Program Title	2011-13 With 2012 Supplemental Budget	Carry Forward Adjustments	Incremental Decision Packages	Total 2013-15 Budget
Operating Budget					
B	Toll Operations & Maintenance	56.096	(46.477)	55.031	64.650
C	Office of Information Technology	70.681	(0.726)	3.954	73.909
D	Facilities--Operating	25.466	0.212	0.436	26.114
F	Aviation	8.152	(0.168)	1.410	9.394
H	Pgm. Delivery, Management, & Support	46.546	0.900	(1.263)	46.183
K	Public/Private Partnerships	0.937	(0.375)	-	0.562
M	Highway Maintenance and Operations	384.209	6.195	3.967	394.371
Q	Traffic Operations--Operating	51.118	0.570	0.100	51.788
S	Transportation Management & Support	28.392	0.550	(1.724)	27.218
T	Transp. Planning, Data, & Research	48.510	(0.512)	(0.404)	47.594
U	Charges from Other Agencies	76.932	4.336	0.200	81.468
V	Public Transportation	113.102	(50.595)	40.456	102.963
X	Ferries--Operating	475.135	(2.012)	5.464	478.587
Y	Rail--Operating	34.042	(0.662)	6.174	39.554
Z	Local Programs--Operating	11.085	0.201	(0.240)	11.046
Total Operating		1,430.403	(88.563)	113.561	1,455.401
Non-appropriated Funds					
E	Transportation Equipment Fund	140.916	0.304	14.523	155.743
S	Transportation Management & Support	0.175	-	-	0.175
Operating With Non-appropriated		1,571.494	(88.259)	128.084	1,611.319
Capital Budget					
D	Facilities--Capital	7.120	(7.120)	25.626	25.626
I	Highway Improvements	4,832.515	(4,832.515)	3,828.640	3,828.640
P	Highway Preservation	691.877	(691.877)	645.618	645.618
Q	Traffic Operations--Capital	16.062	(16.062)	11.153	11.153
W	Ferries--Capital	284.194	(284.194)	245.923	245.923
Y	Rail--Capital	303.085	(303.085)	362.730	362.730
Z	Local Programs--Capital	104.574	(104.574)	76.921	76.921
Total Capital		6,239.427	(6,239.427)	5,196.611	5,196.611
Total Appropriated Funds		7,669.830	(6,327.990)	5,310.172	6,652.012
Total With Non-appropriated		7,810.921	(6,327.686)	5,324.695	6,807.930

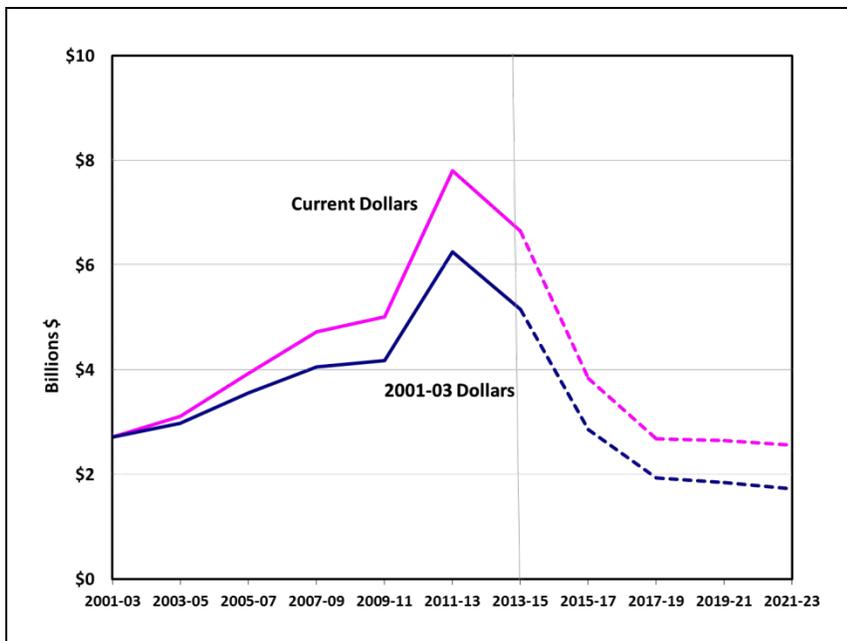
Executive Summary

The first chart compares the total 2011-13 to 2013-15 biennium appropriations. The second chart provides actual expenditures through the 2011-13 biennium, as well as projected expenditures beginning with the 2013-15 biennium.

Total Budget-Appropriated Funds 2011-13 vs. 2013-15



Expenditure Trends All Programs- Appropriated Funds



Operating Programs

Operating Programs Budget Overview

The cost of delivering the current level of transportation services, including highway maintenance and operations, ferry and passenger rail service, and public transportation, continues to increase. These cost increases are outpacing revenue growth. To guide the development of the department's 2013-15 budget request, the department's leadership established the following principles:

- Maintain mobility to assist the state's economic recovery.
- Focus on core business strategies.
- Stop performing lowest priority tasks and nonessential services.
- Improve efficiencies by eliminating redundancies.
- Reduce management and administration by as much or more than reductions made to non-managers and line services.
- Prioritize maintenance and preservation of the transportation infrastructure in the most efficient manner possible.
- Maintain and increase transparency and accountability.

These principles governed discussions of unavoidable cost increases as well as administrative and program reductions.

Costs for fuel, utilities, and leases are increasing. In addition, external requirements are driving cost increases such as compliance with the National Pollutant Discharge Elimination System (NPDES) municipal permit and state subsidy changes for passenger rail driven by the federal Passenger Rail Investment and Improvement Act. State ferry service costs are also increasing due to higher operating costs for new vessels, which bring greater capacity to the system. Vessel and terminal maintenance costs are also increasing due to limited state funding for preservation activities. Information technology costs continue to rise with software improvements and greater demands placed on the system from offices within Washington State Department of Transportation (WSDOT) and the public. The department is requesting authority to continue, in partnership with the Office of Financial Management (OFM) and the Department of Enterprise Services (DES), with the development of a Time, Leave, and Attendance (TLA) system, which was initially authorized in the 2011-13 biennium. Finally, the department is requesting funding to continue operations of toll facilities. Much of the funding for the Toll Operations and Maintenance Program had been issued as one-time funding during the 2011-13 biennium, as costs and practices were still evolving.

Faced with a situation where revenues will not keep pace with cost increases in the future, WSDOT continues to identify ways to make the most of every tax dollar available for transportation by transforming business services. However, administrative reductions and efficiencies alone cannot solve the fiscal constraints. In addition to administrative and staff reductions, WSDOT is proposing service reductions to keep expenditures within available resources.

Operating Programs Budget Overview

The following is a summary of the \$22.5 million in operating program reductions proposed in the department's 2013-15 biennial budget request:

- \$3.0 million in reductions in Amtrak Cascades service
- \$4.7 million in administrative and staff reductions
- \$4.8 million in net reductions to the Puget Sound Ferry Operations Account for reduced services (or \$6.1 million if estimated revenue decline of \$1.3 million is included)
- \$10 million in highway maintenance reductions

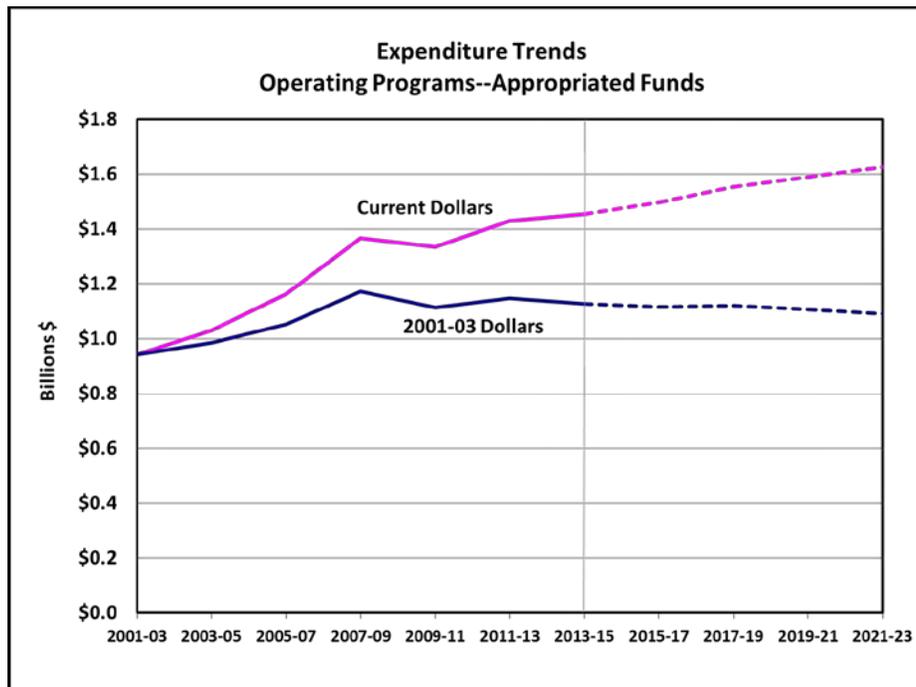
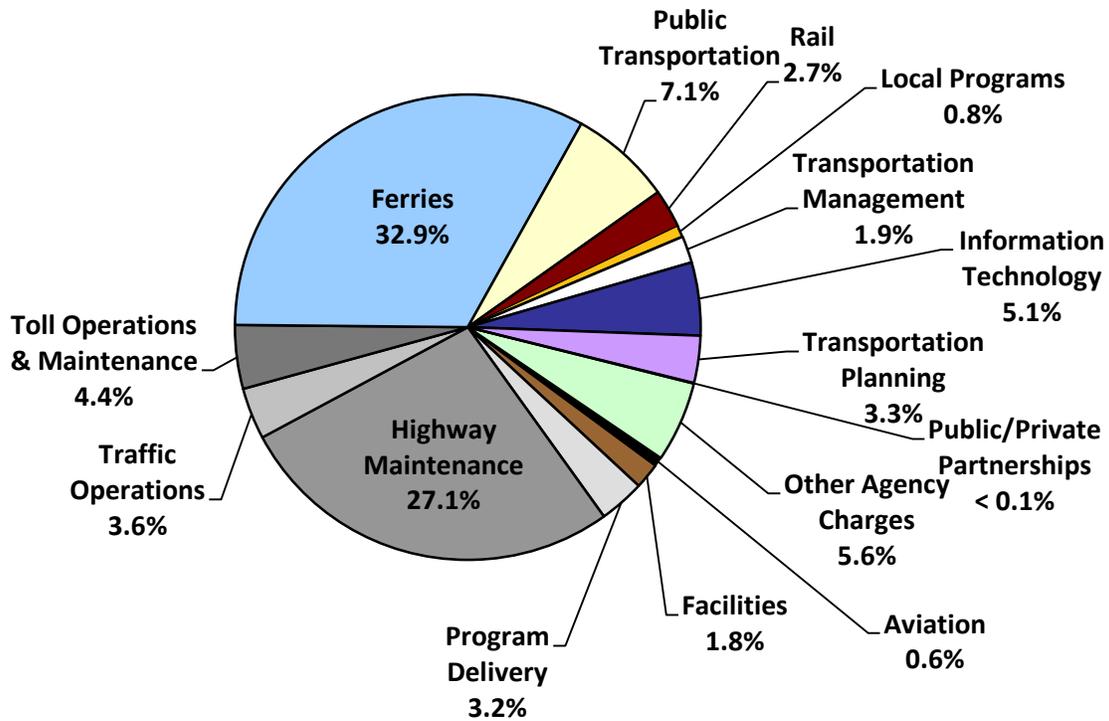
2013-15 Operating Budget Request

in Millions of Dollars

Pgm Code	Program Title	2011-13 With 2012 Supplemental Budget	Carry Forward Adjustments	Incremental Decision Packages	Total 2013-15 Budget	% Change from 2011-13
B	Toll Operations & Maintenance	56.096	(46.477)	55.031	64.650	15.2%
C	Office of Information Technology	70.681	(0.726)	3.954	73.909	4.6%
D	Facilities--Operating	25.466	0.212	0.436	26.114	2.5%
F	Aviation	8.152	(0.168)	1.410	9.394	15.2%
H	Pgm. Delivery, Management, & Support	46.546	0.900	(1.263)	46.183	-0.8%
K	Public/Private Partnerships	0.937	(0.375)	-	0.562	-40.0%
M	Highway Maintenance and Operations	384.209	6.195	3.967	394.371	2.6%
Q	Traffic Operations--Operating	51.118	0.570	0.100	51.788	1.3%
S	Transportation Management & Support	28.392	0.550	(1.724)	27.218	-4.1%
T	Transp. Planning, Data, & Research	48.510	(0.512)	(0.404)	47.594	-1.9%
U	Charges from Other Agencies	76.932	4.336	0.200	81.468	5.9%
V	Public Transportation	113.102	(50.595)	40.456	102.963	-9.0%
X	Ferries--Operating	475.135	(2.012)	5.464	478.587	0.7%
Y	Rail--Operating	34.042	(0.662)	6.174	39.554	16.2%
Z	Local Programs--Operating	11.085	0.201	(0.240)	11.046	-0.4%
	Subtotal	1,430.403	(88.563)	113.561	1,455.401	1.7%
	Non-appropriated Funds					
E	Transportation Equipment Fund	140.916	0.304	14.523	155.743	10.5%
S	Transportation Management & Support	0.175	-	-	0.175	0.0%
	Total With Non-appropriated	1,571.494	(88.259)	128.084	1,611.319	2.5%

Operating Programs Budget Overview

2013-15 Operating Budget Request Programs as a Percent of the Total



Program B – Toll Operations and Maintenance

Program Description

The Toll Operations and Maintenance program is responsible for current and future statewide toll collection operations, including toll account management, customer service, and toll payment enforcement. The Toll Operations and Maintenance program (1) manages the quality and efficiency of toll operations and maintenance for state transportation facilities financed through direct user fees or tolls; (2) coordinates statewide tolling operations, which currently include the Tacoma Narrows Bridge (TNB), State Route (SR) 167 High Occupancy Toll (HOT) Lanes, and SR 520 bridge; (3) forecasts and analyzes traffic patterns, revenue, operations, and maintenance costs; (4) makes recommendations on toll schedule adjustments to the toll setting authority; and (5) administers the facility maintenance and preservation of the TNB.

2011-13 Biennium Budget

The 2011-13 budget for the Toll Operations and Maintenance program was built from a zero base budget with funding added for each component of the program: the TNB; SR 520; SR 167 HOT lanes; toll operations program support; toll facility vendor contracts; and the civil penalty process. Significant increases above 2009-11 budgeted levels reflect the addition of SR 520 toll facility operations in the 2011-13 biennium. In addition, funding was adjusted for the three percent salary reduction and pension rate changes.

Funding was provided for vendor contracts, including Electronic Transaction Consultants Corporation (ETCC), which provides a statewide tolling customer service back office. The ETCC contracts include multiple customer services centers, phone support, toll processing, and other tolling account set-up and ongoing activities. Cost allocation between tolled facilities (TNB, SR 520 Bridge, and SR 167 HOT Lanes) is based on the number of transactions associated with each facility and will vary based on actual facility use. The HOT lane pilot project runs through the 2011-13 biennium. A TNB vendor savings of \$4.5 million resulted from efficiencies achieved by the new contract, which replaced the old vendor contract for the bridge.

The 2012 Supplemental budget reduced the budget for SR 520 Civil Penalties Account to match anticipated revenues. In addition, technical changes were made to match higher projected fuel costs for TEF equipment and to move workers' compensation charges from Program U to operating programs. The Public Employee's Benefit Board's rate for employer health benefits was lowered.

2013-15 Budget Request

Funding is also requested for increased Transportation Equipment Fund (TEF) equipment rental rates due to higher gas and diesel fuel costs and for the purchase of replacement equipment and repair parts.

In the 2013-15 biennium, WSDOT will manage a toll system that is estimated to collect \$275 million in revenue from three toll facilities: TNB; SR 167 HOT Lanes; and SR 520 Bridge. With increased complexity in managing a tolling system with multiple facilities, funding is requested to add a Transportation Engineer and an Information Technology Specialist to help manage statewide toll functions, plan for future toll operations, evaluate traffic and revenue reporting

Program B – Toll Operations and Maintenance

for current and potential future toll facilities, and comply with federal regulations related to toll interoperability and technology changes.

Funding is requested for the operations and maintenance expenditures required to support the collection of toll revenues on the TNB. In total, WSDOT estimates it will need \$23.7 million and 12.8 full-time equivalent staff (FTEs) to operate and maintain the TNB toll facility for the 2013-15 biennium. Currently, WSDOT has \$7.2 million and 9.2 FTEs in its carry forward level for TNB; therefore, WSDOT is requesting \$16.5 million and 3.6 FTEs for TNB operations and maintenance costs.

Funding of \$2.0 million is requested to continue to operate and maintain the SR 167 HOT Lanes in the 2013-15 biennium.

SR 520 Bridge toll revenues are used to pay for debt service, operations and maintenance costs, preservation costs, and up to \$1.9 billion in construction funding for the SR 520 corridor. Funding is requested for the operations and maintenance expenditures required to collect the toll revenues.

In addition, the department requests funding to operate the SR 520 civil penalty process in the 2013-15 biennium, which is estimated to cost \$4.1 million in total. Because WSDOT has \$1.85 million in its carry forward level for the SR 520 civil penalty process, the department is requesting an increase of \$2.25 million for this purpose.

The department is requesting appropriation authority for funds in the SR 520 Operating and Maintenance (O&M) Reserve subaccount. This account is required as part of the Master Bond Resolution (MBR) 1117 and is used to pay O&M expenses in the event that available toll revenues are insufficient to pay all O&M expenses and other obligations when due. As part of the MBR, toll revenue is being transferred to this reserve account. This package would provide WSDOT the authority to use this reserve account, if necessary.

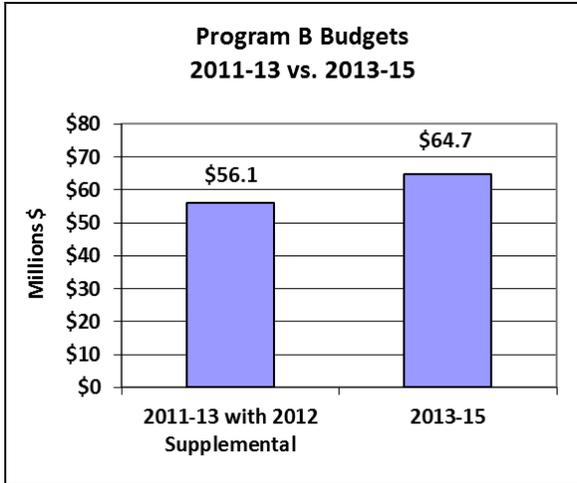
The next table provides detail of the department's 2013-15 budget request for Program B.

Program B – Toll Operations and Maintenance

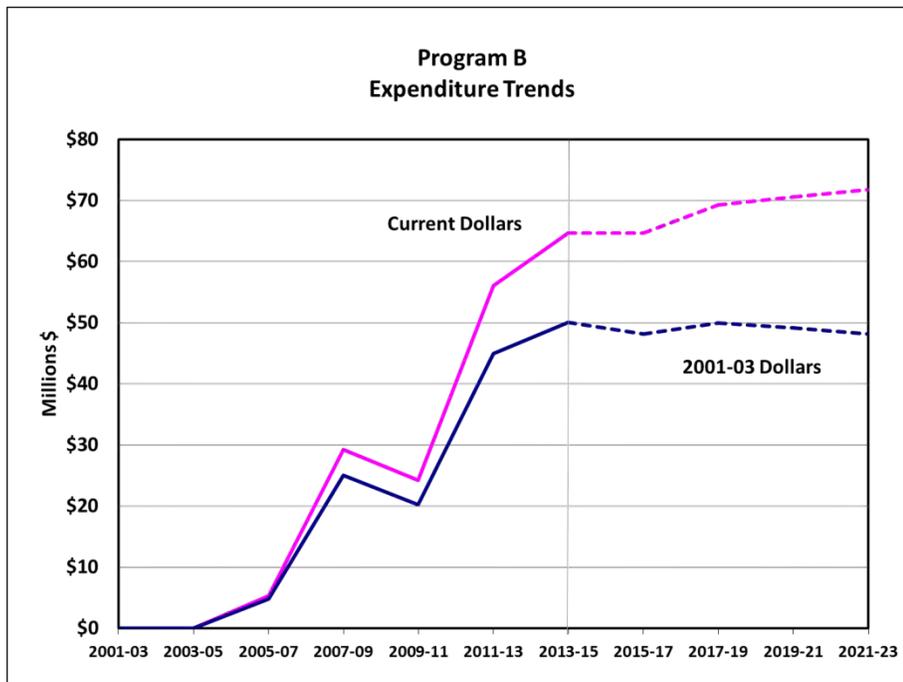
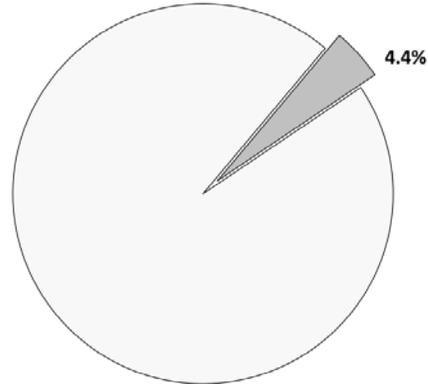
2013-15 Budget Detail	Millions \$	FTE
2011-13 with 2012 Supplemental	56.096	39.2
Carry Forward Adjustments		
G50 SR 167 HOT Pilot (Non-Vendor)	(0.962)	
G51 Toll Facility Vendor Contracts	(25.409)	
G52 SR 520 Toll Operations (Non-Vendor)	(17.786)	(17.0)
G53 Civil Penalty Process (Non-Vendor)	(2.354)	(11.0)
GZB Biennialize Health Insurance Rate	(0.015)	
GZC Pension Rate Biennialization	0.001	
GZS Restore 3% Salary Cut	0.048	
Sum of Carry Forward Adjustments	(46.477)	(28.0)
Carry Forward Level	9.619	11.2
Decision Packages		
8F Fuel Rate Adjustment	0.003	
EA TEF Equipment	0.003	
BA Statewide Toll Operations	0.361	1.0
BB TNB Toll Operations and Maintenance	16.463	3.6
BC SR 167 Hot Lanes Operations	1.959	3.4
BD SR 520 Toll Operations	27.988	15.1
BE SR 520 Civil Penalty Process	2.254	6.5
BF SR 520 O & M Reserve*	6.000	
Sum of Decision Packages	55.031	29.6
Total 2013-15 Budget Request	64.650	40.8
Percent Change from 2011-13 Budget	15.2%	4.1%
* Funding is held in unallotted status until required, at which point WSDOT would request approval from OFM to allot for O&M expenditures.		

The following charts, in the order presented, compare the 2011-13 and 2013-15 budgets, display the program's budget as a percentage of the department's total 2013-15 operating budget, and illustrate historical and projected expenditure trends.

Program B – Toll Operations and Maintenance



**Program B Percent of Total WSDOT
2013-15 Operating Budget of \$1.5 Billion**



Program C – Information Technology

Program Description

The Office of Information Technology (OIT) provides information technology (IT) services to department staff and programs, coordinates the acquisition and operation of central data processing equipment, microprocessor hardware, software and related support equipment used by staff; and offers technical IT support. OIT is also responsible for developing and maintaining information systems supporting department business operations and program delivery.

2011-13 Biennium Budget

Funding was increased for software licenses and maintenance agreements, continued implementation of the statewide stormwater management responsibilities, budget systems support, and lease payments for Certificate of Participation (COP) for the creation of a new timekeeping system. Funding was reduced for TEF equipment rental due to fuel cost based on the March 2011 Fuel Price Forecast and changes in the mix of equipment, as well as for overall IT support. In addition, funding was adjusted for the three percent salary reduction and pension rate changes.

In the 2012 supplemental budget, technical changes were made to match higher projected fuel costs for TEF equipment and to move workers' compensation charges from Program U to operating programs. The Public Employee's Benefit Board's rate for employer health benefits was lowered.

2013-15 Budget Request

The cost to maintain current service levels is projected to be greater than available resources. The department proposes a number of administrative and staff reductions, including elimination of two Washington Management Service (WMS) positions.

Funding is requested for increased TEF equipment rental rates due to higher gas and diesel fuel costs and for the purchase of replacement equipment and repair parts.

Funding is requested to continue implementation of the department's stormwater management responsibilities to meet requirements of the National Pollutant Discharge Elimination System (NPDES) municipal permit issued by the Department of Ecology (Ecology). The February 2009 permit expands coverage on an earlier permit to more than 100 urban areas across the state. It also increases the number of regulated state highway centerline miles (a measure of highway system size) by 40 percent, and establishes 396 specific, compliance actions. This funding will enable compliance with key permit requirements that were deferred to the 2013-15 biennium due to budget limitations in the 2011-13 biennium.

With increased complexity in managing a tolling system with multiple facilities, funding is requested to add a Transportation Engineer and an Information Technology Specialist to help manage statewide toll functions, plan for future toll operations, evaluate traffic and revenue reporting for current and potential future toll facilities, and comply with federal regulations related to toll interoperability and technology changes.

Program C – Information Technology

Funding is requested to acquire and maintain necessary software tools to support efficient business practices and to enable the replacement of IT infrastructure equipment necessary to meet current and growing technology needs of the department’s business organizations and the public.

WSDOT is working in collaboration with the DES and OFM to implement a configurable off-the-shelf Time, Leave, and Attendance (TLA) System. This system will improve the department’s current timekeeping processes which are inefficient and error prone, requiring manual processes and duplicate data entry. Additionally, this implementation will enhance the agency’s ability to meet current statutory and regulatory requirements, while providing the flexibility to support the agency’s complex collective bargaining agreements.

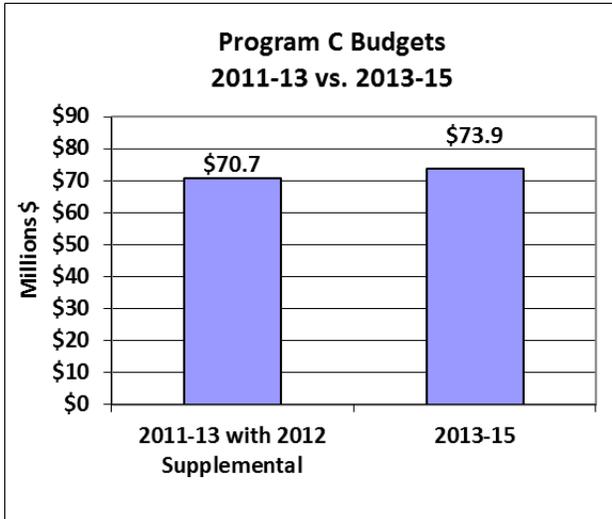
In the 2011-13 biennium, the department received authority to request a COP for \$10.8 million to purchase and implement a TLA system. While Phase 1 activities (planning and analysis) have commenced, actual vendor selection is expected to occur by June 2013. The department will not request the COP until the 2013-2015 biennium to allow Phase 1 activities to be completed and the Request for Proposal (RFP) process to be carried out. Funding is requested for the COP payments that the department will be required to pay in the 2013-15 biennium.

The next table provides detail of the department’s 2013-15 budget request for Program C.

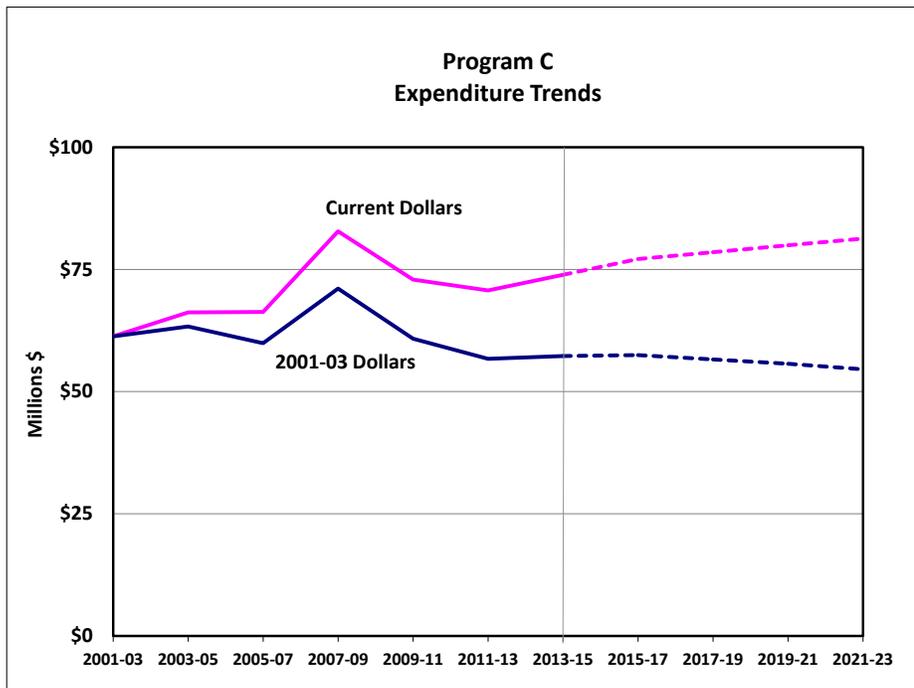
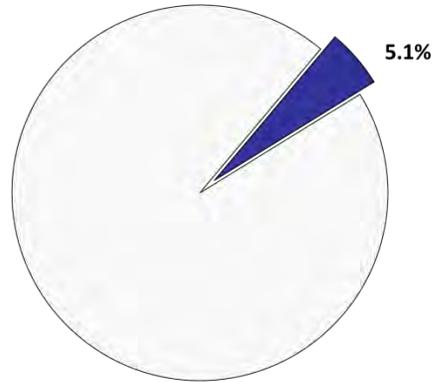
2013-15 Budget Detail	Millions \$	FTE
2011-13 with 2012 Supplemental	70.681	226.8
Carry Forward Adjustments		
G11 COP Debt Service - Timekeeping Syst	(1.667)	
GZB Biennialize Health Insurance Rate	(0.204)	
GZC Pension Rate Biennialization	0.017	
GZS Restore 3% Salary Cut	1.128	
Sum of Carry Forward Adjustments	(0.726)	-
Carry Forward Level	69.955	226.8
Decision Packages		
1A Administrative and Staff Reductions	(0.481)	(2.0)
8F Fuel Rate Adjustment	0.006	
EA TEF Equipment	0.005	
MB Stormwater Permit Compliance	0.160	0.5
BA Statewide Toll Operations	0.266	1.0
CA IT Cost Increases	1.938	
CB COP for Timekeeping System	2.060	
Sum of Decision Packages	3.954	(0.5)
Total 2013-15 Budget Request	73.909	226.3
Percent Change from 2011-13 Budget	4.6%	-0.2%

Program C – Information Technology

The following charts, in the order presented, compare the 2011-13 and 2013-15 budgets, display the program’s budget as a percentage of the department’s total 2013-15 operating budget, and illustrate historical and projected expenditure trends.



Program C Percent of Total WSDOT 2013-15 Operating Budget of \$1.5 Billion



Program D – Facilities - Operating

Program Description

The Facilities—Operating program operates and maintains 946 department-owned buildings and structures at 296 separate locations around the state. Facilities and structures include region headquarters facilities, maintenance shops, project engineering offices, laboratories, materials storage and communication sites, pits, quarries, and stockpile storage areas.

2011-13 Biennium Budget

Funding was increased for the following:

- Utilities.
- Local government assessments for stormwater treatment, fire protection, and weed control.
- TEF equipment rental rates due to fuel cost increases based on the March 2011 Fuel Price Forecast and changes in the mix of equipment.
- Wireless radio facility leases.
- Implementation of statewide stormwater management activities.

Funding was reduced for preventative maintenance of facilities. In addition, funding was adjusted for the three percent salary reduction and pension rate changes.

In the 2012 supplemental budget, technical changes were made to match higher projected fuel costs for TEF equipment and to move workers' compensation charges from Program U to operating programs. The Public Employee's Benefit Board's rate for employer health benefits was lowered.

