

**OFFICE OF FINANCIAL MANAGEMENT
BUDGET DIVISION**

2013-15 Biennium

**TRANSPORTATION ADDENDUM
TO THE OPERATING BUDGET INSTRUCTIONS**

JUNE 2012



ELECTRONIC ACCESS TO BUDGET INSTRUCTIONS

Information contained in this document is located at: <http://www.ofm.wa.gov/budget/default.asp>

OFM STAFF ASSISTANCE

Contact your agency's assigned budget analyst for assistance. Assignments, phone numbers, and e-mail addresses for OFM budget analysts are available at <http://www.ofm.wa.gov/budget/contacts/default.asp>

To accommodate persons with disabilities, this document is available in alternate formats by calling the Office of Financial Management at 360-902-0555. TTY/TDD users should contact OFM via the Washington Relay Service at 711 or 1-800-833-6388.

INTRODUCTION

Transportation Budget Instructions

This document provides additional budget instructions for transportation agencies from the Office of Financial Management (OFM).

FEDERAL FUNDS

The Department of Transportation is required to complete the federal funds template below:

**Federal Transportation Funds
Current and Ensuing Biennium**

Program	Programmed SFY 2012		Programmed SFY 2013		Programmed SFY 2013-15	
	State	Local	State	Local	State	Local
Interstate Maintenance						
National Highway System ¹						
Surface Transportation Program ¹						
Safety Setaside						
Enhancements Setaside						
Areas Over 200,000						
Areas Under 200,000						
Areas Under 5,000						
STP Flexible						
Highway Safety Improvement Program ¹						
Railway-Highway Crossings						
Bridge ¹						
Border Infrastructure Program						
CMAQ ¹						
Safe Routes to Schools						
MPO Planning ¹						
Recreational Trails						
SPR from all Programs						
Total						
Obligation Authority (FFY)						

Notes:
1. Some or all of the funds identified as programmed are not appropriated in the State's Transportation Budget
2. Programmed funds are provided on a state fiscal year, while obligation authority is provided on a federal fiscal year
3. Amounts provided are apportionment required for newly programmed projects. Expenditure/appropriations will differ.

Before building its budget, the Department of Transportation must communicate with OFM and legislative transportation committee staff on the proposed split of federal funds between the state and locals. The Department must document these assumptions by completing the following template.

FEDERAL PROGRAM	PERCENT STATE/LOCAL SPLIT			
	State FY 2012	State FY 2013	Recommended State FY 2014	Recommended State FY 2015
National Highway System (NHS)				
Interstate Maintenance (IM)				
Bridge				
Statewide Planning & Research (SPR)				
Metropolitan Planning				
Congestion Mitigation/Air Quality (CMAQ)				
Surface Transportation Program (STP)				
Distribution by Population				
State Flexible/Equity Bonus				
Enhancements				
Highway Safety Improvement Program (HSIP)				
Rail-Highway Crossing				
Safe Routes to School				
Border Infrastructure Program (CBI)				
Average CORE Program				

The Washington Traffic Safety Commission must provide an accounting of the federal funds it receives. This includes:

- Description of sources/programs, including catalog of federal domestic assistance number (CFDA).
- Funds available for state fiscal year (FY) 2012 – providing details on how much is programmed to be spent, as well as how much is anticipated to roll over to the next fiscal year; and
- Anticipated funds to be available vs. awarded for state FY 2013 and the state 2013-15 biennium.

WSDOT GRANT PROGRAMS

The following grant programs within WSDOT will submit a table detailing reappropriations and new awards. Information will include project title, lead agency, total project cost, grant request, biennium awarded, and catalog of federal domestic assistance number (CFDA).

- Program F - Aviation Grants
 - ◆ Preservation
- Program V- Public Transportation Grants
 - ◆ Rural Mobility Grants
 - ◆ Special Needs Grants
 - ◆ Vanpool Investment Program
 - ◆ Regional Mobility Grant Program
- Program Y- Rail Grants
 - ◆ Freight Rail Assistance Program
 - ◆ Freight Rail Investment Bank Loans
- Program Z- Local Programs Grants
 - ◆ Safe Routes to School Grants
 - ◆ Pedestrian and Bicycle Safety Grants
 - ◆ Surface Transportation Program Enhancement Grants

CRAB & TIB GRANT PROGRAMS

Both the Transportation Improvement Board (TIB) and County Road Administration Board (CRAB) should provide charts for their grant project award programs that illustrate the anticipated demand distribution over time for their respective programs based on current project life cycles and future grant call cycles.

