

Revised 12/13 (for new title)

Agency: 405 Department of Transportation
Decision Package Code/Title: 1H Adjust Benefit Rates
Budget Period: 2013-15
Budget Level: ML – Maintenance Level

- Programs**
- B – Toll Operations**
 - C – Information Technology**
 - D – Facilities**
 - F – Aviation**
 - H – Program Delivery and Management**
 - K – Public/Private Partnerships**
 - M – Highway Maintenance and Operations**
 - Q – Traffic Operations**
 - S – Transportation Management & Support**
 - T – Transportation Planning, Data and Research**
 - V – Public Transportation**
 - X – Ferries Operating**
 - Y – Rail**
 - Z – Local Programs**

Recommendation Summary

The employer health benefit rates in the enacted state operating budget are lower than the rates funded in the transportation budget. To align the department’s budget to the enacted employer health benefit rates, appropriation levels are reduced by \$4.6 million.

Fiscal Detail

Detail by Fund	FY 2014	FY 2015	2013-15	2015-17	2017-19
039-1 Aeronautics Act-State	(3,000)	(8,000)	(11,000)	(11,000)	(11,000)
09F-1 High Occupancy Toll-State	(1,000)	(2,000)	(3,000)	(3,000)	(3,000)
108-1 MVA-State	(921,000)	(1,944,000)	(2,865,000)	(2,865,000)	(2,865,000)
109-1 PS Ferry Operating-State	(531,000)	(1,121,000)	(1,652,000)	(1,652,000)	(1,652,000)
16J-1 SR520 Corridor-State	(6,000)	(14,000)	(20,000)	(20,000)	(20,000)
17P-1 SR 520 Civil Penalties-State	(2,000)	(4,000)	(6,000)	(6,000)	(6,000)
218-1 Multimodal-State	(10,000)	(24,000)	(34,000)	(34,000)	(34,000)
511-1 Narrows Toll-State	(4,000)	(8,000)	(12,000)	(12,000)	(12,000)
Total by Fund	(1,478,000)	(3,125,000)	(4,603,000)	(4,603,000)	(4,603,000)
	FY 2014	FY 2015	2013-15	2015-17	2017-19
Staffing FTEs	-	-	-	-	-

Package Description

The enacted transportation budget assumes employee health benefit rates of \$809 per employee per month in Fiscal Year (FY) 2014 and \$820 per employee per month for FY 2015.

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The enacted state operating budget established rates at \$782 per employee per month for FY 2014 and \$763 per employee per month for FY 2015. The enacted rates include a \$25 smoker surcharge and a \$50 coverage waiver surcharge for certain PEBB members starting in FY 2015. This package aligns the department's budget with the final employer health benefit rates.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

This is a technical adjustment to expenditure authority.

Performance Measure Detail

This request contributes to the Results Washington Goal 2, Outcome measure 3.1, "Maintain infrastructure at 2012 baseline condition levels" by aligning expenditure authority with expected charges, freeing up fund balance for transportation purposes.

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

N/A

Does this decision package provide essential support to one of the Governor's priorities? If so, please describe.

N/A

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

N/A

Identify important connections or impacts related to this proposal.

N/A

What alternatives were explored, and why was this alternative chosen?

These funds have been placed in reserve status in the department's allotments for 2013-15 in anticipation of a supplemental budget adjustment to align the rates.

What are the consequences of not funding this package?

N/A

What is the relationship, if any, to the state capital budget?

N/A

Determine which statutes, rules, or contracts might be impacted.

N/A

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Expenditure Calculations and Assumptions

The amounts by fund and by program are based on OFM calculations provided to the department.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

This is an ongoing budget savings to state employee health insurance expected to apply to future biennia. The ongoing base rate is assumed at \$763 per employee per month.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2014	FY 2015	2013-15	2015-17	2017-19
A - Salaries and Wages	-	-	-	-	-
B - Benefits	(1,478,000)	(3,125,000)	(4,603,000)	(4,603,000)	(4,603,000)
C - Personal Service Contracts	-	-	-	-	-
E - Goods and Services	-	-	-	-	-
G - Travel	-	-	-	-	-
J - Capital Outlay	-	-	-	-	-
Total by Object	(1,478,000)	(3,125,000)	(4,603,000)	(4,603,000)	(4,603,000)

Summary of Reductions by Program

By Program Detail					
Program	FY 2014	FY 2015	2013-15	2015-17	2017-19
B - Toll Operations and Maint	(13,000)	(30,000)	(43,000)	(43,000)	(43,000)
C - Information Technology	(73,000)	(154,000)	(227,000)	(227,000)	(227,000)
D - Facilities	(28,000)	(59,000)	(87,000)	(87,000)	(87,000)
F - Aviation	(3,000)	(8,000)	(11,000)	(11,000)	(11,000)
H - Program Delivery & Mgmt	(78,000)	(165,000)	(243,000)	(243,000)	(243,000)
K - Public/Private Partnerships	-	(1,000)	(1,000)	(1,000)	(1,000)
M - Maintenance Operations	(532,000)	(1,123,000)	(1,655,000)	(1,655,000)	(1,655,000)
Q - Traffic Operations	(76,000)	(159,000)	(235,000)	(235,000)	(235,000)
S - Trans Mgmt & Support	(57,000)	(119,000)	(176,000)	(176,000)	(176,000)
T - Trans Plan, Data & Research	(62,000)	(131,000)	(193,000)	(193,000)	(193,000)
V - Public Transportation	(7,000)	(16,000)	(23,000)	(23,000)	(23,000)
X - Ferries Operating	(531,000)	(1,121,000)	(1,652,000)	(1,652,000)	(1,652,000)
Y - Rail	(3,000)	(8,000)	(11,000)	(11,000)	(11,000)
Z - Local Programs	(15,000)	(31,000)	(46,000)	(46,000)	(46,000)
Total by Program	(1,478,000)	(3,125,000)	(4,603,000)	(4,603,000)	(4,603,000)

Agency: 405 Department of Transportation
Decision Package Code/Title: 5W Fuel Costs
Budget Period: 2013-15
Budget Level: ML – Maintenance Level

Program X – Ferries Maintenance and Operations

Recommendation Summary

Funding is requested for increased ferry fuel costs, which are projected using actual costs through October 2013 and the November 2013 B5 Adjusted Forecast for the remainder of the biennium. Washington State Ferries (WSF) is the largest consumer of biodiesel fuel in state government.

Fiscal Detail

Detail by Fund	FY 2014	FY 2015	2013-15	2015-17	2017-19
109-PSFOA-State	-	2,532,000	2,532,000	2,532,000	2,532,000
Total by Fund	-	2,532,000	2,532,000	2,532,000	2,532,000

Package Description

Ferries’ fuel budgets are based on the number of gallons consumed per year at the forecasted biodiesel price. The amount assumed in the 2013-15 Biennium budget is based on the adjusted B5 biodiesel price in the March 2013 fuel price forecast of \$3.11 per gallon for the biennium, including all applicable taxes and fees. The most recent November 2013 forecast anticipates a higher per-gallon price, compared to the enacted budget.

The department uses actual B5 biodiesel prices, including the markup costs WSF must pay, delivery fees, and various taxes, as the baseline in forecasting. As of July 1, 2013, WSF began receiving a sales-tax exemption on biodiesel fuel purchases. This exemption has been incorporated into the baseline B5 biodiesel price forecast. An adjustment to the baseline is then applied to the B5 biodiesel price.

To mitigate the volatility of using a single price point, the department compares five forecasting entities’ – WSDOT official forecast, Global Insight, New York Mercantile Exchange (NYMEX), Consensus Economics, and Economy.com – crude oil prices and determines the difference between the baseline forecast and the five forecasting entities’ average price. This difference is used to adjust the retail gas, diesel and B5 biodiesel prices from the baseline prices. Based on the November 2013 B5 Adjusted Forecast, the average fuel price is projected to be \$3.18 per gallon for the 2013-15 Biennium, up from the \$3.11 per gallon price from the March 2013 forecast.

In addition, the department is authorized to execute fuel hedges. To date, there have been no fuel hedges executed for the 2013-15 Biennium. It is expected that the Office of Financial Management will use the November 2013 forecast to update the Governor’s 2014

supplemental budget proposal for the 2013-15 Biennium, and the Legislature will use the February 2014 forecast to finalize the fuel-cost estimate for its 2014 supplemental budget.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

Funding for this package will allow the Ferries Division to continue to provide the legislatively-approved level of ferry service.

Performance Measure Detail

This request contributes to the Results Washington Goal 2, Outcome measure 3.1, "Maintain infrastructure at 2012 baseline condition levels."

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

This proposal allows the department to continue providing marine transportation in the Puget Sound area and to maintain the current level of ferry service. This request meets the department's strategic initiative to support operation needs and ensure safety.

Does this decision package provide essential support to one of the Governor's priorities? If so, please describe.

This request meets the Governor's *Results Washington* priority for a prosperous economy, specifically contributing to a sustainable and efficient transportation infrastructure. Diesel fuel is essential to ferry service and ferry service is essential to the movement of people, goods and services across Puget Sound and especially for ferry-dependent communities such as Vashon Island and the San Juan Islands. Full funding of fuel allows for the ferry system to provide the legislatively-approved level of ferry service for those who use ferries for transportation.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

Yes, this supports the Priorities of Government goal of improving statewide mobility of people, goods, and services, and improving the economic vitality of business and individuals.

Because the ferries are a marine highway, funding this proposal is necessary to improve commute times and to improve road conditions. When travelers are able to take more direct ferry routes, rather than circuitous road routes, their travel time is shorter and roadway wear is reduced. Approximately 23 million riders and 12.6 million cars are carried over Puget Sound each year. As previously mentioned, because fuel is critical to ferry service, and ferry service is critical to transportation in Puget Sound, this proposal rates highly on prioritization list.

Identify important connections or impacts related to this proposal.

Fuel is essential for the operation of ferries. Without adequate funding, the department cannot continue providing the current level of service.

What alternatives were explored, and why was this alternative chosen?

The only alternatives considered were combinations of reductions in ferry service and reductions in non-labor budgets. This would most likely result in a significant reduction in ferry service to achieve the savings necessary to cover the increased price of fuel. The requested option was selected because the alternative of service reductions would run counter to legislative intent.

What are the consequences of not funding this package?

Ferries’ maintenance and operations budget would have to be reduced, which may result in delays for ferry vessel operations and/or ferry terminal maintenance. Without proper maintenance, there could be a disruption of ferry service due to vessels breaking down or terminals not being able to receive ferries for loading and unloading of passengers and vehicles. In addition, the department may have to reduce service hours, reduce ferry capacity, and/or significantly alter the existing ferry service schedule.

What is the relationship, if any, to the state capital budget?

N/A

Determine which statutes, rules, or contracts might be impacted.

N/A

Expenditure Calculations and Assumptions

The updated forecast is based on the September 2013 Adjusted B5 Biodiesel Forecast for the 2013-15 Biennium (see attachment A). All fuel purchased at Harbor Island is based on a five percent biodiesel blend with the price based on the department’s November 2013 Official Forecast for biodiesel.

2013-15 Fuel Budget – Adjusted B5 Forecast price (March 2013) at \$3.11/gal:	\$112.3 M
2013-15 Fuel Budget – Adjusted B5 Forecast price (Nov. 2013) at \$3.18/gal:	<u>\$114.9 M</u>
Difference in Dollars	\$ 2.5 M

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

Costs are ongoing.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2014	FY 2015	2013-15	2015-17	2017-19
E - Goods and Services	-	2,532,000	2,532,000	2,532,000	2,532,000
Total by Object	-	2,532,000	2,532,000	2,532,000	2,532,000

Attachment A

Washington State Ferries • Fuel-Cost Estimates
Estimates Based on November 2013 Motor Fuel Price Forecast
(as of November 20, 2013)

	FY 2014 Actuals July 13-Oct 13	FY 2014 Forecast Nov 13-Jun 14	FY 2014	FY 2015	2013-2015 Biennium (Projected)
Fuel Appropriation in ESSB 5024, Section 221(4), Laws of 2013					\$112,342,000
Consumption Assumed in Budget and Unchanged for Nov. (Gallons)	6,039,592	11,989,328	18,028,920	18,121,942	36,150,862
<i>Diesel Gallons</i>	1,174,775	-	1,174,775	0	1,174,775
<i>Average Actual Price Per Gallon Diesel, Including Fees</i>	\$3.08	\$0.00	\$3.08	\$0.00	\$3.08
<i>Subtotal Cost of diesel</i>	\$3,618,450	\$0	\$3,618,450	\$0	\$3,618,450
<i>Biodiesel B5 Gallons</i>	4,864,817	11,989,328	16,854,145	18,121,942	34,976,087
<i>Nov. 2013 Average Price Per Gallon Biodiesel (B5), Including Fees</i>	\$3.17	\$3.18	\$3.18	\$3.18	\$3.18
<i>Subtotal Cost of B5</i>	\$15,434,324	\$38,093,074	\$53,527,398	\$57,627,776	\$111,155,173
TOTAL Fuel Costs, Including Fees	\$19,053,000	\$38,093,000	\$57,146,000	\$57,628,000	\$114,774,000
<i>Average Cost Per Gallon, Including Fees</i>	\$3.15	\$3.18	\$3.17	\$3.18	\$3.17
	\$19,052,773.54				
Fuel Hedging Consultant Cost	\$12,000	\$38,000	\$50,000	\$50,000	\$100,000
Total Cost of Fuel and Hedging Consultant as of Nov. 2013 Forecast	\$19,065,000	\$38,131,000	\$57,196,000	\$57,678,000	\$114,874,000
<i>Average Cost Per Gallon Including Fees and Hedging Consultant</i>	\$3.16	\$3.18	\$3.17	\$3.18	\$3.18
Variance Between Updated Cost Estimate and Appropriation					\$2,532,000

Note: Chapter 16, Laws of 2011 (2ESSB 5742) exempts WSF from having to pay sales tax on fuel purchased for ferries beginning in 2013-15.

Agency: 405 Department of Transportation
Decision Package Title/Code: 8F Fuel Rate Adjustment
Budget Period: 2013-15
Budget Level: ML – Maintenance Level

- Programs**
- C – Information Technology**
 - D – Facilities – Operating**
 - E – Transportation Equipment Fund**
 - H – Program Delivery Mgmt. & Support**
 - M – Highway Maintenance and Operations**
 - Q – Traffic Operations – Operating**
 - S – Transportation Management & Support**
 - T – Transportation Planning, Data, & Research**
 - V – Public Transportation**
 - X – Ferries – Operating**
 - Y – Rail – Operating**
 - Z – Local Programs – Operating**

Recommendation Summary

A funding adjustment is requested for a net decrease in Transportation Equipment Fund (TEF) equipment rental rates due to the combined effect of two changes: (1) a TEF cost reduction due to reduced gas and diesel fuel prices and consumption for department motor vehicles and equipment, based on the November 2013 fuel price forecast; and (2) a cost increase for adding a TEF Equipment Technician Supervisor to support fuel operations. Together, the net reduction to program appropriations is \$487,000.

Fiscal Detail

Agency Total by Fund	FY 2014	FY 2015	2013-15	2015-17	2017-19
09F-1 HOT Lanes			-	-	-
108-1 MVA-State	(325,000)	(139,000)	(464,000)	(431,000)	(431,000)
109-1 Puget Snd Ferry	(13,000)	(7,000)	(20,000)	(19,000)	(19,000)
218-1 Multimodal-State	(2,000)	(1,000)	(3,000)	(3,000)	(3,000)
Total Appropriated Funds	(340,000)	(147,000)	(487,000)	(453,000)	(453,000)
410-6 Non-appropriated	(1,021,000)	(381,000)	(1,402,000)	(1,362,000)	(1,362,000)
	FY 2014	FY 2015	2013-15	2015-17	2017-19
Staffing FTEs	0.5	1.0	0.8	1.0	1.0

Detail by Fund and Program

Fund 108-1 MVA-State	FY 2014	FY 2015	2013-15	2015-17	2017-19
Pgm. C-Information Tech.	(4,000)	(2,000)	(6,000)	(6,000)	(6,000)
Pgm. D-Facilities Oper.	(8,000)	(4,000)	(12,000)	(12,000)	(12,000)
Pgm. H-Pgm. Delivery, Mgmt.	(11,000)	(5,000)	(16,000)	(16,000)	(16,000)
Pgm. M-Highway Maint.	(267,000)	(111,000)	(378,000)	(346,000)	(346,000)
Pgm. Q-Traffic Operations	(27,000)	(13,000)	(40,000)	(39,000)	(39,000)
Pgm. S-Transp. Mgmt.	(1,000)	(1,000)	(2,000)	(2,000)	(2,000)
Pgm. T-Transp. Planning, Data	(5,000)	(2,000)	(7,000)	(7,000)	(7,000)
Pgm. Z-Local Programs	(2,000)	(1,000)	(3,000)	(3,000)	(3,000)
Subtotal Fund 108-1	(325,000)	(139,000)	(464,000)	(431,000)	(431,000)
Staffing FTE	-	1.0	0.5	1.0	1.0

Fund 109-1 Puget Snd Ferry	FY 2014	FY 2015	2013-15	2015-17	2017-19
Pgm. X-Ferries-Operating	(13,000)	(7,000)	(20,000)	(19,000)	(19,000)

Fund 218-1 Multi-Modal	FY 2014	FY 2015	2013-15	2015-17	2017-19
Pgm. V-Public Transp.	(1,000)	-	(1,000)	(1,000)	(1,000)
Pgm. Y-Rail-Operating	(1,000)	(1,000)	(2,000)	(2,000)	(2,000)
Subtotal Fund 218-1	(2,000)	(1,000)	(3,000)	(3,000)	(3,000)

Fund 410-6 Non-approp.	FY 2014	FY 2015	2013-15	2015-17	2017-19
Program E-TEF	(1,021,000)	(381,000)	(1,402,000)	(1,362,000)	(1,362,000)
Staffing FTE	0.5	1.0	0.8	1.0	1.0

Package Description

TEF is responsible for the acquisition and operating costs of vehicles and equipment utilized by department programs. As a non-appropriated, proprietary, internal-service fund, TEF charges rent for the use of this equipment. Rental rates paid by department programs include all costs to administer the program and operate the equipment, including fuel costs.

This package is made up of two components: (1) a reduction in appropriations of \$587,000 for a forecasted reduction in fuel prices and consumption; and (2) a partial offset to the decrease in fuel costs by an increase in rent of \$100,000 because of the addition of a staff person to supervise fuel operations. The two items combined result in a net decrease of \$487,000 in appropriations to the programs that pay TEF equipment rental. No adjustment for capital programs is requested since changes in TEF rental rates are absorbed by capital projects.