2013-15 Budget Request

Funding is requested for increased TEF equipment rental rates due to higher gas and diesel fuel costs and for the purchase of replacement equipment and repair parts.

Increased funding is requested to pay for electricity rate increases. Electricity is integral to the operation of highway system features such as signals and lighting, as well as the operation of 900 buildings and facilities statewide.

Funding is requested to continue implementation of the department's stormwater management responsibilities to meet requirements of the National Pollutant Discharge Elimination System (NPDES) municipal permit issued by the Department of Ecology (Ecology). The February 2009 permit expands coverage on an earlier permit to more than 100 urban areas across the state. It also increases the number of regulated state highway centerline miles (a measure of highway system size) by 40 percent, and establishes 396 specific, compliance actions. This funding will enable compliance with key permit requirements that were deferred to the 2013-15 biennium due to budget limitations in the 2011-13 biennium.

Funding is requested for unavoidable lease cost increases for wireless radio communication sites. The wireless communication system is essential for daily highway operations and is the

Program D – Facilities - Operating

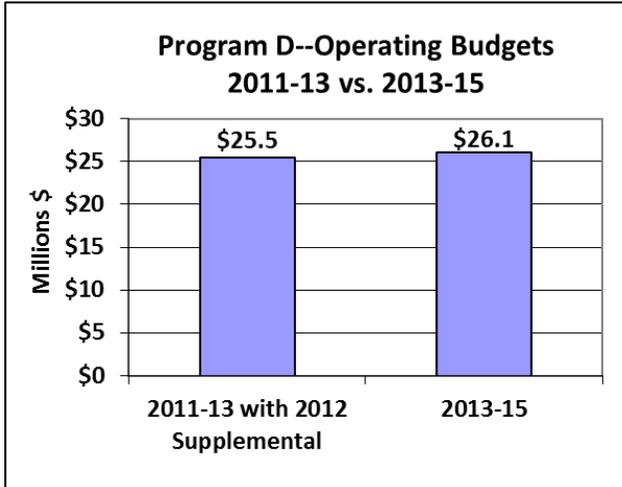
primary source of communication during emergencies. This funding will allow the wireless communication system to function at current levels of service.

The next table provides detail of the department’s 2013-15 budget request for Program D—Operating.

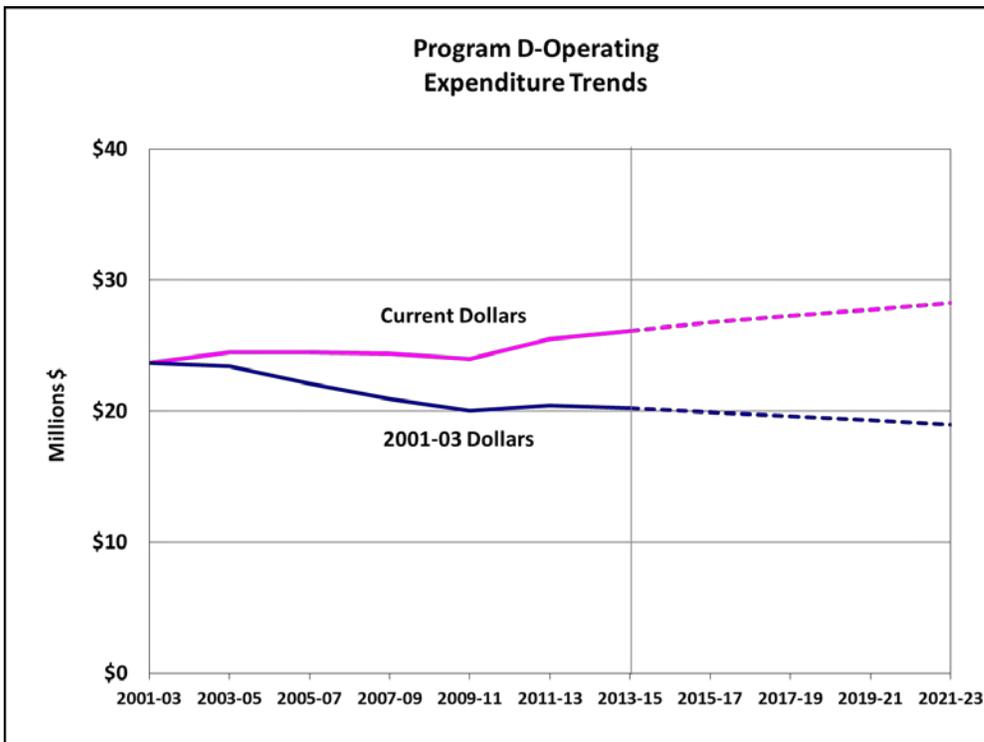
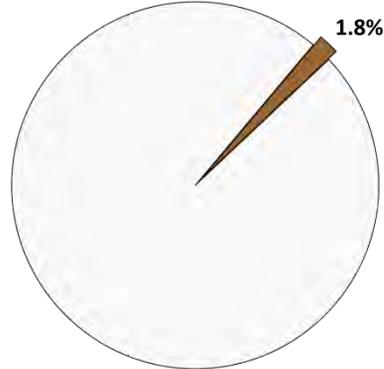
2013-15 Budget Detail	Millions \$	FTE
2011-13 with 2012 Supplemental	25.466	81.1
Carry Forward Adjustments		
GZB Biennialize Health Insurance Rate	(0.078)	
GZC Pension Rate Biennialization	0.004	
GZS Restore 3% Salary Cut	0.286	
Sum of Carry Forward Adjustments	0.212	
Carry Forward Level	25.678	81.1
Decision Packages		
8F Fuel Rate Adjustment	0.044	
8U Utility Rate Adjustments	0.090	
EA TEF Equipment	0.038	
MB Stormwater Permit Compliance	0.076	
DA Wireless Leases	0.188	
Sum of Decision Packages	0.436	-
Total 2013-15 Budget Request	26.114	81.1
Percent Change from 2011-13 Budget	2.5%	0.0%

The following charts, in the order presented, compare the 2011-13 and 2013-15 budgets, display the program’s budget as a percentage of the department’s total 2013-15 operating budget, and illustrate historical and projected expenditure trends.

Program D – Facilities - Operating



**Program D--Operating Percent of Total WSDOT
2013-15 Operating Budget of \$1.5 Billion**



Program E – Transportation Equipment Fund

Program Description

Program E maintains and administers the Transportation Equipment Fund (TEF) to meet most of the department's equipment needs. The TEF program includes the acquisition, inventory management, and logistical support for the department's motor vehicles, support equipment, and wireless communications system.

TEF is a non-appropriated program that funds its operations by charging rent to other department programs to which it provides equipment. Funding for payments to TEF is appropriated to those programs. The Highway Maintenance program (Program M) is TEF's biggest customer, providing over 70 percent of TEF's revenues. Although TEF is a non-appropriated account, the department is required to submit both a budget request and an allotment (spending plan) to the Office of Financial Management (OFM).

2011-13 Biennium Budget

Expenditure authority was increased for TEF equipment rental rates due to fuel cost increases based on the March 2011 Fuel Price Forecast and changes in the mix of equipment used by programs; continued implementation of the statewide stormwater management responsibilities; and the purchase of equipment to reduce the highway maintenance backlog.

The 2012 supplemental budget increased the TEF equipment rental rates to match updated fuel costs from in the March 2012 Fuel Price Forecast.

2013-15 Budget Request

Funding is requested for increased TEF equipment rental rates related to higher gas and diesel fuel costs for department motor vehicles and equipment used to operate and maintain the highway system. The department has approximately 6,500 vehicles of all types that will use approximately 7.7 million gallons of fuel in the 2013-15 biennium. Based on the June 2012 Fuel Price Forecast, an additional appropriation of \$2.9 million is needed. This package also requests an increase in the agency's TEF spending authority of \$7.5 million for increased expenditures for fuel for the department, and for fuel sold to other agencies.

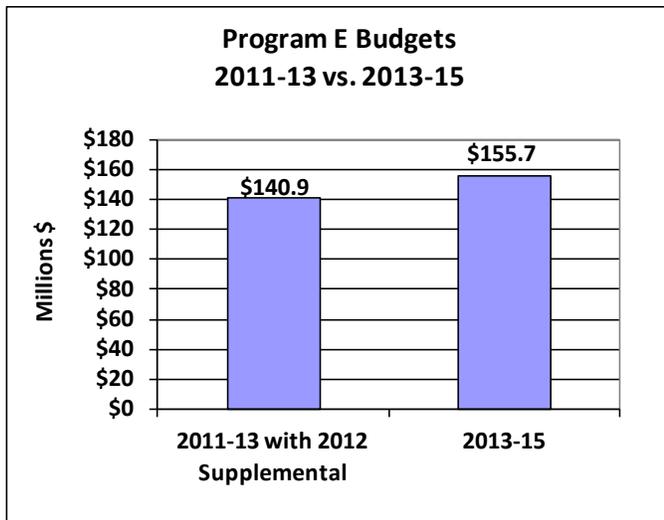
Funding is requested for increased TEF rental rates to buy down \$6 million of the \$33 million backlog of critical equipment and to purchase additional parts to repair the department's aging fleet. In addition, TEF rental rates are increasing due to higher gas and diesel fuel costs for department motor vehicles and equipment.

The next table provides the detail for the 2013-15 budget for Program E.

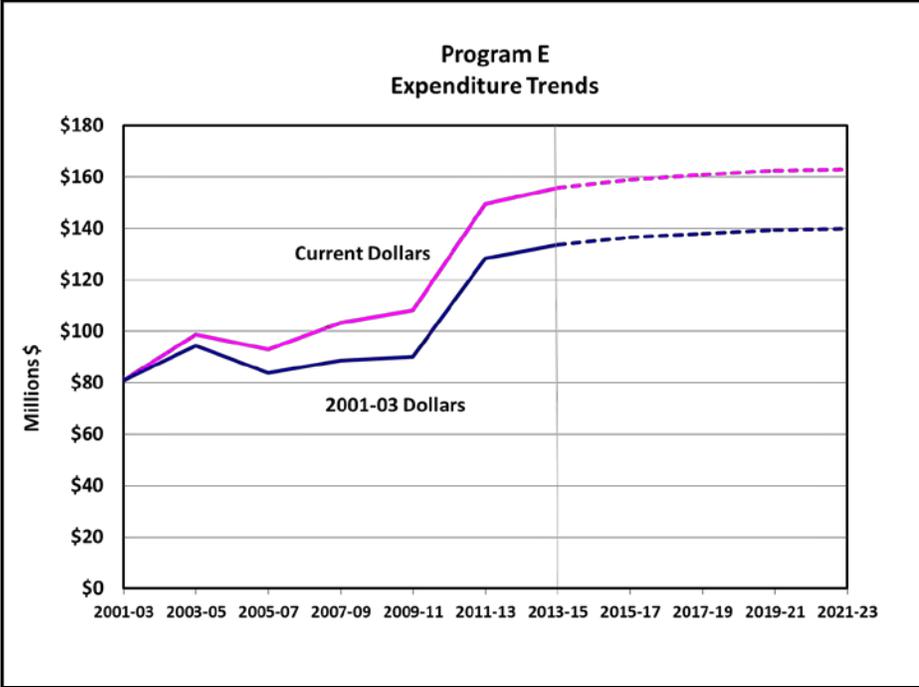
Program E – Transportation Equipment Fund

2013-15 Budget Detail	Millions \$	FTE
2011-13 with 2012 Supplemental	140.916	209.3
Carry Forward Adjustments		
G14 TEF Rate Adjustment	0.304	
Sum of Carry Forward Adjustments	0.304	-
Carry Forward Level	141.220	209.3
Decision Packages		
8F Fuel Rate Adjustment	7.523	
EA TEF Equipment	7.000	
Sum of Decision Packages	14.523	-
Total 2013-15 Budget Request	155.743	209.3
Percent Change from 2011-13 Budget	10.5%	0.0%

The following charts, in the order presented, compare the 2011-13 and 2013-15 budgets and illustrate historical and projected expenditure trends.



Program E – Transportation Equipment Fund



Program F – Aviation

Program Description

The mission of the Aviation program is to promote the integration of aviation into the state's transportation system. Program F aims to preserve the state's system of 137 public-use airports, promote the economic value of airports, encourage infrastructure development, manage aviation emergency search and rescue operations, and maintain 17 state-operated airports. The Aviation program also maintains an aircraft registry and provides grants and technical assistance to municipal airports for infrastructure improvements, planning, safety, and security.

2011-13 Biennium Budget

Funding was re-appropriated for airport aid construction projects from the 2009-11 biennium. Funding was increased for TEF equipment rental due to fuel cost based on the March 2011 Fuel Price Forecast and changes in the mix of equipment. In addition, funding was adjusted for the three percent salary reduction and pension rate changes.

In the 2012 supplemental budget, technical changes were made to match higher projected fuel costs for TEF equipment and to move workers' compensation charges from Program U to operating programs. The Public Employee's Benefit Board's rate for employer health benefits was lowered.

2013-15 Budget Request

The cost to maintain current service levels is projected to be greater than available resources. The department proposes a number of administrative and staff reductions across multiple programs, including transitioning Aviation's fiscal analyst to half-time and reducing Program F's travel expenditures.

Funding is also requested for increased TEF equipment rental rates due to higher gas and diesel fuel costs and for the purchase of replacement equipment and repair parts.

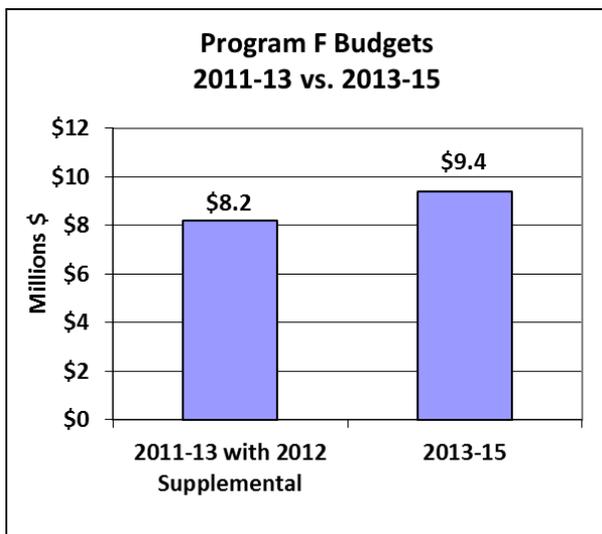
Funding is requested to address a backlog of paving and preservation needs at the state's 137 public-use airports, which operate as critical links to the state transportation network. The department recommends using available funds in the Aeronautics Account to increase the Airport Aid Program by \$1.5 million in the 2013-15 biennium to provide state grant and technical assistance for pavement, safety, maintenance, security, and planning projects at the state's public-use airports.

The next table provides detail of the department's 2013-15 budget request for Program F.

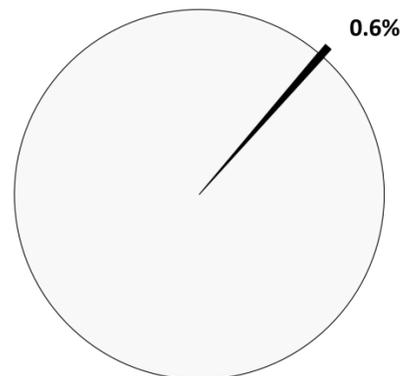
Program F – Aviation

2013-15 Budget Detail	Millions \$	FTE
2011-13 with 2012 Supplemental	8.152	10.6
Carry Forward Adjustments		
01 Reappropriation Adjustment	(0.200)	
GZB Biennialize Health Insurance Rate	(0.011)	
GZC Pension Rate Biennialization	0.001	
GZS Restore 3% Salary Cut	0.042	
Sum of Carry Forward Adjustments	(0.168)	-
Carry Forward Level	7.984	10.6
Decision Packages		
1A Administrative and Staff Reductions	(0.094)	(0.5)
8F Fuel Rate Adjustment	0.002	
EA TEF Equipment	0.002	
FA Increase Airport Aid Grants	1.500	
Sum of Decision Packages	1.410	(0.5)
Total 2013-15 Budget Request	9.394	10.1
Percent Change from 2011-13 Budget	15.2%	-4.7%

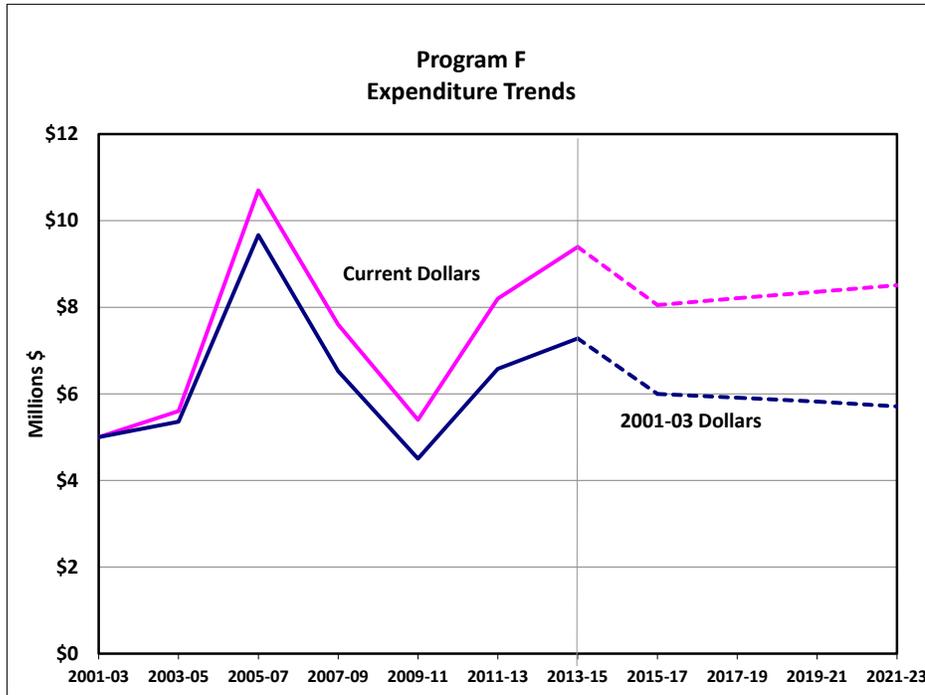
The following charts, in the order presented, compare the 2011-13 and 2013-15 budgets, display the program’s budget as a percentage of the department’s total 2013-15 operating budget, and illustrate historical and projected expenditure trends.



**Program F Percent of Total WSDOT
2013-15 Operating Budget of \$1.5 Billion**



Program F – Aviation



Program H – Program Delivery, Management, and Support

Program Description

The Program Delivery, Management, and Support program provides highway construction program management and support to department headquarters and regions, including the regions' executive management and administrative services. Program H also includes the Environmental Services Office (ESO), which provides technical, policy, and regulatory support to project teams and offices. The ESO aims to minimize impacts of transportation projects to air, land, and water resources, as well as improve documentation, regulatory coordination, and compliance with regulations.

2011-13 Biennium Budget

Funding was increased for continued statewide implementation of the department's stormwater management responsibilities. However, funding was reduced to reflect:

- The impact to TEF equipment rental rates due to changes in the mix of equipment.
- Elimination and alignment of positions at headquarters and in the regions.
- Reduced support for environmental compliance.
- Three percent salary reduction and pension rate changes.

In the 2012 supplemental budget, technical changes were made to match higher projected fuel costs for TEF equipment and to move workers' compensation charges from Program U to operating programs. The Public Employee's Benefit Board's rate for employer health benefits was lowered.

2013-15 Budget Request

The cost to maintain current service levels is projected to be greater than available resources. The department proposes a number of administrative and staff reductions, including elimination of nearly four FTEs in Program H and reductions to contracted work.

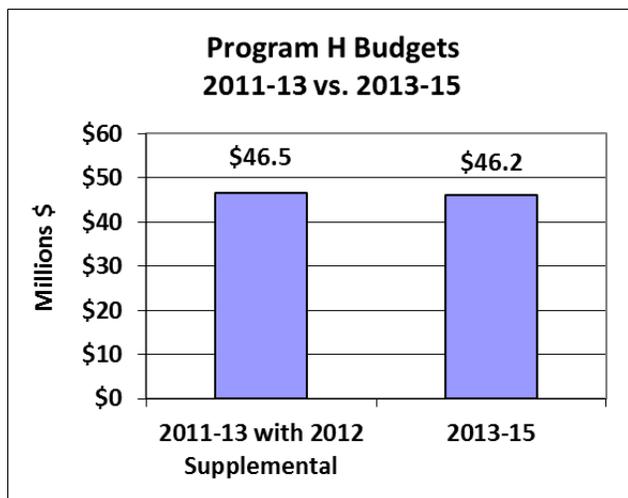
Funding is requested for increased TEF equipment rental rates due to higher gas and diesel fuel costs and for the purchase of replacement equipment and repair parts.

The next table provides the detail for the 2013-15 budget request for Program H.

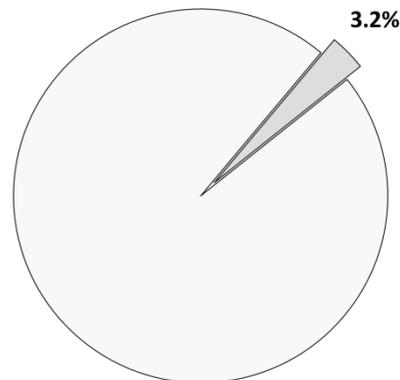
Program H – Program Delivery, Management, and Support

2013-15 Budget Detail	Millions \$	FTE
2011-13 with 2012 Supplemental	46.546	240.6
Carry Forward Adjustments		
GZB Biennialize Health Insurance Rate	(0.218)	
GZC Pension Rate Biennialization	0.016	
GZS Restore 3% Salary Cut	1.102	
Sum of Carry Forward Adjustments	0.900	-
Carry Forward Level	47.446	240.6
Decision Packages		
1A Administrative and Staff Reductions	(1.305)	(3.9)
8F Fuel Rate Adjustment	0.023	
EA TEF Equipment	0.019	
Sum of Decision Packages	(1.263)	(3.9)
Total 2013-15 Budget Request	46.183	236.7
Percent Change from 2011-13 Budget	-0.8%	-1.6%

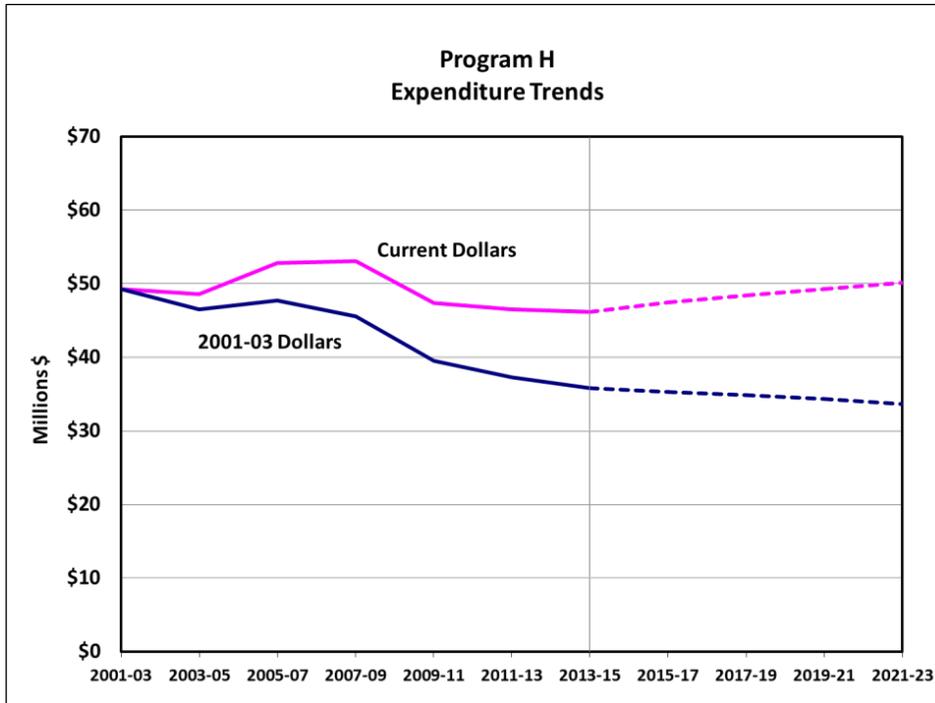
The following charts, in the order presented, compare the 2011-13 and 2013-15 budgets, display the program’s budget as a percentage of the department’s total 2013-15 operating budget, and illustrate historical and projected expenditure trends.



**Program H Percent of Total WSDOT
2013-15 Operating Budget of \$1.5 Billion**



Program H – Program Delivery, Management, and Support



Program K – Public/Private Partnerships

Program Description

The Public/Private Partnerships program explores and cultivates opportunities to partner with commercial businesses to advance transportation projects, programs, and policies. This is accomplished by (1) analyzing and assessing new ideas and possibilities for achieving transportation goals; (2) consulting with and advising agency administrators, project engineers, and elected/appointed officials; (3) assisting businesses by providing relevant expertise or resources; and (4) participating in the development of specified projects, once their value has been demonstrated.

2011-13 Biennium Budget

Funding was re-appropriated for two projects: public private partnerships at ferry terminals, and the pilot project to generate revenue from the agency’s website. New funding was provided for legal analysis to develop model legislation regarding tolled and non-tolled projects, with a report to be submitted to the OFM, the Joint Transportation Committee, and the Transportation Commission. In addition, funding was adjusted for the three percent salary reduction and pension rate changes.

The 2012 supplemental budget provided funding to assess the feasibility of transitioning from the gas tax to a road user charge. The Transportation Commission and WSDOT are conducting this work jointly with guidance from a steering committee that includes legislative members, Transportation Commissioners, and other stakeholders. In addition, technical changes were made to match higher projected fuel costs for TEF equipment and to move workers’ compensation charges from Program U to operating programs. The Public Employee’s Benefit Board’s rate for employer health benefits was lowered.

2013-15 Budget Request

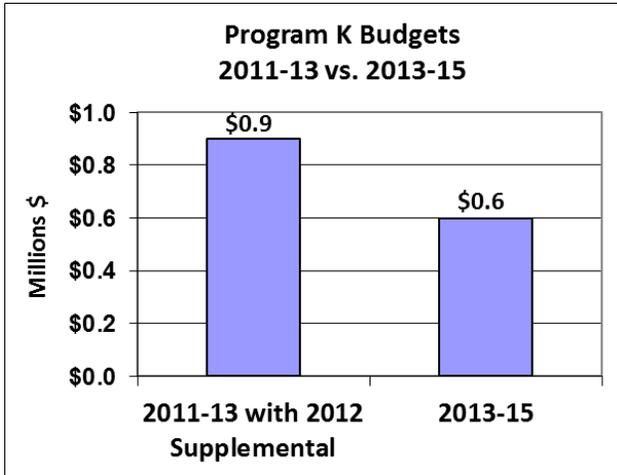
The department is not recommending any changes to Program K funding in the 2013-15 biennium.

The next table provides detail of the department’s 2013-15 budget request for Program K.

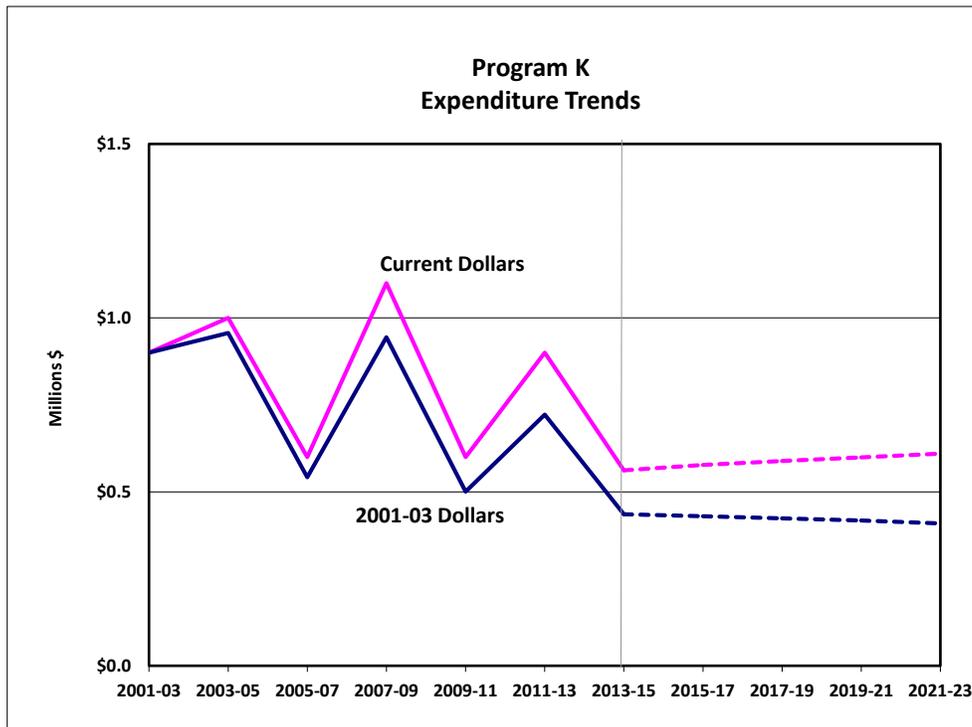
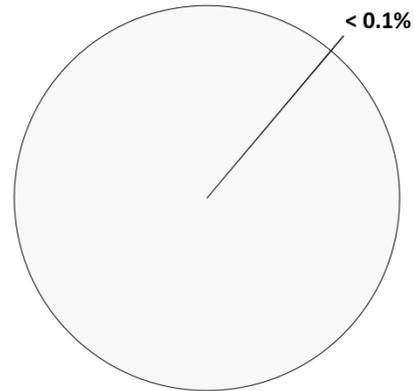
2013-15 Budget Detail	Millions \$	FTE
2011-13 with 2012 Supplemental	0.937	2.0
Carry Forward Adjustments		
G20 Reapprop for Website Pilot Project	(0.030)	
G21 Legal Analysis	(0.020)	
G22 Ferry Terminal Joint Development	(0.110)	
G23 Road User Assessment Feasibility	(0.225)	
GZB Biennialize Health Insurance Rate	(0.002)	
GZS Restore 3% Salary Cut	0.012	
Sum of Carry Forward Adjustments	(0.375)	
Carry Forward Level	0.562	2.0
Total 2013-15 Budget Request	0.562	2.0
Percent Change from 2011-13 Budget	-40.0%	0.0%

Program K – Public/Private Partnerships

The following charts, in the order presented, compare the 2011-13 and 2013-15 budgets, display the program’s budget as a percentage of the department’s total 2013-15 operating budget, and illustrate historical and projected expenditure trends.



**Program K Percent of Total WSDOT
2013-15 Operating Budget of \$1.5 Billion**



Program M – Highway Maintenance and Operations

Program Description

The Highway Maintenance and Operations program is responsible for maintaining more than 20,000 lane miles of state highways, over 3,000 bridges, and 1,100 state-owned and operated traffic signal systems. In addition, 42 safety rest areas are maintained year round and ten major mountain passes are maintained and kept open throughout the winter months. The program’s primary mission is to maintain the highway infrastructure in good working order to keep people and goods moving.

Maintenance Accountability

The Maintenance Accountability Process (MAP) measures and communicates the outcomes of 30 distinct highway maintenance activities (see 2011 Level of Service table). Maintenance results are measured using field condition surveys, and are reported as Level of Service (LOS) ratings. LOS targets are defined in terms of the condition of various highway features, for example, the percent of guardrail on a segment of highway that is damaged. Targets are set for each year once biennium appropriations are approved. During 2011, 22 of 30 (or 73 percent) MAP targets were achieved, as shown on the “2011 Level of Service” table.

