



STATE OF WASHINGTON  
OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0555

February 25, 2016

**TO:** The Honorable Judy Clibborn, Chair  
The Honorable Ed Orcutt, Ranking Member  
House Transportation Committee

The Honorable Curtis King, Chair  
The Honorable Steve Hobbs, Ranking Member  
Senate Transportation Committee

**FROM:** David Schumacher  
Director 

**SUBJECT: OFM CONCERNS ON SUPPLEMENTAL TRANSPORTATION BUDGETS  
(SHB 2524 AND SSB 6307)**

I appreciate the opportunity to review your 2016 supplemental transportation budget proposals. We appreciate your inclusion of funding for improvement projects to reduce traffic congestion on the north end of I-405, more incident response vehicles, fish passage barriers, efforts to address recruitment and retention at the Washington State Patrol, and increased demand for enhanced driver licenses.

As you continue your deliberations, we respectfully raise the following concerns with the House and Senate budget proposals for your consideration.

**Washington State Department of Transportation (WSDOT)**

- **Information Technology (Program C):** Neither budget funds the Labor System Replacement project, which is critical to modernize the department's timekeeping efforts and reduce risk associated with current manual processes. We ask you to include in the final budget \$250,000 with the Senate proviso language requiring WSDOT to submit a comprehensive 2017-19 budget request. The funding would accomplish the following tasks:
  - Engage Washington State Ferries (WSF) in discussions around their scheduling needs to determine if the Advanced Scheduler component of the EmpCenter solution is the best option.
  - Begin documenting marine requirements and estimating the WSF budget and timeline.
  - Conduct a review of Actual Labor processes to determine if changes are necessary as a result of the delay in the implementation of the EmpCenter solution. This work will review the manual processes put in place to determine if alternate options are available.
- **Facilities (Program D – Capital):** The House budget eliminates the \$10 million Connecting Washington Account appropriation in 2015-17 for the Olympic Region Headquarters project. The department has already charged costs against the current appropriation and anticipates more spending



in the coming months to develop a Request for Proposals and other preliminary engineering work. Without inclusion of some level of authority, work on the project will be delayed. Our preference is the Senate budget which does not change the \$10 million appropriation level. However, if the final budget adjusts the appropriation levels, we recommend the following project aging:

2015-17: \$ 3.8 million

2017-19: \$34.6 million

2019-21: \$ 1.6 million

- **Economic Partnerships (Program K):** The House budget includes additional requirements for the program to engage with the Tolling Operations and Maintenance program on efforts to reduce costs for the Tacoma Narrows Bridge. The work will require in-depth analysis and research beyond the capabilities of the current two FTE program staff. If this proviso is included in the final budget, please include \$150,000 to conduct the feasibility study.
- **Transportation Management and Support (Program S):** Agency request legislation (HB 2650 and SB 6359) would have made permanent WSDOT's authority to continue website advertising. If this legislation is not enacted, we recommend inclusion of the attached budget proviso to give the department authority through the end of the biennium. WSDOT will submit agency request legislation in 2017 to make the website advertising program permanent.
- **Transportation Planning, Data and Research (Program T):** WSDOT is currently working with statewide planning partners to identify and designate Critical Freight Urban and Rural Corridors as part of the National Highway Freight Network pursuant to the FAST Act. The current schedule for identification and development of corridors, working with appropriate partners, shows completion by September 30, 2016. To work with this timeline, we suggest a submission deadline of no earlier than November 1, 2016, for any prioritized freight project lists. We also recommend the attached alternative language to the House budget proviso. The department already has a Freight Advisory Committee composed of the various stakeholders listed in the current proviso. This language has been agreed to by WSDOT and the Freight Mobility Strategic Investment Board.
- **Washington State Ferries Operations (Program X):**
  - The Senate funding level for reservation system operations of \$158,000 is insufficient to accomplish the necessary activities and staffing levels to effectively operate the system. Revenues have increased substantially in San Juan County and Skagit County because of the reservation system moving ferry riders more efficiently to their destination. We prefer the House funding level of \$751,000 for this item.
  - The Senate budget proposal does not include \$809,000 to retain the Klahowya as the standby/reserve vessel. Retaining the 87-car boat versus the current 34-car boat will more effectively minimize service disruptions when a ferry vessel breaks down or is taken out of service for planned maintenance.
  - The Senate budget proposal does not include funding in either ferry operations or capital for moving and remodeling costs associated with consolidating leased space in Seattle. The department intended to use savings achieved through the consolidation in the first biennium to