In addition to adjusting appropriations to programs for the change in equipment rent, TEF also requests a concurrent spending authority decrease of \$1,402,000 for the overall reduction in costs, which includes costs absorbed by capital programs and the cost of fuel sold to other agencies.

The fuel price and consumption portion of this package is a technical adjustment related to the November 2013 fuel price forecast update.

The request for expenditure authority for the additional position of fuel system supervisor is due to new state and federal regulations that have resulted in an urgent need for additional staff support for daily administration of the 129 statewide fueling facilities.

The new position will ensure compliance with all federal, state and local fuel site regulations. Petroleum storage and dispensing facilities and infrastructure have a variety of statutes, rules, and regulations associated with them. Regulating entities include: The United States Environmental Protection Agency (EPA), The Washington State Department of Ecology (DOE), various county clean-air agencies, the Washington State Fire Marshal, and city and tribal governments.

Some fuel regulations include:

- Washington State Underground Storage Tank law (Chapter 90.76 RCW).
- Washington State Department of Ecology Underground Storage Tank rules (Chapter 173-360 WAC).
- Federal Statute: Subtitle I of the Solid Waste Disposal Act (42 U.S.C. Chapter 42, Subchapter IX).
- Federal Rules: 40 CFR Part 280.¹

Federal rules concerning the operation of underground storage tanks (USTs) were updated and expanded in August of 2012. DOE is authorized to act on behalf of the federal government, and DOE updated their rules based on federal guidelines. These new rules require UST operator training, increased record keeping, and more stringent maintenance and signage of fueling facilities.

Audit report number 1002910, by the Washington State Auditor, dated November 13, 2009, found that the department was not adequately managing fuel inventory, nor accounting for differences in fuel inventory as recorded by various methods. The department strengthened internal fuel inventory controls with the adoption of the new Fuel Management System in 2012. The new system provides more data for inventory management but also requires much more data analysis and follow-through on problems that the data reveal. The new position will manage inventory reconciliations, troubleshoot inconsistencies, calibrate dispensers and fuel tank level sensors, ensure that tanks are not leaking (water in or fuel out), and discover and prevent theft.

¹ Federal rules are laws issued by a federal agency providing instructions on how to comply with a federal statute. Rules are issued under the authority granted to the agency by the statute. The Code of Federal Regulations (CFR) codifies the rules and arranges them by subject or agency. The terms “rule” and “regulation” are often used interchangeably.

The new position will also manage projects related to upgrading and replacing, on schedule, TEF's two hundred bulk fuel storage tanks located across the state, along with the associated dispensers and monitoring hardware.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

The agency will gain improved fuel inventory management, which supports the agency mission of maintaining and operating state highways.

Performance Measure Detail

This request contributes to the Results Washington Goal 2, Outcome measure 3.1, "Maintain infrastructure at 2012 baseline condition levels."

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

This decision package ties to a key focus area from WSDOT's strategic plan to protect the environment.

Does this decision package provide essential support to meet one of the Governor's priorities? If so, please describe.

Yes. This supports the Governor's *Results Washington* priorities for a prosperous economy; sustainable energy and a clean environment; and healthy and safe communities.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

Yes. The maintenance of the fueling system supports the priority to protect natural resources and to improve the mobility of people, goods, and services.

Identify important connections or impacts related to this proposal.

Fuel system management is critical to complying with the many federal, state, and county rules and regulations related to fuel storage and environmental protection.

What alternatives were explored, and why was this alternative chosen?

TEF staff are stretched beyond capacity to perform the necessary work of complying with federal, state, and county regulations regarding fuel storage. The new position is essential.

What are the consequences of not funding this package?

The new position is essential to complying with federal, state, and county regulations, so non-compliance with these regulations could result in the shutting down of TEF fueling operations essential to the functioning of the agency. In the event the decision package is not funded, the department will need to accommodate the new essential position through reductions in expenditures to replace worn-out equipment (increasing the current \$33 million equipment-

replacement backlog) or department programs would have to reduce their services incrementally, in proportion to their TEF support.

What is the relationship, if any, to the state capital budget?

N/A

Determine which statutes, rules, or contracts might be impacted.

N/A

Expenditure Calculations and Assumptions

This request is based on the September 2013 fuel price forecast of the Transportation Revenue Forecast Council and a forecast of fuel consumption based on the prior two-year average for each forecasted month.

Department fuel costs are included in TEF rental rates. The forecasted rental decrease, by program, is shown in the following table. Capital programs I, P, and W are assumed to absorb the change in fuel costs into the cost of capital projects.

2013-15 Change in TEF Equipment Rental Due to Fuel						
From March 2013 to November 2013 Forecast						
		WSDOT Equipment Rental		Change in Funding Needed		
Pgm.	Description	2013-15 Budgeted Rent	2013-15 Forecast Rent Based on November 2013 Fuel Price Forecast	Forecast Change in Equipment Rental	Adjustment for Capital Programs Absorbing Change in Fuel Cost	Change in Funding Needed
B	Toll Oper.& Maint.	\$110,000	\$110,000	0		0
C	Info. Tech.	\$232,000	\$226,000	(6,000)		(6,000)
D	Facilities	\$1,459,000	\$1,445,000	(14,000)		(14,000)
F	Aviation	\$66,000	\$66,000	0		0
H	Pgm Delivery	\$766,000	\$749,000	(17,000)		(17,000)
I	Improvements	\$1,821,000	\$1,786,000	(35,000)	35,000	0
M	Highway Maint & Oper.	\$88,906,000	\$88,437,000	(469,000)		(469,000)
P	Preservation	\$18,159,000	\$17,890,000	(269,000)	269,000	0
Q	Traffic Operations	\$3,453,000	\$3,409,000	(44,000)		(44,000)
S	Trans. Mgmt.	\$98,000	\$96,000	(2,000)		(2,000)
T	Planning, Data, Rsrch.	\$536,000	\$528,000	(8,000)		(8,000)
V	Public Transportation	\$46,000	\$45,000	(1,000)		(1,000)
W	Ferries Construction	\$189,000	\$185,000	(4,000)	4,000	0
X	Ferries Operations	\$1,299,000	\$1,278,000	(21,000)		(21,000)
Y	Rail Programs	\$69,000	\$67,000	(2,000)		(2,000)
Z	Local Programs	\$173,000	\$170,000	(3,000)		(3,000)
	Subtotal WSDOT	\$117,382,000	\$116,487,000	(895,000)	308,000	(587,000)
	Other Agencies			(628,000)		
	Total Program E			(1,523,000)		

The following table shows the assumptions for prices, consumption, and expenditures for 2013-15, comparing the current budget based on the March 2013 forecast to the November 2013 forecast. The bottom section of the table shows the change from the March 2013 forecast. For department operations, the forecast shows a decrease of 113,658 gallons of gasoline with an average decrease in price of 10.03 cents per gallon; for diesel fuel, the forecast is for 65,969 fewer gallons with an increase in the average price per gallon of 0.80 cents.

TEF 2013-15 Estimated Expenditures for Fuel									
Current 2013-15 Budget Based on March 2013 Forecast									
	WSDOT			Other Agencies			Total Program E		
	FY 14	FY 15	Biennium	FY 14	FY 15	Biennium	FY 14	FY 15	Biennium
Gasoline									
Gallons	1,350,748	1,349,966	2,700,714	3,000,884	3,011,918	6,012,802	4,351,632	4,361,884	8,713,516
Price Per Gallon	\$3.5958	\$3.6090	\$3.6024	\$3.5959	\$3.6093	\$3.6026	\$3.5958	\$3.6090	\$3.6026
Total Unleaded	\$4,857,000	\$4,872,000	\$9,729,000	\$10,791,000	\$10,871,000	\$21,662,000	\$15,648,000	\$15,743,000	\$31,391,000
Diesel									
Gallons	2,407,912	2,396,706	4,804,618	393,752	392,110	785,862	2,801,664	2,788,816	5,590,480
Price Per Gallon	\$4.0807	\$3.9183	\$3.9997	\$4.0812	\$3.9173	\$3.9994	\$4.0807	\$3.9183	\$3.9997
Total Straight Diesel	\$9,826,000	\$9,391,000	\$19,217,000	\$1,607,000	\$1,536,000	\$3,143,000	\$11,433,000	\$10,927,000	\$22,360,000
Total Gas & Diesel									
Gallons	3,758,660	3,746,672	7,505,332	3,394,636	3,404,028	6,798,664	7,153,296	7,150,700	14,303,996
Dollars	\$14,683,000	\$14,263,000	\$28,946,000	\$12,398,000	\$12,407,000	\$24,805,000	\$27,081,000	\$26,670,000	\$53,751,000
Forecast 2013-15 Budget Based on November 2013 Fuel Forecast									
	WSDOT			Other Agencies			Total Program E		
	FY 14	FY 15	Biennium	FY 14	FY 15	Biennium	FY 14	FY 15	Biennium
Gasoline									
Gallons	1,292,116	1,294,940	2,587,056	3,060,150	3,056,362	6,116,512	4,352,266	4,351,302	8,703,568
Price Per Gallon	\$3.4656	\$3.5384	\$3.5021	\$3.4224	\$3.5382	\$3.4803	\$3.4656	\$3.5384	\$3.4867
Total Unleaded	\$4,478,000	\$4,582,000	\$9,060,000	\$10,473,000	\$10,814,000	\$21,287,000	\$14,951,000	\$15,396,000	\$30,347,000
Diesel									
Gallons	2,391,023	2,347,636	4,738,659	362,207	366,202	728,409	2,753,231	2,713,838	5,467,069
Price Per Gallon	\$4.0309	\$3.9840	\$4.0077	\$3.9508	\$3.9841	\$3.9675	\$4.0309	\$3.9840	\$4.0023
Total Diesel	\$9,638,000	\$9,353,000	\$18,991,000	\$1,431,000	\$1,459,000	\$2,890,000	\$11,069,000	\$10,812,000	\$21,881,000
Total Gas & Diesel									
Gallons	3,683,139	3,642,576	7,325,715	3,422,357	3,422,564	6,844,921	7,105,496	7,065,140	14,170,636
Dollars	\$14,116,000	\$13,935,000	\$28,051,000	\$11,904,000	\$12,273,000	\$24,177,000	\$26,020,000	\$26,208,000	\$52,228,000
Change From March 2013 to November 2013 Fuel Forecasts									
	WSDOT			Other Agencies			Total Program E		
	FY 14	FY 15	Biennium	FY 14	FY 15	Biennium	FY 14	FY 15	Biennium
Gasoline									
Gallons	(58,632)	(55,026)	(113,658)	59,266	44,444	103,710	634	(10,582)	(9,948)
Price Per Gallon	(0.1302)	(0.0706)	(0.1003)	(0.1736)	(0.0711)	(0.1224)	(0.1302)	(0.0706)	(0.1158)
Total Unleaded	(379,000)	(290,000)	(669,000)	(318,000)	(57,000)	(375,000)	(697,000)	(347,000)	(1,044,000)
Diesel									
Gallons	(16,889)	(49,070)	(65,959)	(31,545)	(25,908)	(57,453)	(48,433)	(74,978)	(123,411)
Price Per Gallon	(0.0498)	0.0657	0.0080	(0.1305)	0.0669	(0.0319)	(0.0498)	0.0657	0.0027
Total Diesel	(188,000)	(38,000)	(226,000)	(176,000)	(77,000)	(253,000)	(364,000)	(115,000)	(479,000)
Total Gas & Diesel									
Gallons	(75,521)	(104,096)	(179,617)	27,721	18,536	46,257	(47,800)	(85,560)	(133,360)
Dollars	(567,000)	(328,000)	(895,000)	(494,000)	(134,000)	(628,000)	(1,061,000)	(462,000)	(1,523,000)

The cost of the Equipment Tech Supervisor for fuel operations is based on the position starting in January 2014. The biennial cost is estimated by taking the full biennium cost of \$161,000 (biennial salary of \$118,000 and benefits of \$43,000), divided by 24 months in the biennium, multiplied by 18 months of work, = \$121,000. The capital programs absorb \$21,000 of that cost, so that only \$100,000 is needed as an adjustment in appropriations to department programs,

which for this decision package translates to an offset to the reduction in fuel costs. The table below shows how the cost of the position is distributed by program.

2013-15 Change in TEF Equipment Rental Due to the new FTE					
Pgm.	Description	2013-15 Forecast Rent Based on September 2013 Fuel Price Forecast	Distribution of costs for Fuel Equipment Tech Supervisor	Capital Programs Absorb Change in Costs	Change in Funding Needed
B	Toll Oper.& Maint.	\$109,000	\$0		\$0
C	Info. Tech.	\$227,000	\$0		\$0
D	Facilities	\$1,442,000	\$2,000		\$2,000
F	Aviation	\$66,000	\$0		\$0
H	Pgm Delivery	\$748,000	\$1,000		\$1,000
I	Improvements	\$1,785,000	\$2,000	(\$2,000)	\$0
M	Highway Maint & Oper.	\$88,101,000	\$91,000		\$91,000
P	Preservation	\$17,867,000	\$19,000	(\$19,000)	\$0
Q	Traffic Operations	\$3,393,000	\$4,000		\$4,000
S	Trans. Mgmt.	\$96,000	\$0		\$0
T	Planning, Data, Rsrch.	\$526,000	\$1,000		\$1,000
V	Public Transportation	\$44,000	\$0		\$0
W	Ferries Construction	\$185,000	\$0		\$0
X	Ferries Operations	\$1,276,000	\$1,000		\$1,000
Y	Rail Programs	\$68,000	\$0		\$0
Z	Local Programs	\$170,000	\$0		\$0
	Subtotal WSDOT	\$116,103,000	\$121,000	(\$21,000)	\$100,000

Note: the full 24 month biennial cost of the Equipment Tech Supervisor is \$161,000.
 The position is expected to be filled in January 2014, so 2013-15 costs are calculated as follows:
 $\$161,000 / 24 * 18 = \$121,000$

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

Fuel cost changes are expected to be ongoing.

Objects of Expenditure

Object of Expenditure Detail - Department Programs, Appropriated Funds					
Object of Expenditure	FY 2014	FY 2015	2013-15	2015-17	2017-19
E - Goods and Services	(340,000)	(147,000)	(487,000)	(453,000)	(453,000)
Total by Object	(340,000)	(147,000)	(487,000)	(453,000)	(453,000)

Object of Expenditure Detail - Program E, Non-Appropriated Funds					
Object of Expenditure	FY 2014	FY 2015	2013-15	2015-17	2017-19
A - Salaries	29,000	59,000	88,000	118,000	118,000
B - Benefits	11,000	22,000	33,000	43,000	43,000
E - Goods and Services	(567,000)	(328,000)	(895,000)	(895,000)	(895,000)
F - Cost of Goods Sold	(494,000)	(134,000)	(628,000)	(628,000)	(628,000)
Total by Object	(1,021,000)	(381,000)	(1,402,000)	(1,362,000)	(1,362,000)

Salary and FTE Detail, Non-Appropriated Funds						
Position by Classification	FTEs			Dollars		
	FY 2014	FY 2015	Biennial Average	FY 2014	FY 2015	Total
Equipment Tech Supervisor	0.5	1.0	0.8	29,000	59,000	88,000
Total	0.5	1.0	0.8	29,000	59,000	88,000

Out Biennia, Non-Appropriated Funds				
Position by Classification	FTEs		Dollars	
	2015-17	2017-19	2015-17	2017-19
Equipment Tech Supervisor	1.0	1.0	118,000	118,000
Total	1.0	1.0	118,000	118,000

Agency: 405 Department of Transportation
Decision Package Title/Code: 8U Utility Rate Adjustment
Budget Period: 2013-15
Budget Level: ML – Maintenance Level

Programs M – Highway Maintenance and Operations
D – Facilities

Recommendation Summary

Additional funding is requested to pay for electricity rate increases. Electricity is utilized by Program M in the operation of highway system features such as signals, lighting, bridges, and tunnels and by Program D in the operation of buildings. As part of its maintenance and operations responsibilities, Program D pays utility costs for over 900 buildings (the current building count, as of September 2013, is 966).

Fiscal Detail

Detail by Fund	FY 2014	FY 2015	2013-15	2015-17	2017-19
108-1 MVA-State	60,000	56,000	116,000	112,000	112,000
Total by Fund	60,000	56,000	116,000	112,000	112,000
	FY 2014	FY 2015	2013-15	2015-17	2017-19
Staffing FTEs	-	-	-	-	-

Package Description

The Utilities and Transportation Commission (UTC) approved the following electricity rate adjustments (1) a two percent increase for Avista customers effective January 1 2013; (2) a 1.9 percent increase for Puget Sound Energy (PSE) customers effective July 1, 2013, and (3) a 0.52 percent reduction for Puget Sound Energy customers effective November 1, 2013.

The table below shows the rate changes as published by the UTC.

Utility Company	Rate Increase	Effective Date
Avista	+2.00%	1/1/2013
Puget Sound Energy	+1.90%	7/1/2013
Puget Sound Energy	-0.52%	11/1/2013

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

Providing funding for increasing utility costs supports the department’s performance in state highway maintenance and operations.

Performance Measure Detail

This request contributes to the Results Washington Goal 2, Outcome measure 3.1, “Maintain infrastructure at 2012 baseline condition levels.”

Is this decision package essential to implement a strategy identified in the agency’s strategic plan? If so, please describe.

Providing funding for increased utility costs supports highway maintenance and operations, which are central to the department’s mission to keep people and business moving.

Does this decision package provide essential support to meet one of the Governor’s priorities? If so, please describe.

Yes. The maintenance and operations of the state highway system support the Governor’s priority for a prosperous economy, specifically contributing to a sustainable and efficient transportation infrastructure.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

Yes. This funding supports WSDOT’s Highway Maintenance and Operations activities, which would rate as high priorities in support of improved economic vitality and statewide mobility of people, goods and services.

Identify important connections or impacts related to this proposal.

This request is essential for keeping the highway system operational for the public and to keep department facilities operational for employees responsible for design, construction, operations, and maintenance of the highway system.

What alternatives were explored, and why was this alternative chosen?

Electricity is essential for building and highway operations. The following alternatives were considered:

Reduce consumption by closing buildings and shutting off highway lights: Closing facilities to lower electricity cost would have a direct impact on fulfilling the department’s mission. Shutting off highway lights would have risks of public complaint and could cause legal liability for the department due to safety issues.

