

Office of Financial Management

Overview:

2011-13 Proposed Transportation Budget

Transportation Commission

January 19, 2011

Presentation

- Tough budget climate
- Reductions and efficiencies
- Growing debt
- Shrinking revenues
- Uncertain federal funding
- Agency requests vs. Governor proposed
- Governor proposed compared to 2009-11
- What will be delivered in 2011-13

Budget Climate

Cuts and efficiencies

- August 2008 Governor instructed agencies to cut energy consumption by 5%, imposed immediate freeze on new hiring, prohibited out of state travel, personal service contracts and equipment purchases not related to public safety or other non-discretionary activities
- October 2008 agencies directed to develop voluntary program reductions and eliminations
- November 2008 directive to agencies to save additional money
- February 2009 legislation enacted to freeze salaries and wages, hiring, personal service contracts, equipment purchases, out-of-state travel and training
- February 2010 salary and award freeze legislation
- March 2010 legislation passed to close state agencies on selected dates (temporary Layoffs) – equivalent to a 3.8% reduction
- 2011-13 proposed budget includes 3.0% salary reductions and step freezes
- As of January 2011, more than \$50 million in reductions have been taken/proposed.

Transportation budget by revenue source

2011-13*

(Dollars in billions)

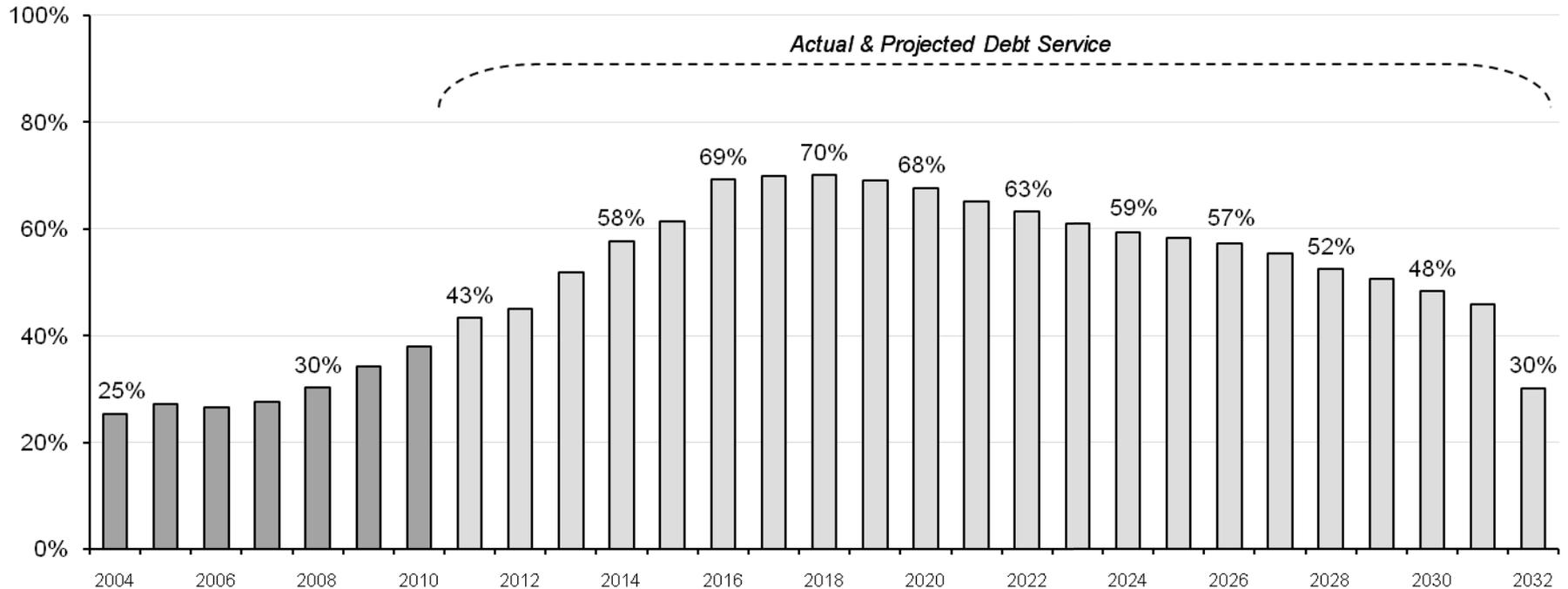
Source	\$	%	
Gas Tax	\$2.5	33.2%	} Combined gas tax revenue, more than 75% of budget
Gas Tax Backed Bond Sales	\$2.1	28.2%	
Federal Gas Tax Supported Funds	\$1.1	14%	
Licenses, Permits, and Fees	\$.9	12.2%	
Other	\$.6	7.6%	
Ferry Fares	\$.3	4.3%	
Multimodal Bonds	\$.04	0.5%	
TOTAL	\$7.5	100%	

