



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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April 7, 2021

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

**FROM:** David Schumacher  
Director

**SUBJECT: OFM CONCERNS WITH HOUSE 2021-23 BIENNIAL AND SUPPLEMENTAL TRANSPORTATION BUDGETS**

Thank you for your efforts to move forward your 2021-23 biennial and 2021 supplemental transportation budgets. This work is particularly difficult with the funding challenges associated with the decrease in forecasted transportation revenue.

We appreciate your support of several initiatives in the governor's budget including funding for the Pre-Apprenticeship Supportive Services program, expansion of the Green Transportation Capital Grant program, increased active transportation investments, and expansion of the Special Needs transportation program. We also appreciate that your budget does not require furlough days, consistent with the operating budget proposals.

As you continue your deliberations, we respectfully raise the following concerns with the House budgets. We appreciate the inclusion of federal American Rescue Plan Act funding in your budget, but because federal guidance has not yet been issued on its eligible uses, we are concerned about the use of the water funds to directly support the fish passage barrier removal program.

**WASHINGTON STATE PATROL (WSP)**

*Vacancies.* The House budget takes \$27,880,000 in vacancy savings. Without this funding, the State Patrol cannot staff to levels expected by the Legislature.

**DEPARTMENT OF LICENSING (DOL)**

*Website Accessibility and Usability.* The governor's budget took a three-pronged approach to addressing the DOL backlog created by the pandemic. This included moving from a six- to eight-year driver's license, allowing additional online transactions, and upgrading DOL's website, which is the second most visited state website. We appreciate investments in the first two items, but full funding for the website upgrades is needed for DOL to begin to address the backlog. Without these upgrades, residents will not have the best access to the online information and services they need to avoid an office visit. This could result in more individuals attempting to access services in already backlogged offices.

*Underspending Adjustments.* DOL needs full staffing for its licensing services offices (LSOs), its largest function, to provide services to residents and continue addressing the backlog created by the pandemic. LSOs continue to provide in-person services for those who require them, and LSO staff field calls and questions from those receiving services without coming into an LSO. The \$23,851,000 underspending adjustment in the House supplemental budget and \$6,178,000 underspending adjustment in the biennial budget will hinder DOL's ability to staff LSOs and keep them open to reduce the pandemic backlog.

## **DEPARTMENT OF TRANSPORTATION (WSDOT) – OPERATING**

### **Highway Maintenance (Program M)**

*Materials Cost Increase.* The House budget does not fully fund preservation or material cost increases. Materials support the maintenance of the highway system, and without keeping up with the increased cost of materials, we anticipate further deterioration of the condition and function of the highway system. Please include the amount provided in the governor’s proposal for materials cost increases to keep our highways in a state of good repair.

### **Washington State Ferries (Program X)**

*Ongoing Operating Costs.* Overtime labor and new hire training are crucial components to maintaining our ferry service levels. The funding provided by the House is insufficient to maintain stable service and vessel maintenance levels through the biennium. Please include the governor’s funding level for overtime labor, which is \$4,994,000, and the revised new hire training amount of \$1,385,000.

### **Rail Operating (Program Y)**

*Ultra High Speed Ground Transportation.* Because of the previous support and funding the Legislature has provided for this project, we are ready and well-positioned to move forward. Strong partnerships with British Columbia and Oregon exist, and we need to remain a leader in this effort to develop high-speed rail between Vancouver, BC and Portland, Oregon, which will provide a safe, reliable, equitable and environmentally responsible transportation system. Supporting this project will result in the development of a governance structure to implement critical community and stakeholder engagement throughout the state and begin the work necessary to move the project to the next phase. Furthermore, state funding for the project positions the state well for future federal funding for high-speed rail.