Energy conservation: Measures are already in place to reduce energy consumption such as the following: Utilizing the Department of Enterprise Services’ “Energy Savings Performance Contracting” program to identify cost-effective energy saving measures; replacing outdated lighting fixtures with more energy-efficient lighting; and installing sub-meters on individual buildings, allowing the department to track and measure the energy performance of particular buildings rather than an entire complex of buildings, and allowing the comparison of electricity usage of individual buildings with other similar buildings, and allowing energy conservation

measures to be focused on the buildings that need it the most. These measures are not keeping up with the large increase in energy costs.

Charge utility costs to occupant programs: Having occupant programs pay the utility costs is an option but this merely shifts costs from the Facility Program to other programs.

Reduce facility and highway maintenance: Reducing maintenance on buildings and the highway system could create savings to fund the increased electricity costs. However, a large maintenance backlog exists already. Further reducing maintenance would exacerbate the backlog, increase the risk of system failure, and increase the need for emergency repairs.

Additional funding is requested due to the adverse effect of the alternatives.

What are the consequences of not funding this package?

Reductions in other program areas would be necessary to fund this need, which would compromise the accomplishment of the department's mission.

What is the relationship, if any, to the state capital budget?

N/A

Determine which statutes, rules, or contracts might be impacted.

N/A

Expenditure Calculations and Assumptions

Calculation of 2013-15 Electricity Cost Changes by Program								
Program and Utility Co.	Rate Increases			PSE Rate Decrease		Net		
	2011-13 Expenditures	Rate Increase 24 Months	2013-15 Increase (rounded)	Nov 1, 2013 Decrease	Decrease for 20 Months	Total (rounded)	FY 2014	FY 2015
Program M								
Avista	674,311	2.0%	13,000			13,000	6,000	7,000
PSE	5,444,426	1.9%	103,000	-0.520%	-24,000	79,000	42,000	37,000
Subtotal			116,000		-24,000	92,000	48,000	44,000
Program D								
Avista	595,909	2.0%	12,000			12,000	6,000	6,000
PSE	871,627	1.9%	16,000	-0.520%	-4,000	12,000	6,000	6,000
Subtotal			28,000		-4,000	24,000	12,000	12,000
Total			144,000		-28,000	116,000	60,000	56,000

Assumptions

- The biennial base is actual expenditures for 2011-13.
- Source of rate increases are from the Utilities and Transportation Commission.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

All costs are ongoing.

Expenditure Detail by Program	FY 2014	FY 2015	2013-15	2015-17	2017-19
Program M	48,000	44,000	92,000	88,000	88,000
Program D	12,000	12,000	24,000	24,000	24,000
Total	60,000	56,000	116,000	112,000	112,000

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2014	FY 2015	2013-15	2015-17	2017-19
E - Goods and Services	60,000	56,000	116,000	112,000	112,000
Total by Object	60,000	56,000	116,000	112,000	112,000

New, after 10/04/13

Agency: 405 Department of Transportation
Decision Package Code/Title: BG Toll Operations Vendor Costs
Budget Period: 2013-15
Budget Level: ML – Maintenance Level

Program B – Toll Operations

Recommendation Summary

The contracts with the vendor providing manual cash collection and toll collection system operations and maintenance services for Tacoma Narrows Bridge expire on June 30, 2014. The department is in negotiations with the vendor to extend the contracts an additional two years. The department is requesting \$358,000 to maintain the current level of service. For State Route 520 Bridge, new contracts executed after the 2013-15 biennial budget request related to the toll collection system operations and maintenance require an increase of \$367,000.

Fiscal Detail

Detail by Fund	FY 2014	FY 2015	2013-15	2015-17	2017-19
511-1 - TNB - State	179,000	179,000	358,000	358,000	358,000
16J-1 SR 520 - State	39,000	328,000	367,000	387,000	239,000
Total by Fund	218,000	507,000	725,000	745,000	597,000
	FY 2014	FY 2015	2013-15	2015-17	2017-19
Staffing FTEs	-	-	-	-	-

Package Description

Washington State Department of Transportation (WSDOT) has contracted with Transcore, Inc. to provide day-to-day operations of the manual collection booths at Tacoma Narrows Bridge (TNB) and to provide toll collection systems operations and maintenance services on both the manual toll collection system and the electronic toll collection system. These contracts expire on June 30, 2014. The department is requesting \$358,000 to cover the contracts at current service and current price levels. The department is in negotiations with Transcore related to a two-year extension of these contracts. Currently, the belief is that by restoring the reduction, contracts can be negotiated that maintain the existing level of service provided by the vendor. If the vendor insists on price increases above the current contract level, the department will consider service reductions to stay within this budget request level.

In addition to the TNB contracts, WSDOT contracts with Telvent USA, Inc. for toll collection system operations and maintenance services on the State Route (SR) 520 Bridge. The toll collection system (TCS) is being implemented in three phases – existing TCS, temporary TCS, and final TCS. The original budget request for TCS operations and maintenance services was based on Telvent’s contract to support the “existing” TCS system only. Support for the “temporary” and “permanent” TCS solutions was under procurement during the development

New, after 10/04/13

of the 2013-15 biennium budget and contract costs were unavailable. The current plan is for WSDOT staff and Telvent staff to support the movement of the “existing” TCS (gantry, cameras, and associated electronics) eastward along the SR 520 right-of-way approximately 0.5 miles (the “temporary” location). This will allow continued construction of the new bridge without adversely affecting traffic or toll collection. The “existing” and “temporary” systems will be operated in parallel for a short period to make sure that tolling data is being collected accurately. Once the “temporary” system is operating effectively, the “existing” TCS will be decommissioned and removed. Similar phasing will be used for the move from the “temporary” to “permanent” TCS systems for SR 520 Bridge. Although it comes with slightly increased TCS maintenance costs, this two-part phasing offers the best solution for uninterrupted construction and toll collection.

In September 2012, the department selected Telvent to provide the TCS operations and maintenance (O&M) services for both the “temporary” and “permanent” TCS solutions on SR 520 Bridge. The executed contracts included increased costs for TCS O&M based on the increased scope of work operating and maintaining multiple systems at the same time (existing to temporary; temporary to permanent). The department is requesting \$367,000 to cover the shortfall between the previous contract and the new contract pricing.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

1. WSDOT expects to be able to continue toll collection activities on both Tacoma Narrows Bridge and SR 520 Bridge at the same or improved levels of service.
2. For FY 2013, WSDOT collected more than \$120 million in toll revenues on TNB and SR 520 combined. Without this funding, uninterrupted toll collection is not guaranteed.
3. Continuing these contracts at the rates proposed will allow WSDOT to avoid the expense and risk of re-procurement and vendor transition.
4. WSDOT does not expect any reduction in service level or negative impact on customers if these requests are approved.

Performance Measure Detail

This request contributes to the Results Washington Goal 2, Outcome measure 3.1, “Maintain infrastructure at 2012 baseline condition levels.”

WSDOT does not anticipate any change to existing performance levels. However, if the negotiations with Transcore do not result in a “no increase” contract price solution, WSDOT will entertain ideas regarding decreased performance metrics in exchange for a lower price. Reductions in performance could include limiting operational hours of manual toll collection or reducing the number of open manual lanes at off-peak times. During negotiations, WSDOT will not engage in performance-level reductions that would have the effect of reducing safety on the roadway.

New, after 10/04/13

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

Yes. The decision package supports WSDOT's goal to promote and develop transportation systems that stimulate, support, and enhance the movement of people and goods to ensure a prosperous economy.

Does this decision package provide essential support to one of the Governor's priorities? If so, please describe.

Toll Operations supports the Governor's priority for a prosperous economy with a sustainable transportation system that meets tomorrow's needs.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

Continued funding for tolling makes a key contribution to the "mobility" aspect of statewide results. Tolling helps create a consistent travel time, which relates directly to average peak travel times. In addition, tolling keeps traffic moving and thereby helps create a safer travel environment.

Identify important connections or impacts related to this proposal.

Tolling is essential to funding the TNB and the SR 520 Bridge. Without toll revenue, funding will not be available to repay debts unless other revenue sources are identified. Funding these requests will allow for continued toll revenue collection at a high level of customer service quality.

What alternatives were explored, and why was this alternative chosen?

For SR 520, the toll collection system contract was competitively bid and Telvent provided the best value solution. In addition, WSDOT reviewed bringing some of the system duties in-house with services provided by Northwest Region staff. This alternative was put on hold until after the final SR 520 Bridge toll collection system is in place and operating. This will reduce the risk of toll collection interruptions as they relate to operation of Telvent's system.

For TNB, there have been discussions regarding moving to a "cashless" toll collection solution (removing toll booths) in the next few years. Due to this possible change, the least risky and most cost effective solution is to extend Transcore's contracts.

What are the consequences of not funding this package?

If funding is not provided to administer tolling on TNB and SR 520 Bridge, tolls would not be collected, and toll revenue would not be available for debt service, bridge operations and maintenance, and replacement costs.

What is the relationship, if any, to the state capital budget?

N/A

New, after 10/04/13

Determine which statutes, rules, or contracts might be impacted.

N/A

Expenditure Calculations and Assumptions

For SR 520 Bridge, the previous contract costs related to toll collection system operations and maintenance were \$394,000 and \$402,000 for FY 14 and FY 15, respectively. With the 5 percent Legislative reduction, this left \$372,000 and \$380,000 for these services. The new contract costs are \$411,000 and \$708,000 for FY 2014 and FY 2015, respectively. The department is requesting an additional \$39,000 and \$328,000 to cover the difference. The significant increase in costs between FY 2014 and FY 2015 is due to the transition to the “temporary” TCS.

For TNB, the department is in negotiations with Transcore. A “zero price growth” two-year contract extension will be required to maintain current service levels. The department requests \$358,000 for this contract, which is equivalent to current contract levels.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

For the SR 520 Bridge, the new Telvent contract provides for up to ten years of TCS support. The price to operate and maintain the toll collection systems may be reduced in future years, depending on the level of service the department requires. Based on the current level of service requested, the department anticipates an increase in SR 520 TCS O&M costs from the 2013-15 Biennium authorized funding of \$760,000 to \$1,147,000 in the 2015-17 Biennium (\$387,000 increase). As the TCS system matures, it will require less TCS O&M support. Therefore, the department anticipates a cost reduction for TCS O&M in the FY 2017-19 Biennium of \$148,000 based on new contract pricing.

For TNB, it is expected that an open procurement will take place in the next biennium if a move to a “cashless” toll collection solution is not undertaken. This could result in higher vendor costs. Any out-biennia increases will be determined once a new contract is executed for FY 2015. For the purposes of this decision package, the department assumes no change in contract scope or price in the out-biennia.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2014	FY 2015	2013-15	2015-17	2017-19
E - Goods and Services	218,000	507,000	725,000	745,000	947,000
Total by Object	218,000	507,000	725,000	745,000	947,000

Agency: 405 Department of Transportation
Decision Package Code/Title: VC Regional Mobility Reappropriation
Budget Period: 2013-15
Budget Level: ML – Maintenance Level

Program V – Public Transportation

Recommendation Summary

The Regional Mobility Grant Program funds transit mobility projects that reduce travel delay, and improve connections between counties and regional population centers that help the state reach its goals of reducing greenhouse gases and vehicle miles traveled. Grants are awarded for capital construction, equipment acquisition and operations. Due to project delays, expenditures planned for the 2011-13 Biennium will be made in the 2013-15 Biennium. Therefore, a reappropriation of \$1,163,000 is requested.

Fiscal Detail

Detail by Fund	FY 2014	FY 2015	2013-15	2015-17	2017-19
11B-1 Regional Mobility	1,163,000	-	1,163,000	-	-
Total by Fund	1,163,000	-	1,163,000	-	-
	FY 2014	FY 2015	2013-15	2015-17	2017-19
Staffing FTEs	-	-	-	-	-

Package Description

Four regional mobility projects had work that was planned for completion last biennium that has been rescheduled for the 2013-15 Biennium. Therefore, the department is requesting that authority for the funds associated with this work be re-appropriated in Fiscal Year (FY) 2014.

Pierce Transit

The Pierce Transit, 112th and Pacific /SR 7 Transit Access Improvements Project requires an acquisition of land from Wells Fargo Bank. Initial contact was made on October 2, 2012 and the formal negotiations with Wells Fargo began on April 4, 2013. The issues being discussed were the relocation of an existing sign and the price per square foot of the land. All discussions pointed to acquiring the property before June 30, 2013. Then, Pierce Transit received a letter dated May 20th from Wells Fargo indicating they are unwilling to sell the needed land.

Wells Fargo is acquiring its own appraisal of the property and Pierce Transit is waiting to either review the Wells Fargo appraisal, or receive a counter offer. If a settlement cannot be reached, Pierce Transit is prepared to proceed with condemnation to keep the project on schedule.

King County Metro Connectors

The Southeast King County Connectors Project was originally funded in the 2010 supplemental budget and includes operating and capital costs. It is proceeding on schedule and will end on

June 30, 2014. The operating funds pay for fuel to provide bus service. Fuel expenditures were lower than expected last biennium, but will be higher this biennium. The variation in fuel costs is derived from a variety of sources, including: changing fuel prices, variations in delivery and invoicing of fuel purchases, and rotating different rolling stock onto this route with varying fuel efficiencies. Therefore, a reappropriation is requested.

Grant funds are used to:

- Increase Metro Route 164 service frequency to every 30 minutes during weekday daytime hours
- Extend Metro Route 168 east from Covington to Maple Valley and increase service frequency to every 30 minutes during weekday daytime hours
- Extend Metro Route 149 to Enumclaw and increase service frequency from every 120 minutes to every 90 minutes during weekday midday hours
- Lease up to 125 park and ride stalls in the Maple Valley/Black Diamond area
- Market and promote increased transit service in the affected areas

The reappropriation request does not change the scope of the project, but will allow the tasks stated above to be completed.

Kitsap Transit

The Poulsbo Park and Ride Project is a four-year project to build a medium-sized park and ride lot in Poulsbo, near the intersection of State Route (SR) 3 and SR 305 to serve the northern termini of the SR 305 corridor, the Bainbridge ferry terminal, the Olhava Master Plan Development with Olympic College campus, and the south Viking Way redevelopment zone. This project is behind schedule because of staff turnover and delays in acquiring a conditional use permit from the City of Poulsbo. Therefore, a reappropriation is requested. Construction is scheduled for approval by the end of 2013, with construction starting in the spring of 2014.

King County Metro Route 120

The Route 120 Transit Enhancement for Delridge Way/Ambaum Boulevard Corridor construction project was originally funded in the 2010 Supplemental Budget. It is a four-year project comprised of a series of capital improvements along the corridor that will improve vehicle speed and reliability along Route 120, a core route connecting Burien via Ambaum Boulevard, White Center, Delridge Way, and downtown Seattle via the West Seattle Bridge and SR 99.

The total project is on schedule with completion by June 30, 2014. However, the construction of the last bus bulb was scheduled to be completed in June 2013. The work was delayed and will be completed by the end of October 2013, therefore a reappropriation is requested.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

These projects help the state achieve its goals of reducing greenhouse gases and vehicle miles traveled.

Performance Measure Detail

This request contributes to the Results Washington Goal 3, Outcome measure 1.1, "Reduce transportation-related greenhouse gas emissions from 44.9 mmt/year (projected 2020) to 37.5 mmt/year (1990) by 2020" and Goal 2, Outcome measure 3.2, "Increase the percentage of Washingtonians using alternative transportation commute methods to 33% by 2015."

These projects are just four of several projects (completed and ongoing) that will have the combined effect of reducing 100 thousand metric tons of carbon dioxide and 228 million vehicle miles traveled annually.

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

An update to the department's strategic plan is underway.

The decision package is consistent with the current strategic plan goal to improve the predictable movement of goods and people throughout the state. This proposal also meets the department's goal to enhance Washington's quality of life through transportation investments that promote energy conservation, enhance healthy communities, and protect the environment. This proposal will allow the state to complete projects that will reduce drive-alone commute trips and pollution.

Does this decision package provide essential support to one of the Governor's priorities? If so, please describe.

Yes. This decision package supports the Governor's *Sustainable Energy and a Clean Environment – Clean Transportation* priority. Outcomes of this goal are to reduce transportation-related greenhouse gas emissions and increase transit ridership.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

The Regional Mobility Grant Program makes key contributions to statewide results related to economic development, health and support, natural resources, and government efficiency by supporting transportation alternatives to driving alone to work.

Identify important connections or impacts related to this proposal.

Without this reappropriation, these projects cannot be completed.

What alternatives were explored, and why was this alternative chosen?

None. This request is to complete legislatively approved projects.

What are the consequences of not funding this package?

Without this reappropriation, construction cannot be completed.

What is the relationship, if any, to the state capital budget?

N/A

Determine which statutes, rules, or contracts might be impacted.

The expenditures involve contracts between Washington State Department of Transportation and the Regional Mobility Grant Program grant recipients.

Expenditure Calculations and Assumptions

	2011-13 Budget	Spent/Accrued	Reappropriation
Pierce Transit	\$701,000	\$140,000	\$561,000
King County Metro Connectors	\$2,293,000	\$2,103,000	\$190,000
Kitsap Transit	\$200,000	\$167,000	\$33,000
King County Metro Route 120	\$2,148,000	\$1,769,000	\$379,000
Total			\$1,163,000

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

N/A

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2014	FY 2015	2013-15	2015-17	2017-19
N-Grants and Loans	1,163,000	-	-	-	-
Total by Object	1,163,000	-	-	-	-

Agency: 405 Department of Transportation
Decision Package Code/Title: VE STAR Pass Adjustments
Budget Period: 2013-15
Budget Level: ML – Maintenance Level

Program V – Public Transportation

Recommendation Summary

The Legislature has directed state agencies to provide leadership in commute programs to reduce employee drive-alone commute trips. The Commute Trip Reduction (CTR) Program, a state program housed at the Washington State Department of Transportation (WSDOT), supports state agency efforts to develop and implement CTR programs by contracting with Intercity Transit (IT) for the State Agency Rider (STAR) Pass Program. A STAR Pass allows state employees working in Thurston County to ride fare-free on any IT bus. Transit fares and employee use of local transit service through the STAR Pass program have increased.

Furthermore, the 2013-15 Transportation Budget added the condition that the department’s staffing costs for the STAR Pass Program be funded from the State Vehicle Parking Account. WSDOT requests additional funding to maintain the service level of the STAR Pass Program and comply with legislative direction.