2011 Level of Service		
Maintenance Activity	Funded Level	2011 Results
Movable & Floating Bridge Operations	B+	A
Traffic Signal System Operations	C	C+
Snow & Ice Control Operations	A-	A
Keller Ferry Operations	B	B
Urban Tunnel Systems Operations	B	C-
Structural Bridge Repair	C	C-
Regulatory/Warning Sign Maintenance	C+	C
Slope Repairs	B	B+
Intelligent Transportation Systems(ITS)	B-	A-
Maintain Catch Basins & Inlets	D+	C
Pavement Patching & Repair	C+	N/A
Bridge Deck Repair	C	C+
Guardrail Maintenance	B+	A-
Pavement Striping Maintenance	C	C
Raised/Recessed Pavement Markers	B	C+
Control of Vegetation Obstructions	D+	C+
Rest Area Operations	B	B
Sweeping and Cleaning	B+	A-
Maintain Ditches	B	B
Highway Lighting Systems	C+	B+
Guidepost Maintenance	D	D
Maintain Culverts	D+	C-
Pavement Marking maintenance	C	D
Noxious Weed Control	B	B
Shoulder Maintenance	B-	C
Guide Sign Maintenance	B-	B
Maintain Detention/Retention Basins	C	C
Bridge Cleaning & painting	C	B
Nuisance Vegetation Control	B-	D+
Landscape Maintenance	D+	D
Litter Pickup	D	D
Percent of targets achieved		73%

Program M – Highway Maintenance and Operations

2011-13 Biennium Budget

Funding was increased for:

- Utilities to continue operation of highway features such as signals, lighting, urban tunnels, and movable bridges.
- TEF equipment rental rates due to fuel cost increases based on the March 2011 Fuel Price Forecast and changes in the mix of equipment.
- Implementation of the department's stormwater management responsibilities.
- Reducing the highway maintenance backlog.

Funding was also adjusted for the three percent salary reduction and pension rate changes.

The 2012 supplemental budget included \$3.5 million to further reduce the highway maintenance backlog in order to maintain or increase levels of service.

In the 2012 supplemental budget, technical changes were made to match higher projected fuel costs for TEF equipment and to move workers' compensation charges from Program U to operating programs. The Public Employee's Benefit Board's rate for employer health benefits was lowered.

2013-15 Budget Request

The cost to maintain current service levels is projected to be greater than available resources. The department proposes a number of administrative and staff reductions, including the elimination of two positions in Program M. In addition, the department would reduce highway maintenance activities by \$10 million in order to help balance expenditures to available revenues.

Funding is requested for increased TEF equipment rental rates due to higher gas and diesel fuel costs and for the purchase of replacement equipment and repair parts.

Increased funding is requested to pay for electricity rate increases. Electricity is integral to the operation of highway system features such as signals and lighting, as well as the operation of 900 buildings and facilities statewide.

Funding is requested to reduce the highway maintenance backlog. This request would allow the department to meet the funding level identified in the *LEAP Transportation Document 2012-4 Legislative Expenditure Plan for Additive Transportation Revenues*, as Developed March 8, 2012.

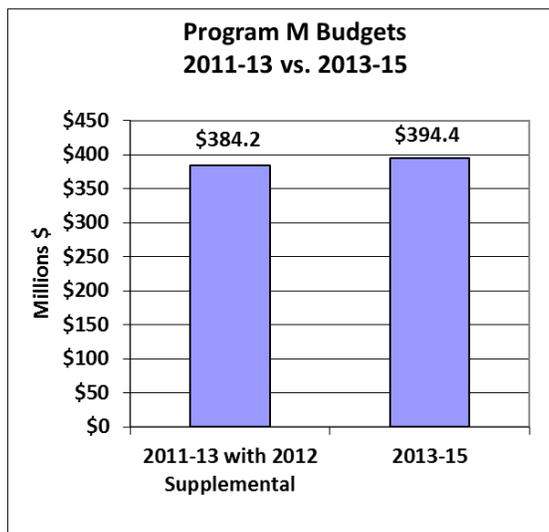
Funding is requested to continue implementation of the department's stormwater management responsibilities to meet requirements of the National Pollutant Discharge Elimination System (NPDES) municipal permit issued by the Department of Ecology (Ecology). The February 2009 permit expands coverage on an earlier permit to more than 100 urban areas across the state. It also increases the number of regulated state highway centerline miles (a measure of highway system size) by 40 percent, and establishes 396 specific, compliance actions. This funding will enable compliance with key permit requirements that were deferred to the 2013-15 biennium due to budget limitations in the 2011-13 biennium.

The next table provides detail of the department's 2013-15 budget request for Program M.

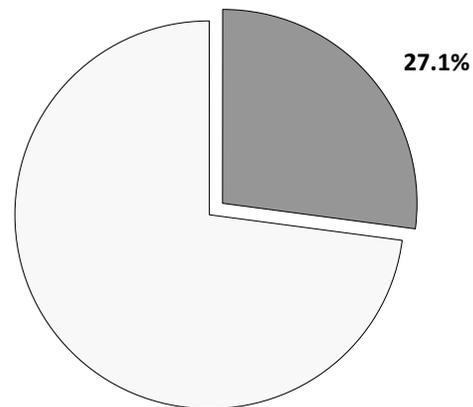
Program M – Highway Maintenance and Operations

2013-15 Budget Detail	Millions \$	FTE
2011-13 with 2012 Supplemental	384.209	1,512.0
Carry Forward Adjustments		
G12 Highway Maintenance Backlog	3.500	
G15 Equipment Purchases	(1.219)	
GZB Biennialize Health Insurance Rate	(1.478)	
GZC Pension Rate Biennialization	0.079	
GZS Restore 3% Salary Cut	5.313	
Sum of Carry Forward Adjustments	6.195	-
Carry Forward Level	390.404	1,512.0
Decision Packages		
1A Administrative and Staff Reductions	(0.260)	(2.0)
1D Reduced Highway Maintenance	(10.000)	(37.0)
8F Fuel Rate Adjustment	2.659	
8U Utility Rate Adjustments	0.307	
EA TEF Equipment	2.277	
MA Highway Maintenance Backlog	3.000	9.0
MB Stormwater Permit Compliance	5.630	32.8
MC Stormwater Utility Assessments	0.354	
Sum of Decision Packages	3.967	2.8
Total 2013-15 Budget Request	394.371	1,514.8
Percent Change from 2011-13 Budget	2.6%	0.2%

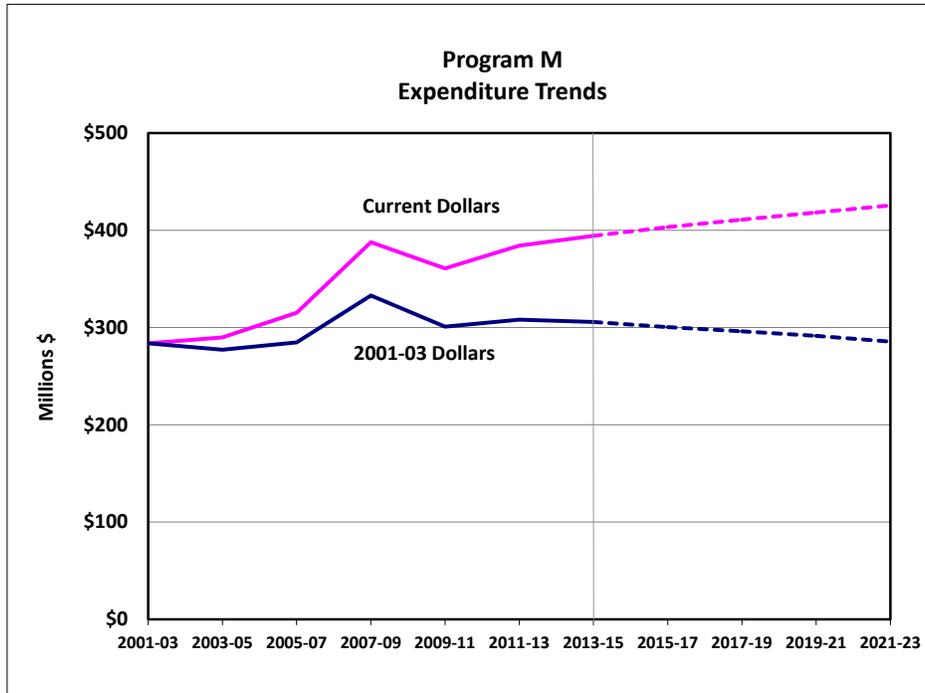
The following charts, in the order presented, compare the 2011-13 and 2013-15 budgets, display the program’s budget as a percentage of the department’s total 2013-15 operating budget, and illustrate historical and projected expenditure trends.



**Program M Percent of Total WSDOT
2013-15 Operating Budget of \$1.5 Billion**



Program M – Highway Maintenance and Operations



Program Q – Traffic Operations - Operating

Program Description

Traffic Operations—Operating program is focused on maximizing system efficiency and ensuring the safe use and operation of the transportation system. Functions include operating ramp meters, tunnels, traffic signals, transportation management centers, the incident response program, as well as providing travelers information via the internet, media, and telephone. The program provides low-cost operational safety and efficiency projects that include rumble strips, lane restriping, traffic signal upgrades, signs and illumination at dark intersections, minor intersection realignment, warning devices for wrong-way movements, and speed limit changes.

2011-13 Biennium Budget

Funding was reduced for overall traffic operations services and support with reductions anticipated in the Traffic Management Center, tunnel operations, and various analyses and reports. The 2011-13 budget continued funding for the tow truck incentive pilot program. The Program Q budget was increased for TEF equipment rental due to fuel cost based on the March 2011 Fuel Price Forecast and changes in the mix of equipment. In addition, funding was adjusted for the three percent salary reduction and pension rate changes.

The 2012 supplemental budget, increased the program’s local appropriation authority to match expected funding from contracted work. In addition, technical changes were made to match higher projected fuel costs for TEF equipment and to move workers’ compensation charges from Program U to operating programs. The Public Employee’s Benefit Board’s rate for employer health benefits was lowered.

2013-15 Budget Request

The cost to maintain current service levels is projected to be greater than available resources. The department proposes a number of administrative and staff reductions, including returning under-utilized equipment in Program Q.

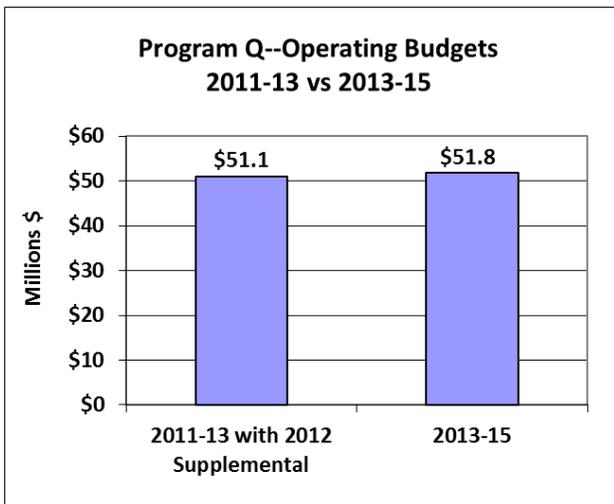
Funding is requested for increased TEF equipment rental rates due to higher gas and diesel fuel costs and for the purchase of replacement equipment and repair parts.

The next table provides detail of the department’s 2013-15 budget request for Program Q.

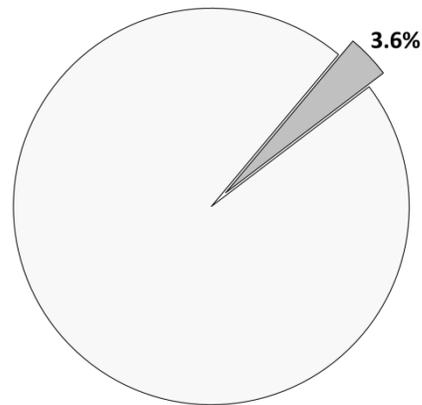
Program Q – Traffic Operations - Operating

2013-15 Budget Detail	Millions \$	FTE
2011-13 with 2012 Supplemental	51.118	236.4
Carry Forward Adjustments		
G13 Pilot Tow Truck Incentive Program	(0.145)	
GZB Biennialize Health Insurance Rate	(0.210)	
GZC Pension Rate Biennialization	0.014	
GZS Restore 3% Salary Cut	0.911	
Sum of Carry Forward Adjustments	0.570	-
Carry Forward Level	51.688	236.4
Decision Packages		
1A Administrative and Staff Reductions	(0.120)	
8F Fuel Rate Adjustment	0.118	
EA TEF Equipment	0.102	
Sum of Decision Packages	0.100	-
Total 2013-15 Budget Request	51.788	236.4
Percent Change from 2011-13 Budget	1.3%	0.0%

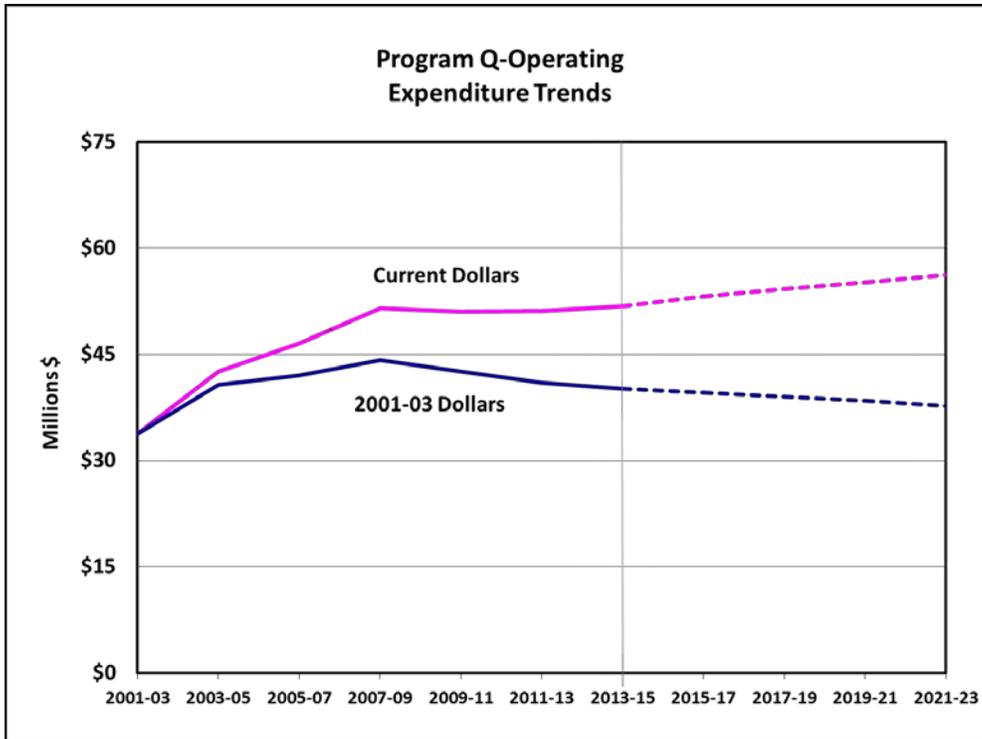
The following charts, in the order presented, compare the 2011-13 and 2013-15 budgets, display the program’s budget as a percentage of the department’s total 2013-15 operating budget, and illustrate historical and projected expenditure trends.



**Program Q--Operating Percent of Total WSDOT
2013-15 Operating Budget of \$1.5 Billion**



Program Q – Traffic Operations - Operating



Program S – Transportation Management and Support

Program Description

The Transportation Management and Support program consolidates agency-wide executive management and support service functions. These functions include executive administration, audit, equal opportunity, communications, government liaison, budget, accounting, risk management, record and information services, and human resources.

2011-13 Biennium Budget

The 2011-13 budget increased funding for TEF equipment rental due to fuel cost based on the March 2011 Fuel Price Forecast and changes in the mix of equipment. The program’s overall funding was reduced. Spending reductions were achieved by eliminating positions and services provided by those positions (training, mailroom, inventory management, auditing, and publications), as well as lowering spending for travel and supplies. In addition, funding was adjusted for the three percent salary reduction and pension rate changes.

In the 2012 supplemental budget, technical changes were made to match higher projected fuel costs for TEF equipment and to move workers’ compensation charges from Program U to operating programs. The Public Employee’s Benefit Board’s rate for employer health benefits was lowered.

2013-15 Budget Request

The cost to maintain current service levels is projected to be greater than available resources. The department proposes a number of administrative and staff reductions, including elimination of 9.7 FTE staff in Program S. Three of these positions are in Washington Management Service (WMS).

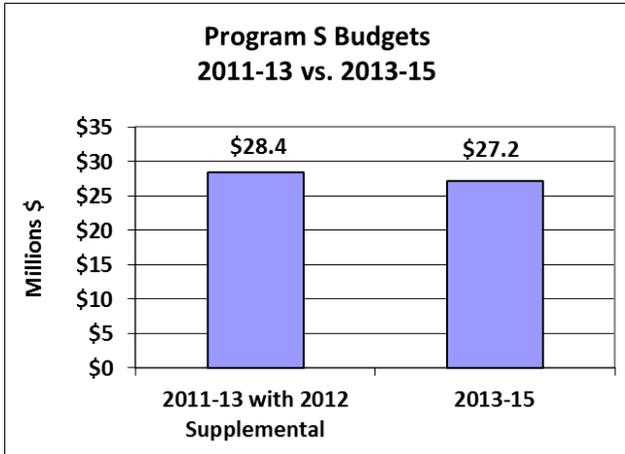
Funding is requested for increased TEF equipment rental rates due to higher gas and diesel fuel costs and for the purchase of replacement equipment and repair parts.

The next table provides detail of the department’s 2013-15 budget request for Program S.

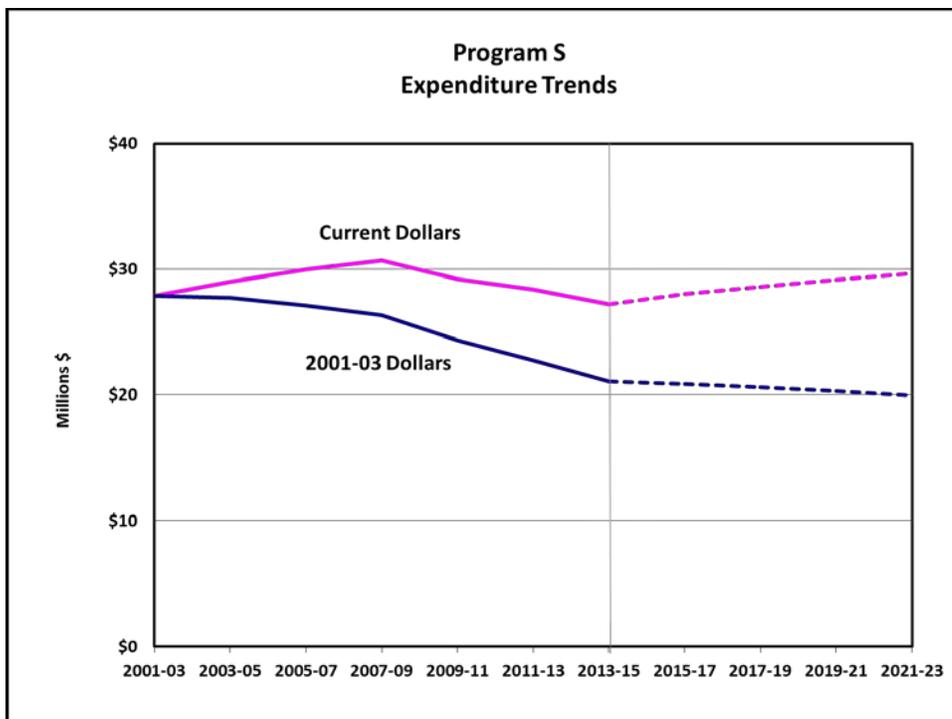
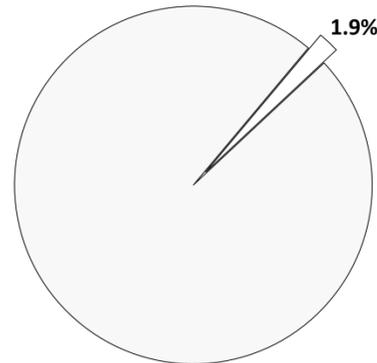
2013-15 Budget Detail	Millions \$	FTE
2011-13 with 2012 Supplemental	28.392	178.4
Carry Forward Adjustments		
GZB Biennialize Health Insurance Rate	(0.156)	
GZC Pension Rate Biennialization	0.010	
GZS Restore 3% Salary Cut	0.696	
Sum of Carry Forward Adjustments	0.550	-
Carry Forward Level	28.942	178.4
Decision Packages		
1A Administrative and Staff Reductions	(1.731)	(9.7)
8F Fuel Rate Adjustment	0.004	
EA TEF Equipment	0.003	
Sum of Decision Packages	(1.724)	(9.7)
Total	27.218	168.7
Percent Change from 2011-13 Budget	-4.1%	-5.4%

Program S – Transportation Management and Support

The following charts, in the order presented, compare the 2011-13 and 2013-15 budgets, display the program’s budget as a percentage of the department’s total 2013-15 operating budget, and illustrate historical and projected expenditure trends.



**Program S Percent of Total WSDOT
2013-15 Operating Budget of \$1.5 Billion**



Program T – Transportation Planning, Data, and Research

Program Description

Transportation Planning, Data, and Research program activities include long range multimodal statewide and regional transportation planning and corridor studies; collecting and analyzing transportation system physical and operational data; providing Geographic Information System (GIS) services; reporting on system and departmental performance; providing revenue forecasts and financing plans (including long-term debt and tolling financing), providing research and library services for the department and transportation partners; working with local jurisdictions on growth management and related issues; and providing administration and oversight of state and federal funds for metropolitan planning organizations and regional transportation planning organizations.

2011-13 Biennium Budget

State funding was reduced for overall program activities by eliminating non-essential travel, reducing staff levels, and delaying work on several statewide plans, including the multimodal transportation plan. Funding was re-appropriated for the SR 516 corridor study, and expenditure authority was increased for federally funded research projects. The 2011-13 budget included funding increases for TEF equipment rental due to fuel cost based on the March 2011 Fuel Price Forecast and changes in the mix of equipment; the federal Coordinated Border Infrastructure Program for the Whatcom Council of Governments to continue the work of the International Mobility and Trade Corridor Project; and the freight database. In addition, funding was adjusted to reflect the three percent salary reduction and pension rate changes.

The 2012 supplemental budget included funding for the regional transportation organizations (RTPO) to implement a comprehensive transportation planning and data framework.

In the 2012 supplemental budget, technical changes were made to match higher projected fuel costs for TEF equipment and to move workers' compensation charges from Program U to operating programs. The Public Employee's Benefit Board's rate for employer health benefits was lowered.

2013-15 Budget Request

The cost to maintain current service levels is projected to be greater than available resources. The department proposes a number of administrative and staff reductions, including elimination of 1.7 FTE staff in Program T and reduced technical support for planning activities. One of the eliminated positions is WMS.

Funding is requested for increased TEF equipment rental rates due to higher gas and diesel fuel costs and for the purchase of replacement equipment and repair parts.

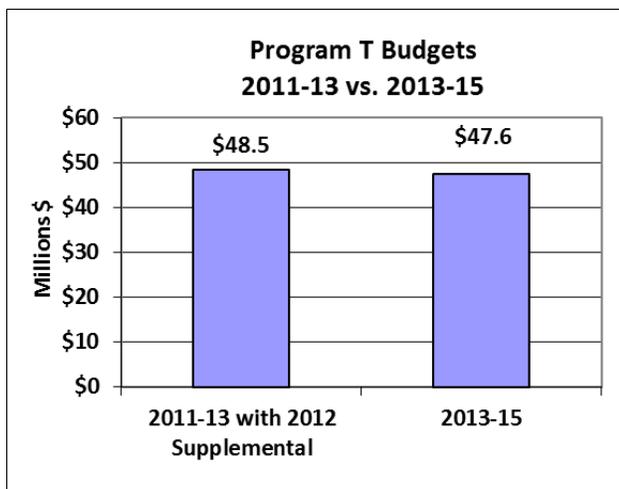
The recently enacted Moving Ahead for Progress in the 21st Century Act (MAP-21) provides additional federal funding for the department. Eligible transportation planning activities will utilize some of these funds, which will lessen the need for state appropriation authority.

The next table provides detail of the department's 2013-15 budget request for Program T.

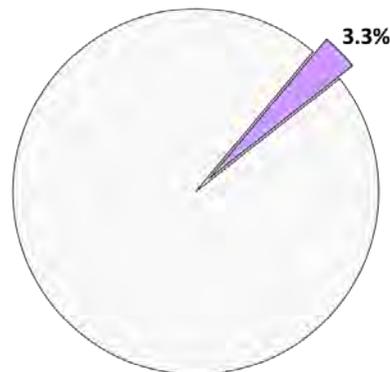
Program T – Transportation Planning, Data, and Research

2013-15 Budget Detail	Millions \$	FTE
2011-13 with 2012 Supplemental	48.510	188.2
Carry Forward Adjustments		
01 Reappropriation Adjustment	(0.070)	
02 Freight Database	(0.200)	
03 RTPO Planning and Data Framework	(0.190)	
04 Whatcom Council of Governments	(0.750)	
GZB Biennialize Health Insurance Rate	(0.171)	
GZC Pension Rate Biennialization	0.013	
GZS Restore 3% Salary Cut	0.856	
Sum of Carry Forward Adjustments	(0.512)	-
Carry Forward Level	47.998	188.2
Decision Packages		
1A Administrative and Staff Reductions	(0.435)	(1.7)
8F Fuel Rate Adjustment	0.017	
EA TEF Equipment	0.014	
TA Fund Source Adjustment	-	
Sum of Decision Packages	(0.404)	(1.7)
Total 2013-15 Budget Request	47.594	186.5
Percent Change from 2011-13 Budget	-1.9%	-0.9%

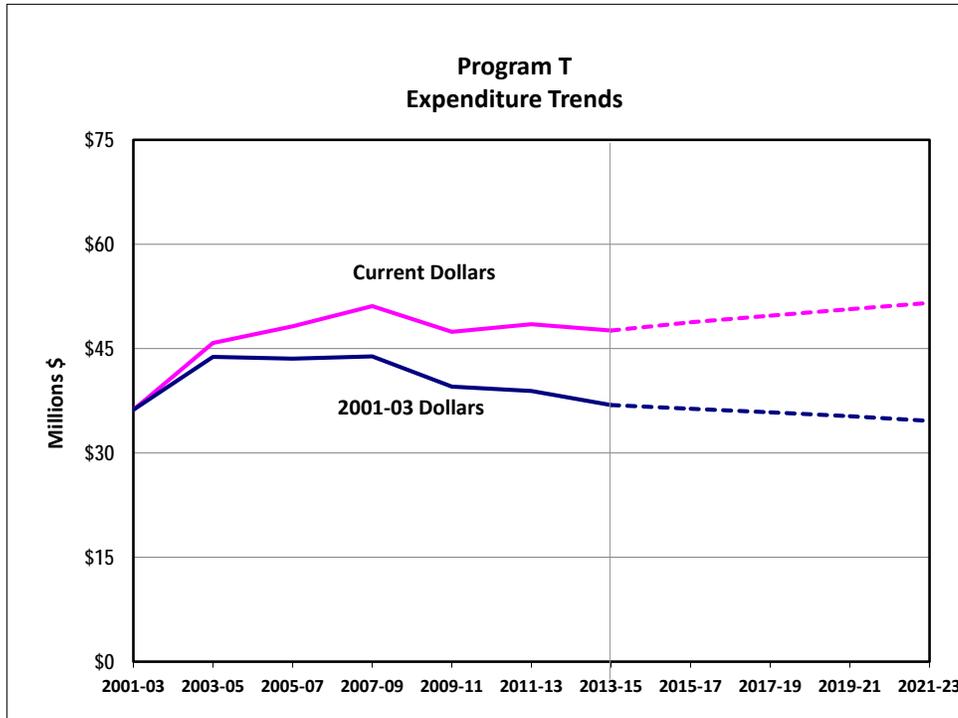
The following charts, in the order presented, compare the 2011-13 and 2013-15 budgets, display the program’s budget as a percentage of the department’s total 2013-15 operating budget, and illustrate historical and projected expenditure trends.



Program T Percent of Total WSDOT 2013-15 Operating Budget of \$1.5 Billion



Program T – Transportation Planning, Data, and Research



Program U – Charges from Other Agencies

Program Description

The Charges from Other Agencies program includes funding for the department’s share of the state’s administrative and support services received from agencies such as the State Auditor’s Office, Office of the Attorneys General, Department of Enterprise Services, Consolidated Technology Services, Secretary of State, Office of Financial Management, and Office of Minority and Women’s Business Enterprises.

2011-13 Biennium Budget

Funding is increased for Workers’ Compensation Insurance changes and costs associated with the State Data Center. Funding is reduced for self-insurance premiums, the Boldt Culvert Case (United States vs. Washington), and central service agency charges, including a rate reduction for technology leasing services, storage, and mainframe computing.

The 2012 supplemental budget reduced funding for charges from other agencies in total and realigned proviso amounts to reflect consolidation and reassignment of duties among the central service agencies. In addition, workers’ compensation charges were moved from Program U to operating programs.

2013-15 Budget Request

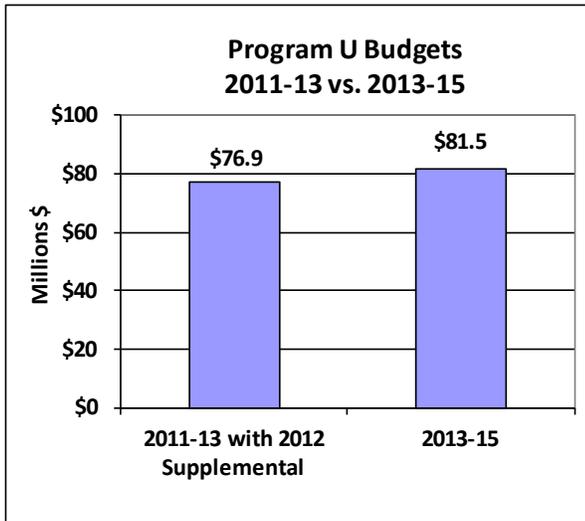
Funding is requested for increased lease and operating costs for the Edna Lucille Goodrich (ELG) Building, located in Tumwater, Washington. The lease is managed by the Department of Enterprise Services.

The next table provides detail of the department’s 2013-15 budget request for Program U.

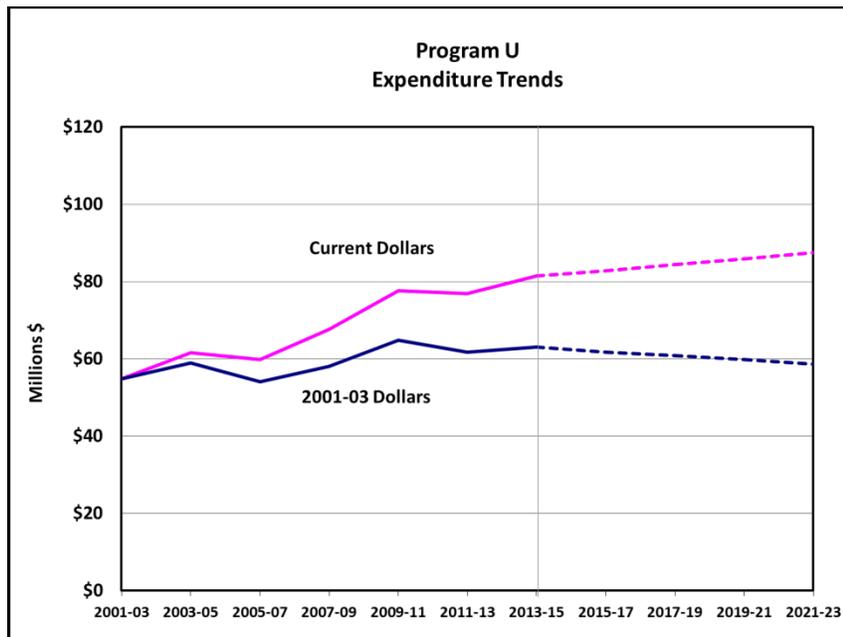
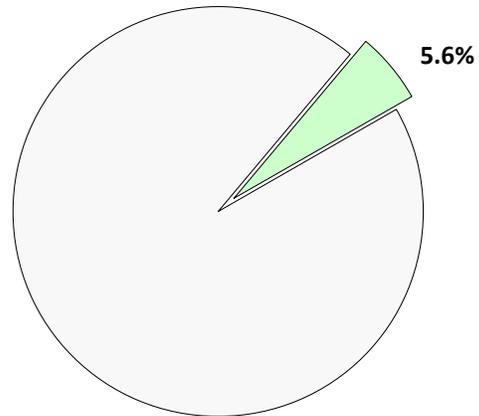
2013-15 Budget Detail	Millions \$	FTE
2011-13 with 2012 Supplemental	76.932	-
Carry Forward Adjustments		
9X Self Insurance Premium	4.676	
GLP Personnel Services Rate Reduction	0.547	
GLR Procurement Rate Reduction	0.911	
GLX State Data Center Rate Increase	(1.798)	
Sum of Carry Forward Adjustments	4.336	-
Carry Forward Level	81.268	-
Decision Packages		
8L Lease Rate Adjustments	0.200	
Sum of Decision Packages	0.200	-
Total 2013-15 Budget Request	81.468	-
Percent Change from 2011-13 Budget	5.9%	

The following charts, in the order presented, compare the 2011-13 and 2013-15 budgets, display the program’s budget as a percentage of the department’s total 2013-15 operating budget, and illustrate historical and projected expenditure trends.

