



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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March 2, 2020

TO: Honorable Jake Fey, Chair
Honorable Andrew Barkis, Ranking Member
House Transportation Committee

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

FROM: David Schumacher
Director

SUBJECT: OFM CONCERNS WITH 2020 SENATE AND HOUSE TRANSPORTATION BUDGETS

Thank you for your efforts to move forward your respective 2020 supplemental transportation budgets, particularly with the funding challenges associated with the passage of Initiative 976. We appreciate your support of several initiatives in the governor's budget including mitigating impacts on people who rely on public transit, such as vulnerable individuals and seniors, and continuing to meet the state's legal obligations such as fish passage barriers.

We prefer the overall approach of the House budget. However, we prefer the Senate approach to addressing capital underruns in the current biennium. The Senate does not specifically identify projects and instead allows the Department of Transportation to manage project appropriations in order to capture the underruns assumed in the budget. It is common for project expenditures to change throughout a biennium and the Senate approach recognizes the need and responsibility for the department to manage expenditures across all projects to achieve the capital underrun target in the budget.

We prefer no anticipated operating underruns be taken, but if the final budget is going to assume these anticipated operating underruns, we would prefer them at the agency level to allow the department to manage the legislative target.

As you continue your deliberations, we respectfully raise the following concerns with the Senate and House budgets for your consideration. We realize the current challenging situation, but if there is sufficient revenue, we respectfully request your consideration of the following.

WASHINGTON STATE PATROL (WSP)

Toxicology Lab funding. The governor and House budgets provide \$1.8 million for the Toxicology Lab. The Senate budget provides no funding. Without this funding, long delays in toxicology test results disrupt the system, diminish justice, and delay substance use disorder treatment for individuals who may need it. We recommend the Senate fully fund the \$1.8 million to enhance Toxicology Lab operations.

DEPARTMENT OF TRANSPORTATION (WSDOT) – OPERATING

Transportation Planning, Data, and Research (Program T)

Federal planning funds. The House budget provides federal appropriation authority for planning work (Section 218(7)), but explicitly prohibits the department from using any funds provided in this section on a long-range plan or corridor scenario analysis for I-5 from Tumwater to Marysville. As written, this impacts the department's ability to meet federal requirements and complete projects under way. We recommend the restrictive language be removed.

Washington State Ferries (Program X)

The governor's budget funds \$3.6 million for operations for crew familiarization, an inventory and logistics manager, crew overtime at ferry terminals, and Electronic Chart Display and Information System (ECDIS) training. The House includes \$1.2 million and the Senate includes \$2.6 million. While WSF would attempt to mitigate any impact on customers, it cannot take administrative cuts to achieve these levels of reduction. Adjustments would need to be made to service levels that would impact customers, such as reductions in call center hours, cuts to late night service, seasonal route schedule adjustments, and reduced special runs for community events. We encourage you to fully fund operations to avoid impact to ferry system riders.

Maintenance (Program M)

Snow and ice contingency. The Senate budget reduces the snow and ice removal contingency from \$5 million to \$3 million. Without contingency funding, the department may need to cut back on other maintenance activities to fund the cost of snow and ice removal. Maintenance is needed to ensure safe roadways; therefore, we request that the final budget fully fund snow and ice removal contingency.

Public Transportation (Program V) and Public Private Partnership (Program K)

Green Transportation Grant Program. The House budget partially funds the Green Transportation Grant Program, but the Senate budget defers it until 2021-23. The department has already incurred costs because it has been actively engaged in implementing this new program. Green transportation programs encourage private sector investments in hard-to-serve areas and are important in advancing clean transportation in areas not served by public transportation. We request that, at a minimum, the budget include \$286,000 for administrative costs through April, but we prefer no reductions to the program.

DEPARTMENT OF TRANSPORTATION (WSDOT) – CAPITAL

Capital Facilities (Program D)

Dayton Avenue facility. The governor and Senate budgets provide flexibility for the department to furnish the Dayton Avenue facility in Shoreline with \$1.5 million and any achieved savings. The House proviso remains prescriptive and prohibits using savings that may be realized to meet the project needs. We request the House budget align with the governor and Senate budgets to allow flexibility in fully furnishing the building so Ecology can move in as planned and save money on lease costs.

Improvement Program (Program I) and Local Programs (Program Z)

Transfer language proposed by the governor was not in the House and Senate budgets (Section 305 and Section 310). This will reduce the department's ability to advance high priority preservation projects.

Washington State Ferries (Program W)

The House budget reduced excess salary allotments by \$10.5 million. This reduction was based on all funds, including federal funds, which have been underspent; however, the entire reduction is taken in state funds, including Connecting Washington. The Seattle and Mukilteo projects are the only WSF projects using these fund sources and would be impacted. In order to not impact these projects, we request the restoration of the \$10.5 million in capital funding.

The Senate budget defers \$12.8 million for the Seattle Terminal project until 2021-23. The result of deferring this funding will be impacts to the project budget and schedule, including either slowing or stopping work that will result in increased costs later and deferring the completion date. In order to not impact the project, we request the restoration of the \$12.8 million in capital funding.

PROVISOS

Office of Financial Management (OFM), Account for ferries/tolling/discover pass

The Senate budget includes a proviso directing OFM to issue a request for information for an account-based system capable of processing state tolling, state ferry ticketing and reservations, and state parks discover pass transactions within existing resources. Currently, WSDOT is the lead on most of these transactions and would be the appropriate agency to manage the RFI. Both WSDOT and OFM would require administrative funding to complete the RFI process. We recommend removal of this proviso.

Washington State Patrol, Water extension expense

The Senate and House budgets include a proviso requiring the Washington State Patrol to terminate an agreement with the City of Shelton. The agreement requires anyone who connects to the infrastructure installed and paid for by the State Patrol to reimburse the agency for those costs. We are concerned that there may be legal implications to terminating this agreement. We request that this proviso be removed.

Transportation Commission, Ferry capital projects

The Senate budget includes a proviso that requires the Transportation Commission to convene a ferry capital construction oversight committee. The commission cannot do this work without additional funding, and these duties are outside its mission. For these reasons, we request removal of this proviso.

Washington State Department of Transportation, Tolling cost allocation

The Senate budget includes a proviso that requires the department to develop an ongoing cost allocation method to assign appropriate costs to each toll fund. No funding is provided for developing this cost allocation methodology. If funding is not provided, we ask that the proviso be removed.

Thank you for your consideration. My staff and I are available to discuss these items in greater detail, and we look forward to further collaboration as you work toward a final transportation budget.

cc: Mark Matteson, Staff Coordinator, House Transportation Committee
Kelly Simpson, Staff Coordinator, Senate Transportation Committee
Erik Hansen, Senior Budget Assistant, OFM
Nona Snell, Assistant Director for Budget, OFM