Fiscal Detail

Detail by Fund	FY 2014	FY 2015	2013-15	2015-17	2017-19
045-1 State Vehicle Parking	151,000	151,000	302,000	302,000	302,000
Total by Fund	151,000	151,000	302,000	302,000	302,000
	FY 2014	FY 2015	2013-15	2015-17	2017-19
Staffing FTEs	-	-	-	-	-

Package Description

The cost of the STAR Pass Program has increased for two reasons. First, a 25 percent transit-fare increase was implemented in February 2013, causing the cost per-pass to increase. IT fares increased due to lower than anticipated collection of local sales tax revenue over the last four years and increased operating expenses for fixed route service, particularly in fuel costs. Second, state employee utilization of the STAR Pass is increasing, resulting in a cost increase to the program. A recent survey conducted by state agencies reveals the STAR Pass Program is the most valued element of the state agency CTR Program. Additional funding will allow this program to continue with the same type of services and meet the increased demand.

Approximately 20 percent of one FTE is required to administer the STAR Pass program. This FTE was previously funded by the Multimodal Transportation Account-State appropriation which was reduced in the 2013-15 Transportation Budget. As specified in the Legislative Budget Notes, the Legislature expects the STAR Pass FTE to be funded by the State Vehicle Parking

Account-State appropriation. In order to meet legislative direction, WSDOT requests an appropriation increase to fund the STAR Pass FTE from the State Vehicle Parking Account.

The STAR Pass Program is funded through the State Vehicle Parking Account, which is administered by the Department of Enterprise Services (DES). Revenue from state employee parking fees support expenditures in the account. In addition to the CTR Program, there are capital projects funded from this account through the state capital budget. Recent DES revenue projections show that the State Vehicle Parking Account will have a negative ending fund balance for the biennium. In order to make funds available for the STAR Pass Program cost increase and avoid a negative ending fund balance, DES will likely need to shift at least one capital project into the 2015-17 Biennium or increase parking fees for capital campus parking facilities to raise revenues.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

CTR programs reduce congestion and pollution and increase roadway efficiency. Increased usage of the program indicates more state employees are taking the bus to work. Without additional funding, the STAR Pass Program cannot meet the increased demand for services. State agency employees would be adversely affected if the program is no longer offered. Most employees would return to driving alone, increasing pollution, traffic, parking demand, and roadway maintenance costs. With the increased funding and the change in funding sources for the STAR Pass FTE, the program will be able to reduce expenditures from the state Multimodal Transportation Account and continue to administer the STAR pass program without any decrease in service to the STAR pass contractor and transit riders.

Performance Measure Detail

This request contributes to the Results Washington Goal 3, Outcome measure 1.1, "Reduce transportation-related greenhouse gas emissions from 44.9 mmt/year (projected 2020) to 37.5 mmt/year (1990) by 2020" and Goal 2, Outcome measure 3.2, "Increase the percentage of Washingtonians using alternative transportation commute methods to 33% by 2015."

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

The decision package is consistent with the current strategic plan goal to improve the predictable movement of goods and people throughout the state. This proposal also meets the department's goal to enhance Washington's quality of life through transportation investments that promote energy conservation, enhance healthy communities, and protect the environment. This proposal will allow the state to maintain the STAR Pass Program which reduces drive-alone commute trips and pollution.

Does this decision package provide essential support to one of the Governor's priorities? If so, please describe.

The STAR Pass Program supports the Governor's priorities as described below.

- Prosperous Economy – Sustainable and Efficient Infrastructure, Sustainable Transportation. An outcome of this goal is to increase Washington’s use of alternative transportation to commute to work.
- Sustainable Energy and a Clean Environment – Clean Transportation. Outcomes of this goal are to reduce transportation-related greenhouse gas emissions and increase transit ridership.
- Effective, Efficient, and Accountable Government – Resource Stewardship. Outcomes of this goal are to decrease the state government’s carbon footprint and increase the use of CTR programs.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

The STAR Pass Program makes key contributions to statewide results related to economic development, health and support, natural resources, and government efficiency by offering an alternative transportation choice to driving alone to work. Increased usage of this program is a key indicator of successfully reducing drive-alone commutes to work as well as transportation-related greenhouse gas emissions. State agency CTR programs continue to make progress in reducing vehicle miles traveled and drive-alone commuting.

Identify important connections or impacts related to this proposal.

State employees, state agencies, local jurisdictions, and private transportation providers will all be affected. Without this funding increase, the state will limit its ability to provide state employees the opportunity to commute to work using local transit services.

What alternatives were explored, and why was this alternative chosen?

IT is the only transit agency in Thurston County that can provide the STAR Pass service, leaving no other alternative provider. The department considered an alternative method of funding the program through a voucher reimbursement system. This would involve each employee paying for his or her individual pass and recording each one-way trip on a trip calendar which would then be submitted to the Employee Transportation Coordinator (ETC) upon reaching the minimum number of trips. After being reviewed by the ETC, the calendar would be submitted to WSDOT staff who would mail the employee a commute voucher toward the purchase of another bus pass. This system is currently in place for state employees who work in Thurston County and ride Grays Harbor or Mason Transit. WSDOT currently distributes an average of only 22 vouchers per month. If this process were expanded to include all STAR Pass riders, it would create a substantial administrative burden on WSDOT staff and ETCs at other agencies. Another option considered is for all state agencies with employees working in Thurston County to contribute to the cost of the STAR Pass based on the number of their agency employees who work in Thurston County. This method poses potential issues for some agencies that might not have the ability to share the expense of this contract. Because of these potential issues, the current method, which is already in place and less burdensome, was chosen.

What are the consequences of not funding this package?

Without the change in funding for the STAR Pass partial FTE, the program will not be able to comply with the legislative direction. Additionally, without funding to cover the cost increases, the STAR Pass Program will be terminated, and many of the employees who currently use the program will return to single-occupancy vehicle trips. This will increase peak hour traffic and pollution. The increase in single-occupancy vehicle trips could be as high as 325,000 annual trips based on recent STAR Pass Program usage.

What is the relationship, if any, to the state capital budget?

The fund source for this program is the State Vehicle Parking Account, which is also the fund source for several capital projects in the 2013-15 Capital Budget. Because additional capital projects were funded by the legislature and the STAR Pass Program is experiencing increased costs, one or more capital projects may need to be moved into the 2015-17 Biennium in order to avoid having a negative ending fund balance.

Determine which statutes, rules, or contracts might be impacted.

The contract with IT for the STAR Pass Program will be impacted.

Expenditure Calculations and Assumptions

The Star PASS partial FTE cost is calculated as 20 percent of salary and benefits for a Transportation Planning Specialist 3.

The new contract with IT is based upon a 25 percent fare increase for all riders and increased ridership during the past two years. Based on IT STAR Pass usage counts, the estimated number of STAR Pass trips increased from 428,000 in the 2009-11 Biennium to 649,000 in the 2011-13 Biennium. The projected ridership for 2013-15 Biennium is estimated as slightly higher than the 2011-13 Biennium to allow for the historical trend of ridership increase each biennium. The increases in ridership during the 2011-13 Biennium and the estimated increase in ridership for the 2013-15 Biennium account for \$156,000 of the increase in the contract price. The increase in fare from \$0.66 to \$0.825 accounts for the remaining \$108,000 of the change.

	2011-13 Contract Price	Increase from Ridership	Fare Increase Change	2013-15 Contract Price
STAR Pass (IT)	\$276,000	\$156,000	\$108,000	\$540,000

STAR Pass Ridership and Reimbursement

Biennium	Fare	Projected Passengers for Contract	Contract Price	Estimated Total Biennium Passengers	Estimated Biennium Cost to IT	Variance
2005-07	\$0.540	426,000	\$230,000	371,000	\$200,000	\$30,000
2007-09*	\$0.525	324,000	\$173,000	401,000	\$212,000	-\$39,000
2009-11	\$0.660	365,000	\$241,000	428,000	\$282,000	-\$41,000
2011-13	\$0.660	418,000	\$276,000	649,000	\$428,000	-\$152,000
2013-15	\$0.825	655,000	\$540,000	TBD	TBD	TBD

*The original fare for the 2007-09 Biennium was set at \$0.48 per trip. The fare was renegotiated due to increased ridership and operating costs and set at \$0.66 per trip, effective January 1, 2009. This table reflects the average fare for the entire biennium.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

All costs are ongoing assuming the demand for services remain at the higher levels.

Object of Expenditure Detail					
Object of Expenditure	FY 2014	FY 2015	2013-15	2015-17	2017-19
A - Salaries and Wages	14,000	14,000	28,000	28,000	28,000
B - Benefits	5,000	5,000	10,000	10,000	10,000
N - Grants and Loans	132,000	132,000	264,000	264,000	264,000
Total by Object	151,000	151,000	302,000	302,000	302,000

Salary and FTE Detail						
Position by Classification	FTEs			Dollars		
	FY 2014	FY 2015	Biennial Average	FY 2014	FY 2015	Total
Transportation Planning Specialist 3	-	-	-	13,922	14,061	27,983
Total	-	-	-	13,922	14,061	27,983

Out Biennia				
Position by Classification	FTEs		Dollars	
	2015-17	2017-19	2015-17	2017-19
Transportation Planning Specialist 3	-	-	28,122	28,122
Total	-	-	28,122	28,122

New, after 10/04/13

Agency: 405 Department of Transportation
Decision Package Code/Title: BI Toll Operations – CSC Procurement
Budget Period: 2013-15
Budget Level: PL – Performance Level

Program B – Toll Operations

Recommendation Summary

The statewide Customer Service Center (CSC) provides back-office support to all department tolled facilities. The vendor contract expires on June 30, 2014. Washington State Department of Transportation (WSDOT) is working with the vendor to determine whether a two-year contract extension is viable. Based on a risk analysis of the existing contract, the department must anticipate the replacement of the existing Customer Service Center operator, including the replacement of associated systems. The replacement will require producing two procurement documents (one for the systems and one for the operations), engaging an expert review panel on both procurement documents, soliciting a contract for the operations through an open bid; contracting with the new operations vendor; transitioning to the new operations vendor; and implementing certain system features required by state law. WSDOT is requesting \$3.9 million in anticipation of, and to prepare for, a change in vendor. The department will make a budget request for the actual system procurement once the scope has been fully developed.

Fiscal Detail

Detail by Fund	FY 2014	FY 2015	2013-15	2015-17	2017-19
511-1 - TNB - State	565,000	736,000	1,301,000	109,000	504,000
09F-1 SR 167 HOT Lanes	54,000	68,000	122,000	3,000	44,000
16J-1 SR 520 - State	1,085,000	1,373,000	2,458,000	1,090,000	799,000
Total by Fund	1,704,000	2,177,000	3,881,000	1,202,000	1,347,000
	FY 2014	FY 2015	2013-15	2015-17	2017-19
Staffing FTEs	1.4	1.2	1.3	-	-

Package Description

In December 2009, WSDOT executed a contract with Electronic Transaction Consulting Corporation (ETCC) to provide the systems and operations to support its new statewide Customer Service Center. A primary goal of WSDOT was to enable drivers to use their *Good to Go!* account at any tolling facility in the state with one account, one transponder, and one customer service center contact. In February 2011, ETCC assumed operations of customer service activities for the Tacoma Narrows Bridge and SR 167 HOT lanes. ETCC later initiated customer service activities for the SR 520 Bridge, which began all-electronic tolling in December 2011.

New, after 10/04/13

An additional goal of the statewide contract was to provide cost savings for future toll facilities through the economies of scale inherent in the contract's pricing. At the time, WSDOT envisioned a long-term partnership with ETCC for CSC operations and systems.

Since the beginning of the contract, WSDOT's expectations for the success of the statewide CSC have not been fully met. As a result of ETCC's inability to meet the contract requirements, in June 2012, WSDOT and ETCC entered into a settlement agreement to resolve several contractual shortcomings. In this agreement, WSDOT received a supplemental license to ETCC's RITE® system intellectual property valued at \$4.0 million. In addition, ETCC agreed to pay a total of \$2.4 million in damages in the form of monthly operational payment reductions over the remaining six years of the contract.

The issues related to this \$6.4 million dollar settlement and others subsequent to June 2012 demonstrate that ETCC lacks the operational experience and corporate maturity necessary to provide a level of service which can meet WSDOT's expectations and allow WSDOT to realize its long-term goals of operational stability and cost efficiencies.

The primary benefit WSDOT receives from the contract is its low cost. ETCC substantially underbid the other competitors for the contract with the goal of finding an entry into the Washington tolling market. ETCC's bid for the work was \$11.5 million below the next closest bid over the life of the contract. When the settlement agreement payment reductions are added, the difference is nearly \$14.0 million. The ramifications of this strategy have hindered ETCC from providing the level of service required by the contract and have forced WSDOT to provide resources to support ETCC operations.

As the end of the first 5-year term of the contract nears, WSDOT has been investigating its options related to the future of the statewide CSC operations, which include:

1. Unilateral contract extension with ETCC with no renegotiation of terms.
2. Contract extension with ETCC with renegotiated terms.
3. WSDOT assumes the day-to-day management of the Customer Service Center with frontline staff provided by a contractor.
4. WSDOT conducts an open procurement for a new Customer Service Center operations vendor while retaining ETCC for system support.
5. WSDOT conducts an open procurement for a new Customer Service Center operations vendor and a new Customer Service Center systems vendor.

Note: Scenarios 1 through 4 assume that ETCC continues to provide CSC system development and maintenance support. For scenario 4, the existing contract would need to be de-scoped of the CSC operations scope of work and a new CSC operations contract would be developed and solicited.

WSDOT contingency planning revolves around these possible scenarios, each with its own benefits and risks. A brief description of the alternatives and the associated risks and benefits are included below.

1. Unilateral contract extension with ETCC with no renegotiation of terms

The existing contract allows WSDOT to extend the contract for up to two, 2-year periods at WSDOT's sole discretion. This means that WSDOT could attempt to force ETCC to continue the current scope of work without any renegotiation of terms. WSDOT's Assistant Attorney General has reviewed the contract and agrees it is WSDOT's discretion to extend, but counsels caution if all of the other contract terms have not been strictly enforced.

Risks - Because ETCC has indicated that they are losing large sums of money on the CSC operations component of the contract, they may consider alternatives that could range from litigation to default of the contract. Despite the contractual protections, WSDOT must assess the likelihood of successfully defending the contract terms and the time delay that may be required to prevail against the benefit of a continued low contract price. A contract dispute with ETCC would undoubtedly put the on-time completion of the I-405 Express Toll Lanes software development project out of reach and would put continued, uninterrupted toll collection on existing toll facilities at risk.

Benefits - WSDOT would benefit by continuing the CSC under current contract payment terms and would continue to have lower payments due to the settlement agreement.

2. Contract extension with ETCC with renegotiated contract terms

WSDOT could negotiate changes to the contract in response to ETCC's assertions of undue contract revenue losses, unanticipated increases in scope of work from original request for proposal (RFP) terms and conditions, and unreasonable key performance metrics. By continuing the existing contract under renegotiated terms, this approach could eliminate the need to replace ETCC as the CSC operator and/or CSC system vendor.

Risks - There are some areas of the scope of work which could be revisited, such as accounting functions and key performance indicators (and associated liquidated damages), but these areas, if improved or renegotiated, would not greatly reduce the \$2.0 million annual contract losses estimated by the department. There is a risk that WSDOT enters into discussions with ETCC about contract revisions, but that an agreement may not be reached; this would delay the procurement process and create a need to either unilaterally extend the contract or enter into a month-to-month contract with ETCC until a new procurement process can be completed. Alternatively, there is a risk that ETCC continues to struggle to meet WSDOT's performance expectations, which will drive staff oversight requirements at WSDOT.

Benefits – There is always some element of risk with transitions. Working with the existing vendor on known issues could improve upon the existing system and, presumably, WSDOT would continue to benefit from a lower contract price than what is expected in the market.

3. WSDOT assumes the day-to-day management of the Customer Service Center with frontline staff provided by a staffing contractor

Many of the challenges with ETCC can be traced back to their lack of experience as a CSC operator. Under this scenario, the department would leverage the experience of its CSC support staff and its consultants to take over the day-to-day management from ETCC and then contract with a staffing company to provide the other staff required to conduct CSC business.

Risks – The largest challenge with this scenario would be the need to transfer the existing third-party vendor contracts to WSDOT. Some of the existing contracts may have to be solicited through open procurement due to their size or the services being provided by the third-party.

Benefits - By utilizing existing WSDOT staff to fill the management roles currently held by ETCC staff and by only backfilling these WSDOT positions as needed, the department estimates that WSDOT could manage the CSC operations for approximately \$7.2 million, which is slightly less than WSDOT's estimated cost under a new procurement contract. The transition process of ETCC management to WSDOT management should be less risky than an open procurement with an "unknown" entity.

4. WSDOT conducts an open procurement for a new Customer Service Center operations vendor while retaining ETCC for system support

Under this scenario, WSDOT would develop an RFP, new CSC operator contract, and scope of work to support a procurement of a CSC operations vendor through open bid. The department's goal would be to have a new CSC operations vendor under contract and transitioned to its role as full service CSC operator by January 2015. This will allow six months prior to the opening of the I-405 Express Toll Lanes for the new operator to prepare for any operational changes required by this new toll facility. This schedule will require extending the contract with ETCC on a month-to-month basis until a transition can be completed. The assumption is that the month-to-month charges by ETCC will be in line with the proposed CSC operator costs detailed in this decision package and will not require future supplemental budget requests for additional funds.

Risk – There is always risk inherent in transitioning service providers while operations are ongoing. In addition, there is a risk that the new vendor will price the scope of work higher than WSDOT is willing to pay based on its estimate of expected costs.

Benefits – Seeking an open procurement allows WSDOT to better gauge the actual costs of operating the CSC. In addition, the process would be open and transparent, and would not create questions as to why WSDOT might change the scope of an existing contract without seeking an open competition. Finally, WSDOT would expect to get a better level of service from a more experienced CSC operator. This should allow WSDOT to reduce its direct operational support.

5. WSDOT conducts an open procurement for a new Customer Service Center operations vendor and a new Customer Service Center systems vendor

There is a risk that ETCC will not accept any of the above scenarios and will choose to default on an offer of extension and choose to fight any penalties through arbitration and/or the courts. Under this scenario, WSDOT would develop RFPs for both operations and systems (either as separate contracts or as a single vendor contract). The department would look to ETCC to honor its transition responsibilities in the current contract and work together to transition to the new vendors. It is not expected that a transition could be completed until after the June 30, 2014 expiration of the existing statewide CSC contract. In that case, the department would have to work with ETCC to remain in place on a month-to-month or time and materials remuneration basis until new vendors are prepared to take over.