Grant programs within CRAB will submit a table detailing awards for the current biennium and anticipated new awards for the 2013-15 biennium.

Programs include the following:

- Rural Arterial Program
- County Arterial Preservation Program (formula results)
- County Ferry Capital Improvement Program (fee schedule)

Grant programs within TIB will submit a table detailing awards for the current biennium and anticipated new awards for the 2013-15 biennium.

Programs include the following:

- Small City Arterial Program
- Small City Preservation Program
- Small City Sidewalk Program
- Urban Arterial Program
- Urban Corridor Program
- Urban Sidewalk Program

NICKEL AND TPA STATUS REPORTS

As previously required in Chapter 367, Laws of 2011, the Department will continue to provide an update with the budget submittal that compares the original project cost estimates in the 2003 and 2005 transportation lists to the completed costs of the project, or the most recent legislatively approved budget and total project costs for projects not yet completed.

TRANSPORTATION EXECUTIVE INFORMATION SYSTEM AND REQUIRED PROJECT INFORMATION (WSDOT)

Capital transportation projects are included in the following programs at the Department:

- Program D – Capital Facilities
- Program I – Improvements
- Program P – Preservation
- Program Q – Traffic Operations
- Program W – Washington State Ferries (see Section 8)
- Program Y – Rail
- Program Z – Local Programs

Capital transportation information used to make budget decisions must be entered into the Transportation Executive Information System (TEIS). Data should be provided at the Project Information Number (PIN) level of detail in a manner that is consistent with the last legislatively enacted project list. However, if the Department elects to provide an option to “roll up” projects at a higher level, it must provide:

- A crosswalk that explicitly shows which PINs are being rolled up into a Budget Identification Number (BIN), and
- A second project list that uses the same PIN structure as the last legislatively enacted project list.

Capital Facilities

As required in Chapter 86, Laws of 2012, the Department must itemize all requests for the construction of new buildings in a TEIS project list.

Mega Projects

For each mega project active in the upcoming biennium, the Department will submit a one-page summary highlighting: the work that will be completed in the ensuing biennium; the work completed to date; the original project cost estimate; the current project cost estimate; funding plan summary; and planned expenditures for the ensuing biennium.

Job Estimates

With each proposed TEIS project list submitted by the Department, and subsequent lists created throughout the budget process, the Department will submit information to OFM on the number of jobs created, sustained or induced by the highway construction program.

Capital Grants

TEIS project information is required for the capital grant programs in the Rail and Local Programs.

For the remaining capital grant programs, enter the project information at the program level into TEIS as required for highway capital projects.

TIB and CRAB capital grant programs are **not** entered into TEIS, but must be available on their websites

TEIS Required Data Elements

All projects listed in TEIS should have the following elements:

<ul style="list-style-type: none"> ▪ BIN ▪ PIN ▪ descriptive title ▪ phase ▪ Milestones: <ul style="list-style-type: none"> ◆ begin preliminary engineering ◆ project definition complete ◆ environmental documentation complete ◆ right-of-way certification ◆ advertisement date ◆ operationally complete 	<ul style="list-style-type: none"> ▪ work description ▪ DOT region ▪ state route ▪ program ▪ sub-program ▪ legislative district ▪ county ▪ fund source detail ▪ corridor identification ▪ total project cost from all fund sources ▪ list of all partners
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TEIS Variance Reports - Last Enacted Budget to Proposed Budget

The Department must submit a project list in TEIS consistent with the structure and format of the last legislative approved budget for comparison purposes. Additional budget requests should include a narrative that explains major variances in cost, scope or schedule between the last enacted budget and legislative financial plan.

Explanation of Reappropriations

To the extent possible, the Department will include a narrative that explains why projects proceeded more slowly than what was anticipated in the last enacted budget.

Explanation for Advanced Projects

To the extent possible, the Department will include a narrative that explains why projects proceeded more quickly than what was anticipated in the last enacted budget.

Explanation of Major Cost Changes

Transportation agencies will submit written narratives to explain project overruns or underruns that exceed \$500,000 or 10 percent when compared to the last legislatively enacted project list.

Project List

Transportation agencies that have projects appropriated through a project list must have one project list for both the second supplemental request in the 2011-13 biennium and 2013-15 base budget request. The project list must show expenditures for 2011-13, 2013-15, 2015-17, 2017-19, 2019-21, 2021-23 and “future.”

