



STATE OF WASHINGTON

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April 7, 2021

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

FROM: David Schumacher
Director

SUBJECT: OFM CONCERNS WITH SENATE 2021-23 BIENNIAL AND 2021 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 to support the Pre-Apprenticeship Supportive Services program, to complete the Olympic Region and Northwest Region headquarters building, and to ensure the maintenance program has materials to maintain state highways. 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 Senate budget. Of primary concern is that the structure of the Senate budget prioritizes investments in highway expansion and capital programs over investments in projects and programs that decrease greenhouse gas emissions in the transportation sector. Additionally, the transfer of more than \$200 million from the Multimodal Transportation Account to the Connecting Washington Account further reduces opportunities to fund projects and programs that support the state's climate goals. Again, we realize the current situation is challenging, and we appreciate that the Senate budget relies on potential future federal funding.

WASHINGTON STATE PATROL (WSP)

Vacancies. The Senate 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 Senate 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

Transportation Planning, Data, and Research (Program T)

Vehicle Miles Traveled. The Senate budget supports updating our state vehicle miles traveled goals and WSDOT's work with the Department of Commerce and local jurisdictions on regional goals and strategies. Yet, the Senate funding level of \$100,000 is not sufficient for WSDOT to accomplish the work. We request that you increase funding to the governor's level of \$500,000.

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 Senate is insufficient to maintain stable service and vessel maintenance levels through the biennium. Please include the funding level in the governor's proposal 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 Senate should increase the funding to support preservation of roadways, railways, ferries and bridges.

Washington State Ferries (Program W)

Hybrid Olympic Vessel #1. If 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.

Conversion of Second Jumbo Mark II to Hybrid Electric and 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 Senate to invest in the future of our ferry system by matching the governor's funding for the electric conversion of the MV Tacoma and construction of a second hybrid electric Olympic Class vessel.

PROVISOS

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.

Department of Transportation, Alternative Fuel Infrastructure Grant program

The proviso directing WSDOT to use \$1,500,000 of the \$3,900,000 total alternative infrastructure grant program for a specific project that would co-locate a DC fast charging and hydrogen fueling station near Wenatchee should be removed. The alternative fuel infrastructure competitive grant program has recently expanded eligibility to include hydrogen projects. The program awards funding to projects that support deployment of clean alternative fuel vehicle charging infrastructure that is supported by private financing.

Washington State 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 Senate 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.

Department of Transportation, Kingston Traffic Control

The requirement in the proviso that directs the state ferry system to contract with a uniformed officer to provide additional traffic control assistance at the Kingston ferry terminal during certain peak times needs to be funded. WSF does not have sufficient funds to implement this traffic control without cuts to other operating budget activities.

Department of Transportation, HEAL Act (E2SSB 5141)

The Senate budget does not provide adequate funding to implement E2SSB 5141. We request that you fully fund the enacted legislation for the department to fully deliver on the provisions of the bill.

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: Kelly Simpson, Staff Coordinator, Senate Transportation Committee
Erik Hansen, Senior Budget Assistant, OFM
Nona Snell, Assistant Director for Budget, OFM
Jamila Thomas, Chief of Staff, Office of the Governor