Risk - This scenario represents the highest near term risk to uninterrupted toll collection. Other than the risk inherent in transitioning vendors, it is contingent on ETCC continuing to service their contract despite knowing that they are being replaced. In addition, it may be difficult to find a new system vendor willing to take over the support of an ETCC system solution with any certainty of success. Further, if a completely new CSC system is proposed, it may be difficult to get all of the functionality in the current ETCC solution at an acceptable price. For example, the accounting functionality in the ETCC system has been developed by ETCC and may be difficult to administer in the existing system or re-create in a new system. Several mitigating strategies are being reviewed to attempt to provide uninterrupted toll collection under this scenario.

Benefits – Although this scenario has the highest near term risk profile, the goal would be to establish a long term relationship with new vendor(s) which could provide greater system stability, improved customer services and allow WSDOT to achieve many of the future economies of scale in terms of the cost to collect tolls which envisioned while procuring for the existing statewide CSC contract.

Note: This decision package does not include budget for a complete system replacement. The department is developing estimates for this eventuality. If additional funding is required, it will be requested in the 2015 second supplemental budget, at the earliest.

The department estimates that the total cost of replacing ETCC as CSC operator (scenario 4) will cost \$8.97 million over the four years from Fiscal Year (FY) 2015 through FY 2018 (\$6.6 million market adjustments, \$952K for re-procurement costs, \$730K for vendor transition costs, and \$718K for necessary system betterments). This decision package requests funding to support the procurement of a new CSC operator. The department will continue to evaluate and pursue options, such as a renegotiation of the existing contract. However, given the time required for an RFP and vendor selection process and the upcoming demands of I-405 operations, the department must continue to develop and pursue a new procurement simultaneous with the exploration of other options. In reviewing and applying risk mitigation strategies to each scenario, WSDOT cannot escape the fact that replacing ETCC as a CSC operator and/or system

New, after 10/04/13

provider is an eventuality that must be contemplated and certain steps taken now will mitigate some of the risk of uncertainty.

One of the issues brought forward in the State Audit Report which reviewed the SR 520 Bridge tolling implementation was that the department did not adequately plan for or mitigate its risks. This supplemental budget request is the first step toward implementing a remediation strategy for the current CSC operations situation. It requests funds for developing an RFP, solicitation, preferred bidder selection, contract negotiations, transition support, expected increase in CSC operator costs related to an open procurement, the costs of splitting the contract into two pieces – a new CSC operations vendor and continued CSC system support from ETCC – the costs of transitioning vendors, and the costs related to making necessary improvements to the system required by legislative mandate and operational best practices. These improvements include automation of the adjudication mitigation rights afforded the administrative law judges in last year's HR 1941 and improvements to the Collections module of the RITE® system which will allow WSDOT to implement the final stage of its Pay by Mail enforcement program. In addition, the department is requesting funds to develop an RFP for the back-office systems in order to be in a stand-ready position when the need occurs, which will be no later than 2016, so that the transition could occur by 2018 when the ETCC contract's full extensions have been utilized. WSDOT is also requesting funds to bring back the Expert Review Panel (ERP) previously used in 2009 and 2012 to provide input into both procurement packages.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

1. Stabilized and improved Customer Service Center operations.
2. Improved customer service through the acquisition of a more experienced CSC operator.
3. Reduced need for WSDOT direct support of CSC operations based on fewer escalated customer inquiries/disputes. Fewer customer complaint referrals to WSDOT and Legislature.
4. System betterments in the area of automating the adjudication process changed by the legislation passed in the last legislative session (HR 1941) will allow the two WSDOT FTEs dedicated to monitoring the program manually to return to other work tasks.
5. System betterments requested in support of collections and write-off functionality will allow for the efficient administration of the collections program. The department is currently tracking more than \$12 million worth of notices of civil penalty (NOCPs) which are eligible for escalated collections through the outside collection agency.

Performance Measure Detail

This request contributes to the Results Washington Goal 2, Outcome measure 3.1, "Maintain infrastructure at 2012 baseline condition levels."

New, after 10/04/13

Although a new CSC operator contract will come with different performance measures, WSDOT expects that a more experienced operator will improve compliance with key performance metrics.

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

An update to WSDOT's strategic plan is underway. This decision package supports the department's current goals of increasing mobility and relieving congestion.

Does this decision package provide essential support to one of the Governor's priorities? If so, please describe.

Toll operations supports the Governor's priority for a prosperous economy with a sustainable transportation system that meets tomorrow's needs.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

Continued funding for tolling makes a key contribution to the "mobility" aspect of statewide results. Tolling helps create a consistent travel time which relates directly to average peak travel times. In addition, tolling keeps traffic moving and thereby helps create a safer travel environment.

Identify important connections or impacts related to this proposal.

The statewide CSC operator holds a critical position in delivering customer service and efficiently collecting tolls. The current vendor has relationships with many Washington State government agencies through its connection to toll operations. Impacted stakeholders would include WSDOT's Accounting & Financial Services and Office of Information Technology as well as the Washington Office of the State Treasurer, Department of Licensing and Office of Administrative Hearings.

Each of these offices is an important stakeholder in the toll collection process. Also, each of these agencies has been adversely impacted by the current vendor's lack of adherence to policies and procedures. The key to a successful transition will be for the department to be transparent during the process and maintain a high level of communication and inclusion with each stakeholder.

What alternatives were explored, and why was this alternative chosen?

WSDOT has made efforts to work together with the CSC vendor to improve their operational performance. These efforts have produced only modest success. There is an open question as to whether replacing the CSC operator with a new vendor selected through open procurement is more cost effective than bringing the entire program "in-house" for WSDOT to staff and manage customer service delivery.

The goal of this decision package is to provide funding for the most likely scenario – the replacement of ETCC as the CSC operator through open bid.

What are the consequences of not funding this package?

WSDOT believes that there is no status quo solution to this challenge. When WSDOT offers to extend the contract under the current terms, ETCC will be forced to decide the best course of action for them – continue to lose money, or default. If funding is not approved, WSDOT will not be able to begin taking risk mitigation steps such as preparing for a transition of CSC operators. At this point, there is no viable path which does not end at a renegotiation of the existing contract or a replacement of the CSC vendor. The department requires funding to begin to move toward a replacement of the CSC vendor.

What is the relationship, if any, to the state capital budget?

N/A

Determine which statutes, rules, or contracts might be impacted.

Replacing ETCC as the CSC operator, but keeping them for continued support of their CSC system, will require de-scoping the existing contract and creating two contracts which do not have any identifiable holes in the scope of work or liquidated damages protection deterioration.

Expenditure Calculations and Assumptions

This decision package includes funding requests for: WSDOT re-procurement costs, ERP support, CSC operator costs, CSC system vendor costs, transition costs for both the incoming CSC operator and the outgoing CSC operator, and CSC system improvements.

WSDOT Re-procurement Costs:

The department is requesting funding for consultant support in the CSC operator and system re-procurement effort. The subtasks involved in the re-procurement process are: Develop RFPs, solicitation, contract negotiation, and transition support.

- Develop RFPs – WSDOT staff, working with consultant support, will work with all affected stakeholders to apply lessons learned to the development of two new contracts for CSC operations and systems, develop a comprehensive scope of work, engage the ERP for input, and conduct the necessary internal and legal reviews.

The total hours needed to complete these tasks is estimated at 6,980 hours. The department anticipates a split of 2,240 hours by WSDOT staff and 4,740 hours by consultant staff. At average rates of \$85/hour and \$150/hour respectively, the expected costs for this subtask are estimated at \$901,000. This work is planned to begin in November 2013.

- Solicitation – Work tasks for this phase include: post the operations RFP, conduct an industry briefing, respond to bidder questions, review and score bids, short-list bidders, conduct one-on-one interviews, request a best and final offer (BAFO) from short-listed bidders (if necessary), and final bidder selection.

New, after 10/04/13

The total hours needed to complete these tasks is estimated at 1,546 hours. The department anticipates a split of 970 hours by WSDOT staff and 576 hours by consultant staff. At average rates of \$85/hour and \$150/hour respectively, the expected costs for this subtask are estimated at \$169,000. This work is planned to begin in February 2014.

- Contract Negotiations – Work tasks in this area include: convene meetings with selected operations vendor, review contract edits and comment, execute the contract and issue a notice to proceed.

The total hours needed to complete these tasks is estimated at 700 hours. The department anticipates a split of 585 hours by WSDOT staff and 115 hours by consultant staff. At average rates of \$85/hour and \$150/hour respectively, the expected costs for this subtask are estimated at \$67,000. This work is planned to begin in April 2014.

- Transition Support – Work tasks in this area include: convene meetings with incoming and outgoing vendors, operations plan review and comment, third-party vendor contract transfer support, testing support, final sign-off on transfer of duties to incoming vendor.

The total hours needed to complete these tasks is estimated at 3,840 hours. The department anticipates a split of 1,710 hours by WSDOT staff and 2,130 hours by consultant staff. At average rates of \$85/hour and \$150/hour respectively, the expected costs for this subtask are estimated at \$465,000. This work is planned to begin in July 2014 and conclude by January 2015.

The re-procurement effort is expected to take approximately 14 months to complete. Over that period, WSDOT expects to spend \$1,602,000 developing the RFP, soliciting the RFP, negotiating and executing a contract and transitioning vendors (13,066 hours total or 1.3 WSDOT FTEs and 1.8 consultant FTEs). The department expects to utilize WSDOT staff time from Toll Division, Contracts, Accounting and Financial Services, and Office of Information Technology during the re-procurement process.

CSC Operator Costs:

WSDOT's existing contract for CSC operations will continue through June 2014. Therefore, the related costs for FY 2014 are established by contract at \$6.2 million and approved funding is sufficient to cover these needs. For FY 2015, WSDOT expects to have to pay increased costs related to new contract for CSC operations services. The department has calculated a "transaction-based" cost estimate of approximately 20 cents per transaction. These "per transaction costs" were compared to other bidders of the statewide CSC contract and found to be within the range of what other bidders expected to charge. In addition, the costs were comparable to similar toll facilities in Texas and Florida. In order to be comparable, a toll facility needs to have a combination of electronic toll collection and pay by mail payment (or automated violation) payment options. The expected cost for CSC operations services for FY 2015 is \$7.5 million.

New, after 10/04/13

This estimate was developed based on the existing contract scope of work and performance requirements. After a year and a half of toll operations on the existing three toll facilities, WSDOT has a reasonable understanding of CSC work tasks and workloads. Assumptions were made regarding what an experienced CSC operations provider would expect from its employees in terms of productivity. The necessary number and mix of staff was calculated to match the expected productivity. Salaries for these various staff members were validated with an audit of greater Seattle area payrolls. Non-staff related costs such as rent, utilities and other consumables were compared to the current contract costs for inclusivity and fidelity. Finally, the results of this analysis were compared to similar contracts in Texas, Georgia and against the bid prices of the other vendors who lost to ETCC in Washington in 2009. The \$0.20 per transaction figure was found to be accurate within a reasonable statistical delta.

In summary for FY 2013 through FY 2015, the department expects to expend \$13,648,000 for CSC operations. Current spending authority is \$12,817,000. The department is requesting the additional \$831,000.

CSC System Vendor:

The existing statewide CSC contract includes both an operational component and a system support component. WSDOT intends to contract with ETCC for continued system support. System support includes: off-site hosting of the production and disaster recovery environment in secure facilities, CSC system monitoring, issue tracking and issue remediation, routine system upgrades such as patch fixes or upgrades required by third-party software packages included in the RITE® solution.

WSDOT has calculated the expected cost for these services based on pricing in its existing contract and based on similar contracts in Georgia with ETCC for their hosted solution. Based on this review, WSDOT expects to pay \$80,000 per month to ETCC as the CSC system vendor ($\$80,000 \times 12 = \$960,000$). This amount is in the current funding level. This represents an additional 2.5 cents per transaction in terms of the cost to collect tolls.

Transition Costs:

In addition to the routine, continuing operations costs above, WSDOT expects to pay both the incoming vendor and the outgoing vendor their reasonable transition costs to ensure a seamless transition of duties. The existing contract specifies a six-month transition period.

During this time, the incoming vendor will be responsible for developing a project management plan, quality assurance plan, security management plan, disaster recovery plan, transition plan, and a staffing plan. In addition, the incoming vendor will be responsible for reviewing all standard operating procedures documents and all third-party vendor contracts. As appropriate, the new vendor will assume or renegotiate existing contracts. The incoming vendor will be responsible for recruiting and training staff as needed to provide a smooth transition without any interruptions in service.

New, after 10/04/13

WSDOT has calculated that these tasks should require 4,630 hours to complete work in the planned areas of project management, document and plan development, third-party contracting, staff recruiting and training, and acceptance testing during the six-month transition period. Based on hourly rates observed in other CSC operations procurements throughout the U.S., a \$126.50 per-hour blended rate for these services was estimated. WSDOT expects to pay \$586,000 to the incoming vendor for transition services.

Similarly, for the existing CSC operations vendor transition, WSDOT has calculated it will require an additional 1,140 hours to complete project management, support transfer of third-party contracts, support transition of key staff (as appropriate), and support staff training. Based on ETCC's contract pricing, WSDOT would expect the transition costs for the outgoing vendor to be \$144,000.

The total amount included in this request for transition services is \$730,000.

CSC System Improvement Costs:

Over the past year, WSDOT has determined that the planned CSC system collection module will not meet the needs of government accounting and industry best practices related to tracking, communicating, and accounting for toll transactions that remain unpaid and are eligible for the WSDOT's escalated collections program (remittance to an outside collection agency).

Working with ETCC and other stakeholders, WSDOT has estimated that this work will require approximately 3,500 hours of system programming time. Based on ETCC's blended rate of \$125 per hour for the required level of employee, WSDOT expects to pay \$438,000 for this work.

In July 2013, the Washington State Legislature passed a law allowing the adjudication programs' administrative law judges (ALJs) to hear mitigating circumstances related to customers who have received a notice of civil penalty. The ALJs are empowered to dismiss the fine and toll entirely or reduce the fine amount based on the mitigating information presented by the customer. The Legislature placed several reporting requirements in the legislation as well. This legislation went into effect on July 28, 2013.

Since that time, ETCC and WSDOT staff has been manually tracking, processing, and notifying customers of the relief given by the ALJs. In order to provide efficient and effective service, WSDOT will need to make numerous system enhancements to the adjudication module. Until these enhancements are in place, WSDOT will continue the manual, labor-intensive and error-prone process.

Working with ETCC and other stakeholders, WSDOT has estimated that this work will require approximately 2,250 hours of system programming time. Based on ETCC's blended rate of \$125 per hour for the required level of employee, WSDOT expects to pay \$280,000 for this work.

New, after 10/04/13

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

Costs related to re-procuring a new CSC operator, transitioning to the new CSC operator, and the proposed system improvements will be one-time expenses. Increased costs related to the new CSC operator contract in FY 2015 will continue into future biennia. WSDOT expects the impact in out biennia 2015-17 and 2017-19 to be \$1.20 and \$1.35 million, respectively.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2014	FY 2015	2013-15	2015-17	2017-19
A - Salaries and Wages	195,000	165,000	360,000	-	-
B - Benefits	59,000	49,000	108,000	-	-
C - Personal Service Contracts	754,000	380,000	1,134,000	-	-
E - Goods and Services	696,000	1,583,000	2,279,000	1,202,000	1,347,000
Total by Object	1,704,000	2,177,000	3,881,000	1,202,000	1,347,000

New, after 10/04/13

Agency: 405 Department of Transportation
Decision Package Code/Title: BJ I-405 Express Toll Lanes
Budget Period: 2013-15
Budget Level: PL – Performance Level

Program B – Toll Operations

Recommendation Summary

I-405 Express Toll Lanes – providing toll-free trips for carpools, vanpools and buses, and giving non-exempt drivers the option to pay a toll to use the lanes – may be operational as early as May 2015. The department needs spending authority to begin incurring operations and maintenance (O&M) costs. Funding is requested to cover the first two months of I-405 operations and maintenance including: staff costs related to operating an additional toll facility, consulting support for operations, purchase of transponders, costs related to adjudication and other operating costs such as credit card fees, printing and postage, and customer service center support.

Fiscal Detail

Detail by Fund	FY 2014	FY 2015	2013-15	2015-17	2017-19
595-1 I-405 ETL State	-	2,019,000	2,019,000	9,196,000	11,062,000
Total by Fund	-	2,019,000	2,019,000	9,196,000	11,062,000
	FY 2014	FY 2015	2013-15	2015-17	2017-19
Staffing FTEs	-	0.7	0.3	4.7	4.7

Notes:

- 1. Out biennia costs are preliminary and do not include staff or costs related to facility O&M. A comprehensive estimate will be developed for the department's 2015-17 biennial budget request.*
- 2. Transfer authority will be required to fund the initial operations of the I-405 Express Toll Lanes account.*
- 3. The \$1.5 million estimate for transponder costs will not require available fund balance in the I-405 Express Toll Lanes Account. Transponder purchases will be charged to the Toll Collection Account (suspense). As transponders are purchased, the expenditure and offsetting revenue will be distributed to the I-405 Express Toll Lanes Account. The resulting impact to the I-405 Express Toll Lanes Account will be either zero or revenue positive.*

Package Description

The I-405 System will be an Express Toll Lane System with variable pricing on I-405. In the future, the system is proposed to be combined with the existing SR 167 HOT Lanes System to create a single Express Toll Lane System throughout the I-405/SR 167 corridor. The toll work has been designed to complement a road construction project: the WSDOT I-405 Project (I-405 NE 6th Street to I-5 Widening and Express Toll Lanes Project). This project will be the first phase of

New, after 10/04/13

Express Toll Lanes on I-405. This phase will be built both northbound and southbound between Bellevue and Lynnwood. The I-405 System is planned to consist of dual Express Toll Lanes from NE 6th Street to SR 522, and single Express Toll Lanes from SR 522 to I-5. The Express Toll Lanes are expected to open between May and September in 2015.

To prepare for potential operations as early as May 2015, the department is requesting funding for early ramp up of transponder sales and two months of operations to cover the costs associated with operations of an express toll-lane facility. Anticipated costs include: additional staff (for toll collection system O&M; customer service support; data and reporting needs, and toll enforcement); additional consulting support for toll operations; credit card fees; printing/postage (pay-by-mail); toll collection system vendor support; customer service center vendor support; and other staff-related costs such as rent, computers, and phones.

The majority of costs are associated with early sales of transponders, totaling \$1.5 million for transponders, mailing, and other related costs. While expenditure authority is needed to recognize the costs associated with transponders, these expenditures are offset by associated revenues. Transponder purchases are anticipated to require a six-month lead time in order to guarantee delivery in time for the ramp up to toll commencement. Therefore, even if the toll commencement date is in FY 2016, the department will still require spending authority for the unallotted amount held for transponders during FY 2015.