Summary of “Section 603” Changes (OFM-Approved Cost Changes)

The Department will include a summary of all Section 603 requests during the prior biennium by:

- fund
- sub-program
- phase in which the project increase occurred
- region

Program Groups

The Department of Transportation has a number of capital transportation projects that are grouped into programmatic groups for appropriations.

These groups include, but are not limited to:

- Fish barrier passages (culverts)
- Guard rail and cable median barriers

Submit a TEIS list of projects included in these bins.

FERRIES (WSDOT PROGRAMS X AND W)

Ferry Ridership Demand Forecast

The Ferries Division should include information with its budget request that supports the need for maintaining, expanding or reducing service. Vehicle and passenger ridership forecast data also should be included.

Level-of-Service Standards

The Department is required to set level-of-service standards on ferry routes in consultation with local governments. Level-of-service information should be submitted with the budget request.

Maintenance

Normal maintenance costs should be programmed in the operating budget instead of the capital budget. There are three general characteristics of maintenance work: (1) is minor in scope and cost; (2) is repetitive; and (3) controls the deterioration of an asset.

- Planned maintenance includes: Scheduled, repetitive work such as housekeeping activities, grounds-keeping, site maintenance and certain types of service contracts.
- Periodic scheduled work (preventive maintenance) planned to provide adjustment, cleaning, minor repair and routine inspection of equipment to reduce service interruptions.
- U.S. Coast Guard-required dry dock inspections.
- Terminal or vessel system work conducted by Eagle Harbor maintenance staff.

Fuel

The budget for fuel is based on the latest fuel price forecast times the number of gallons estimated for the 2013-15 budget. Fuel price changes are a maintenance-level decision package. Any change to the estimated number of gallons should be separately identified in a decision package. Diesel and bio-diesel assumptions should be documented.

Capital Basics

Ferry system infrastructure consists of two distinct types of assets: ferry terminals and maintenance facilities, and vessels.

Policy makers have expressed interest in being able to identify investments in terminals and maintenance facilities separately from investments in vessels. The budget request should accommodate this interest.

FERRY PRESERVATION

Life Cycle Cost Model

The life cycle cost model (LCCM) is the basis for estimating future terminal and vessel needs and developing the budget request for terminal and vessel preservation funding under RCW 47.60.345(3) and (4). The following explanatory points are important.

- Only assets in LCCM may be included in the preservation budget request. (RCW 47.60.355(1))

- To be included in LCCM, a terminal or vessel system must have an estimated life derived from an industry standard or other approved standard that is adjusted for actual condition based on inspection of the system conducted at least every three years. (RCW 47.60.345(1)(a) (1)(b) and (2))
- Excluded from LCCM are new vessels, utilities or other systems that are not replaced on a standard life cycle, assets not yet built, master plans, right-of-way acquisition or other non-preservation items. This means investments in these items are classified as improvements. (RCW 47.60.005(5), RCW 47.60.345(1)(c) and (d) and RCW 47.60.335(2))
- Each preservation project includes an allocation of system-wide and administrative capital program costs that are separately identifiable from direct project costs. (RCW 47.60.335(3)) Costs are split between preservation and improvement projects based on an OFM-approved allocation process.
- If a project meets both the improvement and preservation definitions, it is classified as an improvement project. (RCW 47.60.005(5))

The Department also should document how the LCCM is used to aggregate needs from terminal and vessel systems, to terminals and vessels, all terminals and the fleet, and the system as a whole.

Preservation – Condition Assessments

A condition assessment should precede the preservation needs assessment. It should have a methodology for rating the condition of a terminal or vessel system, such as “superior,” “adequate” or “inferior.”

This involves using a rating system to inspect and score each terminal and vessel system. This system should allow for aggregation (i.e., aggregating system scores to ratings for each terminal and each vessel, aggregating terminal ratings to a rating for all terminals and vessel ratings to a rating for the fleet, and aggregating all terminal and the fleet ratings to a rating for the entire system.) Further, aggregation should be done to establish ratings for types of systems.

This assessment should be included with the budget request.

Backlog Reduction Plan

State law requires the budget to include a strategic plan for reducing backlogs of maintenance and repair projects. (RCW 43.88.030)

Preservation Needs Assessment

The organization should develop a preservation needs assessment prior to developing a budget request and proposed long-range program (project list).