Program U – Charges from Other Agencies



**Program U Percent of Total WSDOT
2013-15 Operating Budget of \$1.5 Billion**



Program V – Public Transportation

Program Description

The Public Transportation program is responsible for developing, implementing, and managing strategies, initiatives, and policies that support alternatives to driving alone. The program provides financial and technical assistance to local jurisdictions and public transportation agencies; and manages the commute trip reduction (CTR) program, Regional Mobility Grant program, intercity bus programs, and the statewide special needs coordination activity. Public Transportation administers state and federal grants for public and private transportation agencies that serve rural communities, the elderly, and persons with disabilities. This program also provides technical assistance and grants to facilitate the connection and integration of public transportation and the highway system throughout the state, as well as state and federal grants for major employers, local jurisdictions, and activities that include trip reduction, ridesharing, and vanpooling.

2011-13 Biennium Budget

Funding for Regional Mobility Grants was \$48.9 million; comprised of \$8.9 million in re-appropriations from 2009-11, and \$40 million in new funding. Funding for the State Agency CTR program was moved from the omnibus capital budget to the Public Transportation program.

Funding was reduced for the following: TEF charges due to changes in the mix of equipment; overall program administration; and grant oversight. The Agency Council on Coordinated Transportation (ACCT) and the Office of Transit Mobility were eliminated. In addition, funding was adjusted for the three percent salary reduction and pension rate changes.

The 2012 supplemental budget added funding for the Whatcom CTR program, the Everett Connector bus service, and a C-TRAN expert review panel required as part of the high capacity transportation system planning process outlined in RCW 81.104. In addition, funding was provided for Community Transit to conduct an alternatives analysis for a second Swift line and for King County Metro to study demand potential for a SR-18 and I-90 park-and-ride lot.

In the 2012 supplemental budget, technical changes were made to match higher projected fuel costs for TEF equipment and to move workers' compensation charges from Program U to operating programs. The Public Employee's Benefit Board's rate for employer health benefits was lowered.

2013-15 Budget Request

Funding is requested for increased TEF equipment rental rates due to higher gas and diesel fuel costs and for the purchase of replacement equipment and repair parts.

In order to address recent audit findings regarding payroll costs charged to federal funds, WSDOT requests state funding authority for two FTEs in the Public Transportation Division. These positions provide grant administration and technical assistance for the state's Rural Mobility Grant and Regional Mobility Grant programs. Currently, the staff who administer these state programs are supported by non-appropriated federal fund sources.

The total FTE staff in WSDOT's Public Transportation Division will not increase. Offsetting reductions of staff charges will be made in the division's non-appropriated federal funds. As a result, the federal

Program V – Public Transportation

funds that currently support these staff charges will be used for grants to local transit agencies and non-profit providers.

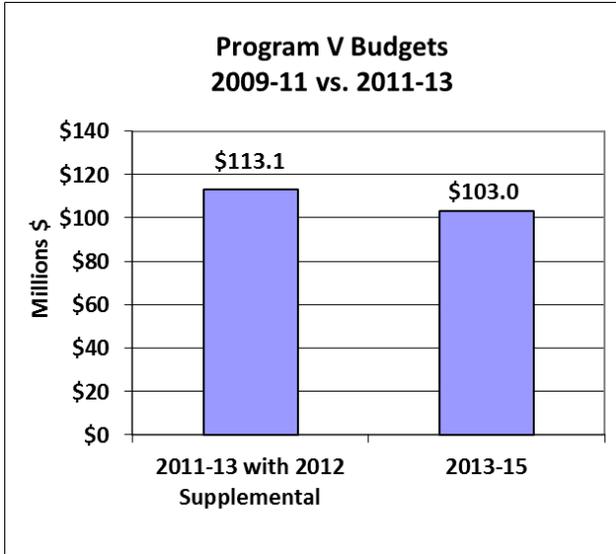
Funding is provided to continue the Regional Mobility Grant program at previously authorized and planned levels. This program was included in the 16-year plan associated with the 2003 Transportation Funding Package. The Regional Mobility Grant program increases connectivity between counties and regional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

The next table provides detail of the department’s 2013-15 budget request for Program V.

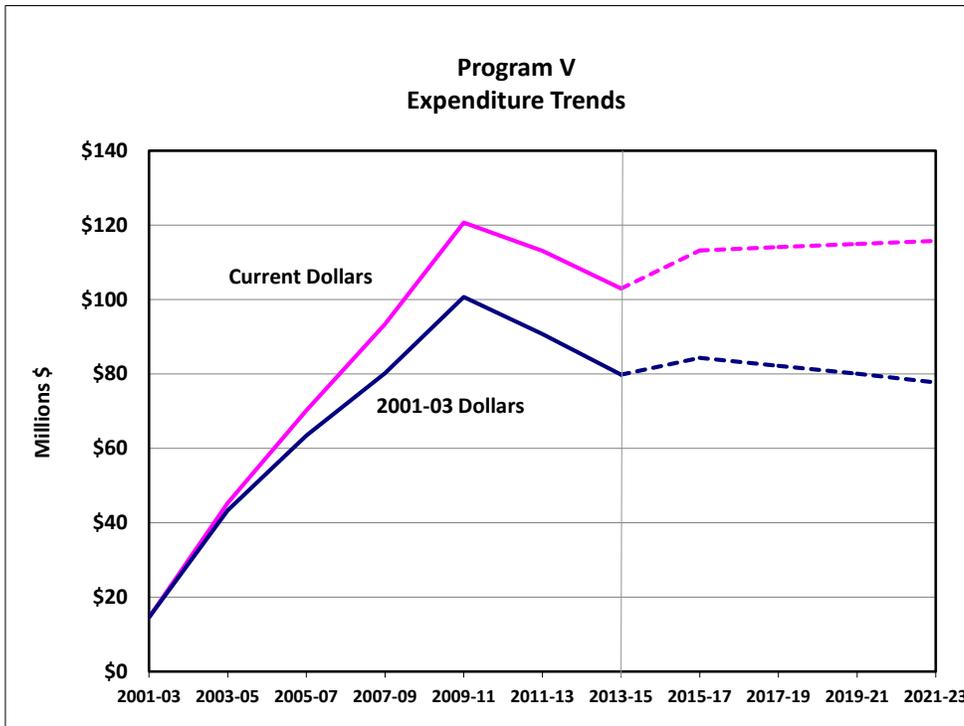
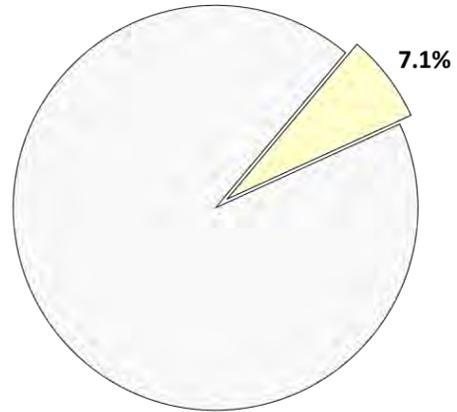
2013-15 Budget Detail	Millions \$	FTE
2011-13 with 2012 Supplemental Carry Forward Adjustments	113.102	22.7
01 Reappropriation Adjustment	(9.062)	
2V Whatcom Smart Trips	(0.300)	
3V Everett Connector	(0.818)	
4V Community Transit Swift Line	(0.100)	
5V Regional Mobility Grant Program	(40.000)	
6V C-TRAN Expert Review Panel	(0.250)	
7V King County Park & Ride	(0.160)	
GZB Biennialize Health Insurance Rate	(0.021)	
GZC Pension Rate Biennialization	0.002	
GZS Restore 3% Salary Cut	0.114	
Sum of Carry Forward Adjustments	(50.595)	-
Carry Forward Level	62.507	22.7
Decision Packages		
8F Fuel Rate Adjustment	0.001	
EA TEF Equipment	0.001	
VA Oversight of State Grant Program	0.454	2.0
VB Regional Mobility Grant Program	40.000	
Sum of Decision Packages	40.456	2.0
Total 2013-15 Budget Request	102.963	24.7
Percent Change from 2011-13 Budget	-9.0%	8.8%

The following charts, in the order presented, compare the 2011-13 and 2013-15 budgets, display the program’s budget as a percentage of the department’s total 2013-15 operating budget, and illustrate historical and projected expenditure trends.

Program V – Public Transportation



**Program V Percent of Total WSDOT
2013-15 Operating Budget of \$1.5 Billion**



Program X – Ferries Operation and Maintenance

Program Description

The Ferries-Operating program provides for the operation and maintenance of the state's ferry system, which includes 23 ferry vessels, 20 ferry terminals, and a dedicated maintenance facility at Eagle Harbor. The ferry system transports approximately 22 million passengers and 10 million vehicles annually, including passenger and commercial vehicles.

2011-13 Biennium Budget

The program's funding for the 2011-13 biennium was increased to reflect higher costs for ferry fuel; leasehold; additional crew costs for the new Kwa-di-Tabil class ferries; ferry lube oil; credit/debit card processing fees; compliance with federal regulations concerning terminal and passenger vessel access for passengers with disabilities; compliance with stormwater permits; and running the Port Townsend-Coupeville ferry reservation system. These funding increases were offset by reductions in three areas: labor savings from the renegotiation of collective bargaining agreements, administrative cuts, and other miscellaneous cuts.

Early in 2011, collective bargaining agreements were renegotiated with marine employee unions resulting in labor savings of approximately \$20 million for the 2011-13 biennium. The renegotiated agreements resulted in:

- Reduced overtime costs.
- Reduced vacation leave accrual amounts.
- Elimination of "guaranteed time."
- Incorporation of a three percent pay reduction.
- Reduced inter-island Friday Harbor stipend.
- Reduced Certificate of Inspection (COI) staffing levels required by the Coast Guard.
- Removal of travel time and mileage pay for all employees and replacing them with assignment pay.
- Removal of four hours compensatory time for Marine Engineers' Beneficial Association (MEBA) employees for each work cycle.

In addition to the \$20 million savings identified in the collective bargaining agreements, administrative cuts totaling \$4.1 million were implemented to reflect:

- Elimination of several positions.
- Discontinuation of eelgrass monitoring at Clinton terminal, which is no longer required.
- Reductions in ferries maintenance, training, overtime, travel time, and mileage.
- Lease savings at several locations.
- Reductions in consultant studies.
- Reductions at Eagle Harbor and Vessel Engineering.

Funding was also reduced by \$5.8 million for miscellaneous items including the following:

- WSF mileage rate reimbursement.
- Marketing program.
- Marine insurance.

Program X – Ferries Operation and Maintenance

No service reductions were made during the 2011-13 biennium. Section 221 (12) of the 2011-13 Transportation budget directed the department to target service reductions totaling \$4 million by shortening shoulder seasons and eliminating off-peak runs. Section 221 (21) stated that should Substitute House Bill No. 2053 (additive transportation funding) not be enacted the \$4 million in service reductions must be restored. SHB 2053 was not enacted, and the \$4 million was restored in the 2012 supplemental budget.

The 2012 supplemental budget includes \$7 million for the purchase of fuel to support ferry operations. Funding was provided to implement a Marine Employees Commission decision directing stipend pay for engine room employees engaged in watch turnover. In the 2012 supplemental budget, technical changes were made to match higher projected fuel costs for TEF equipment and to move workers' compensation charges from Program U to operating programs. The Public Employee's Benefit Board's rate for employer health benefits was lowered.

2013-15 Budget Request

Ferry service reductions are proposed that would save an estimated \$6.1 million by reducing costs associated with: (1) vessel crew labor; (2) terminal staff labor; and (3) ferries' fuel consumption. In addition, revenues are expected to decline by \$1.3 million, resulting in a net savings of \$4.8 million to the Puget Sound Ferries Operating Account (PSFOA). Service reductions were based on two criteria: (1) least impact on customers; and (2) ratio of savings to lost revenue. Under this proposal, the least profitable runs in the system (approximately 5,330 out of 165,000 runs) per year would be eliminated (a three percent reduction).

Funding is requested for increased TEF equipment rental rates due to higher gas and diesel fuel costs and for the purchase of replacement equipment and repair parts.

Funding is requested for ongoing costs related to the 2011-13 biennium collective bargaining agreements between the department and the marine labor unions. Specifically, costs associated with engine room employees' overtime pay in lieu of compensatory time and callback time pay.

Funding is requested for operation and maintenance of two new Olympic class (144-car capacity) vessels, the first to be delivered in January 2014, and the second to be delivered in November 2014. These new vessels will increase service capacity across the ferry system and will allow for the retirement of two 1954-era vessels.

Funding and FTE authority are requested for: (1) 2.6 FTEs to support the implementation of the new ferry reservation system on the Port Townsend-Coupeville ferry route; (2) 1.0 FTE for ferry dispatch; and (3) Funding to replace fire gear (protective coats and pants) used on ferry vessels.

The department requests funding and 0.8 FTE to address WSF's operating program impacts due to reductions in WSF's capital program, as well as constrained commercial shipyard dry dock access for vessel preservation work.

Expenditure authority is requested for the cost of annual adjustments to terminal agent contracts and requirements around terminal agent coverage; a change in concession credits for galley

Program X – Ferries Operation and Maintenance

vendors; and maintaining a visual paging system on the Seattle-Bainbridge ferry route. Concession and visual paging expenses will be offset by revenues generated for these activities. Terminal agent costs will not be offset by revenues.

Funding is requested to insure all of the department’s ferry terminals under the state’s Master Property Policy (MPP) instead of under a separate policy. Based on the cost of the insurance premium negotiated with Wells Fargo Insurance Services for FY 2013, costs are estimated to increase from \$4.5 million in the 2011-13 biennium to \$5.3 million in the 2013-15 biennium.

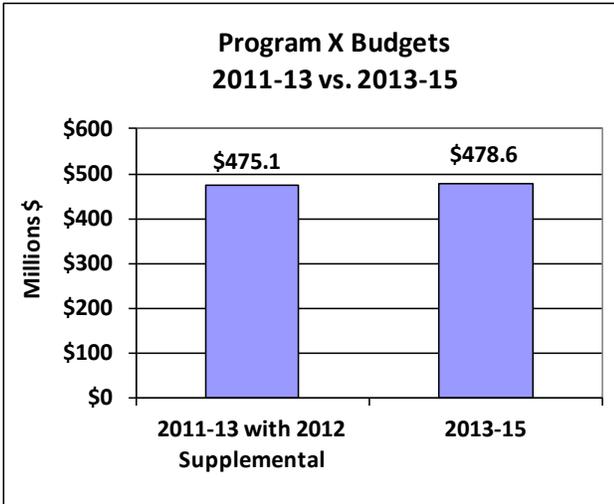
Local appropriation authority is requested based on an agreement reached in July 2011 for the King County Ferry District (Ferry District) to provide passenger-only ferry services to riders traveling between Seattle’s Colman Dock Ferry Terminal and Vashon Island Ferry Terminal.

The next table provides detail of the department’s 2013-15 budget request for Program X.

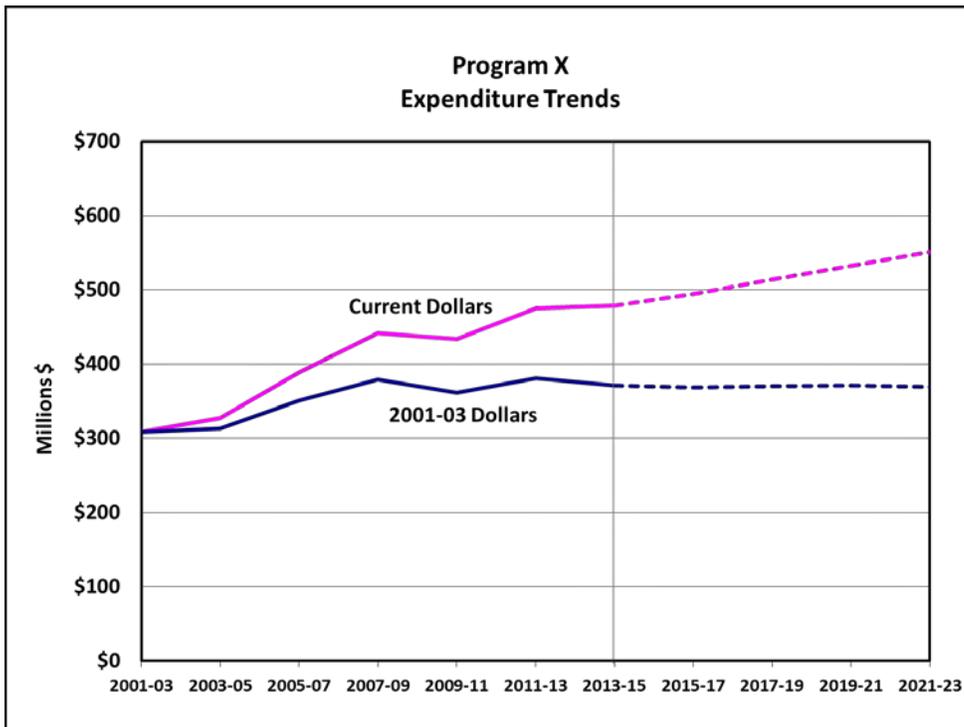
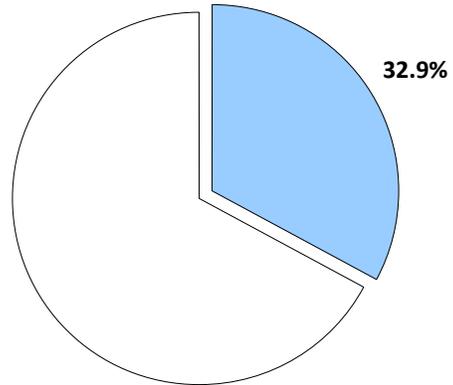
2013-15 Budget Detail	Millions \$	FTE
2011-13 with 2012 Supplemental	475.135	1,683.9
Carry Forward Adjustments		
G41 Lease Rate Adjustment	0.040	
G42 Crew Costs for Kwa-di-Tabil Ferries	(0.317)	8.3
G43 Port Townsend Reservation Assistance	(0.100)	
G44 Fuel Set-aside	(7.000)	
GZB Biennialize Health Insurance Rate	(1.475)	
GZC Pension Rate Biennialization	0.101	
GZS Restore 3% Salary Cut	6.739	
Sum of Carry Forward Adjustments	(2.012)	8.3
Carry Forward Level	473.123	1,692.2
Decision Packages		
1B Ferry Service Reductions	(6.087)	(20.0)
8F Fuel Rate Adjustment	0.043	
EA TEF Equipment	0.037	
XA Ferries Labor Agreements	1.884	
XB New Vessels Operation Costs	5.117	12.3
XC Reservation, Dispatch, and Fire Gear	0.480	3.6
XD Vessel and Terminal Maintenance	2.480	0.8
XE Terminal Agent and Other Adjustments	0.589	
XF Marine Insurance Increase	0.800	
XG Passenger-Only Facilities	0.121	
Sum of Decision Packages	5.464	(3.3)
Total 2013-15 Budget Request	478.587	1,688.9
Percent Change from 2011-13 Budget	0.7%	0.3%

Program X – Ferries Operation and Maintenance

The following charts, in the order presented, compare the 2011-13 and 2013-15 budgets, display the program’s budget as a percentage of the department’s total 2013-15 operating budget, and illustrate historical and projected expenditure trends.



Program X Percent of Total WSDOT 2013-15 Operating Budget of \$1.5 Billion



Program Y – Rail - Operating

Program Description

The Rail—Operating program is responsible for planning and implementing rail passenger service, maintaining state-owned train sets, and supporting the operation of state-sponsored Amtrak service between Vancouver, British Columbia and Portland, Oregon. The state's freight rail program analyzes trends, issues, and potential needs of Washington's freight rail system, and oversees the operations of the state-owned Palouse River & Coulee City (PCC) rail line.

2011-13 Biennium Budget

State support of inter-city passenger rail service was reduced by \$7.5 million because higher revenues from 2009-11 biennium were assumed to continue to offset the subsidy amount need. However, Amtrak notified the state of an error in revenue reporting after the budget passed the Legislature. Additional funds was appropriated for TEF equipment rental due to fuel cost based on the March 2011 Fuel Price Forecast and changes in the mix of equipment. Expenditure authority was provided for a federal grant that supports the development of an Integrated Rail Plan. Funding was reduced for state oversight and administration of the Rail Operating program. In addition, funding was adjusted for the three percent salary reduction and pension rate changes.

The 2012 supplemental budget included funding to restore \$3.7 million for passenger rail to correct for the previous reporting error and \$100,000 in federal spending authority to align with grant funding to support an integrated rail plan. Funding was provided to conduct a study of the benefits of a future Amtrak Cascades stop in the city of Auburn vicinity. In addition, workers' compensation charges were moved from Program U to operating programs, and the Public Employee's Benefit Board's rate for employer health benefits was lowered.

2013-15 Budget Request

Funding is reduced for state-supported passenger rail. One round-trip of the Amtrak Cascades passenger rail service from Seattle to Vancouver, B.C. will transition to a seasonal or part-week service. In addition, the Tacoma Amtrak Station will not be supported by staff, but will remain operational and include an electronic ticket kiosk.

Funding is requested for increased TEF equipment rental rates due to higher gas and diesel fuel costs and for the purchase of replacement equipment and repair parts.

Costs for state-supported Amtrak Cascades passenger rail services are increasing due to federal Passenger Rail Investment and Improvement Act (PRIIA) requirements, and contract provisions for the maintenance of state-owned train sets.

The PRIIA requires Amtrak, in consultation with the states, to develop and implement a single, nationwide standardized methodology for establishing and allocating the operating and capital costs for trains operated on regional routes. The implementation of this standardized methodology will impact the costs and revenues of existing Amtrak Cascades services directly subsidized by Washington. In addition, the costs and revenues associated with another existing Amtrak Cascades round trip between Seattle and Portland will transfer from Amtrak-support to the state-support.

Program Y – Rail - Operating

The contract for maintenance of state-owned Talgo trains includes an annual three percent increase unless the parties mutually agree on new terms during pricing negotiations. Recent contract negotiations ended at impasse and the annual three percent increases have been implemented.

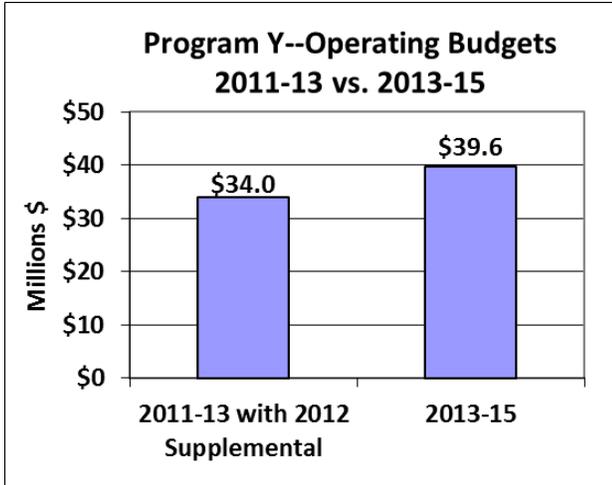
WSDOT owns the Palouse River and Coulee City (PCC) Rail System that serves farmers in Eastern Washington. Private railroad companies operate on the line through lease agreements. WSDOT requests 1.5 FTE staff and \$338,000 in the Rail Operating Program to administer the PCC Rail System, operate it safely, and sustain the economic viability of the PCC system.

The next table provides detail of the department’s 2013-15 budget request for Program Y.

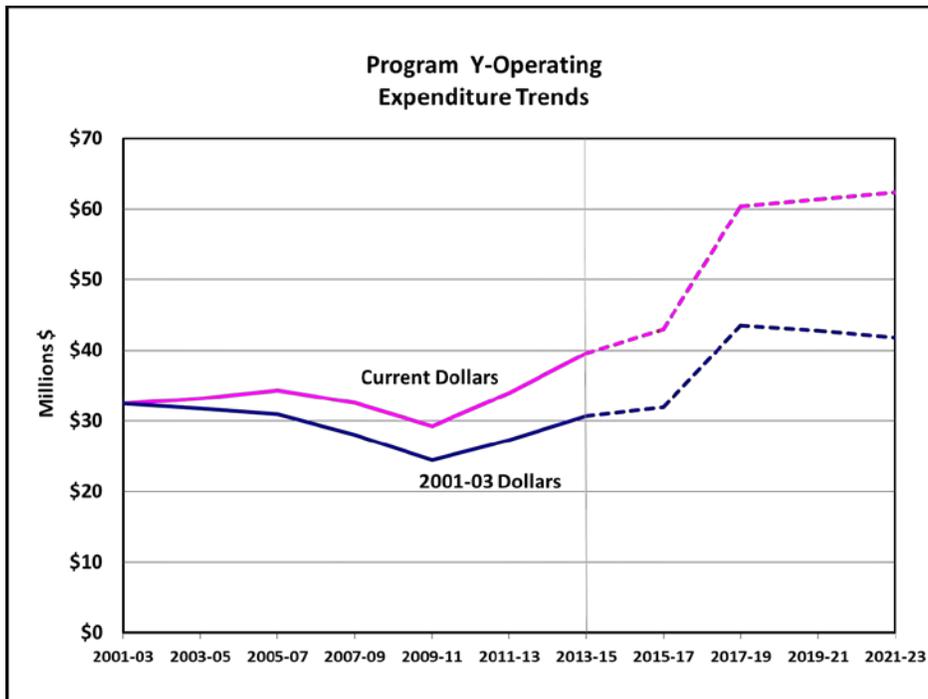
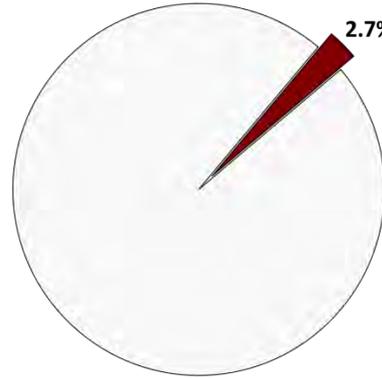
2013-15 Budget Detail	Millions \$	FTE
2011-13 with 2012 Supplemental	34.042	11.0
Carry Forward Adjustments		
G55 Integrated Rail Plan	(0.400)	(1.0)
G56 Amtrak Cascades Auburn Stop Review	(0.300)	
GZB Biennialize Health Insurance Rate	(0.011)	
GZC Pension Rate Biennialization	0.001	
GZS Restore 3% Salary Cut	0.048	
Sum of Carry Forward Adjustments	(0.662)	(1.0)
Carry Forward Level	33.380	10.0
Decision Packages		
1C Passenger Rail Efficiencies	(2.978)	
8F Fuel Rate Adjustment	0.001	
EA TEF Equipment	0.001	
YA State Support for Amtrak Cascades	8.812	
YB PCC Rail System	0.338	1.5
Sum of Decision Packages	6.174	1.5
Total 2013-15 Budget Request	39.554	11.5
Percent Change from 2011-13 Budget	16.2%	4.5%

The following charts, in the order presented, compare the 2011-13 and 2013-15 budgets, display the program’s budget as a percentage of the department’s total 2013-15 operating budget, and illustrate historical and projected expenditure trends.

Program Y – Rail - Operating



**Program Y--Operating Percent of Total WSDOT
2013-15 Operating Budget of \$1.5 Billion**



Program Z – Local Programs - Operating

Program Description

Local Programs—Operating is responsible for the administration of state and federal funds that support city and county transportation systems. Under the department’s stewardship agreement with the Federal Highway Administration (FHWA), Local Programs serves as the program manager for all federal aid funds that are used to build and improve transportation systems of cities, counties, ports, tribal governments, transit agencies, and metropolitan and regional planning organizations statewide. Program Z provides program and policy oversight for sidewalks, bike lanes, trail, pedestrian, and transit-rider crossing improvements, as well as other non-motorized community connections. This program provides a subsidy to reimburse Wahkiakum County for a portion of the operating and maintenance costs deficit for operating the Puget Island-Westport ferry, pursuant to RCW 47.56.720.

2011-13 Biennium Budget

Funding was increased for TEF equipment rental due to fuel cost based on the March 2011 Fuel Price Forecast and changes in the mix of equipment. Funding was reduced to eliminate subsidies for training contracts with the University of Washington. In addition, funding was adjusted for the three percent salary reduction and pension rate changes.

In the 2012 supplemental budget, technical changes were made to match higher projected fuel costs for TEF equipment and to move workers’ compensation charges from Program U to operating programs. The Public Employee’s Benefit Board’s rate for employer health benefits was lowered.

2013-15 Budget Request

The cost to maintain current service levels is projected to be greater than available resources. The department proposes a number of administrative and staff reductions, including reduced financial support for the pavement inventory asset management program.

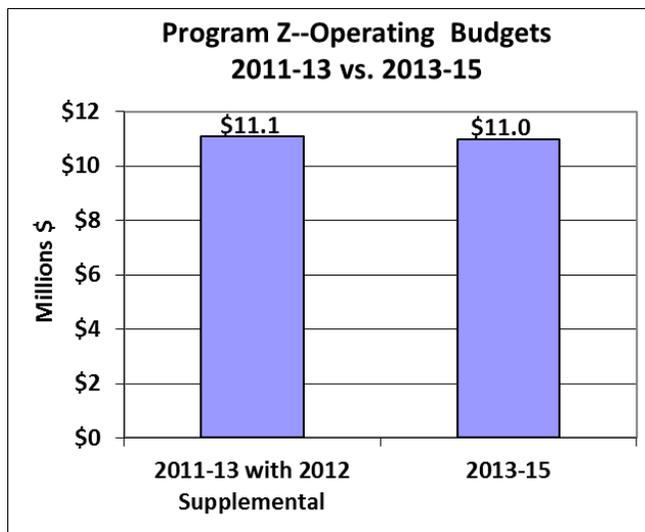
Funding is requested for increased TEF equipment rental rates due to higher gas and diesel fuel costs and for the purchase of replacement equipment and repair parts.

The next table provides detail of the department’s 2013-15 budget request for Program Z—Operating.