The remaining amounts relate to staffing and contracted costs associated with operating and maintaining toll operations. These figures have been developed as stand-alone costs. This means that for expense categories which have been determined to be shared among facilities such as FTE costs, customer service center (CSC) vendor costs and credit card fees, the impact on the other toll facilities has not been calculated at this time. This methodology was chosen due to the small relative impact of these I-405 shared costs and because the precise timing of initial toll operations is still under development. The department recommends that the I-405 expenditure authority associated with costs that will vary based on the start date of tolling be placed in unallotted status until the start date is known. If the I-405 facility opens in May or June of 2015, any shared savings will lower expenditures in other facilities at the end of the biennium.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

1. WSDOT expects to collect tolls on approximately 13,000 trips per-day during the first year of operation.
2. The department expects to issue an additional 100,000 transponders (20 percent increase over FY14) during ramp up for I-405 Express Toll Operations.
3. Funding this request will allow the department to effectively administer and report on the initial months of I-405 Express Toll Lane operations.

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Performance Measure Detail

This request contributes to the Results Washington Goal 2, Outcome measure 3.1, "Maintain infrastructure at 2012 baseline condition levels."

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

An update to WSDOT's strategic plan is underway. This decision package supports the agency's current goals of increasing mobility and relieving congestion.

Does this decision package provide essential support to one of the Governor's priorities? If so, please describe.

Implementation of Express Toll Lanes on I-405 supports the Governor's priority for a prosperous economy with a sustainable transportation system that meets tomorrow's needs.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

Continued funding for tolling makes a key contribution to the "mobility" aspect of statewide results. Tolling helps create a consistent travel time which relates directly to average peak travel times. In addition, tolling keeps traffic moving and thereby helps create a safer travel environment.

Identify important connections or impacts related to this proposal.

Funding tolling is essential to the I-405 Express Toll Lanes success. Without tolls, other sources of revenue would have to be identified to continue the program.

What alternatives were explored, and why was this alternative chosen?

Each new toll facility adds to the toll operations budget but the shared services have an economy of scale that will create savings in other toll facilities. WSDOT could develop a stand-alone customer service facility for each corridor, but this would create duplicate functions that would be more costly. By implementing a centralized back office/customer service center and allocating the costs to each facility, WSDOT is able to reduce costs through efficiencies.

What are the consequences of not funding this package?

If funding is not provided to administer tolling on I-405 Express Toll Lanes, tolls would not be collected, and toll revenue would not be available for roadway operations and maintenance and system replacement costs.

What is the relationship, if any, to the state capital budget?

N/A

Determine which statutes, rules, or contracts might be impacted.

N/A

New, after 10/04/13

Expenditure Calculations and Assumptions

The I-405 Express Toll Lanes operations and maintenance costs have been calculated for the two-month period of May and June 2015 in the event the facility opens before the end of FY 2015. The costs are an estimate of what it will cost to operate I-405 Express Toll Lanes. Cost reductions to other facilities due to economies of scale from shared costs are not included. In order to be accurate and consistent, for some costs an understanding of I-405 Express Toll Lanes' expected percentage of total transactions is needed. Current traffic and revenue calculations put I-405 Express Toll Lanes' share at 14 percent. This value is used in several areas to determine budget figures.

The following subsections describe costs grouped by objects of expenditures.

Objects A and B:

Toll operations require technical and customer-service positions. The technical positions include transportation engineers and transportation planning technicians. They track, troubleshoot, coordinate data transfer between the toll-collection vendor and the customer-service vendor, ensure compliance with the toll-collection vendor contract, conduct quality assurance testing, and ensure that the toll-collection system works. Customer service specialists are required to respond to customer inquiries and complaints and work with technical staff to resolve billing and data issues. For this decision package, only the expected incremental staff is included. These include one Data Analyst to support the increased data and reporting requirements, one transportation engineer to support the O&M of the roadside toll collection system, one customer service specialist to support increased customer inquiries and disputes, and one toll enforcement officer to support the increased adjudication needs related to I-405.

Salaries are calculated for two months ($1/6 \times \text{Salary Rate}$). Benefits are calculated at 30 percent of salaries amount.

Note: Out biennia staff estimates below are based on preliminary assumptions. A comprehensive calculation which will include I-405 Express Toll Lanes' (ETLs) portion of each WSDOT position will be conducted for 2015-17 biennial budget preparation. Typical support staff includes: technical support, customer service support, communications/marketing support, and finance/accounting support.

Object C:

Consultants provide support for toll operations in three main areas: engineering support, customer service center support, and information technology support. Consultants are used as temporary and/or specialized support of WSDOT staff. The goal of consultant support is to bring experienced tolling professionals who can oversee new program implementation and then hand off the day-to-day operations to WSDOT and/or other vendor staff. The flexible nature of consultant support, combined with the ability to transfer knowledge to WSDOT staff, creates an optimal project delivery mechanism.

New, after 10/04/13

For I-405, toll operations technical oversight was calculated at two-months of the expected FY 2015 support level multiplied by the expected I-405 share of these costs ($\$13,321 = 1/6 \times \$571,000 \times 0.14$).

Note: Estimates are based on current year plus 2.5 percent inflation, consistent with the traffic and revenue forecast.

Object E:

Transponder purchases represent the largest portion of the expected FY 2015 expenses. Current estimates forecast 100,000 additional transponders sold related to the first year of toll operations for I-405 Express Toll Lanes. Since I-405 will have both a single occupant and high occupant tolling model, WSDOT is investigating a “switchable” transponder option. The cost of this type of transponder is estimated at \$15 per-unit. \$1.5 million is included for transponders to support the first year of toll operations ($\$15 \times 100,000$). This amount includes transponder, inventory, and postage costs and is offset by revenue.

Credit Card fees are calculated as a percentage of toll revenue. Over the first two months of operation, I-405 expects to see approximately 795,000 toll trips at an average toll rate of \$3.75. This approximates the expected toll revenues for I-405 Express Toll Lanes from the first two months of operations at \$2.98 million. A recent analysis of credit card fees detailed an average credit card fee rate of 2.29% and 80 percent of all toll revenues collected by credit card. Therefore, credit card fees for the first two months of toll operations are expected to be \$55,000.

WSDOT contracts with vendors to provide customer service and toll collection system maintenance support. The toll collection system provider will be Telvent as a part of their current statewide contract. Per contract, toll collection system support starts at \$93,982 per-month in the first year of toll operations in FY 2015 and ends at \$93,310 per-month in FY 2019. The WSDOT costs related to I-405 Express Toll Lanes toll collection system maintenance is for an annual system audit required by contract. The audits will be conducted at the end of each year of operation.

Customer service center support is being provided by Electronic Transaction Consulting Corporation (ETCC). Their contract expires in June 2014. Beginning in FY 2015, the department will use a “transaction-based” cost estimate of approximately 21 cents per-transaction. This estimate is based on the scope of work and performance requirements that are similar to the current ETCC contract. Based on the 795,000 transaction estimate, customer service center costs are calculated at \$167,000 ($\$0.21 \times 795,000$).

Printing and Postage represents the amount charged for mailing; toll bills, notices of civil penalty (NOCP), and other customer correspondences. Pay-by-mail, the largest portion of postage and printing, is expected to represent 4 percent of traffic, and each toll bill notice will include approximately three toll trips ($(795,000 \times 0.04)/3 = 11,000$ toll bills). Second toll bill notices, NOCP summaries, and other letters represent 50 percent additional notice mailings for

New, after 10/04/13

total expected mailings of 16,500. At an average mailing cost of \$0.57, expected printing and postage costs are \$9,400.

Expenditures also include standard goods and services costs for staff such as rent, computers, communications, etc. Funding is also requested for standard maintenance costs such as equipment, materials, and Transportation Equipment Fund (TEF) costs. These costs are calculated at two months of the cost for other toll facilities in operations. These costs total \$11,000 for the first two months of toll operations.

Finally, other than some labor hours related to preparing for I-405 Express Toll Lanes adjudication, it is not anticipated that any actual costs will be required to support adjudication since toll trips taken on the facility will not be eligible for adjudication for 80-days after commencement of tolling (July 2015). A detailed analysis of adjudication cost impacts will be conducted during the 2015-17 biennial budget preparation.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

Out-biennia figures are preliminary and do not include costs related to facility O&M. A comprehensive analysis of I-405 Express Toll Lanes O&M costs will be conducted for the 2015-17 biennial budget preparation. Incremental adjustments will be requested at that time.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2014	FY 2015	2013-15	2015-17	2017-19
A - Salaries and Wages	-	43,000	43,000	571,000	571,000
B - Benefits	-	13,000	13,000	172,000	172,000
C - Personal Service Contracts	-	13,000	13,000	312,000	312,000
E - Goods and Services	-	1,950,000	1,950,000	8,141,000	10,007,000
Total by Object	-	2,019,000	2,019,000	9,196,000	11,062,000

New, after 10/04/13

Salary and FTE Detail						
List Positions by Classification	FTEs			Dollars		
	FY 2014	FY 2015	Biennial Average	FY 2014	FY 2015	Total
See Attachment B	-	0.7	0.3	-	43,000	43,000
Total	-	0.7	0.3	-	43,000	43,000

Out Biennia				
List Positions by Classification	FTEs		Dollars	
	2015-17	2017-19	2015-17	2017-19
See Attachment B	4.7	4.7	571,000	571,000
Total	4.7	4.7	571,000	571,000

New, after 10/04/13

Attachment A – Cost Detail

New, after 10/04/13

	FY 13-15 Supplemental Budget Request (Aggregate)			FY 15 - 17 Biennial Budget (Preliminary)			FY 17 - 19 Biennial Budget (Preliminary)		
	FY 2014	FY 2015	2013-2015 Biennium	FY 2016	FY 2017	2015-2017 Biennium	FY 2018	FY 2019	2017-2019 Biennium
I-405 Express Lanes									
FTE Staff Years - Operations		4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
FTE Staff Years - Maintenance		-	-	-	-	-	-	-	-
FTE Staff Years - Civil Penalties		-	-	-	0.7	0.7	0.7	0.7	0.7
Total FTE Staff Years		4.0	4.0	4.7	4.7	4.7	4.7	4.7	4.7
Object A - Salaries and Wages									
Salaries and Wages - Operations		43,302	43,302	260,000	260,000	520,000	260,000	260,000	520,000
Salaries and Wages - Maintenance		-	-	-	-	-	-	-	-
Salaries and Wages - Civil Penalty		-	-	25,500	25,500	51,000	25,500	25,500	51,000
Total Salaries and Wages		43,000	43,000	285,500	285,500	571,000	285,500	285,500	571,000
Object B - Employee Benefits									
30% of Salaries and Wages - Operations		13,000	13,000	78,000	78,000	156,000	78,000	78,000	156,000
30% of Salaries and Wages - Maintenance		-	-	-	-	-	-	-	-
30% of salaries and wages - Civil Penalty		-	-	8,000	8,000	16,000	8,000	8,000	16,000
Total Employee Benefits		13,000	13,000	86,000	86,000	172,000	86,000	86,000	172,000
Object C - Personal Services Contracts									
Toll Operations Technical Oversight		\$ 13,321	\$ 13,321	\$ 81,923	\$ 81,923	\$ 163,847	\$ 81,923	\$ 81,923	\$ 163,847
Forecasting Activities		\$ -	\$ -	\$ 73,800	\$ 73,800	\$ 147,600	\$ 73,800	\$ 73,800	\$ 147,600
Total Personal Services Contracts		13,000	13,000	156,000	156,000	312,000	156,000	156,000	312,000
Object E - Goods and Services - Toll Operations & Maintenance									
Transponder Purchase, Inventory & Mailing - Offset by Sales Revenue		\$ 1,500,000	\$ 1,500,000	\$ 252,000	\$ 252,000	\$ 504,000	\$ 252,000	\$ 252,000	\$ 504,000
Credit Card & Banking Fees		\$ 54,617	\$ 54,617	\$ 505,497	\$ 803,709	\$ 1,309,206	\$ 913,165	\$ 937,316	\$ 1,850,481
Toll Collection Equipment Maintenance Costs (WSDOT)		\$ -	\$ -	\$ 73,081	\$ 58,929	\$ 132,010	\$ 60,991	\$ 63,126	\$ 124,117
Toll Collection Equipment Maintenance Costs (Telvent)		\$ 187,965	\$ 187,965	\$ 1,105,776	\$ 1,021,100	\$ 2,126,875	\$ 1,136,173	\$ 1,084,086	\$ 2,220,258
Customer Service Center Vendor Costs		\$ 166,530	\$ 166,530	\$ 1,188,336	\$ 1,822,248	\$ 3,010,584	\$ 2,048,403	\$ 2,094,899	\$ 4,143,301
Out of State License Plate Look Up Costs		\$ 21,068	\$ 21,068	\$ 21,875	\$ 21,875	\$ 43,750	\$ 21,875	\$ 21,875	\$ 43,750
Supplies & Materials		\$ 1,334	\$ 1,334	\$ 7,938	\$ 7,938	\$ 15,876	\$ 7,938	\$ 7,938	\$ 15,876
Rent (\$23/sq. ft)		\$ 3,903	\$ 3,903	\$ 23,814	\$ 23,814	\$ 47,628	\$ 23,814	\$ 23,814	\$ 47,628
Printing & Postage		\$ 9,405	\$ 9,405	\$ 80,076	\$ 127,808	\$ 207,884	\$ 145,766	\$ 150,181	\$ 295,947
Computers, System Refinements & Equipment		\$ 3,212	\$ 3,212	\$ 15,876	\$ 15,876	\$ 31,752	\$ 15,876	\$ 15,876	\$ 31,752
Telephone/Communications		\$ 667	\$ 667	\$ 3,969	\$ 3,969	\$ 7,938	\$ 3,969	\$ 7,938	\$ 11,907
Purchased Services		\$ 358	\$ 358	\$ 1,985	\$ 1,985	\$ 3,969	\$ 1,985	\$ 3,969	\$ 5,954
Records Retention		\$ 718	\$ 718	\$ 7,938	\$ 7,938	\$ 15,876	\$ 7,938	\$ 15,876	\$ 23,814
Vehicle Operations		\$ 688	\$ 688	\$ 3,969	\$ 3,969	\$ 7,938	\$ 3,969	\$ 7,938	\$ 11,907
Facility Operations & Maintenance		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Goods and Services - Operations and Maintenance		\$ 1,950,000	\$ 1,950,000	\$ 3,292,000	\$ 4,173,000	\$ 7,465,000	\$ 4,644,000	\$ 4,687,000	\$ 9,331,000
Object E - Goods and Services - Civil Penalty									
Credit Card & Banking Fees - Civil Penalty		\$ -	\$ -	\$ 16,936	\$ 16,936	\$ 33,872	\$ 16,936	\$ 16,936	\$ 33,872
Customer Service Center Vendor Costs - Civil Penalty		\$ -	\$ -	\$ 127,356	\$ 127,356	\$ 254,712	\$ 127,356	\$ 127,356	\$ 254,712
Fife Municipal Court - Civil Penalty		\$ -	\$ -	\$ 57,600	\$ 57,600	\$ 115,200	\$ 57,600	\$ 57,600	\$ 115,200
Office of Administrative Hearing Contract - Civil Penalty		\$ -	\$ -	\$ 71,992	\$ 71,992	\$ 143,984	\$ 71,992	\$ 71,992	\$ 143,984
Supplies & Materials - Civil Penalty		\$ -	\$ -	\$ 4,355	\$ 4,355	\$ 8,710	\$ 4,355	\$ 4,355	\$ 8,710
Printing & Postage - Civil Penalty		\$ -	\$ -	\$ 56,343	\$ 58,352	\$ 114,695	\$ 56,343	\$ 58,352	\$ 114,695
Vehicle Operations - Civil Penalty		\$ -	\$ -	\$ 2,178	\$ 2,178	\$ 4,356	\$ 2,178	\$ 2,178	\$ 4,356
Subtotal Goods and Services - Civil Penalty		\$ -	\$ -	\$ 336,760	\$ 339,000	\$ 676,000	\$ 336,760	\$ 339,000	\$ 676,000
Total Goods and Services		\$ 1,950,000	\$ 1,950,000	\$ 3,629,000	\$ 4,512,000	\$ 8,141,000	\$ 4,981,000	\$ 5,026,000	\$ 10,007,000
Subtotal Appropriation Authority - Operations & Maintenance		\$ -	\$ 2,019,302	\$ 2,019,302	\$ 3,786,000	\$ 4,667,000	\$ 8,453,000	\$ 5,138,000	\$ 5,181,000
Subtotal Appropriation Authority - Civil Penalty		\$ -	\$ -	\$ -	\$ 370,260	\$ 372,500	\$ 742,760	\$ 370,260	\$ 372,500
Total Required Appropriation Authority		\$ -	\$ 2,019,000	\$ 2,019,000	\$ 4,156,500	\$ 5,039,500	\$ 9,196,000	\$ 5,508,500	\$ 5,553,500
Unallotted - Operations & Maintenance Funds		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total		\$ 2,019,000	\$ 2,019,000	\$ 4,156,500	\$ 5,039,500	\$ 9,196,000	\$ 5,508,500	\$ 5,553,500	\$ 11,062,000