* Excludes federal funds for high-speed rail and bonding for SR 520

Debt Service as a Percent of the State's Overall Share of the Fuel Tax

(State Share 12.04¢ + 5¢ + 8.5¢ = 25.5¢)

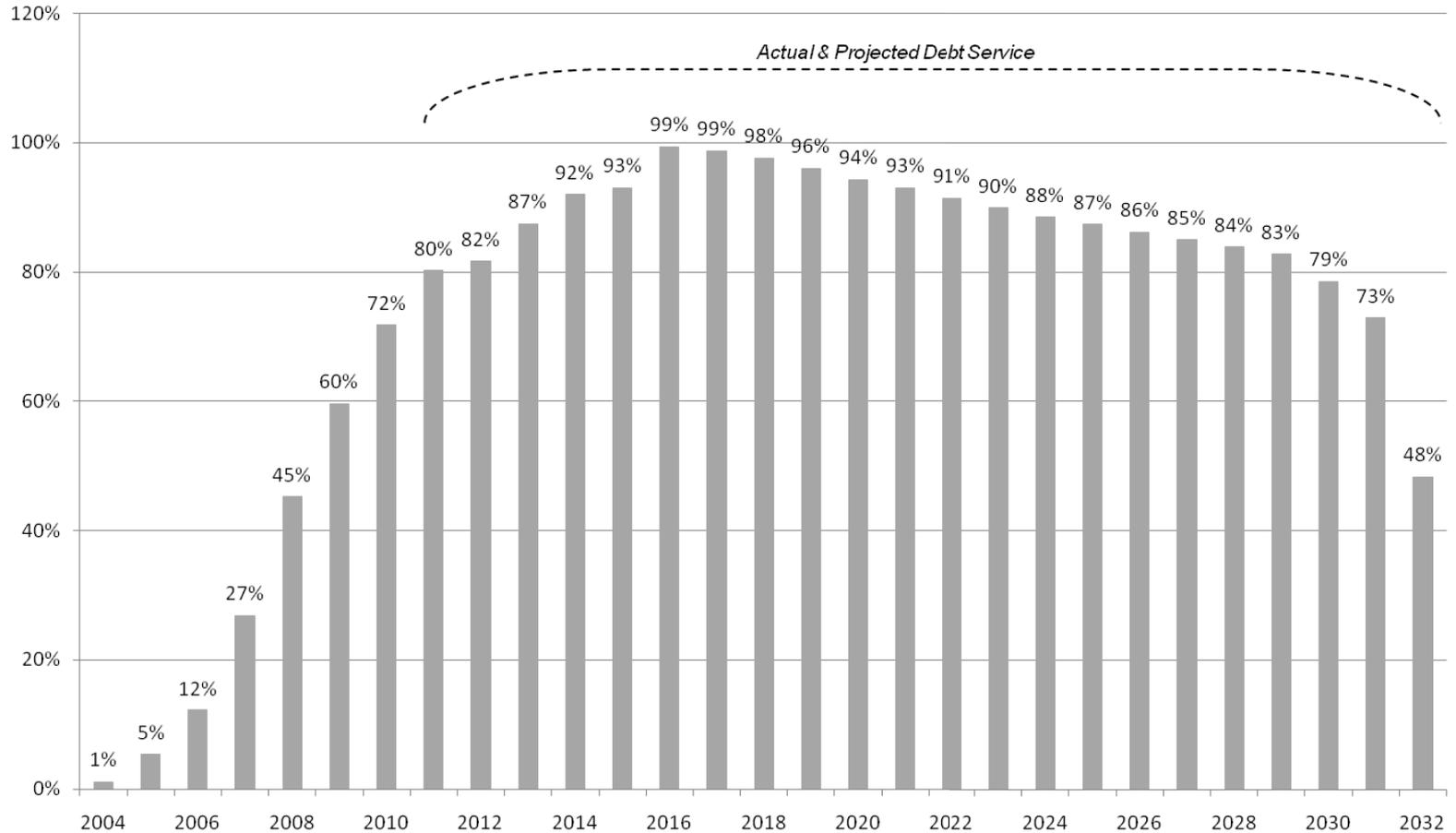
June 2010 Transportation Revenue Forecast



- State motor fuel taxes include distributions to the Motor Vehicle Account, Puget Sound Ferries Capital Construction Account, Puget Sound Ferry Operations Account, Special Category C Account, the 2003 Transportation Account, and the Transportation Partnership Account.
- Excludes debt service on R49 bonds used to finance the Tacoma Narrows Bridge.