## **DEPARTMENT OF TRANSPORTATION (WSDOT) – CAPITAL**

### **Various Programs**

*Preserve Transportation Infrastructure.* Investing now in preservation avoids more costly transportation construction needs in the future. The governor proposed significant investments in multiple WSDOT programs to keep transportation assets in a state of good repair, and the House should increase funding to support preservation of roadways, railways, ferries and bridges.

### **Capital Facilities (Program D)**

*Olympic Region Headquarters.* Funding of \$1,289,000 is needed for a fuel island at the new Olympic Region headquarters. The fuel island at the current Olympic Region headquarters has saved time, money, and resources for employees by making re-fueling less expensive and more convenient than off-site gas stations. The fueling station serves WSDOT passenger vehicles and maintenance vehicles. Without the fuel island, State Motor Pool vehicles kept at the new headquarters would have to drive long distances to re-fuel at state rates, thereby reducing efficiencies and creating logistical challenges.

*Northwest Region Headquarters.* Funding of \$2,900,000 is needed for cost increases, due in part to COVID-19 impacts, to complete the renovation of the Northwest Region headquarters. Additionally, \$1,565,000 in the supplemental budget is needed to complete furnishing the facility. Given previous legislative authorization, the department initiated the purchase of the furniture. This funding is needed to complete the project and provide usable space for the Department of Ecology that is collocated in the headquarters.

### **Washington State Ferries (Program W)**

*Hybrid Olympic Vessel #1.* If the cost increases for construction of the first hybrid Olympic vessel are

not funded, WSF will not be able to award the contract. The lack of a replacement vessel will result in service reductions when older vessels are retired from the fleet.

*Terminal Charging.* Funding is necessary for terminal charging stations. As we invest in conversion of the Jumbo Mark II class and replacement of aging ferries with hybrid-electric ferries, terminal charging facilities are critical to maximize fuel savings and achieve air quality benefits. We request full funding for terminal charging.

Additionally, a proviso prohibits the department from using resources for terminal electrification purposes. This prohibition could result in the department foregoing opportunities to pursue non-state funding for terminal electrification and charging. As we continue the work toward the first 144-car hybrid electric vessel and the conversion of the Jumbo Mark II vessel, we must also pursue the charging infrastructure to be able to access electricity for seamless operations. Any opportunities the department has to pursue funding to support this effort should be supported as an investment in the modernization of our terminal infrastructure. Along with full funding for terminal charging, removal of this proviso is necessary to maximize fuel savings and achieve air quality benefits.

*Conversion of Second Jumbo Mark II to Hybrid Electric & Construction of Second Hybrid Electric Vessel.* In accordance with WSF's long-range plan, 13 of our state ferries need to be replaced over the next 20 years to maintain service levels. We recognize this is an opportunity to both maintain current service levels and modernize our fleet to align with our state greenhouse gas reduction goals. We ask the House to invest in the future of our ferry system by matching the governor's funding level for the electric conversion of the MV Tacoma and construction of a second hybrid electric Olympic Class vessel.

## **PROVISOS**

### **Department of Transportation, Fund Transfers (Section 601)**

Section 601 gives the director of the Office of Financial Management the authorization to transfer appropriation authority between projects at the department's request. The House budget puts further restrictions in place which will limit the department's ability to use the authorization in this section and could impact its ability to deliver and complete projects efficiently.

### **Washington State Patrol, Water Extension Expense**

The proviso regarding a WSP latecomer agreement with the City of Shelton and the associated water extension includes direction to WSP to terminate the contract. We have concerns with the direction in the proviso to terminate the contract.

### **State Department of Transportation, Encampments**

The proviso directing WSDOT to provide services to homeless individuals living on WSDOT right-of-ways and direct them to housing alternatives should be revised. We support language directing WSDOT to coordinate with local jurisdictions, local law enforcement and social services organizations to provide services and direct individuals to housing alternatives.

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  
Erik Hansen, Senior Budget Assistant, OFM  
Nona Snell, Assistant Director for Budget, OFM  
Jamila Thomas, Chief of Staff, Office of the Governor