New, after 10/04/13

Attachment B – Salary and FTE Detail

New, after 10/04/13

Position - Job Class	% Time Allocated	FY2014		FY 2015		FY 2013-2015 Biennium		FY 2015-2017 Biennium		FY 2017-2019 Biennium	
		Salary	FTE	Salary	FTE	Salary	FTE	Salary	FTE	Salary	FTE
<u>Toll Division Finance & Prog. Mgmt.</u>											
Fiscal Analyst 3 (FA3)	14%	\$ -	-	\$ 1,239	0.14	1,239	0.14	\$ 14,868	0.14	\$ 14,868	0.14
Fiscal Analyst 5 (FA5)	8%	\$ -	-	\$ 862	0.08	862	0.08	\$ 10,345	0.08	\$ 10,345	0.08
Transportation Planning Specialist 5 (TPS5)	14%	\$ -	-	\$ 1,981	0.14	1,981	0.14	\$ 23,776	0.14	\$ 23,776	0.14
<u>Toll Division Govt. Rel. & Comm</u>											
Washington Mgmt Service 2 (WMS2)	14%	\$ -	-	\$ 2,032	0.14	2,032	0.14	\$ 24,381	0.14	\$ 24,381	0.14
Communications Consultant 4 (CC4)	4%	\$ -	-	\$ 350	0.04	350	0.04	\$ 4,205	0.04	\$ 4,205	0.04
Communications Consultant 4 (CC4)	7%	\$ -	-	\$ 701	0.07	701	0.07	\$ 8,410	0.07	\$ 8,410	0.07
Communications Consultant 4 (CC4)	7%	\$ -	-	\$ 701	0.07	701	0.07	\$ 8,410	0.07	\$ 8,410	0.07
Communications Consultant 3 (CC3)	7%	\$ -	-	\$ 619	0.07	619	0.07	\$ 7,434	0.07	\$ 7,434	0.07
Graphic Designer Senior (GD SR)	7%	\$ -	-	\$ 576	0.07	576	0.07	\$ 6,906	0.07	\$ 6,906	0.07
<u>Toll Division Operations</u>											
Washington Mgmt Service 3 (WMS3)	14%	\$ -	-	\$ 2,504	0.14	2,504	0.14	\$ 30,047	0.14	\$ 30,047	0.14
Washington Mgmt Service 3 (WMS3)	14%	\$ -	-	\$ 2,529	0.14	2,529	0.14	\$ 30,348	0.14	\$ 30,348	0.14
Information Technology Specialist 5 (ITS5)	14%	\$ -	-	\$ 1,839	0.14	1,839	0.14	\$ 22,073	0.14	\$ 22,073	0.14
IT Systems/App Specialist 6 (ITSA/6)	14%	\$ -	-	\$ 2,030	0.14	2,030	0.14	\$ 24,364	0.14	\$ 24,364	0.14
Transportation Planning Technician 2 (TPT2)	14%	\$ -	-	\$ 1,179	0.14	1,179	0.14	\$ 14,148	0.14	\$ 14,148	0.14
Transportation Planning Technician 2 (TPT2)	14%	\$ -	-	\$ 1,179	0.14	1,179	0.14	\$ 14,148	0.14	\$ 14,148	0.14
Customer Service Specialist 3 (CSS3)	14%	\$ -	-	\$ 945	0.14	945	0.14	\$ 11,338	0.14	\$ 11,338	0.14
Customer Service Specialist 2 (CSS2)	14%	\$ -	-	\$ 857	0.14	857	0.14	\$ 10,282	0.14	\$ 10,282	0.14
Customer Service Specialist 2 (CSS2)	14%	\$ -	-	\$ 857	0.14	857	0.14	\$ 10,282	0.14	\$ 10,282	0.14
Customer Service Specialist 2 (CSS2)	14%	\$ -	-	\$ 857	0.14	857	0.14	\$ 10,282	0.14	\$ 10,282	0.14
Customer Service Specialist 2 (CSS2)	14%	\$ -	-	\$ 857	0.14	857	0.14	\$ 10,282	0.14	\$ 10,282	0.14
Customer Service Specialist 2 (CSS2)	14%	\$ -	-	\$ -	-	-	-	\$ 10,282	0.14	\$ 10,282	0.14
Customer Service Specialist 2 (CSS2)	14%	\$ -	-	\$ -	-	-	-	\$ 10,282	0.14	\$ 10,282	0.14
Customer Service Specialist 2 (CSS2)	14%	\$ -	-	\$ -	-	-	-	\$ 10,282	0.14	\$ 10,282	0.14
Customer Service Specialist 2 (CSS2)	14%	\$ -	-	\$ -	-	-	-	\$ 10,282	0.14	\$ 10,282	0.14
Customer Service Specialist 2 (CSS2)	14%	\$ -	-	\$ -	-	-	-	\$ 10,282	0.14	\$ 10,282	0.14
Customer Service Specialist 2 (CSS2)	14%	\$ -	-	\$ -	-	-	-	\$ 10,282	0.14	\$ 10,282	0.14
Transportation Planning Technician 2 (TPT2)	7%	\$ -	-	\$ 589	0.07	589	0.07	\$ 7,074	0.07	\$ 7,074	0.07
Transportation Planning Technician 2 (TPT2)	7%	\$ -	-	\$ 589	0.07	589	0.07	\$ 7,074	0.07	\$ 7,074	0.07
Transportation Engineer 4 (TE4)	14%	\$ -	-	\$ 2,032	0.14	2,032	0.14	\$ 24,381	0.14	\$ 24,381	0.14
Transportation Engineer 3 (TE3)	14%	\$ -	-	\$ 1,626	0.14	1,626	0.14	\$ 19,515	0.14	\$ 19,515	0.14
Transportation Engineer 2 (TE2)	14%	\$ -	-	\$ 1,473	0.14	1,473	0.14	\$ 17,678	0.14	\$ 17,678	0.14
Transportation Engineer 2 (TE2)	14%	\$ -	-	\$ 1,473	0.14	1,473	0.14	\$ 17,678	0.14	\$ 17,678	0.14
Transportation Engineer 1 (TE1)	14%	\$ -	-	\$ 1,334	0.14	1,334	0.14	\$ 16,013	0.14	\$ 16,013	0.14
<u>Systems/Development - 589110</u>											
Vacant - Dev. PE (WMS3)	7%	\$ -	-	\$ 1,264	0.07	1,264	0.07	\$ 15,174	0.07	\$ 15,174	0.07
<u>Headquarters Accounting Office</u>											
Washington Mgmt Service 2 (WMS2)	14%	\$ -	-	\$ 1,933	0.14	1,933	0.14	\$ 23,198	0.14	\$ 23,198	0.14
Fiscal Analyst 4 (FA4)	14%	\$ -	-	\$ 1,302	0.14	1,302	0.14	\$ 15,619	0.14	\$ 15,619	0.14
Washington Mgmt Service 2 (WMS2)	14%	\$ -	-	\$ 1,933	0.14	1,933	0.14	\$ 23,198	0.14	\$ 23,198	0.14
Fiscal Analyst 4 (FA4)	14%	\$ -	-	\$ 1,302	0.14	1,302	0.14	\$ 15,619	0.14	\$ 15,619	0.14
<u>Headquarters Audit Office</u>											
Washington Mgmt Service 2 (WMS1)	7%	\$ -	-	\$ 858	0.07	858	0.07	\$ 10,294	0.07	\$ 10,294	0.07
Vacant - Contracts Mgmt. (TPS4)	7%	\$ -	-	\$ 898	0.07	898	0.07	\$ 10,779	0.07	\$ 10,779	0.07
<u>Northwest Region Maintenance</u>											
Transportation Technician 3	TBD	\$ -	-	\$ -	TBD	-	TBD	\$ -	TBD	\$ -	TBD
Totals		\$ -	-	\$ 43,000	4.0	\$ 43,000	4.0	\$ 571,000	4.7	\$ 571,000	4.7

New, after 10/04/13

Agency: 405 Department of Transportation
Decision Package Code/Title: BK Toll Operations – TNB Cashless Study
Budget Period: 2013-15
Budget Level: PL – Performance Level

Program B – Toll Operations

Recommendation Summary

In July 2007, the Washington Department of Transportation (WSDOT) opened the new Tacoma Narrows Bridge (TNB) as a toll bridge. In 2010, the Legislature passed ESSB 6499, which provided for a third payment method, photo tolling, and an administrative adjudication toll enforcement process. The Legislature further directed WSDOT to, “consider transitioning to all electronic tolling on the Tacoma Narrows Bridge toll facility and discontinuing a cash toll option.” In February 2011, WSDOT submitted a study to comply with that directive. The purpose of the study was to provide the department’s analysis of the Tacoma Narrows Bridge operations as a cashless toll facility. The original study was completed prior to implementing Pay By Mail on TNB, so payment assumptions were based on the stated-preference survey of TNB cash customers. Adjustments were made to the assumptions based on the experiences of other national cashless conversions. Given the uncertainty of the assumptions surrounding the new photo toll and notice of civil penalty processes, it was recommended that further analysis be performed after actual data was collected to determine the feasibility of removing cash collection on the Tacoma Narrows Bridge.

Based upon the February 2011 recommendations and after two years of photo tolling operational data, WSDOT is requesting \$300,000 in non-vendor costs to conduct a new cashless study on the Tacoma Narrows Bridge.

Fiscal Detail

Detail by Fund	FY 2014	FY 2015	2013-15	2015-17	2017-19
108-1 - MVA - State	-	300,000	300,000	-	-
Total by Fund	-	300,000	300,000	-	-
	FY 2014	FY 2015	2013-15	2015-17	2017-19
Staffing FTEs	-	-	-	-	-

Package Description

This decision package is an essential component of the department’s reform initiative (Reform X [10] – Streamline tolling operations, costs and efficiencies). Cash toll collections cost more than all-electronic-toll collections. The department’s goal is to continue to improve the cost effectiveness of the collection system to maximize the return on the tolls paid by drivers. The 2011 study estimated expenses could be reduced by \$1.5 to \$4.8 million over a five year period. The February 2011 report was based upon analysis performed in the fall and early winter of 2010. Photo tolling was not implemented on the bridge until December 2011, approximately

New, after 10/04/13

one year after the study. Therefore, the study was based upon input from customers, analysis of then-current and projected operations, and sensitivity testing. Key factors driving the net revenue variance were based on assumptions derived from other operators' experience and did not necessarily reflect Tacoma Narrows Bridge operations. The recommended next steps in the report, given the uncertainty of the assumptions surrounding the new photo toll and notice of civil penalty processes, were as follows:

1. Collect and analyze data over a twelve-month period after Pay By Mail options and the new Notice of Civil Penalty process have been implemented on the Tacoma Narrows Bridge. Use the actual data collected to validate the assumptions used in this analysis and make a final decision.
2. Evaluate the performance of the current lane system after integration with the new statewide back-office system to determine if an investment in a new system is warranted.
3. Evaluate rebidding of the current cash collection contract for the purpose of reducing costs or reducing staff during low-volume periods.

Based upon the February 2011 findings, WSDOT is requesting \$300,000 in non-vendor costs to conduct a new cashless study on the Tacoma Narrows Bridge. Following is a breakdown of the work to be performed:

1. Complete update of the cashless study, including the review and update of all assumptions and estimates (\$300,000, and 36 weeks to complete).
 - a. Update and incorporate current and forecasted operational costs (FY 2015-2020).
 - b. Review and update conceptual plans and cost estimates for elimination of cash collection without major civil work or removal of the cash toll collection infrastructure.
 - c. Review lane system performance and determine the need to upgrade specific system components, or replace the entire system and estimate costs for the recommended solution.
 - d. Perform focus groups to obtain cash customer opinions, beliefs, and attitudes about the elimination of cash collection.
 - e. Update the TNB customer survey, update regional demographic data and research trends and observations of recent cashless conversions to help validate assumptions.
 - f. Incorporate any adjustments to traffic and revenue forecasts and payment assumptions (FY 2015-2020) based on information gained from survey efforts.
 - g. Review and update conceptual plans and cost estimates for design and installation of signing and striping necessary for elimination of cash collection with demolition and removal of the cash toll plaza infrastructure.
 - h. Develop an implementation plan and schedule, should the decision be made to go cashless.

New, after 10/04/13

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

Streamline operations to conduct operations more efficiently and effectively.

Performance Measure Detail

This request contributes to the Results Washington Goal 2, Outcome Measure 3.1, "Maintain infrastructure at 2012 baseline condition levels." It also contributes to the Results Washington Goal 5, "Effective, efficient & accountable government," Outcome Measure 1.1, "Increase/maintain customer service satisfaction."

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

An update to WSDOT's strategic plan is underway. This decision package supports the department's current goals of increasing mobility and relieving congestion.

Does this decision package provide essential support to one of the Governor's priorities? If so, please describe.

Toll operations supports the Governor's priority for a prosperous economy with a sustainable transportation system that meets tomorrow's needs.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

Continued funding for tolling makes a key contribution to the "mobility" aspect of statewide results. Tolling helps create a consistent travel time which relates directly to average peak travel times. In addition, tolling keeps traffic moving and thereby helps create a safer travel environment.

Identify important connections or impacts related to this proposal.

Toll collection methodologies hold a critical position in delivering customer service and efficiently collecting tolls. Impacted stakeholders would include WSDOT Accounting & Financial Services, Office of the Treasurer, Office of Information Technology, Department of Licensing, and the Office of Administrative Hearings. Each of these entities is an important stakeholder in the toll collection process.

What alternatives were explored, and why was this alternative chosen?

This request is for an alternatives analysis to the existing toll collection methods on the Tacoma Narrows Bridge.

What are the consequences of not funding this package?

No change in current Tacoma Narrows Bridge toll collection methods.

What is the relationship, if any, to the state capital budget?

N/A

New, after 10/04/13

Determine which statutes, rules, or contracts might be impacted.

The study will not impact any existing statutes, rules or contracts.

Expenditure Calculations and Assumptions

This funding request for a WSDOT cashless study is based on an estimate provided to the Legislature in March 2013.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

The cost related to the TNB cashless study will be a one-time expense.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2014	FY 2015	2013-15	2015-17	2017-19
C - Personal Service Contracts	-	300,000	300,000	-	-
Total by Object	-	300,000	300,000	-	-

Agency: 405 Department of Transportation
Decision Package Code/Title: K- Electric Highway Charging Network
Budget Period: 2013-15
Budget Level: PL – Performance Level

Program: K – Public/Private Partnerships

Recommendation Summary

Funding is provided to expand Washington’s electric highway fast charging network.

Fiscal Detail

Detail by Fund	FY 2014	FY 2015	2013-15	2015-17	2017-19
218-1 Multimodal-State	-	2,300,000	2,300,000	2,700,000	-
Total by Fund	-	2,300,000	2,300,000	2,700,000	-
	FY 2014	FY 2015	2013-15	2015-17	2017-19
Staffing FTEs	-	1.0	0.5	0.5	-

Package Description

The state has deployed a network of fast charging stations in 12 communities along I-5, US 2 and I-90. The initial infrastructure was commissioned in 2012 with federal seed funding of \$1.6 million provided by the U.S. Department of Energy with American Recovery and Reinvestment Act dollars, administered by the Department of Commerce’s State Energy Program. Through a public/private partnership agreement, WSDOT’s private partner, AeroVironment, contributed over \$600,000 in additional value (extended warranties, payment of all electricity dispensed including demand charges, additional Level 2 charging equipment, communications and marketing support, project oversight, etc.).

This project was successfully completed. The additional funding requested in this package totals \$5.0 million spread across two biennia and is being sought to (1) fully connect the charging network in the Seattle metropolitan area (which was promised 22 fast-charging locations through USDOE’s EV Project, but not delivered before their contractor ECOtality went bankrupt); (2) to expand the network to reach other key destinations throughout the state; and (3) to provide infrastructure incentives for employers to invest in workplace-based charging stations .

(1) West Coast Electric Highway Fast Charging Network Infill

The north-south (I-5) portion of the West Coast Electric Highway currently extends from Vancouver, British Columbia through Washington and Oregon to the California border. This funding would fill the gaps in the network from the planned (but not completed) Blink fast charging network on I-5 and I-90. ECOtality, the electric vehicle charger company with responsibility for serving the greater Seattle region, filed for bankruptcy and its assets were sold at auction to Car Charging Group, leaving significant gaps in the planned fast charging network along I-5 and I-90 (completed 0 of 3 locations on I-5 north of Seattle, completed 2 of 6 stations on I-5 south of Seattle, and completed 0 of 2 stations on I-90). Infilling these locations will serve the 5,358 currently registered plug-in electric vehicles and spur sales for future EV sales. *\$1.25 million.*

(2) West Coast Electric Highway DC Fast-Charging Network Extension

Although Washington has the highest percentage use of public DC Fast chargers in the nation, the network is incomplete, with only a partial route over I-90 to Cle Elum, few stations in the most heavily-traveled central Puget Sound region, and no stations supporting key travel corridors serving Yakima, Tri-Cities, Spokane and others. This funding would leverage partnerships to provide key linkages in Washington's public fast-charging network. *\$2.375 million.*

(3) Employer Charging Incentive Program

Emerging consensus is that the area with the most potential to advance plug-in electric vehicles (PEVs) is at the workplace where employees park their cars for most of the day. The ability to have charging access for the workforce could potentially double an EV driver's all-electric daily commuting range. Workplace charging is an area currently lacking incentives for businesses. This program will incentivize investment in PEV charging infrastructure for businesses and other employers through matching grants and technical assistance for public and private employers, building owners, facility and fleet managers, employees, and others who want to install Level 2 charging infrastructure.

This project would also establish new electric vehicle destinations by working with local businesses, government, chambers of commerce, and economic development agencies. The state would build on the example of the US 2 scenic byway where recreation and tourism businesses such as Sleeping Lady Resort and Stevens Pass Ski Area installed Level 2 chargers to serve as electric vehicle destinations. *\$1.375 million.*

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Doubling the number of state highway miles that can be traveled by electric vehicles will reduce greenhouse gas emissions

Performance Measure Detail

N/A

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

Yes. This proposal supports the agency's environmental stewardship goal to promote sustainable practices by reducing greenhouse gas emissions and protecting natural habitat and water quality

Does this decision package provide essential support to one of the Governor's priorities? If so, please describe.

Yes. This package supports the Governor's priority to have a strong and reliable transportation system that efficiently moves people, goods, and services.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

Yes. This package furthers the Priorities of Government goal to support the state's economic vitality by maintaining and improving statewide mobility of people, goods, and services.

What are the other important connections or impacts related to this proposal?

The expansion of Washington’s electric highway fast charging network will leverage public-private partnerships, a model that was successful in setting up 12 public charging locations along I-5, U.S. 2 and I-90 in 2012. This is one of the nation’s most used public charging networks.

What alternatives were explored by the agency, and why was this alternative chosen?

N/A

What are the consequences of not funding this package?

Should Washington not make this investment, the state’s electric vehicle fast charging network would remain incomplete. Without stations at key intervals, electric vehicle drivers would not have access to intercity travel between Seattle, Yakima, Tri-Cities, Spokane and other cities. As the availability of public charging infrastructure helps spur electric vehicle sales, an incomplete network could slow economic growth for plug in electric vehicles in Washington.

What is the relationship, if any, to the capital budget?

N/A

What changes would be required to existing statutes, rules, or contracts, in order to implement the proposed change?

None.

Expenditure Calculations and Assumptions

The funding would be a one-time investment and would cover the capital costs for EV charging station infrastructure and program management for 2 years, which includes one Transportation Planning Specialist 4 position.