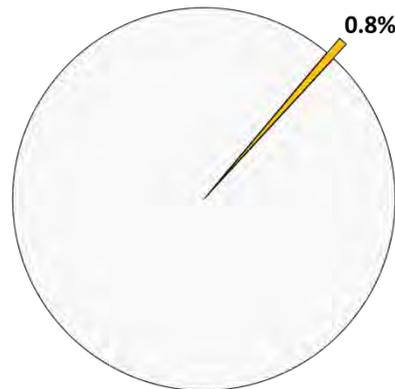
Program Z – Local Programs - Operating

2013-15 Budget Detail	Millions \$	FTE
2011-13 with 2012 Supplemental	11.085	43.7
Carry Forward Adjustments		
GZB Biennialize Health Insurance Rate	(0.041)	
GZC Pension Rate Biennialization	0.004	
GZS Restore 3% Salary Cut	0.238	
Sum of Carry Forward Adjustments	0.201	-
Carry Forward Level	11.286	43.7
Decision Packages		
1A Administrative and Staff Reductions	(0.250)	
8F Fuel Rate Adjustment	0.005	
EA TEF Equipment	0.005	
Sum of Decision Packages	(0.240)	-
Total 2013-15 Budget Request	11.046	43.7
Percent Change from 2011-13 Budget	-0.4%	0.0%

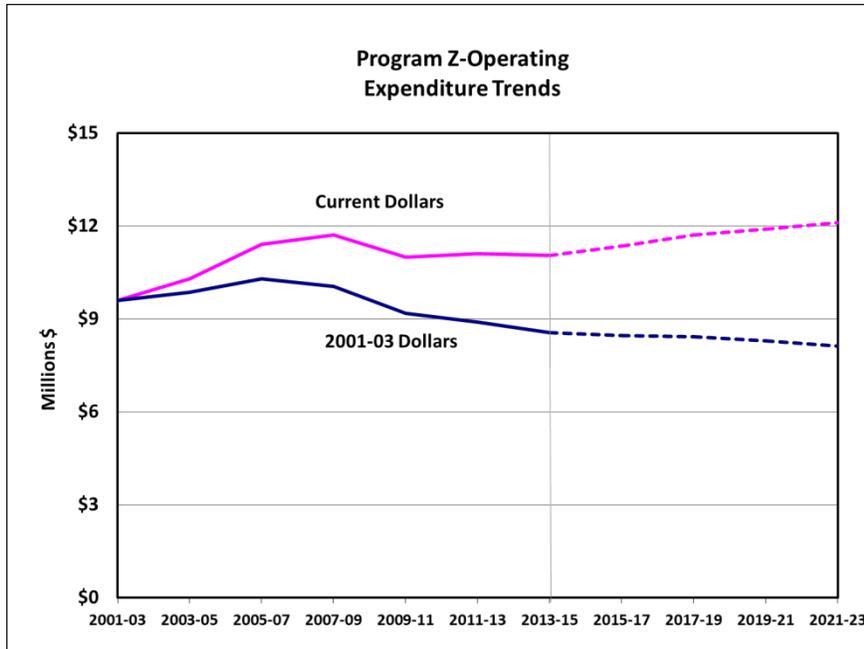
The following charts, in the order presented, compare the 2011-13 and 2013-15 budgets, display the program’s budget as a percentage of the department’s total 2013-15 operating budget, and illustrate historical and projected expenditure trends.



Program Z--Operating Percent of Total WSDOT 2013-15 Operating Budget of \$1.5 Billion



Program Z – Local Programs - Operating



Capital Programs

Capital Programs Budget Overview

WSDOT's Capital Program budget proposal continues the delivery of project and program commitments assumed in the 2012 legislative session, including construction of the projects funded as part of the 2003 and 2005 transportation revenue funding packages. Since 2003, the department has completed 331, or more than 79 percent of the 421 highway construction projects funded by the 2003 Nickel and 2005 Transportation Partnership Acts (TPA). These completed projects represent a total value of \$4.9 billion of the \$16.3 billion Nickel and TPA programs. In addition, a total of 18 rail construction projects funded from the Nickel and TPA packages have been delivered for \$103 million and the Ferries program has completed 16 construction projects for \$244 million in Nickel and TPA funding.

As the Nickel and TPA projects near completion, the gas tax revenues raised by these acts will be dedicated to debt service payments on bonds used to leverage the investments. This is occurring at a time when gas tax revenues are declining due to fuel efficiency increases for vehicles and the impact of higher gas prices on consumption.

In June 2012, the U.S. Congress passed Moving Ahead for Progress in the 21st Century (MAP-21), which extends the federal gas tax through federal fiscal year (FFY) 2014 and ensures two years of solvency for the Highway Trust Fund. The department's budget assumes MAP-21 funding levels through the authorized period. Estimated revenues after FFY 2014 are based on the June 2012 Transportation Revenue Forecast, which assumes an approximate 20 percent decline in federal revenues starting in FFY 2015. Because the federal funding authorization is only in place for two years, the projected drop in federal funding in FFY 2015 exacerbates the gap between revenue sources and expenditures in the out biennia.

While the department is proposing a balanced budget for the 2013-15 biennium, existing resources are not sufficient to maintain current levels of service for preserving and maintaining the transportation system to current standards. This can be seen by the reduction in new project starts for the preservation program in the second year of the biennium.

2013-15 Capital Budget

The department's 2013-15 capital budget maintains forward momentum on mega-projects and continues the delivery of the project and program commitments assumed in the 2012 budget for the 2003 and 2005 transportation revenue funding packages. Capital project highlights include:

- Replace the SR 520 floating bridge across Lake Washington.
- Begin construction of the bored tunnel that will replace the Alaskan Way Viaduct.
- Accelerate work on the I-5 Tacoma HOV project, closing the gap between the Southbound Puyallup river bridge and the I-5/SR 16 HOV direct connection projects.
- Continue track improvements funded by the Federal High Speed Rail program, which will allow for two additional round-trips from Portland to Seattle in future biennia.
- Continue work on the I-5 Columbia River Crossing Bridge at Vancouver to prepare for construction.
- Continue improvements in the I-405 Corridor in the vicinity of Kirkland and Bellevue.
- Implement federally-funded improvements for North/South traffic through Spokane.

Capital Programs Budget Overview

- Construction of the second 144-car ferry with bonds supported by the 2003 Nickel package and new fee revenues initiated during the 2012 legislative session.
- Begin design on the next two miles of the I-90 Snoqualmie Pass widening project, immediately followed by construction.
- Continue design on the list of new start projects that the Legislature funded in the 2012 session in anticipation of future new revenue for design completion and construction.

The department’s capital budget assumes a bare minimum investment level for the terminal and ferry vessel preservation, which increases maintenance costs in the operating budget. In addition, highway preservation funding is significantly limited in future biennia. During the 2013-15 biennium, capacity within the Nickel and TPA funding allowed the department to advance I-5 HOV Connectors, Snoqualmie Pass 2A, and I-5/S Boeing Access Road to Northgate – Concrete Pavement Rehabilitation projects.

The 2013-15 budget proposal is approximately \$1 billion less than the 2011-13 budget, which represents a 17 percent decrease.

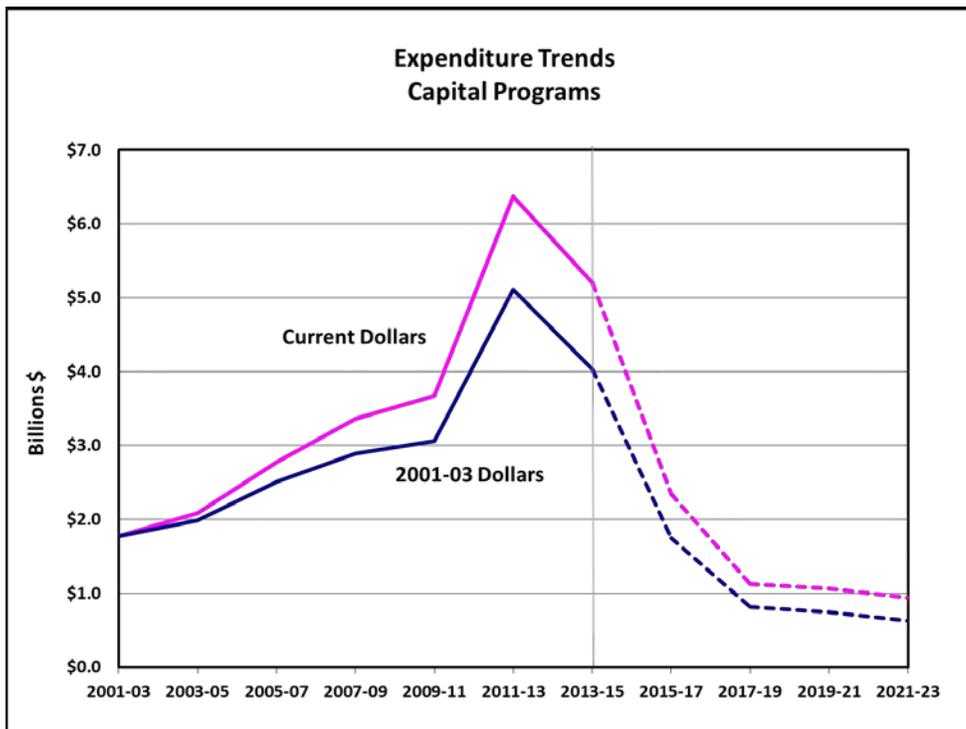
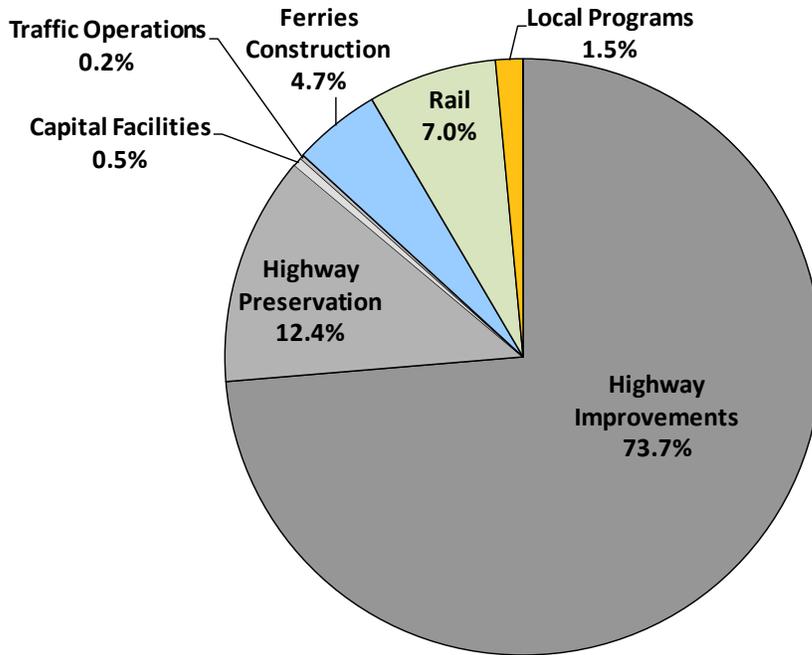
2013-15 Capital Budget Request

in Millions of Dollars

Pgm Code	Program Title	2011-13 With 2012 Supplemental Budget	Carry Forward Adjustments	Incremental Decision Packages	Total 2013-15 Budget	% Change from 2011-13
D	Facilities--Capital	7.120	(7.120)	25.626	25.626	259.9%
I	Highway Improvements	4,832.515	(4,832.515)	3,828.640	3,828.640	-20.8%
P	Highway Preservation	691.877	(691.877)	645.618	645.618	-6.7%
Q	Traffic Operations--Capital	16.062	(16.062)	11.153	11.153	-30.6%
W	Ferries--Capital	284.194	(284.194)	245.923	245.923	-13.5%
Y	Rail--Capital	303.085	(303.085)	362.730	362.730	19.7%
Z	Local Programs--Capital	104.574	(104.574)	76.921	76.921	-26.4%
	Total	6,239.427	(6,239.427)	5,196.611	5,196.611	-16.7%

Capital Programs Budget Overview

2013-15 Capital Budget Request
Programs as a Percent of the Total



Program D – Facilities - Capital

Program Description

The Facilities—Capital program is responsible for replacing, preserving, and improving department-owned buildings and facilities. For example, the program makes necessary repairs to compromised roofs, oversees cleanup of contaminated sites, and improves buildings for code compliance.

2011-13 Biennium Budget

High priority safety projects linked to employee safety and environmental risk, or minor works that prevent facility deterioration, received \$3.7 million in new funding. Additional funding was also provided for: debt service to repay the purchase of property for a future Olympic Region headquarters' facility (\$0.6 million); statewide administrative support (\$0.6 million); and managing stormwater compliance projects (\$0.4 million).

In the 2012 supplemental budget, funding for a new Traffic Management Center was transferred to the Facilities Program from Highway Construction.

2013-15 Budget Request

Funding is requested for administrative support, Olympic Region site acquisition debt service payments, and preservation and improvement minor works projects.

One-time funding is requested to implement “life safety” corrective actions to remedy multiple building code violations at the Olympic Region Headquarters, the Aberdeen Area Maintenance Facility in the Olympic Region, and the Northup Area Maintenance Facility in the Northwest Region. Without corrective action, staff may be prohibited from using these facilities that are essential to operate, maintain, and construct state highways.

Funding is requested to continue implementation of the department’s stormwater management responsibilities to meet requirements of the National Pollutant Discharge Elimination System (NPDES) municipal permit issued by the Department of Ecology (Ecology). The February 2009 permit expands coverage on an earlier permit to more than 100 urban areas across the state. It also increases the number of regulated state highway centerline miles (a measure of highway system size) by 40 percent, and establishes 396 specific, compliance actions. This funding will enable compliance with key permit requirements that were deferred to the 2013-15 biennium due to budget limitations in the 2011-13 biennium.

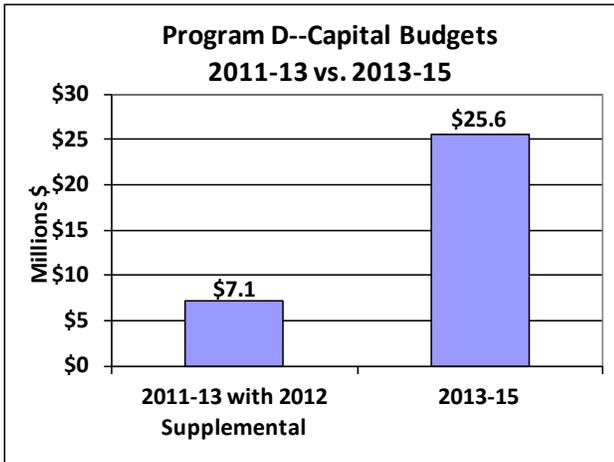
Project details can be found in the Capital Improvement and Preservation Program (CIPP) document.

The next table provides detail of the department’s 2013-15 budget request for Program D-Capital.

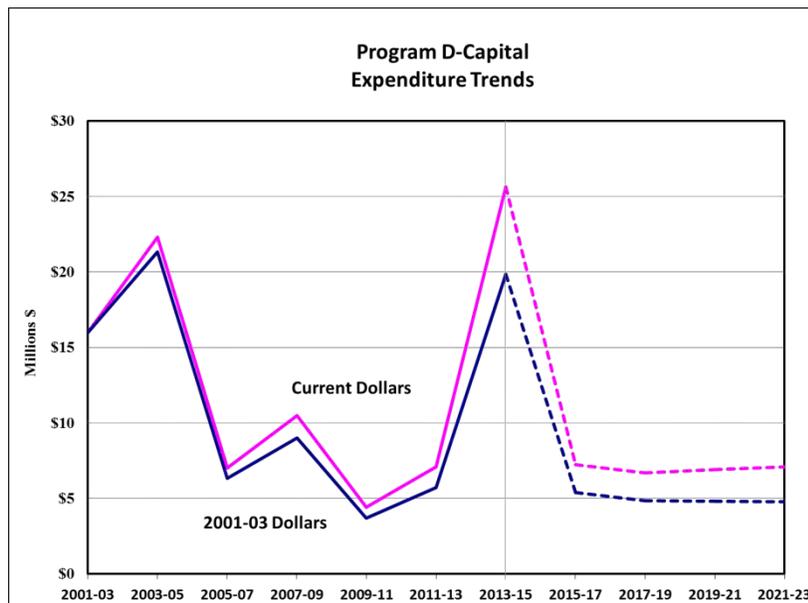
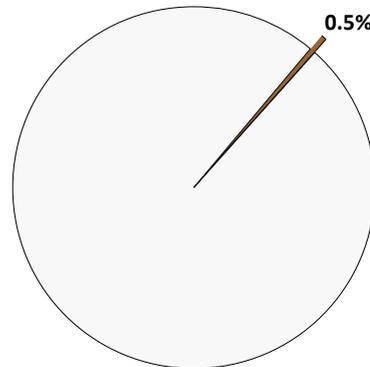
Program D – Facilities - Capital

2013-15 Budget Detail	Millions \$	FTE
2011-13 with 2012 Supplemental	7.120	7.3
Zero Base Capital Pgm	(7.120)	(7.3)
Carry Forward Level	-	-
Adjustments		
AA Capital Projects	18.946	11.3
AC Building Code Compliance	3.730	0.5
MB Stormwater Permit Compliance	2.950	1.0
Total 2013-15 Budget Request	25.626	12.8
Percent Change from 2011-13 Budget	259.9%	75.3%

The following charts, in the order presented, compare the 2011-13 and 2013-15 budgets, display the program’s budget as a percentage of the department’s total 2013-15 capital budget, and illustrate historical and projected expenditure trends.



Program D--Capital Percent of Total WSDOT
2013-15 Capital Budget of \$5.2 Billion



Program I – Highway Improvements

Program Description

The Highway Improvements program manages projects that increase the capacity of state highways to move vehicles and freight, correct highway safety concerns, and reduce environmental impacts resulting from highway construction projects.

2011-13 Biennium Budget

The 2011-13 budget for the Highway Improvements program was over \$4.0 billion, with \$450.7 million coming from federal sources. The state Legislature maintained forward momentum on mega projects and projects of regional significance, such as the Tacoma I-5 HOV, I-90/Snoqualmie Pass, SR 99/Alaskan Way Viaduct Replacement, SR 395 North Spokane Corridor, I-405 Corridor, and SR 520 Bridge Replacement.

The biennial budget also included funding for:

- Delivery of the I-405 Corridor project, with the construction of the SR 520 to SR 527 widening in Kirkland and the NE 8th to SR 520 braided ramps in Bellevue, providing additional lanes, improving interchange movement, and congestion relief throughout the 405 Corridor.
- The Vancouver CRC bridge, including project design, approach improvements, and preparation of an Environmental Impact Statement. Bridge improvements will address safety and congestion issues in partnership with the state of Oregon.
- Delivery of the US 395 North Spokane Corridor project, improving mobility by allowing motorists and freight to move north and south through metropolitan Spokane from I-90 to US 395 at Wandermere.
- Delivery of the I-5 Tacoma HOV project with the reconstruction of the interchange at I-5 and SR 16, which includes rebuilding the eastbound bridge over Nalley Valley.

The 2012 supplemental budget made adjustments to the capital projects list, provided expenditure authority for the remaining bond authority for the SR 520 Floating Bridge Replacement project, advanced the initial development of new projects, and removed the sales tax repayment from the Tacoma Narrows Bridge due to passage of Chapter 77, Laws of 2012. After these changes, the Highway Improvements program budget exceeded \$4.8 billion for the 2011-13 biennium.

2013-15 Budget Request

Funding is requested 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.

The Highway Improvements program's budget is nearly \$3.8 billion, with over \$960 million coming from federal funds. The TEIS project list totals nearly \$3.5 billion. The difference from the department's request of \$3.8 billion and the TEIS project list total of \$3.5 billion is additional appropriation authority for the remaining bond authorization for the SR 520 corridor program. The TEIS project list totals nearly \$3.2 billion for mobility projects, which increase highway capacity with the long-term goal of reducing congestion; nearly \$75 million is included for safety projects to reduce and prevent collisions; over \$127 million is provided for economic initiatives to promote and develop transportation systems that stimulate, support, and enhance the movement of people

Program I – Highway Improvements

and goods to ensure a prosperous economy; and over \$77 million is included to reduce the impact of transportation facilities on the environment.

The Improvements program budget includes the following:

- SR 520 corridor, including the projects for pontoon construction; I-5 to Medina bridge replacement and HOV lanes, and Lake Washington congestion management, which includes tolling and active traffic management. (\$692 million)
- SR 99, Seattle Alaskan Way Viaduct and Seawall Replacement. Construction of the bored tunnel under downtown Seattle between S. King St. vicinity and Roy St. to replace the seismically vulnerable Alaskan Way Viaduct along the central waterfront. (\$892 million)
- High Occupancy Vehicle (HOV) projects in the Tacoma area on I-5 Northbound from Portland Avenue to Port of Tacoma Rd, I-5/SR 16/Eastbound Nalley Valley, and I-5 from M Street to Portland Avenue.(\$277 million)
- I-90, Snoqualmie Pass Corridor Improvements, which adds lanes and realigns I-90 between Hyak and Lake Keechelus Dam. (\$124 million)
- I-5, Columbia River Crossing for design, right-of-way and construction of a new CRC crossing. These improvements will address safety and congestion issues on this vital freight and commuter corridor.(\$475 million)
- I-5 Lewis County Corridor Improvements, providing collector-distributor lanes between the existing Mellen Street and Harrison Avenue interchanges and widening I-5 from two lanes to three lanes in each direction north of Harrison Avenue. (\$87 million)
- US 395, Spokane – North Spokane Corridor, including right of way and construction to increase capacity for North/South traffic from I-90 north through Spokane. (\$68 million)

The safety projects in WSDOT’s 2013-15 budget request include spot improvements at locations that have a higher-than-average accident history; construction of roundabouts; installation of median crossover protection; intersection improvements; and safety upgrades to railroad crossings.

Project details can be found in the CIPP document.

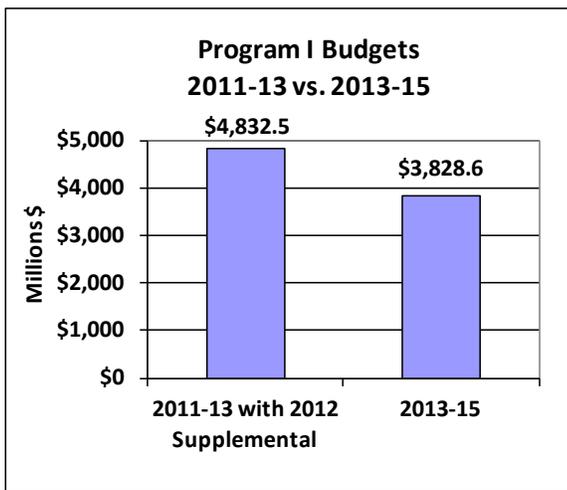
Included in the total budget for the Improvements program is approximately \$500 million in bond capacity for the SR 520 corridor project.

The next table provides detail of the department’s 2013-15 budget request for Program I.

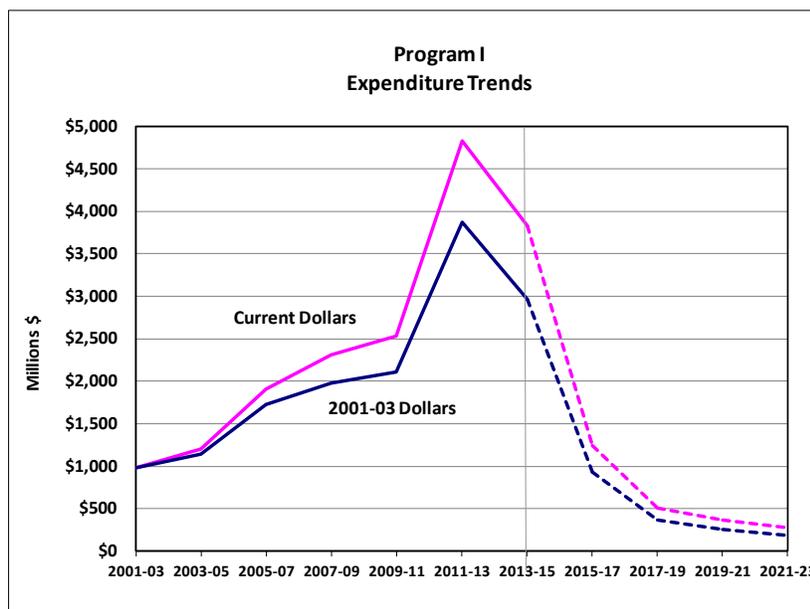
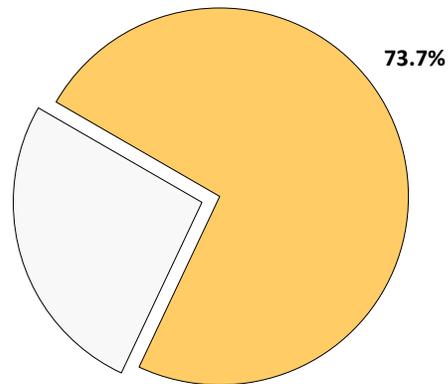
Program I – Highway Improvements

2013-15 Budget Detail	Millions \$	FTE
2011-13 With 2012 Supplemental	4,832.515	1,605.0
Zero Base Capital Pgm	(4,832.515)	(1,605.0)
Carry Forward Level	-	-
Adjustments		
AA Capital Projects	3,828.640	1,320.0
Total 2013-15 Budget Request*	3,828.640	1,320.0
Percent Change from 2011-13 Budget	-20.8%	-17.8%
*Total includes approximately \$500 million in bond capacity for SR 520 corridor project		

The following charts, in the order presented, compare the 2011-13 and 2013-15 budgets, display the program’s budget as a percentage of the department’s total 2013-15 capital budget, and illustrate historical and projected expenditure trends.



Program I Percent of Total WSDOT 2013-15 Capital Budget of \$5.2 Billion



Program P – Highway Preservation

Program Description

The Highway Preservation program preserves the structural integrity of the state's highway system. Projects include preservation or rehabilitation of existing roadway pavements, bridges, and other highway structures and facilities.

2011-13 Biennium Budget

The 2011-13 budget for the Highway Preservation program was more than \$753 million, with over \$632 million coming from federal funds. The Roadway Preservation subprogram's budget was approximately \$308 million, which included \$56.7 million for concrete roadways, \$151.7 million for asphalt roadways, and \$83.9 million for chip seal roadways. The cost of bridge structure projects total \$285 million. These projects address seismically vulnerable bridges, bridge elements in need of repair or replacement, as well as replacement of the existing Keller Ferry boat, which has reached the end of its service life.

The 2012 supplemental budget adjusted the capital projects list and provided \$3.5 million for urgent preservation needs. After the 2012 budget, the Highway Preservation program budget was more than \$691 million.

2013-15 Budget Request

Funding is requested 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.

The Highway Preservation program is proposed to be \$645 million, with nearly \$507 million in federal funds. The TEIS project list totals over \$755 million because additional projects are included for consideration should funding become available.

The Roadway Preservation program is \$293 million. The department's 2013-15 budget proposal extends the service life of Portland Cement Concrete Pavement (PCCP) through rehabilitation; maintains Bituminous Surface treatments (BST or Chip Seals) at their lowest life-cycle cost; and eliminates past-due hot mix asphalt (HMA) pavement projects and maintains them within 90 percent their lowest life-cycle cost.

Bridge structure projects total \$277 million. The department uses various strategies to preserve the state's bridges and highway structures, including repair and replacement of deteriorated bridge elements; repainting steel structures and overlaying concrete bridge decks to extend the service life of bridges; and retrofitting bridges for seismic events. The funding priorities for these strategies are based on benefits received versus the cost of the work. Bridge replacements in the WSDOT budget include: SR 167/Puyallup River Bridge; SR 9/Pilchuck Creek Bridge; SR 105/North River Bridge; SR 162/Puyallup River Bridge; and SR 6/Rock Creek Bridge.

Funding is requested for WSDOT's preservation of the TNB in the manner necessary for the state to continue toll collections. Cost estimates and frequency of the activity has been developed consistent with federal regulations and national standards for bridges.

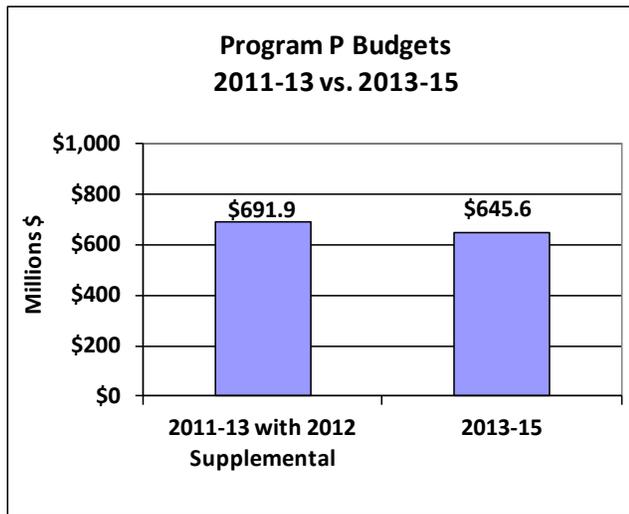
Program P – Highway Preservation

Project details can be found in the CIPP document.

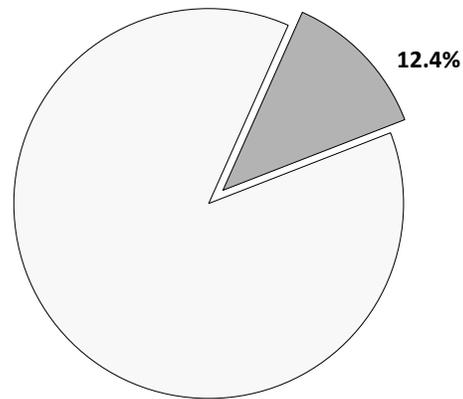
The next table provides detail of the department’s 2013-15 budget request for Program P.

2013-15 Budget Detail	Millions \$	FTE
2011-13 with 2012 Supplemental	691.877	720.0
Zero Base Capital Pgm	(691.877)	(720.0)
Carry Forward Level	-	-
Adjustments		
AA Capital Projects	642.610	880.0
AB SR 16/TNB Renew and Replacement Plan	3.008	
Total 2013-15 Budget Request	645.618	880.0
Percent Change from 2011-13 Budget	-6.7%	22.2%

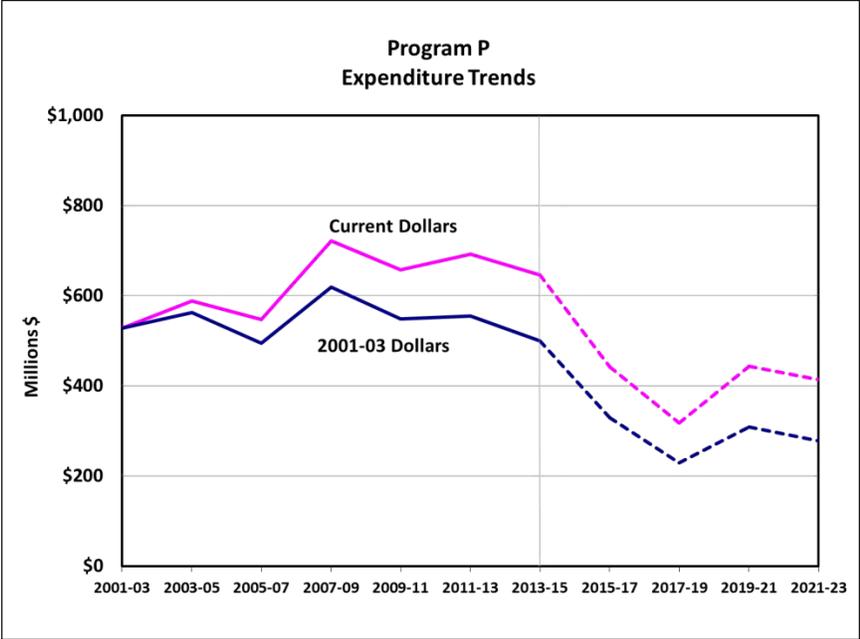
The following charts, in the order presented, compare the 2011-13 and 2013-15 budgets, display the program’s budget as a percentage of the department’s total 2013-15 capital budget, and illustrate historical and projected expenditure trends.



**Program P Percent of Total WSDOT
2013-15 Capital Budget of \$5.2 Billion**



Program P – Highway Preservation



Program Q – Traffic Operations - Capital

Program Description

The Traffic Operations—Capital program delivers Intelligent Transportation System (ITS) projects that improve commercial vehicle operations, provide traveler information, and safety and congestion relief by applying advanced technology to transportation systems. Examples include traffic cameras and flow maps used by local news channels and made available on the department’s webpage; Variable Message Signs (VMS) and Highway Advisory Radios (HAR) used to provide motorists with important information about congestion, incidents, and travel time; and Commercial Vehicle Information System and Networks (CVISN) that use weigh-in-motion scales and transponder readers to electronically screen trucks as they approach a weigh station.

2011-13 Biennium Budget

Funding was provided for new and existing projects, including ITS, ramp meters, fiber connectivity, communication upgrades, and VMS. The 2012 supplemental budget adjusted the project list to reflect updated delivery estimates.

2013-15 Budget Request

Funding is requested for ITS projects that improve commercial vehicle operations, traveler information, and safety and congestion relief by applying advanced technology to transportation.