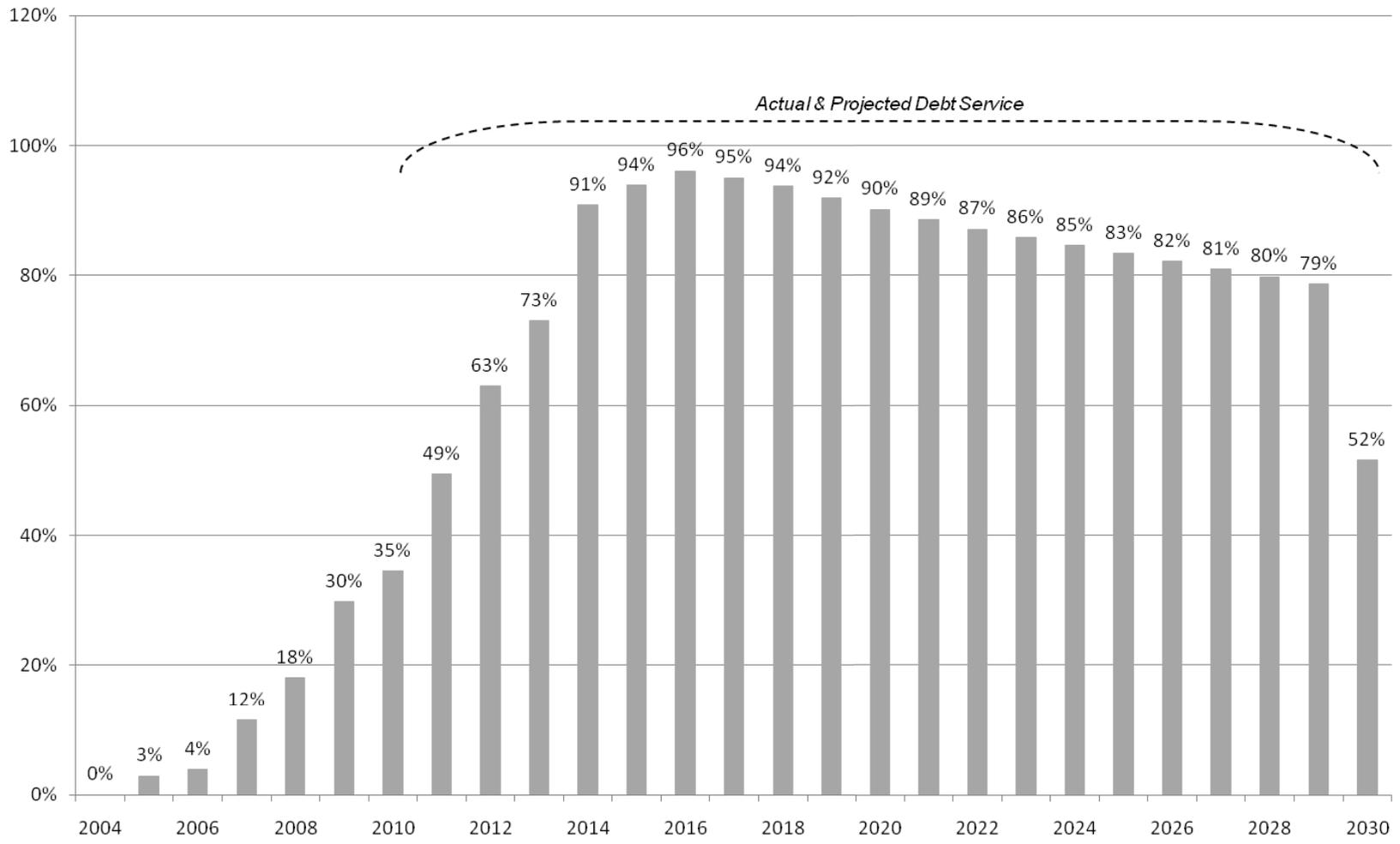
Debt Service as a Percent of the Fuel Tax, and Licenses, Permits, and Fees Deposited into the Nickel Account