pay for the one-time space reconfiguration and moving costs, but the enacted biennial budget recognized those savings immediately. We prefer the House funding level. Full lease savings from the remodel will be recognized in the 2017-19 biennium.

- **Washington State Ferries Capital (Program W):**

- Both budget proposals include an additional \$2 million for emergency capital repair costs, bringing the biennial total to \$6 million. The Governor proposed bringing the total biennial amount to \$7 million, the same amount spent in the 2013-15 biennium. As of February 18, 2016, only \$262,000 remains available for emergency repair costs. We do not believe either budget proposal has sufficient resources for the remainder of the biennium and recommend an increase to a total of at least \$7 million.
- **900010L – Seattle Terminal Preservation:** Planned funding for the Seattle Terminal Preservation project is reduced by \$52.2 million in the Senate budget proposal. The project has recently gone through a Cost Estimate Validation Process (CEVP), which has estimated the cost at \$360 million, up from the previous estimate of \$268 million. The \$360 million cost may be reduced by \$25 million to \$35 million through risk mitigation and other cost reduction efforts. Given the majority of funding for this project occurs in future biennia, reducing the project now does not leave an adequate contingency amount and may jeopardize the planned 2017 advertisement date. We recommend including a contingency of at least 10 percent of the estimated project costs.

### **Department of Licensing (DOL)**

**Enhanced Driver's License Workload:** We recommend the final budget include the full level of funding for additional staff at licensing service offices as proposed in the Senate budget with half the amount (\$1.21 million) placed in unallotted status using the process outlined in the Senate proviso to release those funds if needed. This would allow DOL to use half the available funds immediately to address increased demand for enhanced documents that is already occurring, while also having additional funds available later if demand continues to increase in light of recently announced federal deadlines for acceptable travel documents.

### **Washington State Patrol (WSP)**

**JINDEX:** The Governor's budget proposed additional funding from the State Patrol Highway Account contingent upon passage of an increase in the collision records fee contained in SB 6084. The Senate budget mirrors the Governor's proposal while the House budget includes no funding or contingency language. JINDEX provides core functions for several important WSP systems. Additionally, other state and local agencies (WSDOT, DOL, AOC, prosecutors, and local law enforcement agencies) receive and transmit citations, collisions and dispositions using JINDEX. In the absence of funding, this information would need to be transmitted manually, adding significant time and staff costs across all participating agencies.

If you decide not to act on SB 6084, we request a one-time appropriation for WSP of \$380,000 from the Highway Safety Account. OFM will then work with the users of the JINDEX system during the interim and recommend a long-term budget strategy for your consideration in 2017.

### Project List Technical Items

- **D309701 – Preservation and Improvement Minor Works Projects:** The total amount of Motor Vehicle Account-State funds for 2015-17 should be \$4.23 million, an increase of \$475,000 from the Governor’s budget. The information available at the time of Governor’s budget development was not correct and our proposal would have included \$4.23 million for this project.
- **952515P – Mukilteo Terminal Improvement:** The Senate budget proposal reduces the amount of state funds for the 2015-17 biennium. The amount of remaining state funds is inadequate to cover project costs not eligible for federal funds. At minimum, at least \$2 million of total state funds are needed.
- **OBI4001 – Fish Passage Barrier:** The Senate budget proposal reduces the amount of Motor Vehicle Account-State funds in the 2015-17 biennium. The department needs a minimum of \$4.439 million as proposed in the Governor’s budget to cover project costs not eligible for federal funds.