Major Vessel Preservation – “Rebuilding the Boat”

Preservation needs of existing ferries are based on the concept of replacing systems that are at the end of their life cycles. Life cycles can be five-, six-, eight-, 10-, 12-, 15-, 20- and 30-year intervals. Because of the various life cycles of vessel systems, replacement of worn-out systems takes place throughout the life of the vessel. However, there are times when a number of systems need replacement at the same time. This is referred to as “rebuilding the boat.” At the 30-year point in a vessel’s life, the boat may need to be rebuilt and require preservation costs in excess of \$50 million.

The Department shall provide a list of all vessels and identify past, present and future major preservation costs and expected replacement dates and costs.

Preservation Budget Overview

The Ferries Division's preservation budget request should include:

- A description of the budget request, proposed long-range program (project list) and projected performance results for the entire system and for all terminals and the fleet.
- A highlight and explanation of significant deviations from normal preservation practices, such as decisions not to invest or to invest early in terminals and vessels.

FERRY IMPROVEMENTS

Improvement Needs Assessment

The improvement needs assessment should discuss what operational strategies have been considered and what their impact would be on improvement investment decisions. State law prescribes consideration of at least the following operational strategies under RCW 47.60.327(3):

- The feasibility of using reservation systems.
- Methods of shifting vehicular traffic to other modes of transportation.
- Methods of improving on-dock operations to maximize efficiency and minimize operating and capital investments.
- Cost-benefit analysis of remote holding versus over-water holding.
- Methods of reorganizing holding areas and minimizing on-dock employee parking to maximize the dock size available for customer vehicles.
- Schedule modifications.
- Efficiencies in exit queuing and metering.
- Interoperability with other transportation services.
- Options for leveling vehicle peak demand.
- Options for increasing off-peak ridership.

Vessel Improvements

New vessels are classified as improvements until the new vessels are actually acquired. Then the new vessels' systems can be added to the life cycle cost model, and new vessel preservation can be classified as preservation. (RCW 47.60.345(1) (d) and (3))

Replacement and additional vessels are both considered to be improvements. Replacing a vessel consists of retiring an existing vessel and acquiring a new vessel to maintain roughly the same capacity of the fleet. Adding a vessel consists of acquiring a vessel to increase the capacity of the fleet to meet growth in customer demand for ferry services.

Vessel Deployment Plan

The Department is required to develop and maintain a vessel rebuild and replacement plan in accordance with Chapter 124, Laws of 2008, that includes:

- A summary of the condition of all vessels, distinguishing between active and inactive vessels.
- Projected rebuild dates for all vessels.
- Projected retirement dates for all vessels, distinguishing between active and inactive vessels.
- Timelines for vessel replacement, including business decisions, design, procurement and construction.

The Department also should provide timelines for construction of vessels that add capacity to the fleet.

The Department shall submit a summary of the proposed vessel deployment plan with the budget that includes a table showing vessel deployments by biennium, route number and class of vessel for the entire planning period (e.g. the “lego chart”).

Pre-Design Studies

Requests for terminal improvement design and construction funding must be submitted with a pre-design study (RCW 47.60.385(2)).

The Department must submit a pre-design for terminal and vessel preservation projects of \$5 million or more and all terminal improvement projects. Please see separate instructions for ferry pre-design requirements at www.ofm.wa.gov/budget/instructions/default.asp.

Capital Impacts on Operating Budget

Will the project cause changes in maintenance and operating requirements? If so, list estimated costs and FTEs and the biennium in which they will impact the operating budget. Reference any operating decision packages to which the project is tied.

System-wide and Administrative Capital Program Costs

Allocate system-wide and administrative capital program costs to specific capital projects using a cost allocation plan developed by the Department.

System-wide and Administrative Cost Allocation to Preservation and Improvement Programs

Traditionally the ferries capital project list has contained a number of projects designated as “system-wide projects.” These projects involve expenditures affecting more than one terminal or vessel, including direct investments in terminal and vessel infrastructure and/or activities benefiting capital projects in general.

The Ferries Division is required to use a cost allocation approach for budgeting and accounting for indirect and administrative costs associated with its capital program.