The 2013-15 budget requests \$11 million for the continuation of Traffic Operations capital projects that were started in previous biennia and to fund new projects. Examples of several projects include:

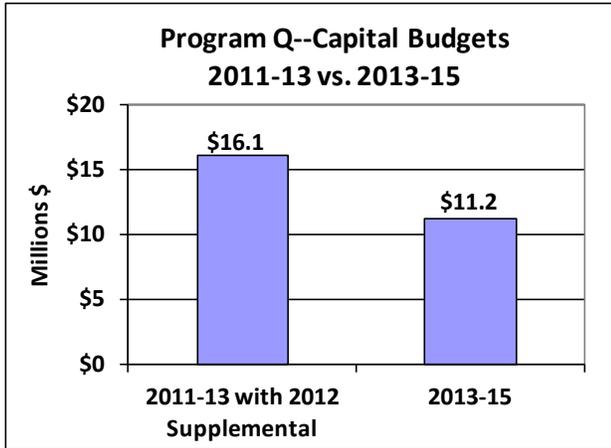
1. Expanded CVISN-automated Infrared Roadside Screening project will complete the deployment of a fully automated roadside under-vehicle inspection and analysis system.
2. SR 512/SR 7 to I-5 - Congestion Management project will install ramp meters and a VMS on west bound SR 512. Ramp meters will also be installed at SR 7 and at Steele Street on-ramps. Additionally, a VMS sign for travelers’ information will be installed on west bound SR 512 east of SR 7. This will improve travel reliability, decrease merging related crashes, and delay congestion.
3. SR 14 Traveler Information, 164th Ave to NW 6th Ave project will provide communications links, traffic detection, and roadway cameras to provide additional traveler information along the SR-14 corridor.

The next table provides detail of the department’s 2013-15 budget request for Program Q—Capital.

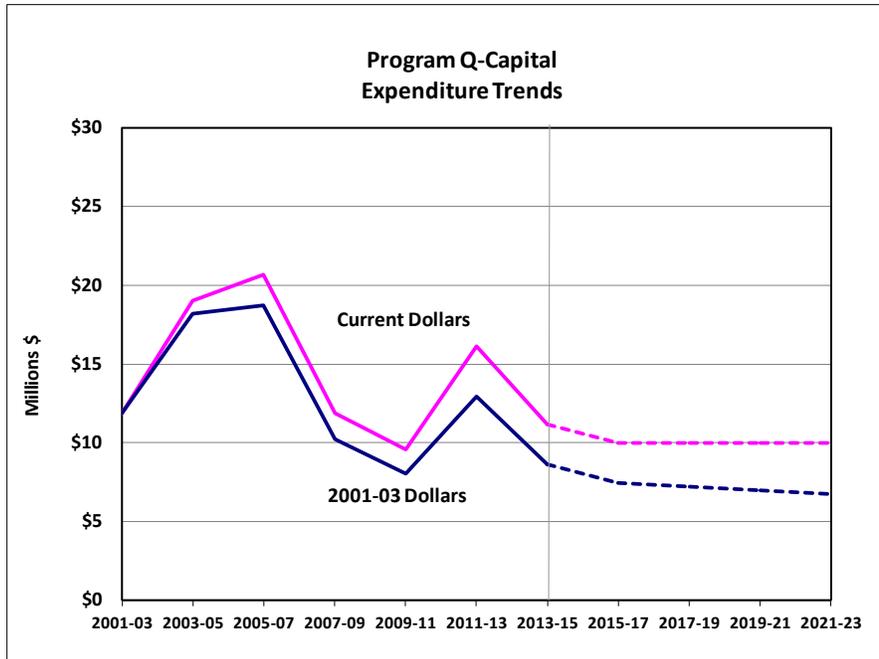
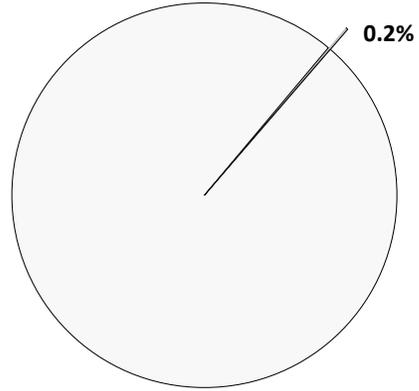
2013-15 Budget Detail	Millions \$	FTE
2011-13 with 2012 Supplemental	16.062	10.3
Zero Base Capital Pgm	(16.062)	(10.3)
Carry Forward Level	-	-
Adjustments		
AA Capital Projects	11.153	12.3
Total 2013-15 Budget Request	11.153	12.3
Percent Change from 2011-13 Budget	-30.6%	19.4%

Program Q – Traffic Operations - Capital

The following charts, in the order presented, compare the 2011-13 and 2013-15 budgets, display the program’s budget as a percentage of the department’s total 2013-15 capital budget, and illustrate historical and projected expenditure trends.



Program Q--Capital Percent of Total WSDOT 2013-15 Capital Budget of \$5.2 Billion



Program W – Ferries - Capital

Program Description

The department makes capital investments in the ferry system through the Ferries—Capital Program. The program includes preserving and improving existing and building new ferry terminals and vessels. Capital funds are allocated for preservation and improvement projects to three major activity categories: terminals, vessels, and emergency repairs. The program is responsible for preservation of 23 auto ferry vessels with two additional ferries in the 2013-15 biennium, 20 ferry terminals, and a dedicated maintenance facility at Eagle Harbor. A preservation project extends the life of an existing terminal or vessel without significantly changing its use. The focus of a preservation project is refurbishment or replacement of the systems making up the terminal or vessel. Ferry improvements build new terminals and vessels, increase the capacity of the ferry system to move people and vehicles, provide ferry riders with connections to alternative modes of travel, perform emergency repairs, ensure the safety of people and property, protect the environment, improve terminal and vessel conditions, accommodate changes in service or clientele, promote efficient and effective operation of the ferry system, and achieve cost savings and generate new revenue.

2011-13 Biennium Budget

Legislative focus continued on new vessel acquisition, preservation of existing terminals and vessels, installation of the reservation system as an alternative to terminal infrastructure expansion, and limited improvements to terminals and vessels. The 2011-13 budget provided \$283 million for capital investments, including \$217 million for vessel construction (with \$4 million to be put in reserve), \$64 million for terminal construction, and \$2 million for emergency repairs.

Terminal construction included transfer span replacement at Port Townsend; wingwall and trestle pavement preservation at Lopez; slip 2 mechanical/electrical systems rehabilitation at Seattle, and dolphin replacement at Edmonds. Improvements included installation of the reservation system and related communications infrastructure, as well as upgrades to the electrical distribution system at Seattle. In addition, preconstruction work continued for major future construction projects to preserve the Seattle Terminal and build a multimodal terminal at Mukilteo.

Vessel construction included delivery of the third 64-car ferry and one 144-car ferry. Other significant vessel investments included preservation of communication, navigation, life saving and security equipment, propulsion systems, major mechanical and electrical systems; steel; interior spaces; piping; and structural preservation systems on three of the five Jumbo Class Ferries, three of the four Super Class ferries, one of the three Evergreen State Class ferries, and one of the six Issaquah Class Ferries, as well as propulsion system improvements for three Super Class ferries.

The 2012 supplemental budget made adjustment to the project list to reflect updated delivery estimates and reduced bond funding to reflect a decrease in project costs. In addition, new bond authority was provided to construct a second 144-car class ferry.

2013-15 Budget Request

Funding is requested for projects that preserve and improve existing ferry terminals and vessels. Highlights of the request are continuing design to replace the north trestle and terminal building at the Seattle Terminal, moderate construction activity at the Bainbridge and Point Defiance

Program W – Ferries - Capital

terminals, implementation of Phase 2 for the reservation system, minor construction activity at various terminals, completion of two 144-car ferries, and targeted investments in 19 vessels.

The 2013-15 budget provides \$246 million for construction projects in the Ferries Capital program, including \$188 million for vessel construction, \$49 million for terminal construction, and \$9 million for emergency repairs. Projects in the 2013-15 budget include:

- Completion of the two 144-car ferries started in the 2011-13 Biennium;
- Preservation work of \$5 million or greater on the MV Hyak, MV Cathlamet, MV Kitsap, MV Tacoma, and MV Chelan;
- Additional preservation work under \$5 million on 17 other vessels;
- Construction activity of \$1 million or greater at the Bainbridge Island, Friday Harbor and Point Defiance terminals and for the Vehicle Reservation System and ADA Visual Paging system-wide projects;
- Construction activity under \$1 million at Edmonds, Kingston, Lopez, Orcas Island, Seattle and Southworth terminals; and
- Preliminary engineering activity of \$14 million at the Mukilteo Terminal and \$7 million at the Seattle Terminal and at 11 other terminals and for two system-wide projects.

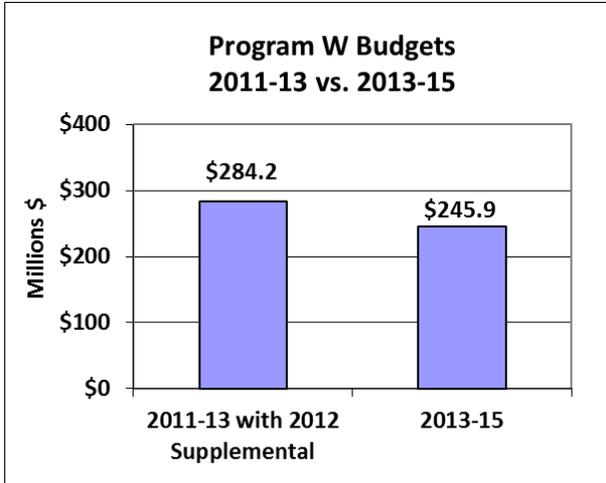
Project details can be found in the CIPP document.

The next table provides detail of the department’s 2013-15 budget request for Program W.

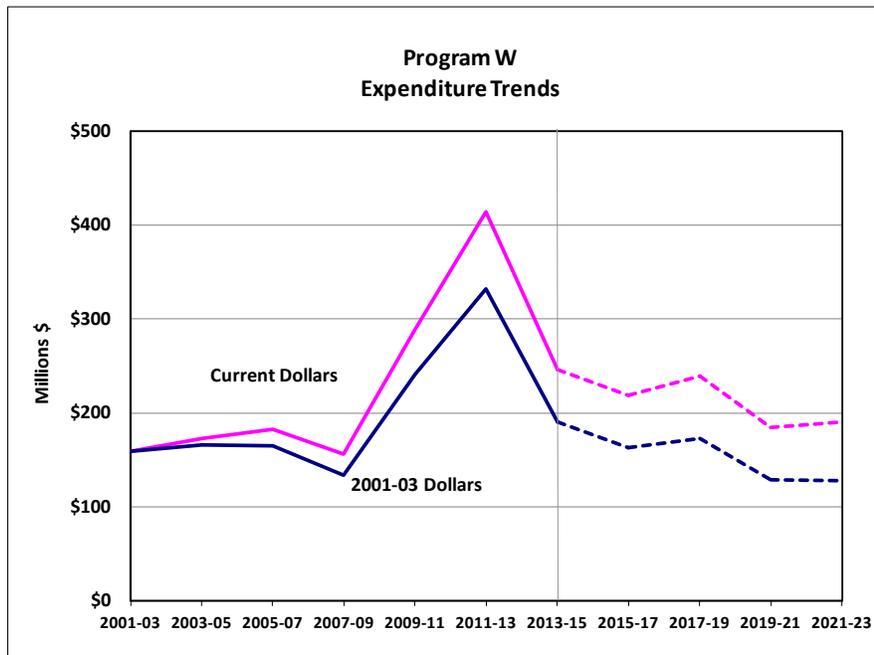
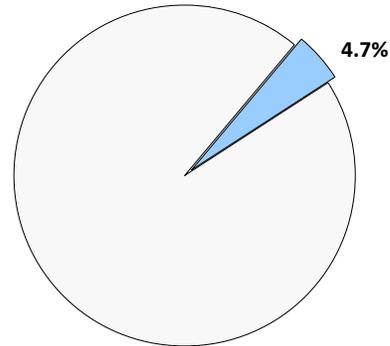
2013-15 Budget Detail	Millions \$	FTE
2011-13 with 2012 Supplemental	284.194	149.1
Zero Base Capital Pgm	(284.194)	(149.1)
Carry Forward Level	-	-
Adjustments		
AA Capital Projects	245.923	126.0
Total 2013-15 Budget Request	245.923	126.0
Percent Change from 2011-13 Budget	-13.5%	-15.5%

The following charts, in the order presented, compare the 2011-13 and 2013-15 budgets, display the program’s budget as a percentage of the department’s total 2013-15 capital budget, and illustrate historical and projected expenditure trends.

Program W – Ferries - Capital



**Program W Percent of Total WSDOT
2013-15 Capital Budget of \$5.2 Billion**



Program Y – Rail - Capital

Program Description

The Rail—Capital program provides support, administration, coordination, and planning for both passenger rail and freight rail improvements. The program is responsible for acquiring passenger train equipment and overseeing projects that maintain and improve operation of the state-sponsored rail passenger program and implement track improvements. The program also provides loans and grants to local governments and private sector companies for investments to preserve and improve light-density freight rail system in the state.

2011-13 Biennium Budget

The 2011-13 budget provided \$426.4 million for passenger rail and freight rail. Of this amount, \$413.9 million was for passenger rail projects, including \$311.8 million for High Speed Rail investments with federal (ARRA) funding. \$12.5 million was for freight rail projects including \$2.8 million for Freight Rail Assistance grants program and \$5.8 million for the Freight Investment Bank for loan program.

The 2012 supplemental budget adjusted the Rail Capital program funding to reflect updates to the capital projects list.

2013-15 Budget Request

Funding is requested 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.

The WSDOT proposed budget provides approximately \$363 million for passenger rail projects. The projects related to the federal ARRA High Speed Intercity Passenger Rail grant are the largest component of passenger rail improvements. Investment of the ARRA funds would deliver critical rail infrastructure improvements that will grow the Amtrak Cascades service, make the service schedule more reliable by reducing rail congestion on the main line and develop the passenger rail corridor for future growth. The program outcomes will add two additional round trips between Seattle and Portland for a total of six daily, improved on-time performance, schedule reliability, and shorter travel times.

These projects will construct new bypass tracks to add capacity, upgrades to warning signal systems, safety-related improvements, station upgrades and multiple upgrades to existing track throughout the state. The federal funds will allow WSDOT to purchase eight new locomotives and one new trainset. These projects are scheduled to be completed by September 2017.

Passenger rail projects include:

- The Vancouver Rail project adds new tracks near the heavily-congested Vancouver, Washington, Rail Yard that will help Amtrak Cascades trains stay on schedule.
- The Point Defiance Bypass project is currently obtaining environmental clearances for a potential construction project that would re-route passenger trains between Tacoma and Nisqually. The new inland route will bypass a heavily-congested section and improve speed and reliability of passenger rail. The related D to M Street project in Tacoma is being

Program Y – Rail - Capital

undertaken in partnership with Sound Transit and includes design work and right-of-way acquisition needed to construct a new 1.2-mile rail line through Tacoma.

- The Everett Curve Realignment and Storage Track project constructs new storage tracks in Everett’s Delta Yard so that freight trains will not slow down Amtrak Cascades passenger trains.
- The King Street Station Track Improvement project adds new tracks and switches near Seattle’s train station that will help intercity passenger trains, commuter trains, and freight trains operate more efficiently through the area.
- The Cascades Trainset Overhaul project updates the three state-owned Amtrak Cascades train sets with new on-board computers, battery chargers, a Wi-Fi system, video monitors, and refurbished Bistro and Lounge cars.

Freight Rail

WSDOT’s 2013-15 budget requests more than \$14 million for freight rail: \$8.5 million for the Freight Rail Investment Bank to offer local organizations access to low-interest state loans for freight rail projects; \$2.8 million for Freight Rail Assistance Projects for emerging opportunities that would result in economic development or maintaining rail service on light-density rail lines; \$2.5 million for rehabilitation for the Palouse River and Coulee City Rail System (PCC) track and bridges in four counties; and \$240,000 for rail produce cars. Project details can be found in the CIPP document.

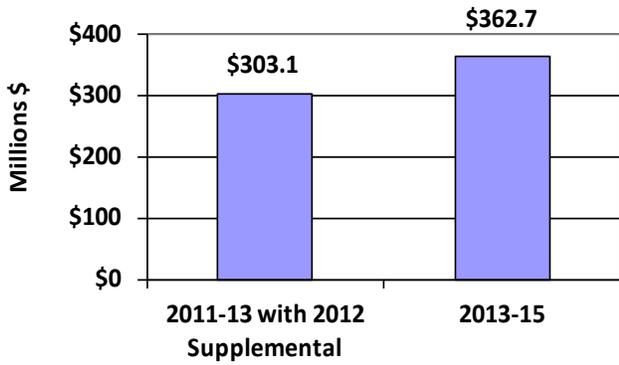
The next table provides detail of the department’s 2013-15 budget request for Program Y—Capital.

2013-15 Budget Detail	Millions \$	FTE
2011-13 With 2012 Supplemental	303.085	18.5
Zero Base Capital Pgm	(303.085)	(18.5)
Carry Forward Level	-	-
Adjustments		
AA Capital Projects	362.730	29.0
Total 2013-15 Budget Request	362.730	29.0
Percent Change from 2011-13 Budget	19.7%	56.8%

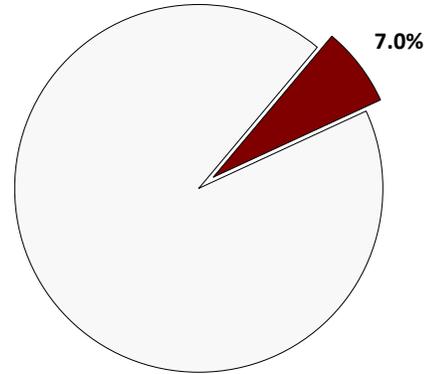
The following charts, in the order presented, compare the 2011-13 and 2013-15 budgets, display the program’s budget as a percentage of the department’s total 2013-15 capital budget, and illustrate historical and projected expenditure trends.

Program Y – Rail - Capital

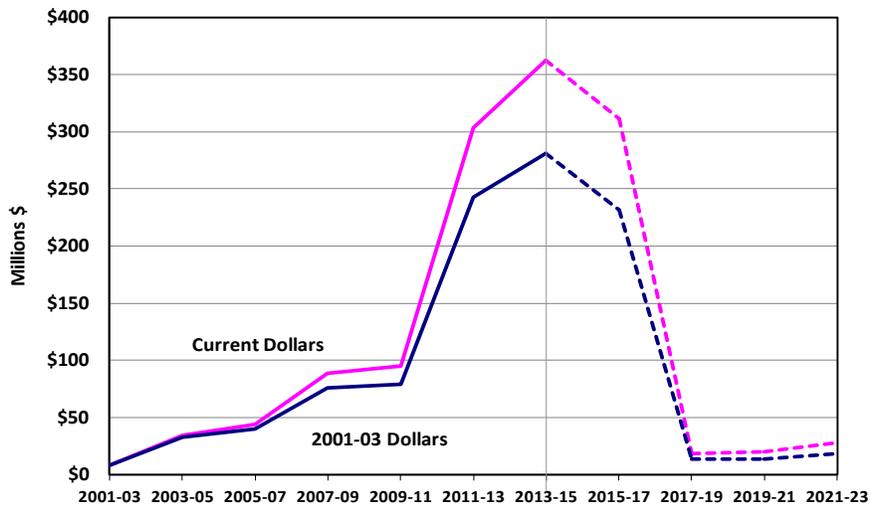
**Program Y--Capital Budgets
2011-13 vs. 2013-15**



**Program Y--Capital Percent of Total WSDOT
2013-15 Capital Budget of \$5.2 Billion**



**Program Y-Capital
Expenditure Trends**



Program Z – Local Programs - Capital

Program Description

Local Programs—Capital administers the local agency federal aid program that provides federal financial assistance and state and local funds statewide to cities, counties, ports, tribal governments, transit systems, and metropolitan and regional planning organizations for local transportation improvement projects.

2011-13 Biennium Budget

Funding was provided for the Pedestrian and Bicycle Safety/Safe Routes to School Grant Program that supports safety projects such as pedestrian paths, bicycle paths, and sidewalks, which provide safe routes from residential areas to schools and transit facilities on state highways, city streets, and county roads.

Funding was also provided for local priority projects, including park and ride facility development for Island Transit and Lake Forest Park, and the construction of new US 101/Northeast Peninsula Safety Rest Area. This included funding for the completion of the following projects: Riverside Avenue Extension Project; improvements to local roads connecting to I-82 Valley Mall Boulevard interchange; and SR 20 Winthrop area bike path. Also included was funding to support the development of a local government passenger-only ferry grant program with funds from the sale of state-owned passenger-only ferries.

Finally, funding was provided for projects that facilitate freight movement. These improvement projects are managed by the Freight Mobility Strategic Investment Board, and include the following:

- Constructing a grade separated crossing on M Street SE in Auburn to improve the safety of truck movement accessing SR 18 and SR 167.
- Constructing a grade separated 5-lane arterial roadway to provide grade separations at the Burlington Northern Santa Fe (BNSF) and Union Pacific (UP) tracks on S 228th Street.
- A series of spot improvements to improve freight access between the Port of Seattle and the Argo intermodal yard.
- Adding truck access as a complement to the SR99/Spokane Street Bridge Replacement project.
- Reconstructing Havana Street over the Burlington Northern Santa Fe mainline (a highly industrialized area of Spokane) to separate vehicle traffic from heavy train traffic, and to improve safety and enhance development opportunities.
- Constructing a grade separated 5-lane roadway over the Union Pacific and BNSF railroad tracks at Strander Boulevard and SW 27th Street.
- Providing an at-grade interchange at the Port of Tacoma Road.

The 2012 supplemental budget included adjustments to match the 2012 capital projects list. In addition, \$3 million was provided for grants to fund contingency projects for safe routes to schools and to meet urgent freight corridor improvement needs.

Program Z – Local Programs - Capital

2013-15 Budget Request

Funding is requested for various local priority projects throughout the state. Funding is also included for the Pedestrian/Bicycle Safety and Safe Route to Schools grant programs. Other major projects include those funded by the Freight Mobility Strategic Investment Board (FMSIB).

The 2013-15 budget includes funding for the Pedestrian and Bicycle Safety/Safe Routes to School grant program that supports safety projects such as pedestrian and bicycle paths, sidewalks, providing safe routes from residential areas to schools and transit on state highways, city streets and county roads.

Funding is also requested for local priority projects, including SR 908 pavement rehabilitation, new facility for US 101 / Northeast Peninsula safety rest area, Riverside Avenue extension project, SR 522 improvements at 61st Avenue NE and NE 181st Street in Kenmore, Alder Avenue reconstruction project in Sultan, and the Lake Forest Park park and ride. In addition, funding is provided for the State Infrastructure Bank which provides federal funds used as loans to local entities to facilitate investment in surface transportation facilities in the state.

Funding is also provided for projects that facilitate freight movement and are managed by the Freight Mobility Strategic Investment Board, including:

- SR 99 Puyallup River Bridge
- S 212th St Grade Separation
- Marginal/Diagonal approach & Argo Gate
- S 228th Street Extension & Grade Separation
- Port of Tacoma Rd- Interchange improvements
- Rail Tie-In to Mainline Schedule 2 Rail Trench #15-18 WVFA
- Sullivan Road West Bridge Replacement
- Yakima Grade Separated Rail Crossing

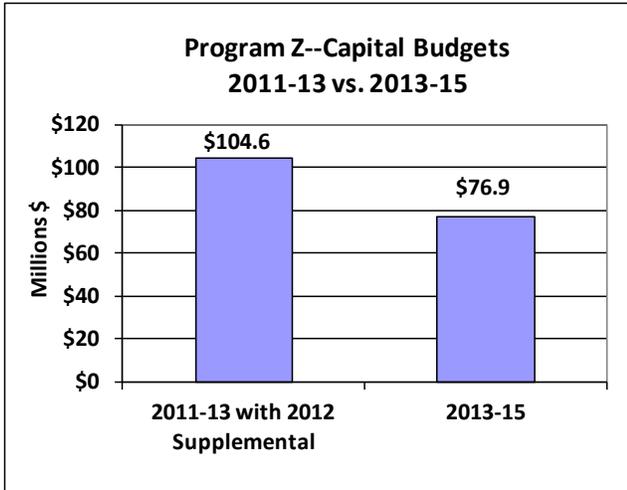
Project details can be found in the CIPP document.

The next table provides detail of the department’s 2013-15 budget request for Program Z—Capital.

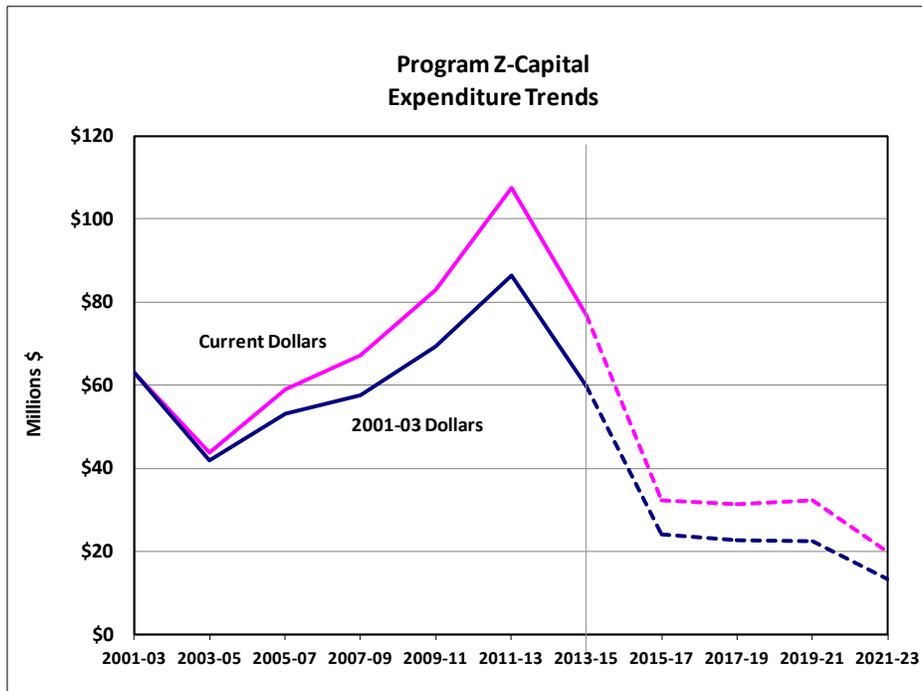
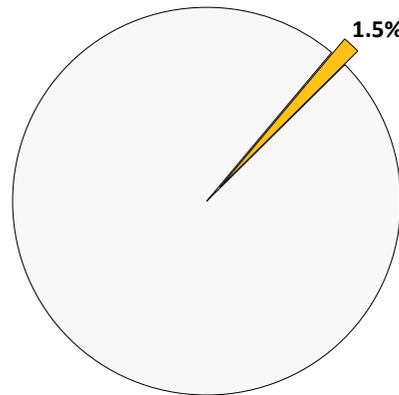
2013-15 Budget Detail	Millions \$	FTE
2011-13 with 2012 Supplemental	104.574	-
Zero Base Capital Pgm	(104.574)	
Carry Forward Level	-	-
Adjustments		
AA Capital Projects	76.921	-
Total 2013-15 Budget Request (appropriated funds only)	76.921	-
Percent Change from 2011-13 Budget	-26.4%	

Program Z – Local Programs - Capital

The following charts, in the order presented, compare the 2011-13 and 2013-15 budgets, display the program’s budget as a percentage of the department’s total 2013-15 capital budget, and illustrate historical and projected expenditure trends.



Program Z--Capital Percent of Total WSDOT 2013-15 Capital Budget of \$5.2 Billion



Sources and Uses of Funds

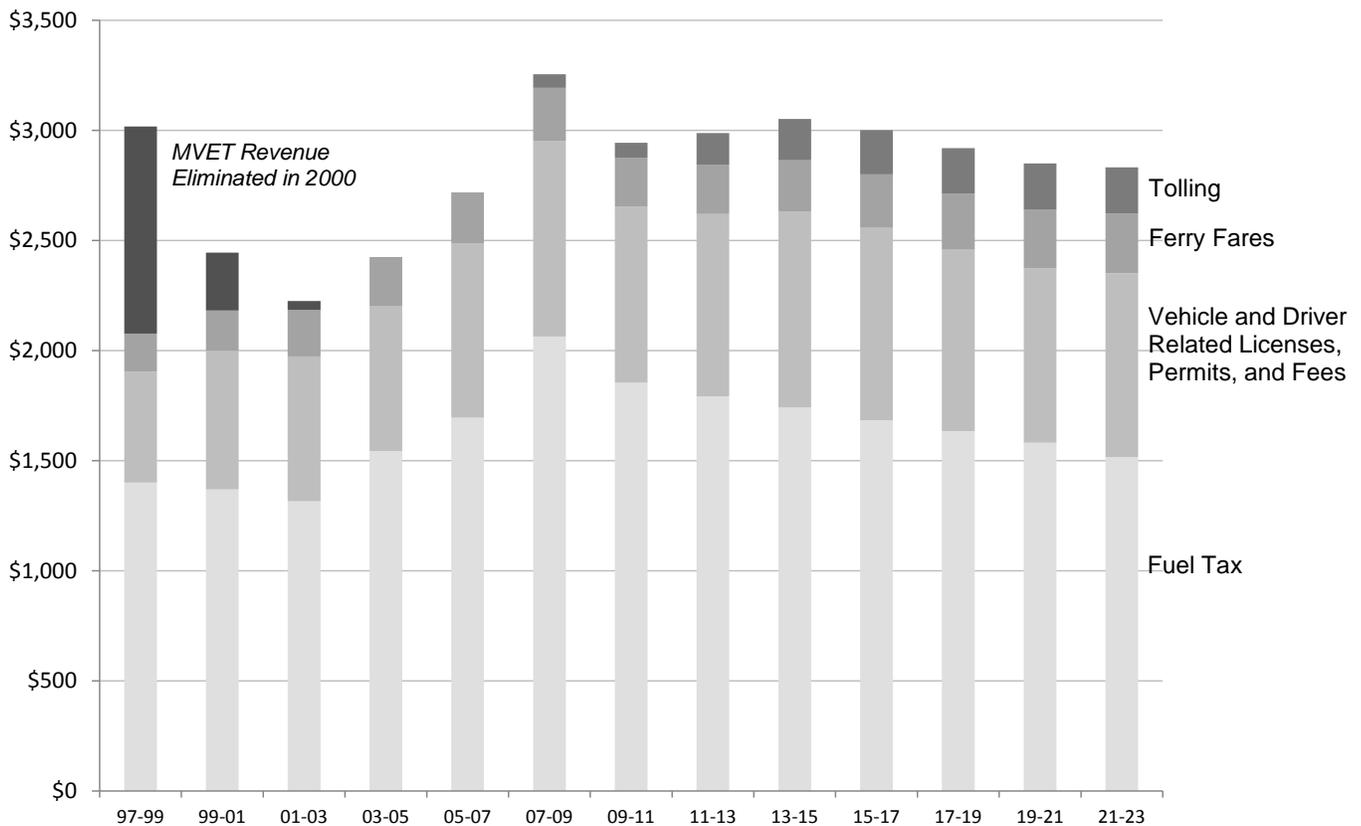
Sources and Uses of Funds

The revenues available for transportation purposes may be classified into four categories: state funds (including taxes and fees), bonds, federal funds, and local funds. These funds are available to be appropriated by the Legislature to fund WSDOT’s and other transportation agencies’ activities. Not all of the projected transportation revenue is available for appropriation to WSDOT. Bond sales are used to fund the Department’s capital programs. This requires a portion of the state fuel tax and other revenues to be set aside to pay debt service on long-term financing.