### Other Items

- **Electric Vehicle Infrastructure Charging Bank:** The Governor’s budget proposal included an additional \$4 million over the 16-year period to enhance the \$1 million in the 2015-17 biennium for electric vehicle charging efforts already underway. As you finalize your budget, we request inclusion of additional funding beyond this biennium to continue this important work.
- **Minor Funding Differences:** The attached table includes our comments on various minor funding differences between the two budget proposals.

Thank you for your consideration. My staff and I are available to discuss any of these items in greater detail, and I look forward to further discussion as the Legislature works toward a final supplemental transportation budget.

cc: Mark Matteson, House Transportation Committee  
Amy Skei, House Transportation Committee  
Kelly Simpson, Senate Transportation Committee  
David Ward, Senate Transportation Committee  
Debbie Driver, House Democratic Caucus  
Dana Quam, House Republican Caucus  
Jackson Maynard, Senate Majority Coalition Caucus  
Nicholas Bowman, Senate Democratic Caucus

Attachments

## **SHB 2524 and SSB 6307, Section 217 Suggested Proviso**

(4) (a) The department is authorized to sell commercial advertising, including product placement, on department web sites and social media. In addition, the department is authorized to sell a version of its mobile application(s) to users who desire to have access to application(s) without advertising.

(b) The department shall deposit all moneys received from the sale of advertisements on web site and mobile applications into the motor vehicle fund created in RCW 46.68.070.

(c) The department shall adopt standards for advertising, product placement, and other forms of commercial recognition that require the department to define and prohibit, at minimum, the content containing any of the following characteristics, which is not permitted: (i) Obscene, indecent, or discriminatory content; (ii) Political or public issue advocacy content; (iii) Products, services, or other materials that are offensive, insulting, disparaging, or degrading; or (iv) Products, services, or messages that are contrary to the public interest, including any advertisement that encourages or depicts unsafe behaviors or encourages unsafe or prohibited driving activities. Alcohol, tobacco, and cannabis are included among the products prohibited.

## **SHB 2524, Section 218 Suggested Proviso**

(4) (a) The department must update the state freight mobility plan to comply with the requirements in section 70202 of the federal fixing America's surface transportation (FAST) act. In updating the state freight mobility plan, the department must involve the Washington State Freight Advisory Committee and be consistent with section 70201 of the FAST act. The updated plan must delete any obsolete project references from the prioritized freight project list.

(b) The department, in conjunction with guidance being developed by USDOT to meet constrained project list requirements and the Washington state Freight Advisory Committee, must provide a list of prioritized projects for consideration for funding in the 2017-2019 fiscal biennium. The prioritized list must have concurrence from the Washington state Freight Advisory Committee. The prioritized list must be submitted to the office of financial management and the transportation committees of the legislature by November 1, 2016.

## Selected Minor Budget Differences

Item	Agency	WSDOT Program	Recsum	Title	House Amount	Senate Amount	Comments
1	ECY		FI	Fish Passage Barrier Work	131,000		Our preference is the Senate proviso language for this item.
			HT	Barrier Framework Development		131,000	
2	WSDOT	M	MJ	Electricity Cost Increase	1,109,000	2,047,000	The Governor's proposal included the higher amount to begin aligning the budget so that projections are made in the biennial budget and any necessary adjustments are made in the second supplemental. The next adjustment will occur in the 2017-19 biennial budget if the Senate amount is funded.
3	WSDOT	M	ML	Local Government Stormwater Fees	2,488,000	2,827,000	Actual expenditures have been higher than projected in the fiscal note for SB 5314 and we prefer the Senate funding level.
4	WSDOT	U	8Z	Labor Relations Services	-	613,000	The Governor's proposal included this funding to bring the department's budget in line with actual billings by OFM. We prefer the Senate funding level.
5	WSP		G4	Emergency Generator Shelter	80,000	175,000	Due to environmental conditions, WSP needs to construct a cinder block building to protect the unit from freezing and provide reliable service. Costs for this shelter are higher than other shelters built in previous biennia. A similar shelter was constructed at Tunk Mountain in the 2013-15 biennium. We prefer the Senate fund level.