Indirect Costs to be Included with Specific Projects

Indirect (project support) activities include:

- Capital planning and coordination, such as:
 - ◆ Ferries System capital plan and other planning studies
 - ◆ capital planning to accomplish regulatory compliance
 - ◆ business initiatives
- Development of design standards, procurement specifications and evaluation of innovative design and construction methods and procedures, such as:
 - ◆ design of standard wing walls
 - ◆ determination of system-wide radar procurement specifications
 - ◆ evaluation of the constructability review process
- Conduct of surveys, inspections and engineering studies, such as:
 - ◆ aerial photography
 - ◆ condition inspections of terminal and vessel systems
 - ◆ vessel steel preservation monitoring
 - ◆ fuel conservation studies
- Project development and project control and reporting activities, such as:
 - ◆ project scoping
 - ◆ cost estimation activities not directly attributable to specific projects
 - ◆ project delivery performance measurement
 - ◆ acquisition, operation and maintenance of engineering tools, such as Capital Project Management System, Primavera, Asset Management System
- Preparation of studies, reports and responses to inquiries for:
 - ◆ policy makers
 - ◆ agency management stakeholders
 - ◆ public

Decision Packages will be used for Administrative Overhead

Decision packages will be aggregated to provide a program-level indirect cost budget request and an administrative overhead budget request. These budgets will be monitored at the program level through the budget review process.

TEIS FERRY REQUIREMENTS

The following budget instructions apply to the Washington State Ferry Capital Program (Program W):

- The department shall submit a detailed Transportation Executive Information System (TEIS) list describing the work performed on each individual design/construction project funded under the Washington State Ferry Capital Program for Terminal Engineering (Program W – W1 Sub Program).
- All the terminal projects under the W1 Sub Program must be submitted at the detail/PIN level in the same manner they are programmed in the WSDOT Capital Program Management System (CPMS) and shown on the Life Cycle Construction Model (LCCM) Report.
- There is no further requirement to submit the list at the BIN level for terminal projects.

- All terminal projects completed in prior biennia should be dropped from the upcoming budget submittal.
- The department shall maintain the BIN structure for vessel projects funded under the Washington State Ferry Capital Program for Vessel Engineering (Program W– W2 Sub Program).
- All the vessel projects under the W2 Sub Program must be submitted at the BIN level, and supplemented with a detailed PIN list describing the specific scope of work to be performed in a current biennium as it ties to the specific budget submittal.

The Department shall maintain the BIN structure for the Emergency Repair Program funded under the Washington State Ferry Capital Program (W Program – W3 Sub Program). Details should be provided as they become available upon a declaration of emergency on specific vessels and terminals.

ADDITIONAL FERRY REQUIREMENTS

The greater level of detail required in Chapter 247, Laws of 2010 that is submitted with the 2011-13 base budget should be updated for submittal of the 2013-15 budget submittal.

TRANSPORTATION-SPECIFIC INFLATION

Inflation for Transportation Capital Programs

Agencies will increase the cost assumed in future biennia by an appropriate inflation factor. The agency submitting the capital project list will provide a narrative document with its budget submittal that details the inflation factor used, the assumptions used to determine the factor, and how the factor it used compares to industry standards.

MOVING WASHINGTON (WSDOT)

Moving Washington

The Department should demonstrate how it is applying its Moving Washington framework through its budget submittal and provide examples of budget components that fit under the three transportation strategies: Operate Efficiently; Manage Demand; and Add Capacity Strategically.

ADDITIONAL BUDGET SUBMITTAL CONTENT REQUIREMENTS FOR TRANSPORTATION AGENCIES

In addition to the requirements set forth in the general operating instructions, each transportation agency should provide the following:

- organizational charts and personnel information
- executive organizational chart
- division organizational chart

Unique to Washington State Patrol

Narrative summaries of:

- recruitment and retention issues, including projected retirements for the 2013-15 biennium
- Academy class schedule as currently proposed for the 2013-15 biennium
- vehicle and aviation fleet life-cycle analysis and replacement plan
- facility issues
- capital project issues
- data processing issues
- fuel funding

Unique to Department of Licensing

Narrative summaries of:

- License and Identocard biometric matching system
- Prorate and Fuel Tax System
- Information Technology Field System Modernization
- license office consolidation efforts
- data processing issues
- Real ID
- customer service wait times by Licensing Service Office
- statistical information, including number of licensed drivers, vehicle licenses, agents/sub-agents and county auditors by type of service provided

Unique to County Road Administration Board

- supporting statistical information, including status of rural roads, rural bridges, and all-weather roads.

Unique to Transportation Improvement Board

- supporting statistical information, including status of sidewalks, urban arterials, and small city arterials.

Unique to Department of Transportation

- summary of WSDOT consultant usage in 2011-13 and projected for 2013-15.

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