

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

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

**Recommendation Summary**

Various WSDOT programs use gas and diesel fuel for motor vehicles and equipment to maintain and operate the state highway system. The November 2015 Fuel Price Forecast projects lower fuel costs in the 2015-17 biennium, compared to prices forecasted during development of the enacted budget. The department requests a decrease of \$1,645,000 to enacted appropriations for programs that use gas and diesel fuel. The department also requests a \$3,478,000 decrease in Transportation Equipment Fund (TEF) spending authority for TEF purchases of fuel for the department and for fuel sold to other agencies.

**Fiscal Detail**

	<b>FY 2016</b>	<b>FY 2017</b>	<b>2015-17 Total</b>	<b>2017-19</b>	<b>2019-21</b>
Washington State Department of Transportation (WSDOT) Total					
039-1 State	-1,000	0	-1,000	-1,000	-1,000
09F-1 HOT-State	-1,000	-1,000	-2,000	-2,000	-2,000
108-1 MVA-State	-1,100,000	-518,000	-1,618,000	-1,618,000	-1,618,000
109-1 State	-15,000	-7,000	-22,000	-22,000	-22,000
218-1 MMA-State	-2,000	0	-2,000	-2,000	-2,000
410-6 NonAp	-2,340,000	-1,138,000	-3,478,000	-3,478,000	-3,478,000
<b>Total</b>	<b>-3,459,000</b>	<b>-1,664,000</b>	<b>-5,123,000</b>	<b>-5,123,000</b>	<b>-5,123,000</b>
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program B - Operating					
09F-1 HOT-State	-1,000	-1,000	-2,000	-2,000	-2,000
<b>Total by Fund</b>	<b>-1,000</b>	<b>-1,000</b>	<b>-2,000</b>	<b>-2,000</b>	<b>-2,000</b>
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

<b>Fiscal Detail (continued)</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>2015-17 Total</b>	<b>2017-19</b>	<b>2019-21</b>
<b>Program C - Operating</b>					
108-1 MVA-State	-3,000	-2,000	-5,000	-5,000	-5,000
Total by Fund	-3,000	-2,000	-5,000	-5,000	-5,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
<b>Program D - Operating</b>					
108-1 MVA-State	-17,000	-8,000	-25,000	-25,000	-25,000
Total by Fund	-17,000	-8,000	-25,000	-25,000	-25,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
<b>Program E - Operating</b>					
410-6 NonAp	-2,340,000	-1,138,000	-3,478,000	-3,478,000	-3,478,000
Total by Fund	-2,340,000	-1,138,000	-3,478,000	-3,478,000	-3,478,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
<b>Program F - Operating</b>					
039-1 State	-1,000	0	-1,000	-1,000	-1,000
Total by Fund	-1,000	0	-1,000	-1,000	-1,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
<b>Program H - Operating</b>					
108-1 MVA-State	-9,000	-4,000	-13,000	-13,000	-13,000
Total by Fund	-9,000	-4,000	-13,000	-13,000	-13,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
<b>Program M - Operating</b>					
108-1 MVA-State	-1,023,000	-482,000	-1,505,000	-1,505,000	-1,505,000
Total by Fund	-1,023,000	-482,000	-1,505,000	-1,505,000	-1,505,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
<b>Program Q - Operating</b>					
108-1 MVA-State	-37,000	-17,000	-54,000	-54,000	-54,000
Total by Fund	-37,000	-17,000	-54,000	-54,000	-54,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
<b>Program S - Operating</b>					
108-1 MVA-State	-1,000	0	-1,000	-1,000	-1,000
Total by Fund	-1,000	0	-1,000	-1,000	-1,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
<b>Program T - Operating</b>					
108-1 MVA-State	-9,000	-4,000	-13,000	-13,000	-13,000
Total by Fund	-9,000	-4,000	-13,000	-13,000	-13,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
<b>Program V - Operating</b>					
218-1 MMA-State	-1,000	0	-1,000	-1,000	-1,000
Total by Fund	-1,000	0	-1,000	-1,000	-1,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
<b>Program X - Operating</b>					
109-1 State	-15,000	-7,000	-22,000	-22,000	-22,000
Total by Fund	-15,000	-7,000	-22,000	-22,000	-22,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
<b>Program Y - Operating</b>					
218-1 MMA-State	-1,000	0	-1,000	-1,000	-1,000
Total by Fund	-1,000	0	-1,000	-1,000	-1,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
<b>Program Z - Operating</b>					
108-1 MVA-State	-1,000	-1,000	-2,000	-2,000	-2,000
Total by Fund	-1,000	-1,000	-2,000	-2,000	-2,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

**Package Description**

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

As a non-appropriated, proprietary, internal service fund, TEF charges rent for the use of equipment. The rental rates paid by department programs include fuel costs; these rental rates will decrease in 2015-17 because of lower per-gallon prices. The lower fuel costs are expected to reduce operating programs' TEF equipment rental-rates by a total of \$1,645,000 for all programs together, allowing the programs' appropriations to be reduced accordingly. The impact of decreased TEF rental rates for capital programs is absorbed in the cost of capital projects.