STATE TRANSPORTATION REVENUE SOURCES

The major sources of state revenue supporting transportation expenditures come from Motor Vehicle Fuel Taxes (MVFT), licenses, permits, fees, and ferry fares. Tolling, though not a major revenue source, is playing a larger role in transportation funding as the Legislature increases the number of transportation facilities that are tolled. Currently, there are three facilities that are tolled, the Tacoma Narrows Bridge, SR 167 High Occupancy Toll Lanes, and SR 520 Floating Bridge. Revenues from tolling these facilities are deposited into state treasury accounts as directed by law and are used for operations, maintenance, and repair of the toll facilities.

Major Sources of Transportation Revenue • Historical and Projected
In 1998 Constant Dollars • Dollars in Millions

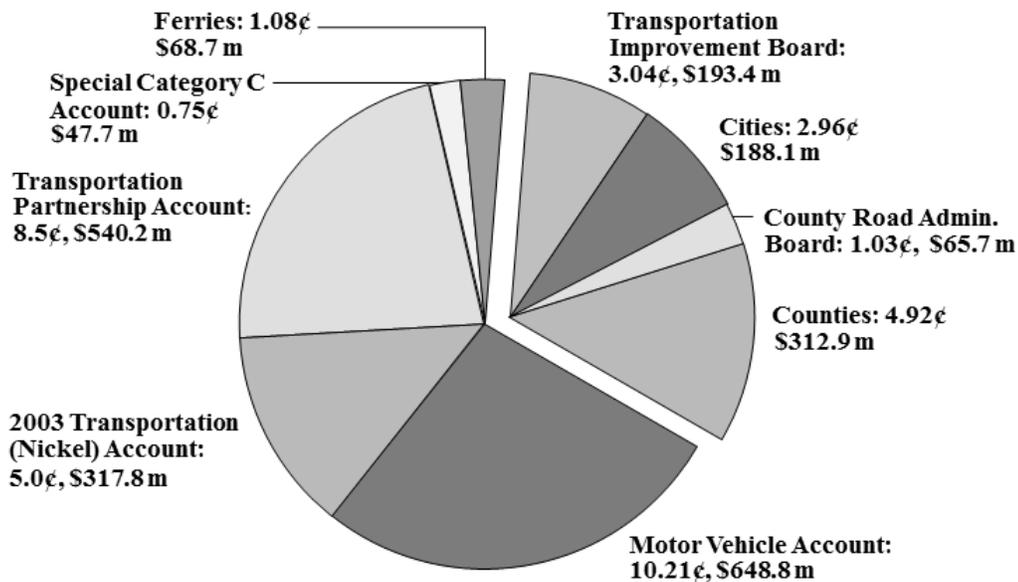


MOTOR VEHICLE FUEL TAX

In the past decade there have been two increases in the motor vehicle fuel tax. The 2003 Legislature increased the fuel tax rate by 5¢ as part of the 2003 Transportation (Nickel) Funding Package. This increase brought the state fuel tax to 28¢ per gallon. The 2005 Legislature increased the fuel tax by 9.5¢ per gallon incrementally, from 2005 to 2008 as part of the 2005 Transportation Partnership Funding Package with the state retaining 8.5¢ and cities and counties receiving the other 1¢. This results in the current rate of 37.5¢. Revenues from both funding packages were designated for specific projects identified by the Legislature. The 18th Amendment of the Washington State Constitution requires that motor fuel tax revenue be used for highway purposes, which include expenditures by the Washington State Ferries.

Based on the June 2012 revenue forecast, the motor vehicle fuel tax is expected to provide \$2.4 billion in revenue between July 2013 and June 2015. WSDOT's budget is supported by about 25.5¢ of the 37.5¢ fuel tax, less the amount needed to pay outstanding debt service. The remaining portion (approximately 12¢) goes to local governments for use on city streets and county roads.

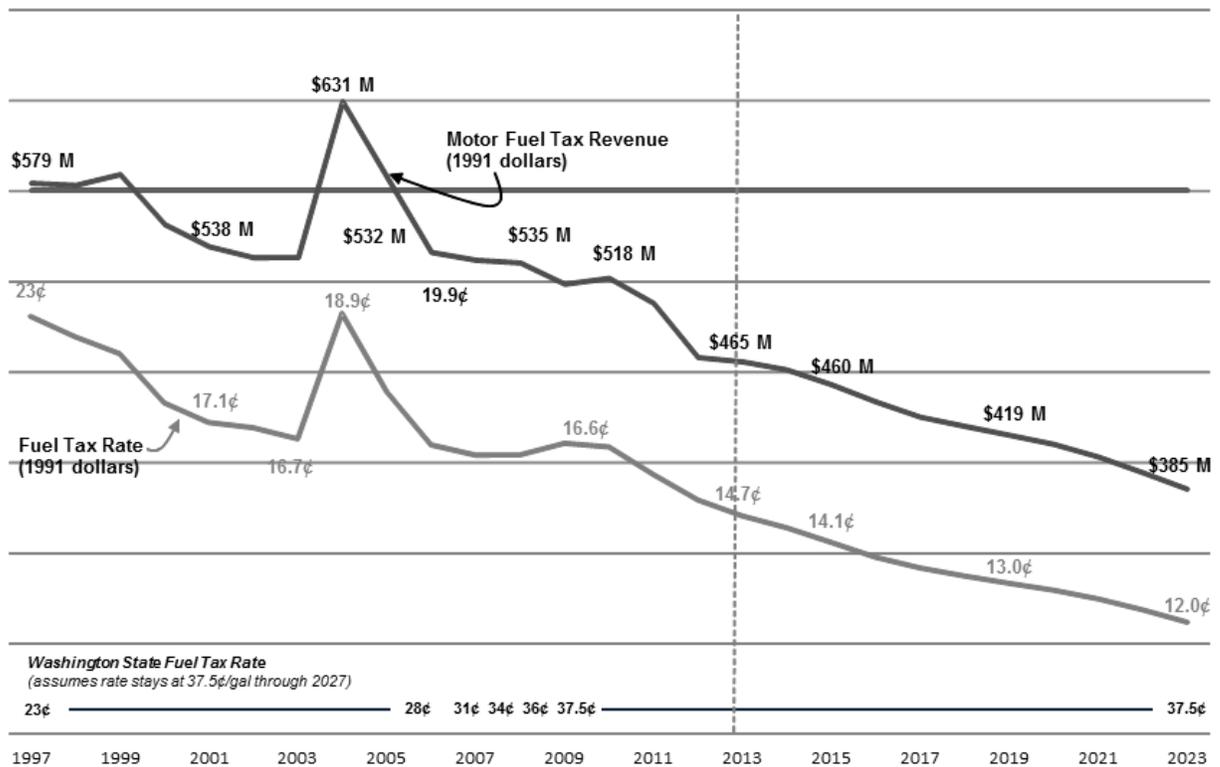
**2013-15 Biennium 37.5¢ Fuel Tax Revenue
Distribution \$2.4 billion***



Based on June 2012 Transportation Revenue Forecast

Because the fuel tax is levied on a volume basis rather than on dollar value, changes in consumption patterns can affect receipts regardless of the price of the fuel. For example, if price increases reduce demand for fuel, tax receipts will fall even if the total value of the fuel sold goes up. The chart to the left shows how inflation affects the ability to fund transportation systems. As inflation has eroded the purchasing power of the fuel tax, the Washington State Legislature has raised taxes to address mobility and preservation needs. The value of the 23¢ dips to 16.7¢ in 2003, at which time the Legislature passed a 5¢ increase in the fuel tax. As mobility and preservation needs increased, a second fuel tax was adopted in 2005, but was phased in over a four year period (3¢ in 2005, 3¢ in 2006, 2¢ in 2007, and 1.5¢ in 2008). The value of the current fuel tax rate is projected to be worth 12.0¢ in 2023.

Growth Rates Compared: Motor Fuel Tax Revenue, & Fuel Tax Rate in 1991 dollars



NOTE: Motor Fuel tax revenues include both gasoline and special fuel taxes. Based on June 2012 Transportation Revenue Forecast, Construction Cost Index (CCI) forecast for first quarter of 2012

DISTRIBUTION OF MOTOR VEHICLE FUEL TAX

The fuel tax (gasoline and diesel) is distributed to various state accounts and local governments for use on highways, roads and streets in Washington. In 1991 the fuel tax was increased to 23¢ a gallon. The 23¢ was distributed to cities, counties, several grant programs administered by WSDOT and smaller state transportation agencies. When the Nickel tax was passed in 2003, WSDOT retained all of the proceeds which are used for projects identified by the Legislature. In 2005 the fuel tax was raised incrementally over a four year period for a total increase of 9.5¢ a gallon. Cities and counties each receive a half cent and WSDOT retains 8.5¢. All of the proceeds received by WSDOT are used for activities and projects specified by the Legislature. It is projected that each penny of fuel tax generates approximately \$31 million dollars per year.

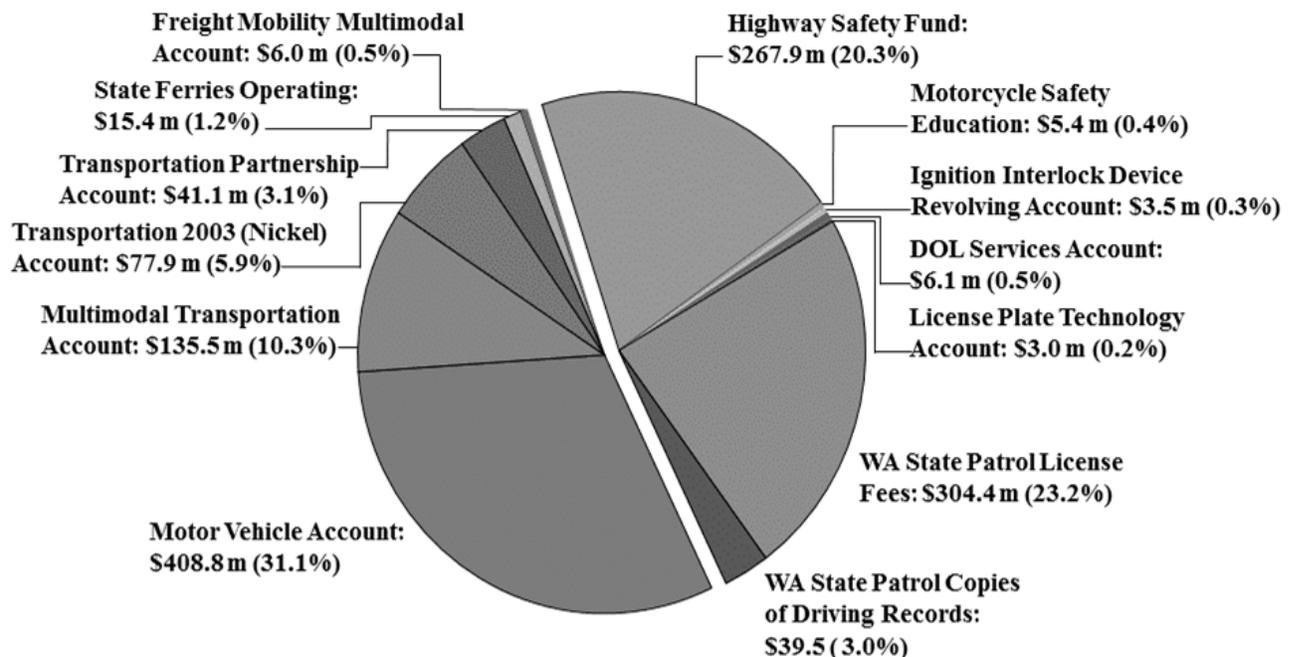
Distribution of 37.5¢ Fuel Tax

				WSDOT	Cities	Counties	Grants for Local Governments
2003 Nickel Package	1991 increased to:	23.0¢/gal	=	12.4¢	2.5¢	4.4¢	4.07¢
	2003 increased by:	5.0¢/gal	=	5.0¢	-	-	-
2003 New Rate: 28.0¢/gal =				17.4¢	2.5¢	4.4¢	4.07¢
2005 Partnership Package	2005 increased by:	3.0¢/gal	=	2.5¢	0.25¢	0.25¢	-
	2006 increased by:	3.0¢/gal	=	2.5¢	0.25¢	0.25¢	-
	2007 increased by:	2.0¢/gal	=	2.0¢	-	-	-
	2008 increased by:	1.5¢/gal	=	1.5¢	-	-	-
2008 New Rate: 37.5¢/gal =				25.9¢	3.0¢	4.9¢	4.07¢
				(4.0¢)	Used to pay bond debt service on state highway and ferry projects funded by the 23¢ portion of the gas tax.		
				(13.5¢)	Used to fund construction and pay bond debt service on Nickel and Partnership projects statewide.		
				8.4¢	Remains for maintenance and operations , as well as, preservation, safety improvements and congestion relief projects for state highways and ferries.		

LICENSES, PERMITS AND FEES

Licenses, permits, and fees are the second largest source of revenue for transportation. These funds primarily come from new and renewal vehicle registration fees and license fees for cars and trucks based on weight. Other fees include vehicle inspection fees, title fees, and special permits. The 2012 legislature increased existing fees and added two new fees; the original issue plate fees, and the electric vehicle registration fee. In the 2013-15 biennium, licenses, permits, and fees are expected to generate approximately \$1.3 billion. Fifty-two percent of those fees go to accounts administered by WSDOT.

2013-15 Biennium Licenses, Permits, & Fees Revenue Distribution \$1.3 billion



MOTOR VEHICLE FUEL TAX BONDS

Bond financing is an important component for the capital project program. This funding instrument obligates a portion of the state tax revenues collected for debt service, making them unavailable for cash financing of projects. Bonds do not create new funds, but instead allow funds to be available for projects sooner. Most state transportation bonds are referred to as “double-barreled” bonds. They are obligation bonds secured by the full faith and credit of the state and secured by the motor vehicle fuel tax. Debt service is paid directly from motor vehicle fuel tax receipts.

The use of bond financing for transportation projects follows a rigorous legal process. The Legislature must enact a statute authorizing the sale of bonds for a specific purpose, and then appropriate the bond amount before it can be spent. Bonds are sold through the State Finance Committee.

Bond Sale History, Current Plan and Remaining Bonding Authority - WSDOT's 2013-15 Budget Proposal

dollars in millions

Bond Authorization (Authorization based on Par Values)	Total Authorization	Remaining Authorization* as of June 30, 2011	WSDOT's Assumed 2011-13 Bond Proceeds	WSDOT's Budget Proposed Bond Sale Plan for 2013-15	WSDOT Bond Sale Plan 2015-17 thru 2021-23	Remaining Authorization as of June 30, 2023
Referendum 49 Bonds RCW 47.10.843 State and Local Highway Improvements	\$1,900.0	\$147.6	\$43.0	\$50.0	\$54.6	\$0.0
Transportation 2003 (Nickel) Account RCW 47.10.861 Highway Improvements (I)	\$3,200.0	\$901.5	\$341.6	\$412.6	\$132.2	\$15.1
Multimodal Bonds (GO Bonds) RCW 47.10.867 Multimodal Transportation Projects	\$249.5	\$73.6	\$38.4	\$0.0	\$34.0	\$1.2
Transportation Partnership Account RCW 47.10.873 Highway Improvements (I)	\$5,300.0	\$3,390.1	\$759.8	\$1,194.0	\$814.0	\$622.3
Special Category C RCW 47.10.812 Highway Improvements (I)	\$600.0	\$225.8	\$0.0	\$0.0	\$0.0	\$225.8
Subtotal		\$4,738.6	\$1,182.8	\$1,656.6	\$1,034.8	\$864.5
SR 520 Floating Bridge Bonds RCW 47.10.879 SR 520 Floating Bridge Bonds - State SR 520 Floating Bridge Bonds - GARVEE SR 520 Floating Bridge Bonds - TIFIA	\$1,950.0	\$1,775.5	\$344.3 \$842.1 \$0.0	\$289.1 \$0.0 \$300.0	\$0.0 \$0.0 \$0.0	\$0.0
Total		\$6,514.2	\$2,369.2	\$2,245.7	\$1,034.8	\$864.5

Bonds sold and bond sale plans reflect par amounts.

* Remaining Authority for June 30, 2011 reflects bonds sold in 2011-13 for Washington State Ferries for \$14.5 million spent in the 2009-11 biennium as well as \$174.5 million in bond proceeds spent in 2009-11 for the SR 520 Floating Bridge.

GENERAL OBLIGATIONS BONDS

The 2003 and the 2005 Transportation Funding Packages are dependent on bond financing. Ultimately the motor vehicle fuel tax component for both of these packages will be completely leveraged to pay debt service. The 2003 Transportation Funding Package contained two bond authorizations, one for motor vehicle fuel tax bonds, and one for State General Obligation (GO) bonds. The 2005 Transportation Funding package contained a motor vehicle fuel tax bond authorization. The proceeds from the motor vehicle fuel tax bonds will be used to fund highway projects. The proceeds from the state GO bonds are to be used to fund rail, ferry terminals, and local road projects.

BONDS FOR THE SR 520 CORRIDOR

In 2009, the Legislature authorized \$1.95 billion in bonds to support SR 520 Corridor projects. The Department's 2013-15 Budget Proposal assumes federal appropriation authority will be provided for the

remaining bond authorization. The Bond Sale History table on the previous page displays the appropriated bond sales for 2013-15 to support the proposed budget through 2023.

As of June 30, 2012, the State is entering into a loan agreement funded from the Transportation Infrastructure Finance and Innovation Act (TIFIA). The principal amount of the TIFIA Loan shall not exceed \$300 million (excluding any interest that is capitalized in accordance with the terms of the final agreement). TIFIA Loan proceeds will be used to reimburse prior payment of eligible SR 520 Floating Bridge and Eastside Project costs. It is anticipated that this will be a 35 year loan.

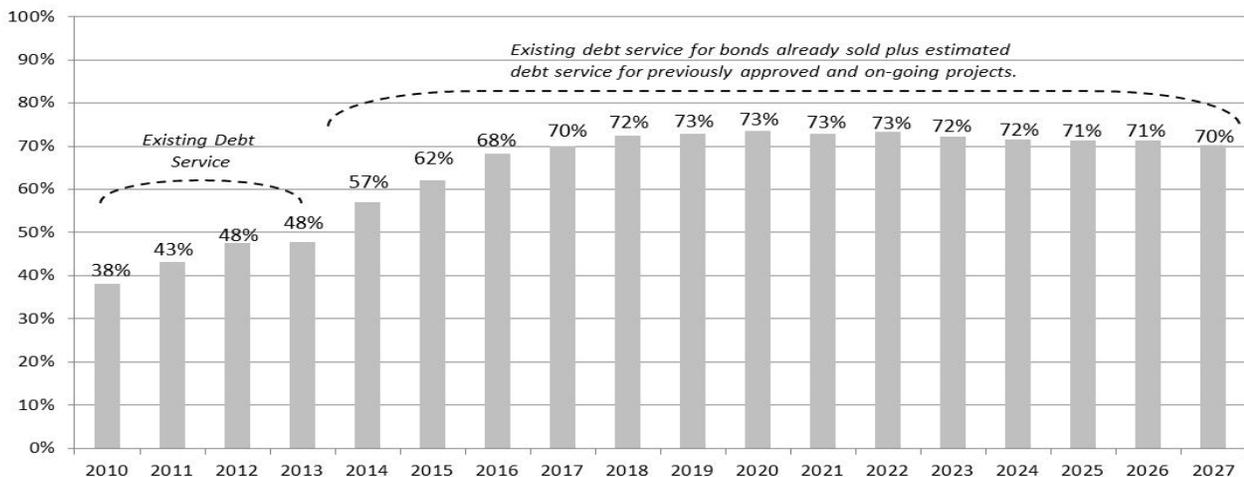
In May 2012 the State of Washington issued \$500 million Federal Highway Grant Anticipation Revenue (GARVEE) Bonds (SR 520 Corridor Program). These bonds finance a portion of the costs of constructing the SR 520 Floating Bridge and Eastside Project and to pay costs of issuing the bonds. They were issued as limited obligations of the state, payable from and secured solely by the Federal-Aid Highway funds received by the state. A second GARVEE issuance in the amount of \$341.7 million is expected to occur in spring 2013.

DEBT SERVICE

The following chart displays the percent of debt service on the state’s share of the base 23¢ per gallon fuel tax (12.5¢), the addition in 2003 of 5¢ per gallon fuel tax, and the state’s 8.5¢ portion of the 9.5¢ per gallon fuel tax added in 2005. Both the 2003 and the 2005 fuel tax increases were designed to be fully leveraged with most of the revenue from the two increases planned for debt service on bonds to pay for specific projects. Of the 37.5¢ fuel tax paid per gallon, 18¢ is projected to be used to pay debt service (4¢ of the 23¢, 5¢ of the Nickel, and 8.5¢ of the 9.5¢). Debt service for the Tacoma Narrows Bridge Bonds and the SR 520 Corridor Project Bonds are not included in the following chart. Although backed by the motor fuel tax, debt service for the Tacoma Narrows Bridge is paid from toll revenue.

Debt Service as a Percentage of the State's Share of the Fuel Tax

Debt Service shown below reflects principal and interest payments due on outstanding debt as well as estimated debt service on new bonds to finance on-going and previously approved projects. The State share of the fuel tax includes: 12.04¢ of the base 23¢ tax, the 2003 Nickel fuel tax (5¢), and the state share of the 2005 Transportation fuel tax (8.5¢).



- State motor fuel taxes include distributions to the Motor Vehicle Account, Puget Sound Capital Construction Account, Puget Sound Ferry Operations Account, Special Category C Account, the Transportation 2003 Account, and the Transportation Partnership Account.
 - Excludes debt service on R49 bonds used to finance the Tacoma Narrows Bridge (which are backed by tolling).

Based on the June 2012 Transportation Revenue Forecast

FERRY FARES

Washington State Ferry fares and other miscellaneous ferry revenues are used for ferry operations. Ferry fare revenues are assumed to include a 2.5 percent annual fare increases each October from 2013 to 2021, rounded up to the nearest nickel. Ferry fares and miscellaneous ferry revenues are augmented by direct distributions from the motor fuel tax and licenses, permits, and fees revenue, as well as transfers from other transportation accounts to round out the ferry capital and operating budgets. The Legislature enacted a 25¢ per passenger fee, starting in October 2011 to help with the funding of a new 144 car ferry vessel. Ferry fares are set by the Transportation Commission.

TOLL REVENUES

Toll revenues are used for costs that contribute directly to the financing, operation, maintenance, management, and necessary repairs of the tolled facility. Toll rates are set by the Transportation Commission. In the 2013-15 biennium, Washington State will collect tolls on three WSDOT facilities:

1. Tacoma Narrows Bridge
2. SR 520 Corridor
3. Project SR 167 High-Occupancy Toll Lanes (agency request legislation being proposed to continue tolling)

LOCAL FUNDS

The department performs work on the state highway system at the request of local governments. In most instances, local governments reimburse the state for all or a part of the costs.

FEDERAL FUNDS

The federal government provides significant financial assistance to Washington State for transportation programs. Most federal assistance is authorized through multi-year federal-aid highway acts. On July 6, 2012, President Obama signed a new \$105 billion transportation authorization bill, Moving Ahead for Progress in the 21st Century Act ("MAP-21") into law that will govern federal transportation spending and policy through Federal Fiscal Year 2014. This is the first reauthorization and major federal transportation bill since SAFETEA-LU was passed in August 2005.

Major provisions of the bill include:

- Funding is authorized for two full fiscal years plus the three remaining months FFY 2012.
- Nationwide, \$105 billion in total is provided for FFY 2013 and FFY 2014.
- Extends the Highway Trust Fund and tax collections through FFY 2016 – 2 years beyond MAP-21's reauthorization period.
- Guarantees 95 percent return to Washington on Highway Trust Fund contributions.

The baseline apportionment forecast for FFY 2013 through FFY 2014 used in the Department's submittal is based on MAP-21, H.R. 4348 (Notice 4510.755 dated August 3, 2012 that sets apportionment levels for FFY 2013). The forecast for FFY 2014 is based on Summary of Estimated FFY 2014 Apportionments under the Conference Report for MAP-21 provided by FHWA.

The baseline September 2012 Federal Forecast used in developing the Department's budget submittal assumes that once MAP-21 expires on September 30, 2014, the amount available for distribution to the state would be limited to funding projected to be available in the Highway Trust Fund. This assumption

results in a reduction to the apportionment forecast of approximately 14 percent in FFY 2015 and ultimately grows to 20 percent in FFY 2016 and beyond.

REVENUE AND FUND RISKS

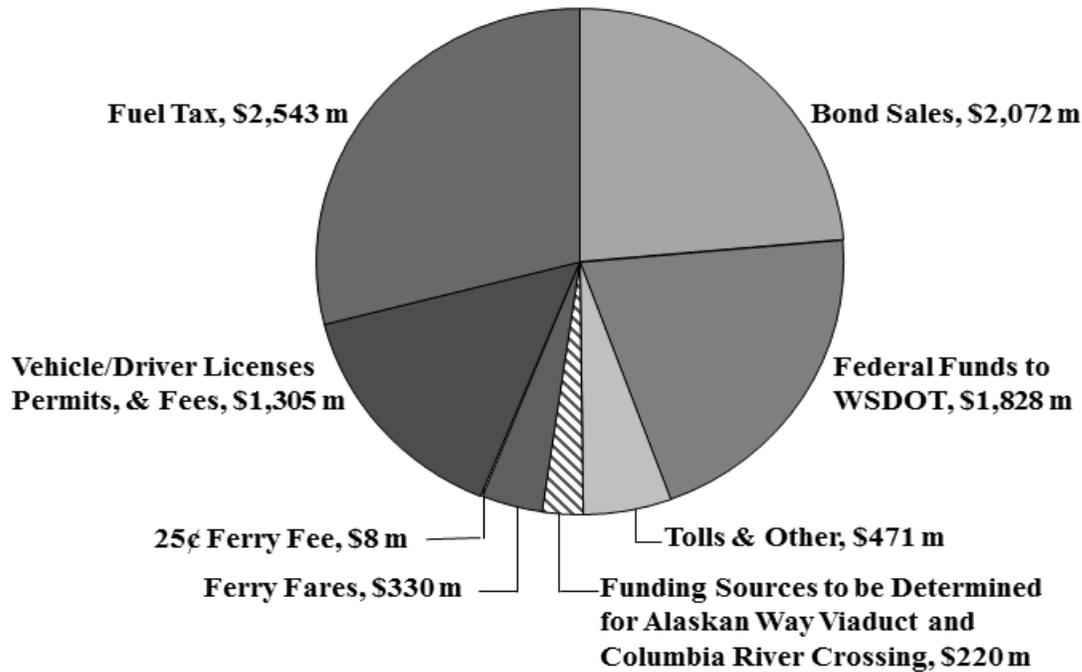
While a long-term outlook of transportation revenues and uses provides insight into the amount of transportation funds available in the future, certain risks exist to revenue availability and expenditure levels. Projections of future transportation revenues are based on the best available information at a point-in-time.

- State and national economic factors significantly impacts the actual collections and forecasts of transportation funds:
 - Future Transportation funds have not yet been collected; actual receipts of transportation taxes (e.g. motor fuel taxes, federal receipts, and licenses, permits, and fees) may be lower than current projections.
 - Employment is a leading variable in forecasting future tax collections.
 - Customers could be more sensitive to economic conditions, this impact all transportation revenues including ferry fares and tolls.
- Revenues may be impacted by changes in law, either through legislative action or through the state's initiative process.
 - Possible changes in future state law could impact revenue.
 - Washington's initiative process may lead to a change in taxes/fees currently collected.
 - Future federal transportation authorization acts may result in reduced levels of federal funding.
 - Federal fuel economy standards will impact the level of motor vehicle fuel tax collected.
- Project cost increases may occur due to cost escalation of petroleum based products, steel, and other materials.
- Higher than expected interest rates for bond sales may cause increases to future projected debt service obligations.

June 2012 Transportation Revenue Forecast

Funding for the Transportation budget comes from multiple sources. The two major sources are the fuel tax and licenses, permits, and fees. Funding also comes from ferry fares and concessions, rental car taxes, tolls, and miscellaneous revenues, which include interest earnings. Funds also come from bond sales, federal funds, local funds, and remaining cash balances from previous years.

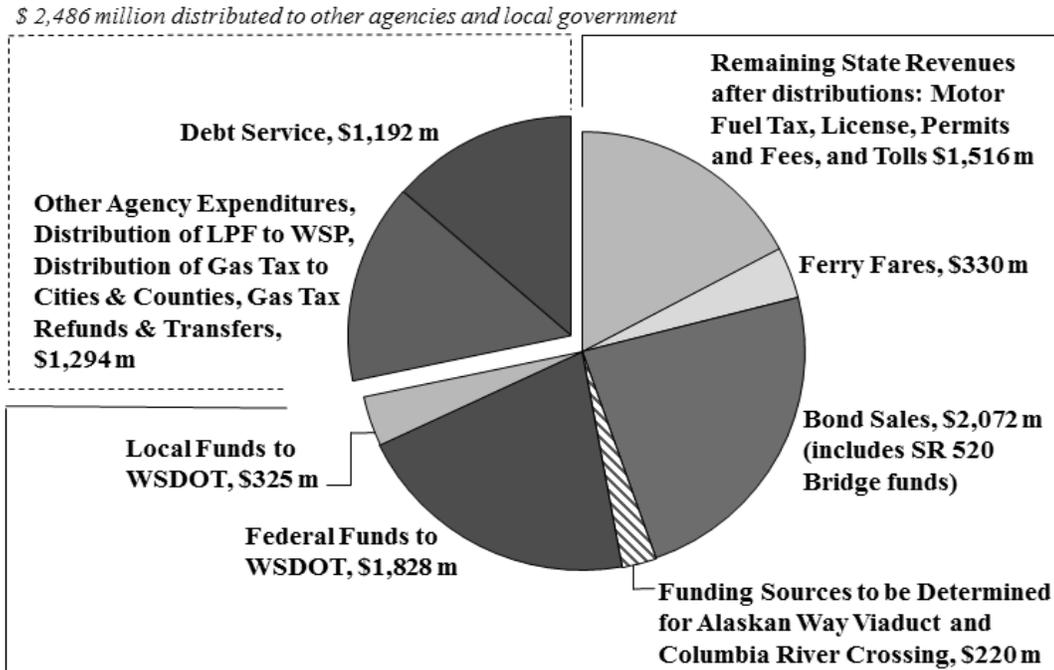
Estimated Transportation Funds to be Collected in 2013-15 (\$8.8 billion)



Distribution of Funds

Though the state collects the motor vehicle fuel tax, and licenses, permits, and fees, a portion of these funds are distributed back to cities and counties. These statutory distributions, along with appropriations to other agencies, refunds, transfers and debt service are shown in the dotted line area of the pie chart below. The portion of the chart outlined with the solid line is assumed to be available for the 2013-15 operating and capital budgets.