Estimated cost to install 26 stations to strengthen and expand Washington’s network at \$125,000 average per location (see below for breakdown) = \$3,250,000

Estimated Cost to Install Charging Stations	
Electric utility upgrades & grid interconnection	\$25,000
Construction and equipment installation	\$26,000
Level 2 Charger	\$2,000
Commercial-grade DC Fast-Charger (dual combo), networking & safety equipment	\$58,000
Lease & property transaction costs	\$6,000
Host site identification & screening	\$5,000
Highway signage and striping	\$3,000
Total per site	\$125,000

The remaining funding would be used for program management (to oversee the contract for the charging station infrastructure deployment and to provide technical assistance for the employer charging incentive program) and the capital costs for installing Level 2 electric vehicle supply equipment at worksites.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

The costs are one-time.

Object of Expenditure Detail					
Object of Expenditure	FY 2014	FY 2015	2013-15	2015-17	2017-19
A - Salaries and Wages	-	77,000	77,000	77,000	-
B - Benefits	-	25,000	25,000	25,000	-
E - Goods and Services	-	31,000	31,000	16,000	-
G - Travel	-	2,000	2,000	2,000	-
J- Capital Outlays	-	2,165,000	2,165,000	2,580,000	-
Total by Object	-	2,300,000	2,300,000	2,700,000	-

Salary and FTE Detail						
List Positions by Classification	FTEs			Dollars		
	FY 2014	FY 2015	Biennial Average	FY 2014	FY 2015	Total
Transportation Planning Specialist 4	-	1.0	0.5	-	77,000	77,000
Total	-	1.0	0.5	-	77,000	77,000

Out Biennia				
List Positions by Classification	FTEs		Dollars	
	2015-17	2017-19	2015-17	2017-19
Transportation Planning Specialist 4	0.5	-	77,000	-
Total	0.5	-	77,000	-

Agency: 405 Department of Transportation
Decision Package Code/Title: K- Community Modeling Project
Budget Period: 2013-15
Budget Level: PL – Performance Level

Program: K – Public/Private Partnerships

Recommendation Summary

Funding is provided to assist with local efforts in identifying, developing, and funding specific solutions to increase economic competitiveness by improving the efficiency and affordability of transportation.

Fiscal Detail

Detail by Fund	FY 2014	FY 2015	2013-15	2015-17	2017-19
218-1 Multimodal-State	2,250,000	5,250,000	7,500,000	7,500,000	7,500,000
Total by Fund	2,250,000	5,250,000	7,500,000	7,500,000	7,500,000
	FY 2014	FY 2015	2013-15	2015-17	2017-19
Staffing FTEs					

Package Description

As a part of his 2014 Supplemental Transportation Budget proposal, Governor Inslee has targeted an investment of \$7.5 million to assist with local efforts to identify, develop, and fund specific solutions to increase economic competitiveness by improving the efficiency and affordability of transportation. For purposes of this program, “transportation energy efficiency” means reducing or shifting away from fuels that have high life-cycle costs to fuels that have lower life-cycle costs. This program has three primary components:

1. Transportation Energy Efficiency Modeling, customized to reflect the assets, use cases, resources and goals of the specific local jurisdiction. Funding for this element will allow development of a basic model template that in turn, can be adapted by any jurisdiction. An important function of the model will be conducting comparative Benefit-Cost analysis of different fuel efficiency strategies and options. *\$0.775 million.*
2. Technical Assistance to Local Governments, provided by the state to ensure that all jurisdictions can take advantage of this program. Washington has 281 cities, 39 counties and 75 port districts – most lacking the resources or expertise to conduct this new form of transportation energy efficiency modeling. *\$0.525 million.*
3. Implementation Grants to Local Governments, provided on a competitive-selection basis to those communities that have undertaken the transportation energy efficiency modeling and developed a plan for improving fuel efficiency in their community. Most of the funding would be provided in the form of direct grants intended to leverage co-investment by the local jurisdiction. While more specific grant criteria would be developed in consultation with the Governor and transportation committees of the legislature, the intent is for funding to be provided where a strong ROI has been demonstrated through the modeling. *\$6.2 million.*

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Reducing transportation fuel costs will result in retaining more wealth locally for reinvestment in businesses and communities.

Performance Measure Detail

N/A

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

Yes. This proposal supports the agency's Community Engagement goal to expand and strengthen partnerships and community involvement to inform priorities and decision making.

Does this decision package provide essential support to one of the Governor's priorities? If so, please describe.

Yes. This package supports the Governor's priority to have a strong and reliable transportation system that efficiently moves people, goods, and services.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

Yes. This package furthers the Priorities of Government goal to support the state's economic vitality by maintaining and improving statewide mobility of people, goods, and services.

What are the other important connections or impacts related to this proposal?

In order to retain more wealth locally for reinvestment in their businesses and communities, local governments are seeking ways to reduce transportation fuel costs. Many different strategies are possible: route optimization, vehicle fleet modernization, idle reduction, shifting to lower-cost alternative fuels, trip-chaining, reducing drive-alone commuting, and purchasing more fuel-efficient cars are common strategies for businesses and households alike. At a broader level, stronger linkages between transportation and land use can lower transportation fuel costs.

What alternatives were explored by the agency, and why was this alternative chosen?

N/A

What are the consequences of not funding this package?

State government is in the best position to assist local governments in their efforts to identify, develop and fund solutions that would improve the efficiency and affordability of transportation. If this proposal is not funded the opportunity to lead this initiative would not happen.

What is the relationship, if any, to the capital budget?

N/A

What changes would be required to existing statutes, rules, or contracts, in order to implement the proposed change?

None.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

The costs are on-going.

Object of Expenditure Detail					
Object of Expenditure	FY 2014	FY 2015	2013-15	2015-17	2017-19
C - Professional Service Contr	390,000	910,000	1,300,000	1,300,000	1,300,000
N - Grants, Benefits and Clie	1,860,000	4,340,000	6,200,000	6,200,000	6,200,000
Total by Object	2,250,000	5,250,000	7,500,000	7,500,000	7,500,000

Agency: 405 Department of Transportation
Decision Package Code/Title: SD DBE Community Engagement
Budget Period: 2013-15
Budget Level: PL – Performance Level

Program S – Transportation Management and Support

Recommendation Summary

Funding is requested to strengthen the department’s outreach and engagement with the Disadvantaged Business Enterprise (DBE) community in Washington State. The purpose of the DBE program is to ensure a level playing field and foster equal opportunity for firms owned and operated by disadvantaged individuals on USDOT-assisted contracts and procurements. This request would establish a position in the department specifically tasked with statewide DBE community outreach and coordination with the goals of increasing participation and preparing contractors to work with the department.

Fiscal Detail

Detail by Fund	FY 2014	FY 2015	2013-15	2015-17	2017-19
108-1 MVA-State	113,000	145,000	258,000	289,000	289,000
Total by Fund	113,000	145,000	258,000	289,000	289,000
	FY 2014	FY 2015	2013-15	2015-17	2017-19
Staffing FTEs	0.6	1.0	0.8	1.0	1.0

Package Description

As a condition of receiving federal financial assistance from the United States Department of Transportation (USDOT), the department has given assurance to USDOT that it will comply with Title 49 Code of Federal Regulations (CFR) Part 26. It is the policy of the department to comply with 49 CFR Part 26 and to provide DBEs with an equal opportunity to receive and participate in USDOT-assisted contracts. It is also the department’s stated policy to help remove barriers to the participation of DBEs and to assist in the development of DBEs so they can compete successfully in the marketplace outside the DBE program, but additional resources are required to strengthen the department’s outreach and engagement efforts.

The purpose of the DBE program is to ensure a level playing field and foster equal opportunity for firms owned and operated by individuals who are both socially and economically disadvantaged. The department establishes DBE, minority, women, and small business enterprise goals for both state and federally funded projects. One of the primary distinctions between the state and federal programs is that state funded projects contain voluntary goals while federally funded projects may require prime contractors to meet the DBE goal (or show sufficient good faith efforts to meet the goal) in order to be considered for contract award. If the department doesn’t make a good faith effort to properly implement the program in

accordance with the federal DBE regulations, federal funding for our projects could be withheld.

Recent projects, like the Alaskan Way Viaduct replacement program, have demonstrated the need to do more to attract and train DBE firms to improve their ability to work on WSDOT projects. The department currently offers some assistance through the DBE Support Services program, which is designed to help those DBEs wishing to bid on WSDOT and local agency highway projects. Support services are available only to DBEs that are certified in the highway construction industry. Through this program, the department offers pre-qualification and certification assistance to interested firms as well as technical assistance in a number of areas, including estimating and bidding, financial services, and record keeping. However, additional resources are required to fill in the gaps in the existing program and to allow the department to be more strategic in its outreach, partnerships, and collaboration.

The department is requesting funding to establish a position that would work as a liaison to the DBE community to find ways to increase DBE opportunities and participation. Specific tasks would include engaging the DBE community to better understand their needs, expectations, and concerns. This information would then be used to develop participation plans to improve the overall involvement of DBE contractors in projects across the state. The DBE Outreach Manager will be an important part of meeting the department's goals of increasing participation and preparing contractors to work with the department.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

This investment will enhance the department's efforts to be more successful in meeting its DBE participation targets. This position will be specifically tasked with DBE community outreach and coordination with the goals of increasing participation and preparing contractors to work with the department.

Performance Measure Detail

This request contributes to the Results Washington Goal 2, Outcome measure 1.2, "Increase gross business income (GBI) from \$646 billion in 2012 to \$749 billion by 2015" by fostering the use of local companies.

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

An update to WSDOT's strategic plan is underway.

The decision package is consistent with the current strategic plan goals to move people, goods, and services reliably, safely, and efficiently by operating transportation systems efficiently and managing demand effectively to relieve congestion. Specifically, this package addresses the strategic goal of mobility and congestion relief by supporting the design and construction of transportation projects. This investment also addresses the strategic goal of economic vitality

and the objective of promoting business development by purchasing goods and services in a manner that maximizes competition, builds opportunities for disadvantaged businesses, creates family-wage jobs, and supports a green economy.

Does this decision package provide essential support to one of the Governor’s priorities? If so, please describe.

This proposal addresses the Governor’s priority of creating a prosperous economy, specifically contributing to a sustainable and efficient infrastructure and supporting private-sector business growth.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

This package supports the Priorities of Government’s mobility results area. Specifically, it addresses the priority “Improve the predictable movement of goods and people” by contributing to project delivery. It also addresses the priority of improving economic vitality for businesses and individuals.

Identify important connections or impacts related to this proposal.

This proposal will improve and strengthen the DBE process at the department, which will have a positive impact for the businesses and tax payers of Washington State. With additional resources, the coordination and outreach to the DBE community will be improved, which will improve the department’s ability to meet its DBE participation targets.

What alternatives were explored, and why was this alternative chosen?

Rather than create a position in the department to coordinate and lead the DBE outreach process, the department could hire a contractor to fulfill those functions. That alternative was not chosen because this critical work will be ongoing and the department needs to retain this expertise in house.

What are the consequences of not funding this package?

The status quo of an under-resourced DBE program would continue, and the department would continue to be at risk of not meeting its DBE participation targets.

What is the relationship, if any, to the state capital budget?

N/A

Determine which statutes, rules, or contracts might be impacted.

The department would be better positioned to fulfill the requirements of 49 CFR Part 26.

Expenditure Calculations and Assumptions

Given the scope and authority of the position, the request assumes one WMS 2 leader and associated costs.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

Labor costs are ongoing. Some goods and services and capital outlay costs are assumed to be one time.

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2014	FY 2015	2013-15	2015-17	2017-19
A - Salaries and Wages	57,000	97,000	154,000	194,000	194,000
B - Benefits	17,000	29,000	46,000	57,000	57,000
E - Goods and Services	27,000	9,000	36,000	18,000	18,000
G - Travel	3,000	5,000	8,000	10,000	10,000
J - Capital Outlay	9,000	5,000	14,000	10,000	10,000
Total by Object	113,000	145,000	258,000	289,000	289,000

Salary and FTE Detail						
Position by Classification	FTEs			Dollars		
	FY 2014	FY 2015	Biennial Average	FY 2014	FY 2015	Total
DBE Outreach Manager - WMS 2	0.6	1.0	0.8	57,000	97,000	154,000
Total	0.6	1.0	0.8	57,000	97,000	154,000

Out Biennia				
Position by Classification	FTEs		Dollars	
	2015-17	2017-19	2015-17	2017-19
DBE Outreach Manager - WMS 2	1.0	1.0	194,000	194,000
Total	1.0	1.0	194,000	194,000

New, after 10/04/13

Agency: 405 Department of Transportation
Decision Package Code/Title: TE - Least Cost Planning
Budget Period: 2013-15 Biennium
Budget Level: PL - Performance Level

Program T – Transportation Planning, Data, and Research

Recommendation Summary

Funding is requested for the department to implement a Least Cost Planning method of analyzing transportation system problems and improvement opportunities to identify an optimum mix of practical investment and policy options that support communities, the economy, and the environment.

Fiscal Detail

Detail by Fund	FY 2014	FY 2015	2013-15	2015-17	2017-19
108-1 MVA-State	-	225,000	225,000	225,000	-
108-2 MVA-Fed	-	898,000	898,000	898,000	-
Total by Fund	-	1,123,000	1,123,000	1,123,000	-
	FY 2014	FY 2015	2013-15	2015-17	2017-19
Staffing FTEs	-	1.0	0.5	0.5	-

Package Description

Least Cost Planning (LCP) is an approach that considers a variety of investments on an equal basis; analyses the costs and benefits of various strategies, including direct and indirect costs; and includes the public in the planning process. LCP started in the energy planning environment when organizations began to analyze the cost-benefit of investing in conservation solutions compared to building additional capacity. Since then, the approach has expanded and been used in other sectors, including transportation. In an LCP approach for transportation, multimodal and demand management solutions would be quantitatively compared to construction alternatives. An LCP approach is designed to create a transportation system that is constructed, operated and maintained with the highest return on investment. Specific approaches to LCP can vary, but the key qualities are, that a variety of investment options can be evaluated using consistent measures, which allows decision makers and the public to compare the costs and benefits of contrasting solutions. LCP is organized around strategies to meet specific goals and objectives, such as congestion relief or improved safety.

The department will develop a Least Cost Planning framework in consultation with Regional Transportation Planning Organizations (RTPOs), other affected stakeholders, and the public. This request will fund the development of a LCP framework with assistance from consultants with LCP experience. The LCP framework will include multiple objective decision analysis capability. An additional staff position will be required to work with the consultant, coordinate and oversee the process, test the completed framework, and implement the final result.

Narrative Justification and Impact

What specific performance outcomes does the agency expect?

A Least Cost Planning approach is designed to use qualitative analysis to inform investment decisions and create the greatest benefit to users of the transportation system at the least cost. LCP goes beyond traditional cost/benefit approaches in that it also considers multiple project objectives, some of which (such as environmental, livability and quality of life factors) may not be able to be monetized for traditional cost/benefit analysis. Doing a bit more work up front should result in lower overall project delivery and societal costs and in greater public satisfaction since practical solutions right-sized to the problems can be implemented for less money and within a smaller community and environmental footprint. Such solutions can often be provided more quickly and yield faster return on investment and benefits to the travelling public.

Put a different way, LCP actually allows full cost planning in that it attempts to capture all societal costs and benefits for inclusion in the decision of whether or not a project or program is worth the investment.

Performance Measure Detail

This request contributes to the Results Washington Goal 2, Outcome measure 3.1, "Maintain infrastructure at 2012 baseline condition levels."; Goal 2, Outcome Measures 3.2a, "Improve travel and freight reliability on strategic corridors resulting from economic growth to within 5% of 2012 baseline" and 3.2b, "Maximize existing capacity of strategic corridors by increasing people and/or goods moved per corridor mile"; and Goal 3, Outcome Measures 1.1a "Increase transportation Sector renewable energy use per vehicle mile traveled" and 1.1b, "Decrease tons of transportation related emissions of Greenhouse Gases per real dollar of gross state product".

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

The decision package supports WSDOT's goal to promote and develop sustainable transportation systems that stimulate, support, and enhance the movement of people and goods to ensure a prosperous economy.

Does this decision package provide essential support to one of the Governor's priorities? If so, please describe.

The proposal is related to Governor Inslee's *Results Washington* priority for a Prosperous Economy, specifically by contributing to a sustainable, efficient infrastructure, and Sustainable Energy and a Clean Environment.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

LCP makes contributions to the POG priority to improve the statewide mobility of people, goods, and services. LCP could inform the POG prioritization of different investment strategies

New, after 10/04/13

that support the POG goals, such as decreasing the average travel times for key commute routes.

Identify important connections or impacts related to this proposal.

LCP will provide qualitative data to inform investment decisions that address the goals of Results Washington and the Priorities of Government.

What alternatives were explored, and why was this alternative chosen?

LCP had been implemented by other organizations and states. However, there is variety and individualization that is done by each organization as specific goals, processes, and strategies are identified. Washington can benefit from the expertise of others, but must create a LCP process that is tailored to our state's unique needs and issues. The process will benefit from public input as well.

What are the consequences of not funding this package?

Development and implementation of a LCP process for Washington will lead to a more efficient transportation system as decisions are informed by cost and benefit analysis. If this one-time investment is not made, the traditional planning processes will remain in place.

What is the relationship, if any, to the state capital budget?

N/A

Determine which statutes, rules, or contracts might be impacted.

N/A

Expenditure calculations and assumptions.

The personal service contract was estimated based on Oregon's recent experience in the development of a LCP process. It is assumed that a Transportation Specialist 5 will support and coordinate this effort for WSDOT.

Which costs and functions are one-time versus ongoing? What are the budget impacts in future biennia?

All costs are considered one-time. The process is assumed to take two years to develop and implement. The costs are assumed to be incurred in the last year of 2013-15 biennium and the first year of 2015-17 biennium.

New, after 10/04/13

Objects of Expenditure

Object of Expenditure Detail					
Object of Expenditure	FY 2014	FY 2015	2013-15	2015-17	2017-19
A - Salaries and Wages	-	85,000	85,000	85,000	-
B - Benefits	-	25,000	25,000	25,000	-
C - Personal Service Contracts	-	1,000,000	1,000,000	1,000,000	-
E - Goods and Services	-	10,000	10,000	10,000	-
G - Travel	-	3,000	3,000	3,000	-
Total by Object	-	1,123,000	1,123,000	1,123,000	-

Salary and FTE Detail						
List Positions by Classification	FTEs			Dollars		
	FY 2014	FY 2015	Biennial Average	FY 2014	FY 2015	Total
Transportation Planning Specialist 5	-	1.0	0.5	-	85,000	85,000
Total	-	1.0	0.5	-	85,000	85,000

Out Biennia				
List Positions by Classification	FTEs		Dollars	
	2015-17	2017-19	2015-17	2017-19
Transportation Planning Specialist 5	0.5	-	85,000	-
Total	0.5	-	85,000	-