This package also requests a decrease in TEF non-appropriated spending authority of \$3,478,000 to reflect the decreased purchase cost of fuel for the department and for fuel sold to other agencies.

**Narrative Justification and Impact****What specific performance outcomes does the agency expect?**

N/A

**Performance Measure Detail**

N/A

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

N/A

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

N/A

**Identify important connections or impacts related to this proposal.**

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

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

N/A

**What are the consequences of adopting this package?**

N/A

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

N/A

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

N/A

**Expenditure Calculations and Assumptions**

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

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

<b>2015-17 Change in TEF Equipment Rental Due to Fuel Based on the NOVEMBER 2015 Forecast</b>				
<b>Pgm.</b>	<b>Description</b>	<b>Forecast Change in Equipment Rental</b>	<b>Adjustment for Capital Programs Absorbing Change in Fuel Cost</b>	<b>Change in Funding Needed</b>
B	Toll Oper.& Maint.	(\$2,000)	\$0	(\$2,000)
C	Info. Tech.	(\$5,000)	\$0	(\$5,000)
D	Facilities	(\$25,000)	\$0	(\$25,000)
F	Aviation	(\$1,000)	\$0	(\$1,000)
H	Pgm Delivery	(\$13,000)	\$0	(\$13,000)
I	Improvements	(\$29,000)	\$29,000	\$0
M	Highway Maint & Oper.	(\$1,505,000)	\$0	(\$1,505,000)
P	Preservation	(\$272,000)	\$272,000	\$0
Q	Traffic Operations	(\$54,000)	\$0	(\$54,000)
S	Trans. Mgmt.	(\$1,000)	\$0	(\$1,000)
T	Planning, Data, Rsrch.	(\$13,000)	\$0	(\$13,000)
V	Public Transportation	(\$1,000)	\$0	(\$1,000)
W	Ferries Construction	(\$3,000)	\$3,000	\$0
X	Ferries Operations	(\$22,000)	\$0	(\$22,000)
Y	Rail Programs	(\$1,000)	\$0	(\$1,000)
Z	Local Programs	(\$2,000)	\$0	(\$2,000)
	<b>Subtotal WSDOT</b>	<b>(\$1,949,000)</b>	<b>\$304,000</b>	<b>(\$1,645,000)</b>
	<b>Other Agencies</b>	<b>(\$1,529,000)</b>		
	<b>Total Program E</b>	<b>(\$3,478,000)</b>		

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

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

***Current 2015-17 Budget Based on March 2015 Forecast***

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

***Forecast for 2015-17 Based on November 2015 Fuel Forecast***

	WSDOT			Other Agencies			Total Program E		
	FY 16	FY 17	Biennium	FY 16	FY 17	Biennium	FY 16	FY 17	Biennium
<b>Gasoline</b>									
Gallons	1,248,134	1,253,296	2,501,430	3,109,634	3,136,670	6,246,304	4,357,768	4,389,966	8,747,734
Price Per Gallon	\$2.4244	\$2.7807	\$2.6029	\$2.4308	\$2.7810	\$2.6067	\$2.4244	\$2.7807	\$2.6056
<b>Total Unleaded</b>	\$3,026,000	\$3,485,000	\$6,511,000	\$7,559,000	\$8,723,000	\$16,282,000	\$10,585,000	\$12,208,000	\$22,793,000
<b>Diesel</b>									
Gallons	2,243,429	2,209,457	4,452,886	291,588	289,574	581,162	2,535,017	2,499,031	5,034,048
Price Per Gallon	\$2.7752	\$3.2162	\$2.9940	\$2.7642	\$3.2151	\$2.9888	\$2.7752	\$3.2162	\$2.9934
<b>Total Diesel</b>	\$6,226,000	\$7,106,000	\$13,332,000	\$806,000	\$931,000	\$1,737,000	\$7,032,000	\$8,037,000	\$15,069,000
<b>Total Gas &amp; Diesel</b>									
Gallons	3,491,563	3,462,753	6,954,316	3,401,222	3,426,244	6,827,466	6,892,785	6,888,997	13,781,782
Dollars	\$9,252,000	\$10,591,000	\$19,843,000	\$8,365,000	\$9,654,000	\$18,019,000	\$17,617,000	\$20,245,000	\$37,862,000