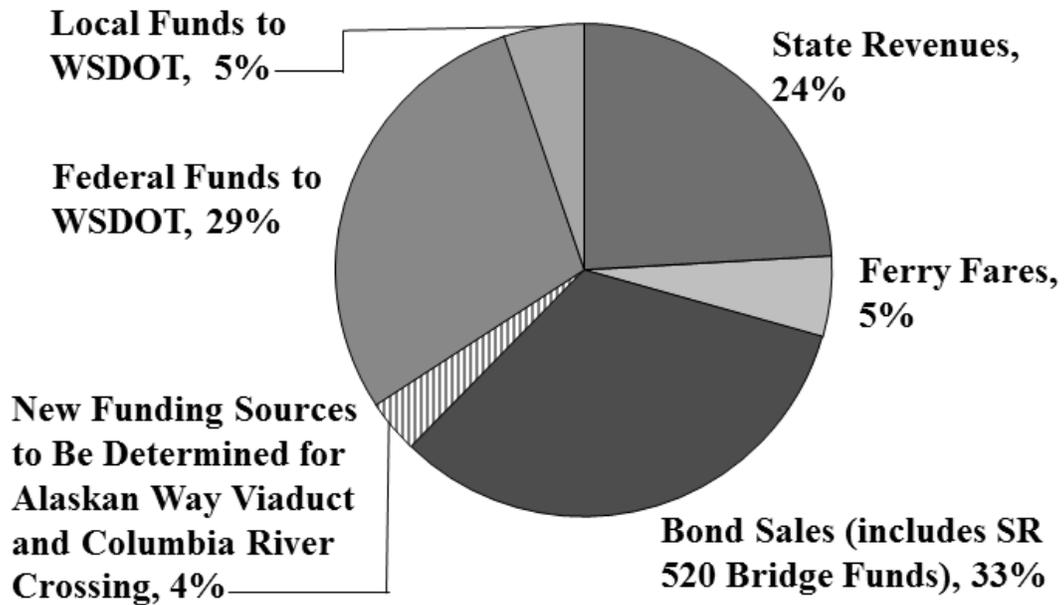
Proposed Distribution of Transportation Funds in 2013-15 (\$8.8 billion)



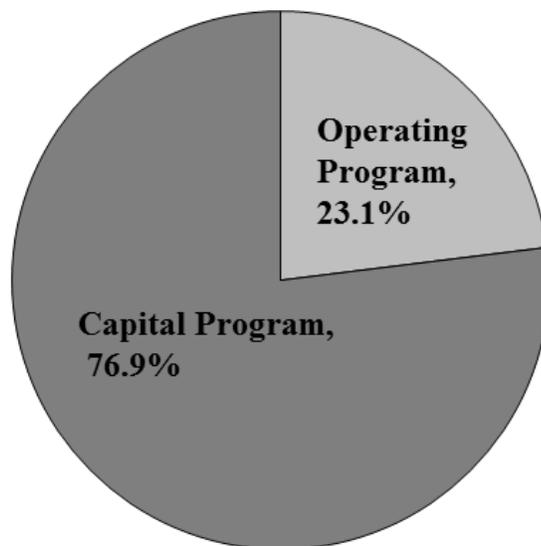
For 2013-15, \$ 6,291 million requested by WSDOT for Operating and Capital Programs

The two charts below summarize WSDOT's 2013-15 budget proposal. Proposed expenditures reflect operating and capital programs for the department.

Department's 2013-15 Request by Revenue Source



Department's 2013-15 Request by Operating and Capital Programs



WSDOT's 2013-15 Proposal for the Transportation Operating and Capital Budget
June 2012 Revenue Forecast

dollars in millions

Operating Programs	11-13	13-15	15-17	17-19	19-21	21-23	Total
Uses of Funds:							
Highway Maintenance and Operations							
Toll Oversight and Planning • B	0.5	0.9	0.9	0.9	0.9	0.9	4.6
Tacoma Narrows Bridge • B	23.4	23.7	24.9	25.8	26.2	26.7	127.3
High-Occupancy Toll Lanes • B	1.3	2.0	2.0	2.1	2.1	2.1	10.3
SR 520 Corridor • B	30.9	32.1	36.8	40.5	41.2	42.0	192.6
Total Toll Maintenance and Operations	56.1	58.7	64.6	69.3	70.5	71.8	334.9
Highway Maintenance and Operations • M	384.2	394.4	400.7	408.4	415.6	422.8	2,041.8
Highway Traffic Operations • Q	51.1	51.8	52.6	53.7	54.7	55.6	268.4
Total Highway Maintenance and Operations	435.3	446.2	453.3	462.0	470.3	478.4	2,310.2
Total Toll and Highway Maintenance and Operations	491.4	504.8	518.0	531.3	540.8	550.2	2,645.1
Ferries Maintenance & Operations • X	475.1	478.6	494.4	513.6	532.1	550.7	2,569.3
Public Transportation and Rail							
Public Transportation • V	113.1	103.0	113.3	114.2	115.0	115.8	561.2
Rail • Y	34.0	39.6	42.8	60.3	61.3	62.2	266.2
Public Transportation and Rail Total	147.1	142.5	156.1	174.5	176.3	178.1	827.4
Aviation • F	8.2	9.4	8.0	8.2	8.3	8.5	42.4
Transportation Economic Partnerships • K	0.9	0.6	0.6	0.6	0.6	0.6	2.9
Local Programs • Z	11.1	11.0	11.2	11.5	11.7	11.9	57.3
Support Services and Other Charges							
Facilities Maintenance & Operations • D	25.5	26.1	26.6	27.1	27.6	28.1	135.6
Program Delivery Management & Support • H	46.5	46.2	47.0	47.9	48.8	49.7	239.6
Transportation Management & Support • S	28.4	27.2	27.7	28.3	28.8	29.4	141.4
Office of Information Technology • C	70.7	73.9	76.5	77.9	79.3	80.7	388.4
Transportation Planning, Data, & Research • T	48.5	47.6	48.4	49.3	50.2	51.1	246.7
Charges from Other Agencies • U	76.9	81.5	82.8	84.4	86.0	87.5	422.2
Support Services Total	296.5	302.5	309.0	315.0	320.8	326.5	1,573.8
Subtotal Operating Budget	1,430.4	1,449.4	1,497.3	1,554.6	1,590.5	1,626.4	7,718.2
Placeholder for Pensions and Other Adjustments	0.0	5.5	5.6	5.7	5.8	5.9	28.4
Total Operating Uses of Funds	1,430	1,454.9	1,502.8	1,560.3	1,596.3	1,632.3	7,746.6
Capital Programs							
Uses of Funds:							
Highway Construction							
Hwy. Improvements • I (Pre-existing)	909.5	1,156.9	502.6	330.5	228.0	242.1	2,460.1
Hwy. Improvements • I (Special C Account)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hwy. Improvements • I (Nickel Account)	381.7	347.1	34.5	16.7	0.4	0.1	398.8
Hwy. Improvements • I (TPA Account)	1,402.7	1,285.0	586.5	152.0	126.7	16.3	2,166.4
Hwy. Improvements • I (Multimodal Account)	0.3	106.9	36.9	0.0	0.0	0.0	143.8
Hwy. Improvements • I (SR 520 Account)	941.9	592.1	159.4	0.0	0.0	2.8	754.3
Hwy. Improvements • I (Tacoma Narrows Bridge)	0.0	0.0	0.0	5.8	11.5	11.5	28.829
Total Highway Improvements • I	3,636.2	3,488.0	1,319.8	505.0	366.6	272.9	5,952.2
Hwy. Preservation • P (Pre-existing Funds)	639.5	606.2	437.0	317.4	442.5	412.7	2,215.8
Hwy. Preservation • P (2003 Funding)	0.0	2.3	1.3	0.2	0.3	0.2	4.3
Hwy. Preservation • P (2005 Funding)	29.3	37.2	3.1	0.2	0.5	0.0	41.1
Total Highway Preservation • P	668.8	645.6	441.4	317.8	443.4	413.0	2,261.2
Total Highway Construction	4,305.0	4,133.6	1,761.2	822.8	809.9	685.8	8,213.4
Other Highway							
Capital Facilities • D	7.1	25.6	7.2	6.7	6.9	7.1	53.6
Traffic Operations • Q	16.0	11.2	10.0	10.0	10.0	10.0	51.2
Total Other Highways	23.1	36.8	17.2	16.7	16.9	17.1	104.7
Total Highways	4,328.2	4,170.4	1,778.5	839.5	826.8	702.9	8,318.1
Ferries Construction							
Ferry Construction • W (Pre-existing)	129.8	128.8	212.4	237.9	182.6	169.2	930.8
Ferry Construction • W (2003 Funding)	190.9	117.1	6.6	0.0	0.0	0.0	123.7
Ferry Construction • W (2005 Funding)	12.8	0.0	0.0	1.5	2.1	20.7	24.3
Total Ferry Construction • W	333.5	245.9	219.0	239.4	184.7	189.8	1,078.8
Rail Program Y	233.3	362.7	311.3	18.7	19.9	27.9	740.5
Local Programs Z	68.5	76.9	32.3	31.5	32.2	20.0	192.9
Total Capital Uses of Funds	4,963.5	4,855.9	2,340.9	1,129.1	1,063.6	940.7	10,330.3
Other Adjustments	0.0	(20.0)	0.0	0.0	0.0	0.0	(20.0)
Total Uses of Funds (Operating and Capital)	6,393.9	6,290.8	3,843.8	2,689.4	2,659.9	2,573.0	18,056.8

2011-13 reflects the Enacted 2011-13 Supplemental Transportation Operating and Capital Budget with adjustments. (ESHB 2190, Chapter 86, laws of 2012)
 2011-13 includes an appropriation for Program V (Public Transit) for \$452,000 from the State Vehicle Parking Account. 2013-15 assumes the same level of expenditure.

WSDOT's 2013-15 Proposal for the Transportation Operating and Capital Budget
June 2012 Revenue Forecast

dollars in millions

Sources of Funds	11-13	13-15	15-17	17-19	19-21	21-23	Total
State Revenues from Taxes and Fees	2,125.1	1,457.6	1,305.8	1,291.9	1,313.4	1,341.9	6,710.6
Ferry Fares ¹	308.0	330.4	359.6	389.5	420.1	449.8	1,949.3
Net Toll Revenue ²	55.6	57.7	63.7	68.4	69.6	70.8	330.2
Subtotal State Revenues	2,488.6	1,845.7	1,729.1	1,749.7	1,803.1	1,862.5	8,990.1
Funding Sources to be Determined for Alaskan Way Viaduct and Columbia River Crossing	0.0	220.2	93.4	0.0	0.0	0.0	313.6
Bond Proceeds	2,179.7	2,071.5	682.1	175.0	160.5	53.8	3,142.8
Federal³	1,612.2	1,828.2	1,175.9	630.6	680.6	641.1	4,956.5
Local	113.5	325.2	163.3	134.0	15.7	15.6	653.8
Sources of Funds Subtotal	6,393.9	6,290.8	3,843.8	2,689.4	2,659.9	2,573.0	18,056.8
Total Sources of Funds	6,393.9	6,290.8	3,843.8	2,689.4	2,659.9	2,573.0	18,056.8
Bond and Debt Service Detail							
Bond Proceeds							
Transportation Partnership Bonds	796.4	1,194.0	520.0	130.0	128.0	36.0	2,008.0
Nickel Account Bonds	356.8	412.6	47.0	35.0	32.5	17.8	544.8
Multimodal Account Bonds	39.6	0.0	34.0	0.0	0.0	0.0	34.0
R-49 Bonds	118.5	50.0	44.6	10.0	0.0	0.0	104.6
SR 520 Corridor Bonds	941.9	415.0	36.5	0.0	0.0	0.0	451.4
Special C Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Bond Proceeds	2,253.2	2,071.5	682.1	175.0	160.5	53.8	3,142.8
Debt Service							
Highway Debt Service (MVA, Special C)	198.1	204.2	215.6	217.6	198.1	176.3	1,011.8
Ferry Capital Construction Debt Service	31.7	31.8	31.4	31.4	25.8	12.6	132.9
Nickel Account Debt Service	300.7	351.9	394.8	398.7	405.7	410.2	1,961.1
Transportation Partnership Debt Service	275.5	418.8	502.0	551.4	569.2	581.5	2,622.8
Total Motor Fuel Tax Supported Debt Service ⁴	806.1	1,006.6	1,143.7	1,199.0	1,198.8	1,180.6	5,728.6
Multimodal Account Debt Service (GO Bonds)	21.7	25.9	26.9	32.7	35.9	35.9	157.3
Tacoma Narrows Bridge Debt Service	86.0	107.7	131.5	142.3	144.8	157.1	683.4
SR 520 Corridor Debt Service	41.3	52.0	62.9	73.7	73.7	73.7	336.1
SR 520 Corridor Debt Service - GARVEE	7.5	192.6	230.8	230.8	230.8	230.8	1,115.6
Total Transportation Debt Service Withholding	962.6	1,384.9	1,595.7	1,678.5	1,683.9	1,678.0	8,021.0

¹ The revenue forecast for ferry fares assumes the current rate structure for all biennia, with annual increases of 2.5% each October starting in 2013 through 2023. The ferry fares displayed above do not include the 25¢ capital program surcharge. These revenues are included in state revenues.

² The amounts displayed in all biennia are "net toll revenue" and do not include toll revenue applied to debt service. For the Tacoma Narrows Bridge toll revenues, revenue forecasts reflect current rates only, however the financial plan includes a placeholder for rate increases in the outer biennia. The HOT lane revenue forecast assumes the pilot project to end in 2013, however the financial plan assumes the tolls to remain in place through the 10-year period and into the future.

³ Federal Funds includes American Recovery and Reinvestment Act of 2009 (ARRA) funding in 2011-13 for Highway Improvements (program I), Highway Preservation (program P), and Traffic Operations (Program Q). ARRA funds in 2013-15 total \$9.9 million in program I. Additional ARRA funds were provided for rail (program Y) which received funding solely for high-speed rail projects through 2015-17. The Department's proposal assumes MAP-21 levels of funding.

⁴ Debt Service Withholding includes a federal subsidy for Build America Bonds in the Motor Vehicle Account (108), the 2003 Transportation (Nickel) Account (550), the 2005 Partnership Account (09H), and Special Category C Account (215). Debt service assumptions are from WSDOT's debt service model.

Appendices

- **Appendix A** – Glossary
- **Appendix B** – Transportation Equipment Fund
- **Appendix C** – Miscellaneous Transportation Programs Account
- **Appendix D** – FTE Summary
- **Appendix E** – WSDOT Organization Chart

Appendix A – Glossary

Glossary

Appropriation

A legislative authorization for an agency or other governmental unit to make expenditures and incur obligations: (1) for specific purposes, (2) from designated funding sources, and (3) during a specified period of time.

Biennium

The 24-month period from July 1st of odd-numbered years to June 30th of odd-numbered years, for which an appropriation applies. For example, the 2013-15 biennium extends from July 1, 2013 to June 30, 2015.

Bond

A debt instrument issued through a formal legal procedure and secured either by the pledge of specific properties or revenues, or by the general credit of the state.

Budget

A budget is plan of financial operations embodying an estimate of proposed expenditures for a given period and the proposed means of financing them.

Carry Forward Level (CFL)

Current biennium appropriations, plus biennialization of legislatively-directed workload and service changes, as well as deletion of costs the state legislature considered to be non-recurring.

Current Law Budget (CLB)

As required by state law, the department's budget proposal which can be funded within existing and/or reasonably assumed resources.

Decision Package

A document used to express a specific action or policy proposed for implementation in the ensuing biennium that changes the CFL.

Debt Service

The interest and principle costs of facilities and services funded through general obligation bonds.

Fiscal Year (FY)

A 12-month period extending from July 1 in one calendar year to June 30 of the next calendar year. For example, FY 2012 is the 12-month period from July 1, 2011 to June 30, 2012.

FTE Staff

Full time equivalent (FTE) staff is a way to measure the size of the state's workforce. For the department, one FTE is equivalent to approximately 1,757.33 hours of work for FY 2012, which is determined by taking total available hours less holidays, and a three-year historical average of

vacation and sick leave taken. These factors for conversion are calculated on a monthly basis for regular full-time employees, temporary employees, and for employees who work overtime.

Fund

A fund is fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes. Funds are segregated for the purpose of isolating specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Maintenance Level

The Maintenance Level budget reflects the cost of mandatory caseload, inflation, and other legally unavoidable costs not contemplated in the current budget.

Motor Vehicle Fund

The fund containing receipts from motor fuel taxes; motor vehicle registration licenses, permits, and fees; and other transportation user fees. This fund may only be used for highway purposes as provided in the 18th Amendment of the State Constitution.

Multimodal Transportation Account

An account established in the 2000 legislative session to ensure that viable multimodal transportation projects and programs are available throughout the state. The account was created to address the complexities associated with current funding mechanisms and seeks to create a process that would allow for all transportation programs and projects to compete for limited resources.

Object

A state accounting classification used to categorize expenditures. Objects of expenditure in the state transportation budget include: Salaries and Wages; Employee Benefits; Personal Service Contracts; Goods and Services; Travel; Capital Outlays; Grants, Benefits, and Client Services; Debt Service; and various transfer objects.

State Gas Tax

The state gas tax is also known as the motor fuel tax. The state gas tax includes taxes on motor vehicle fuel and special fuel, and is levied against each gallon of motor fuel.

Subprogram

A subprogram identifies major functions or activities within a department program.

Transportation Equipment Fund (TEF)

TEF is responsible for the acquisition and operating costs of vehicles and equipment utilized by department programs. As a non-appropriated, proprietary, internal service fund, the TEF program charges department programs rent for the use of vehicles and equipment. TEF provides services to any state or local government agency; however, WSDOT programs are the principal customers.

Appendix B – Transportation Equipment Fund

Transportation Equipment Fund (TEF) - Business Plan

Business Mission

To provide Transportation Equipment Fund (TEF) customers with reliable and well-maintained vehicles, equipment, and radio communications so customers may deliver services to the public in a safe, efficient, timely, and cost effective manner.

Business Description

RCW 47.08.120 authorizes Washington State Department of Transportation (WSDOT) to operate the TEF to provide equipment and related services. TEF functions as a non-appropriated proprietary fund program that charges rates for equipment used by customers to fully recover expenditures. TEF services are available to any state or local government agency. However, WSDOT programs are TEF's principal customers.

TEF provides a wide variety of rental equipment, with more than 14,000 items in inventory. A major component of this inventory includes motor vehicles and highway maintenance equipment. In addition to furnishing equipment, the program operates 32 vehicles and communication services and repair facilities throughout the state.

TEF also operates 130 department-owned vehicle fuel stations statewide, providing direct services to WSDOT, Washington State Patrol, and other government agencies. TEF fueling stations issue approximately 7.1 million gallons each year. The program also provides and maintains the department's statewide wireless communications equipment.

Marketing Plan

TEF's revenue plan is designed to provide adequate funding for the planned expenses for operating and administrative costs. Funding shortfalls dictate the need to defer some vehicle and equipment replacements. The program has a funding plan, over the next ten years, to make up the remaining backlog. Equipment rental charges paid by TEF customers are the major revenue source, accounting for about 77 percent of the total revenue. Other revenue is also derived from the sale of fuel to other local and state agencies, sales of aged vehicles and equipment, and interest income.

Operational Production Plan

Facilities Assessment

The business plan includes minor expenditures for TEF's use of buildings and other facilities because most facilities are provided by the department's Capital Facilities Program without charge. However, TEF is responsible for maintaining vehicle fueling facilities.

Key Equipment and Technology Requirements

Expenditures for the replacement of equipment normally would be about 39 percent of the TEF budget but funding constraints have required the funding level to be reduced to 29 percent for the 2013-15 biennium. Due to funding challenges, the program has had to alter its established replacement program. Each type of equipment has a replacement schedule based on equipment age, use, and lowest lifecycle cost. TEF periodically reviews these schedules to identify necessary revisions to replacement criteria.

Labor Requirements

As a result of extending equipment replacement life cycles, there has been an increase in repairs and maintenance requirements. Assuming that technology requirements continue to increase, there may be a need for additional staff to continue providing adequate wireless communications equipment installation, maintenance, and repair.

Management Requirements

Not applicable.

Key Supply Requirements

Anticipated expenditures for supplies and materials are based on the average historical level necessary to fuel, service, and repair equipment in the inventory. These items include fuel, lubricants, repair parts, and general operating supplies.

Fuel costs are projected to be 38.5 percent of total expenditures. Fuel costs are extremely difficult to predict or control. WSDOT fuel consumption is determined by equipment utilization, which is greatly affected by statewide climatic conditions. Additionally, fuel prices are volatile, since they are sharply influenced by worldwide political events. Technological advancements in the automotive industry are making engines progressively more fuel-efficient. Consequently, as TEF replaces its aged units, more efficient vehicles should favorably impact fuel consumption and expenditures.

The purchase of repair parts represents about 7.6 percent of total operating expenses.

General operating supplies include such items as office materials, shop floor, and parts cleaning compounds, restroom supplies, and other such items. This expense has been relatively consistent with the number of employees; it is anticipated to remain constant during the plan period.

Shipping/Transportation Requirements

Not applicable.

Quality Control Requirements

The program has in place a compliance inspection team to ascertain that new equipment meets the requirements of established purchasing specifications. The Environmental Protection Agency and the Department of Ecology periodically inspect the underground fuel storage sites to ensure WSDOT meets federal and state regulatory requirements. State and internal auditors ensure that appropriate system security measures are in place, there is a proper division of duties, and the equipment rental rates are fair and equitable. The program's Board of Directors provides guidance for program operating policy and financial planning. The program has in place several internal performance measures to evaluate its service delivery.

Special Workforce Plans/Programs

Not applicable.

Outline of Daily Operations

Daily operations include the following:

- Purchase new units to replace aged/wrecked vehicles and equipment.

- Perform asset management responsibilities.
- Maintain the Fleet and Equipment Management System database.
- Maintain the Fuel Management System database.
- Service and repair TEF inventoried items; including wireless communications equipment.
- Fuel vehicles and equipment.
- Maintain the department's vehicle fueling infrastructure.
- Dispose of aged/wrecked vehicles and equipment.
- Monitor, analyze, and report program performance.

Significant Changes, Challenges, or Opportunities

The TEF business plan for the 2013-15 biennium funds the costs of fuel at June 2012 price projections, which includes legislative mandates to use ethanol and biodiesel.

To comply with federal regulations in Circular 2, Code of Federal Regulations 255 – Cost Principles for State, Local and Indian Tribal Governments, TEF now only includes operating costs (including depreciation) in the rent. Beginning with this fund request, TEF is now requesting funds for equipment purchases as a direct transfer of state funds from the Motor Vehicle Fund (Account 108-1) to the TEF Fund (Account 410-6) of \$3.9 million for new equipment that is not covered by depreciation expense.

Performance Assessment

TEF business objectives support the department's strategic goals to better leverage agency funds and to maximize the use of existing funds. To evaluate its performance in accomplishing these objectives, the program has developed internal performance measures for service delivery.

Strategic Assessment

The program continues to evaluate operational and administrative requirements in conjunction with its financial plan and the department's overall budget.

TEF Financial Plan

(Dollars are in Thousands)

(All dollar amounts are in thousands)	<u>13-15</u>	<u>15-17</u>	<u>17-19</u>
Beginning Cash Balance	\$617.4	\$974.4	\$974.4
Revenue			
- other services	\$583.0	\$610.0	\$632.0
- fleetride income	\$40.0	\$40.0	\$40.0
- tort claims reimbursement	\$631.0	\$660.0	\$684.0
- fuel sales - gasoline	\$24,336.0	\$24,337.0	\$24,337.0
- fuel sales - diesel	\$3,736.0	\$3,737.0	\$3,737.0
- non-capitalized equipment sales	\$184.0	\$192.0	\$200.0
- capitalized equipment sales	\$2,959.0	\$3,097.0	\$3,211.0
- interest income	\$221.0	\$232.0	\$240.0
- transfer-in for capital acquisitions	\$3,915.0	\$17,698.8	\$19,906.0
- equipment rental revenue	\$119,316.0	\$123,232.0	\$123,232.0
Total Revenue	\$155,921.0	\$173,835.8	\$176,219.0
Operating Expenses			
- non-capitalized labor (Includes S2)	\$30,437.0	\$30,437.0	\$30,437.0
- capitalized labor	\$1,152.0	\$1,152.0	\$1,152.0
- fleet - gasoline	\$11,264.0	\$11,264.0	\$11,264.0
- cost of goods sold - gasoline	\$23,765.0	\$23,766.0	\$23,766.0
- fleet - diesel	\$21,418.0	\$21,418.0	\$21,418.0
- cost of goods sold - diesel	\$3,630.0	\$3,631.0	\$3,631.0
- repair parts	\$11,880.0	\$12,436.0	\$12,893.0
- outside services	\$2,428.0	\$2,542.0	\$2,637.0
- fees to other agencies	\$498.0	\$528.0	\$556.0
- other	\$3,421.0	\$3,597.0	\$3,751.0
- non-capitalized equipment replacement	\$729.0	\$1,109.0	\$1,138.0
- depreciable capital outlays	\$45,299.0	\$61,955.8	\$63,576.0
Total Operating Expenses	\$155,921.0	\$173,835.8	\$176,219.0
- decrease / (increase) in fuel inventory value	\$357.0	\$0.0	\$0.0
Ending Cash Balance	\$974.4	\$974.4	\$974.4

Appendix C – Miscellaneous Transportation Programs Account

Miscellaneous Transportation Programs Account (Fund 784)

The Miscellaneous Transportation Programs Account (Fund 784) was created in 1997 (RCW 47.04.220). It was established to account for federal funds that are passed through to local governments, and for expenditures for services the department provides to other public and private entities for which the department receives reimbursement. Fund 784 is “non-appropriated” and “non-budgeted”.

Although reimbursable services processed through Fund 784 are not subject to legislative appropriations and OFM allotment control, department programs must create a spending plan by month because this fund is subject to internal department expenditure controls. Moreover, all documentation, accounting, and reporting requirements for appropriated funds are applied to this account. In addition, the department submits annual reports to the legislative transportation committees and OFM on the expenditures processed through this account.

Expenditures on behalf of other state agencies, as well as reimbursements are recorded in Fund 784. For internal allotment procedures, reimbursable expenditures from other state agencies are shown in the spending plan as positive amounts, but are offset in total by negative amounts in Object S -- Interagency Reimbursements. As such, net expenditures reported for other state agencies are equal to zero. There is no off-set in the spending plan for other public or private entities because those reimbursements are recorded in the accounting system as revenue, rather than as a negative expenditure.

Fund 784 Activities

Program C—Office of Information Technology (OIT)

Program C’s reimbursable services relate to interagency agreements with state agencies and municipalities. Subprogram C3—Infrastructure Services includes reimbursable work performed on behalf of other state agencies and municipalities for network and fiber optic installation and collocation. Subprogram C5—Enterprise Applications performs reimbursable work on the Collision Location Accident System (CLAS) for Washington State Patrol (WSP).

Program D—Facilities

To record expenditures and reimbursements: (1) from WSP for utilities and facility maintenance in Southwest Region where it uses a portion of the department’s facilities in Vancouver and at the section maintenance facility at Naselle; and (2) to record expenditures for non-state agencies and private entities for which the program provides services, such as utilities used by the Wenatchee National Forest at a wireless communication site.

Program I—Improvements

The department provides project design services and construction project administration to the Central Puget Sound Regional Transit Authority (Sound Transit) for its regional express bus program. Projects involving the department include direct access ramps to state highways for Sound Transit buses and carpools and related high occupancy vehicle (HOV) and supporting facilities such as park and ride lots.

Program M—Highway Maintenance

Program M’s reimbursable services consist of maintenance work performed for cities and counties, as well as work performed for the federal government on roads that are not part of the state system.

Program P—Preservation – Subprogram P9 – Sales and Services to Others

The Preservation Program accounts for several types of reimbursable services that are provided to other governmental agencies and private parties. These services include the department's Materials Laboratory and Geographic Information Services cost recovery centers, highway access permit reviews, and real estate reviews and appraisals.

Program Q—Traffic Operations

Traffic Operations manages the Motorist Information Sign Program in which businesses may advertise on highway information signs. Businesses are charged a fee to cover costs.

Program S—Transportation Management and Support

Subprogram S1 Executive Management and Support utilizes Fund 784 for the collection of conference registration fees and local sponsorship funding for the biennial tribal conference organized by the Governmental Relations Office. The expenditures for conferences are allotted once they are scheduled.

Program T—Transportation Planning, Data, and Research

Subprogram T6 Pass Through Funds: Program T administers the distribution of federal funds to the state's eleven Metropolitan Planning Organizations to support transportation planning activities.

Subprogram T2: Transportation Planning uses Fund 784 to account for sales of transportation data reports to other government agencies and the public.

Program V—Public Transportation

Program V administers grants from the Federal Transit Administration (FTA) for use by public and private transit agencies. FTA grant programs include: (1) Section 5310 program that provides grants to non profit agencies serving the elderly and persons with disabilities; (2) Section 5311 program that funds projects to improve public transportation in non-urban areas; (3) Section 5309 grants for bus purchases and other transit equipment, (4) Section 5316 Job Access and Reverse Commute Program that funds transportation services needed by low-income people to access jobs and related support services; and (5) Section 5317 program that provides transportation to persons with disabilities beyond requirements of the Americans with Disabilities Act. The division is also responsible for the selection, administration, and reporting of FTA funds provided by ARRA.

Program W—Ferries Construction

Program W uses Fund 784 to account for the purchase and installation of security equipment at terminals and on vessels that is reimbursed by the Emergency Management Division of the Washington State Military Department.

Program Z—Local Programs—Capital

Off state system projects – Subprogram Z2: Local Programs administers federal funds that are earmarked for city and county highway projects. Off state system projects also include projects in which cities and counties fully reimburse the department for services.

Local agency investments on the state system – Subprogram Z9: Fund 784 is used for projects on the state system that are paid for from local or federal funding sources.

Miscellaneous Transportation Programs Account

Ten- Year Expenditure Plan

Program	FTE	Millions of Dollars					Ten Year Total
	2013-15	2013-15	2015-17	2017-19	2019-21	2021-23	
Pgm. C--Information Technology	1	\$0.1	\$0.1	\$0.1	\$0.2	\$0.2	\$0.7
Pgm. D--Facilities	0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Pgm. I--Highway Improvements	13	\$24.8	\$25.7	\$26.6	\$27.6	\$28.6	\$133.3
Pgm. M--Highway Maintenance	26	\$3.0	\$3.1	\$3.2	\$3.4	\$3.5	\$16.2
Pgm. P--Highway Preservation	23	\$5.5	\$5.7	\$5.9	\$6.1	\$6.3	\$29.5
Pgm. Q--Traffic Operations	12	\$2.9	\$3.0	\$3.1	\$3.2	\$3.4	\$15.6
Pgm. S--Transportation Management	0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Pgm. T--Transp. Planning, Data, & Research	2	\$18.0	\$18.6	\$19.3	\$20.0	\$20.7	\$96.5
Pgm. V--Public Transportation	12	\$32.5	\$33.7	\$34.9	\$36.2	\$37.5	\$174.9
Pgm W--Ferries Construction	0	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$2.1
Pgm. Z--Local Programs	61	\$429.9	\$445.5	\$461.3	\$477.8	\$494.8	\$2,309.2
Total	150	\$517.1	\$535.9	\$555.0	\$574.8	\$595.3	\$2,778.0

Appendix D – FTE Summary

FTE Summary Detail for 2013-15 Biennium

Pgm Code	Program Title	2011-13 Enacted with 2012 Supplemental	2013-15 Request	Difference
Operating Budget				
B	Toll Operations & Maintenance	39.2	40.8	1.6
C	Office of Information Technology	226.8	226.3	-0.5
D	Facilities Maintenance & Operations	81.1	81.1	0.0
F	Aviation	10.6	10.1	-0.5
H	Pgm. Delivery Management & Support	240.6	236.7	-3.9
K	Transportation Economic Partnerships	2.0	2.0	0.0
M	Highway Maintenance and Operations	1,512.0	1,514.8	2.8
Q	Traffic Operations	236.4	236.4	0.0
S	Transportation Management & Support	178.4	168.7	-9.7
T	Transp. Planning, Data, & Research	188.2	186.5	-1.7
U	Charges from Other Agencies	0.0	0.0	0.0
V	Public Transportation	22.7	24.7	2.0
X	Ferries Maintenance and Operations	1,683.9	1,688.9	5.0
Y	Rail	11.0	11.5	0.5
Z	Local Programs	43.7	43.7	0.0
Subtotal Operating		4,476.6	4,472.2	-4.4
E	Transportation Equipment Fund	209.3	209.3	0.0
Total Operating		4,685.9	4,681.5	-4.4
Capital Budget				
D	Capital Facilities	7.3	12.8	5.5
I	Highway Improvements	1,605.0	1,320.0	-285.0
P	Highway Preservation	720.0	880.0	160.0
Q	Traffic Operations	10.3	12.3	2.0
W	Ferries Construction	149.1	126.0	-23.1
Y	Rail	18.5	29.0	10.5
Z	Local Programs	0.0	0.0	0.0
Total Capital		2,510.2	2,380.1	-130.1
Total Budget (Appropriated only)		6,986.8	6,852.3	-134.5
Total Budget (Includes TEF)		7,196.1	7,061.6	-134.5

*For the 2011-13 biennium, Highway Preservation FTEs are understated by 270 FTEs associated with P5 subprogram, which were not included in the legislative budget system.

Appendix E – WSDOT Organization Chart