***Change From March 2015 to November 2015 Forecast for 2015-17***

	WSDOT			Other Agencies			Total Program E		
	FY 16	FY 17	Biennium	FY 16	FY 17	Biennium	FY 16	FY 17	Biennium
<b>Gasoline</b>									
Gallons	(28,319)	(20,872)	(49,191)	(23,330)	(3,174)	(26,504)	(51,649)	(24,046)	(75,695)
Price Per Gallon	(\$0.2517)	(\$0.1193)	(\$0.1850)	(\$0.2452)	(\$0.1189)	(\$0.1814)	(\$0.2517)	(\$0.1193)	(\$0.1824)
<b>Total Unleaded</b>	(390,000)	(210,000)	(600,000)	(825,000)	(382,000)	(1,207,000)	(1,215,000)	(592,000)	(1,807,000)
<b>Diesel</b>									
Gallons	(48,164)	(32,739)	(80,903)	(27,627)	(26,972)	(54,599)	(75,791)	(59,711)	(135,502)
Price Per Gallon	(\$0.3492)	(\$0.1381)	(\$0.2441)	(\$0.3591)	(\$0.1399)	(\$0.2498)	(\$0.3492)	(\$0.1381)	(\$0.2448)
<b>Total Diesel</b>	(934,000)	(415,000)	(1,349,000)	(191,000)	(131,000)	(322,000)	(1,125,000)	(546,000)	(1,671,000)
<b>Total Gas &amp; Diesel</b>									
Gallons	(76,483)	(53,611)	(130,094)	(50,957)	(30,146)	(81,103)	(127,440)	(83,757)	(211,197)
Dollars	(1,324,000)	(625,000)	(1,949,000)	(1,016,000)	(513,000)	(1,529,000)	(2,340,000)	(1,138,000)	(3,478,000)

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

Fuel cost decreases are expected to be ongoing.

## Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2016	FY 2017	2015-17	2017-19	2019-21
E. Goods and Services	-2,443,000	-1,151,000	-3,594,000	-3,594,000	-3,594,000
F. Net Cost of Goods Sold/Fuel	-1,016,000	-513,000	-1,529,000	-1,529,000	-1,529,000
Total	-3,459,000	-1,664,000	-5,123,000	-5,123,000	-5,123,000
Program B - Operating					
E. Goods and Services	-1,000	-1,000	-2,000	-2,000	-2,000
Total	-1,000	-1,000	-2,000	-2,000	-2,000
Program C - Operating					
E. Goods and Services	-3,000	-2,000	-5,000	-5,000	-5,000
Total	-3,000	-2,000	-5,000	-5,000	-5,000
Program D - Operating					
E. Goods and Services	-17,000	-8,000	-25,000	-25,000	-25,000
Total	-17,000	-8,000	-25,000	-25,000	-25,000
Program E - Operating					
E. Goods and Services	-1,324,000	-625,000	-1,949,000	-1,949,000	-1,949,000
F. Net Cost of Goods Sold/Fuel	-1,016,000	-513,000	-1,529,000	-1,529,000	-1,529,000
Total	-2,340,000	-1,138,000	-3,478,000	-3,478,000	-3,478,000
Program F - Operating					
E. Goods and Services	-1,000	0	-1,000	-1,000	-1,000
Total	-1,000	0	-1,000	-1,000	-1,000
Program H - Operating					
E. Goods and Services	-9,000	-4,000	-13,000	-13,000	-13,000
Total	-9,000	-4,000	-13,000	-13,000	-13,000
Program M - Operating					
E. Goods and Services	-1,023,000	-482,000	-1,505,000	-1,505,000	-1,505,000
Total	-1,023,000	-482,000	-1,505,000	-1,505,000	-1,505,000
Program Q - Operating					
E. Goods and Services	-37,000	-17,000	-54,000	-54,000	-54,000
Total	-37,000	-17,000	-54,000	-54,000	-54,000
Program S - Operating					
E. Goods and Services	-1,000	0	-1,000	-1,000	-1,000
Total	-1,000	0	-1,000	-1,000	-1,000
Program T - Operating					
E. Goods and Services	-9,000	-4,000	-13,000	-13,000	-13,000
Total	-9,000	-4,000	-13,000	-13,000	-13,000
Program V - Operating					
E. Goods and Services	-1,000	0	-1,000	-1,000	-1,000
Total	-1,000	0	-1,000	-1,000	-1,000
Program X - Operating					
E. Goods and Services	-15,000	-7,000	-22,000	-22,000	-22,000
Total	-15,000	-7,000	-22,000	-22,000	-22,000
Program Y - Operating					
E. Goods and Services	-1,000	0	-1,000	-1,000	-1,000
Total	-1,000	0	-1,000	-1,000	-1,000
Program Z - Operating					
E. Goods and Services	-1,000	-1,000	-2,000	-2,000	-2,000
Total	-1,000	-1,000	-2,000	-2,000	-2,000