June 2010 Transportation Revenue Forecast



Debt Service as a Percent of the Fuel Tax, and Licenses, Permits, and Fees Deposited into the Transportation Partnership Account

June 2010 Transportation Revenue Forecast



Federal Funding

- SAFETEA-LU - extended through March 4, 2011 per language in the continuing resolution.
- The American Recovery and Reinvestment Act of 2009 (ARRA) was signed into law by President Obama on February 17, 2009.
 - \$751.5 million for high speed intercity passenger rail projects
 - \$590 million originally provided in early 2010
 - \$161 million in additional ARRA funds originally designated for Ohio and Wisconsin were redirected to Washington State
 - \$342 million awarded to Washington for highway projects
 - 51 state projects awarded, 41 complete
 - 168 local projects awarded, 144 complete
 - \$7.8 million for ferries to paint vessels and \$613,000 for terminal seismic retrofits
 - 3,700 jobs created/saved in state highway ARRA projects in Washington state between 1/1/2010 and 5/25/2010
 - \$35 million Transportation Investment Generating Economic Recovery (TIGER) grant for the North Spokane Corridor
- \$31 million for additional non-ARRA awards for high speed rail
- Highway Trust Fund is out of money
 - \$19 billion transferred within past 2 years from General Fund to Highway Trust Fund

Agencies asked for 6 to 8% increases

Agency	2009-11 Base	Request and % change	Major asks
WSDOT	\$6.9 B	\$7.4 B 7.9%	<ul style="list-style-type: none"> • Construction: \$4.7 billion for highway improvements and preservation • Maintenance: \$12.9 million for new highway additions • Tolling: \$33.4 million for SR 520 • Stormwater: \$26.1 million across multiple programs • Equipment: \$11 million for additional equipment • Ferry fuel cost increase: \$32.2 million • Highway programs fuel cost Increase: \$5.8 million
DOL	\$290.5 M	\$307.7 M 5.9%	<ul style="list-style-type: none"> • Online fuel tax collection system: \$7.4 million • Commercial drivers license system: \$1 million • Commercial drivers license medical certificates: \$1 million
WSP	\$421.9 M	\$447.2 M 6.0%	<ul style="list-style-type: none"> • Narrowbanding: \$60 million (requested in Capital Budget) • Mobile office platform: \$8.2 million (\$7.3 million in transportation budget) • Field force staffing: \$10.1 million • Pursuit vehicle replacement: \$5.2 million

	09-11	11-13	13-15	15-17	17-19	19-21	21-23
Account Balance Summary (in thousands)	Projected						
Ending Balances - Agency Request (September 2010 Forecast)							
<u>108 Motor Vehicle Account</u>							
Beginning	94,758	(18,620)	(156,578)	(245,954)	(373,295)	(471,895)	(600,182)
Ending	(2,620)	(156,578)	(245,954)	(373,295)	(471,895)	(600,182)	(730,167)
<u>550 Nickel Account</u>							
Beginning	49,528	30,431	17,286	7,069	(4,164)	(5,616)	3,756
Ending	30,431	17,286	7,069	(4,164)	(5,616)	3,756	23,201
<u>09H Transportation Partnership Account</u>							
Beginning	85,015	158,122	(1,253)	(2,499)	(10,199)	(13,724)	(17,583)
Ending	158,122	(1,253)	(2,499)	(10,199)	(13,724)	(17,583)	(22,697)
<u>218 Multimodal Account</u>							
Beginning	30,556	16,035	(10,561)	(51,470)	(105,089)	(138,857)	(174,959)
Ending	16,035	(10,561)	(51,470)	(105,089)	(138,857)	(174,959)	(200,265)
<u>215 Special Cat. C Account</u>							
Beginning	2,184	341	(1,905)	594	12,076	25,171	39,643
Ending	341	(1,905)	594	12,076	25,171	39,643	49,806
<u>099 PS Capital Construction Account</u>							
Beginning	19,709	12,213	9,869	(325,827)	(556,821)	(794,348)	(865,864)
Ending	12,213	9,869	(325,827)	(556,821)	(794,348)	(865,864)	(907,843)
<u>109 PS Ferry Operations Account</u>							
Beginning	2,616	(2,860)	(49,837)	(136,673)	(209,746)	(270,238)	(316,581)
Ending	(2,860)	(49,837)	(136,673)	(209,746)	(270,238)	(316,581)	(347,516)
<u>081 State Patrol Account</u>							
Beginning	8,859	(1,909)	(31,238)	(61,511)	(106,041)	(148,789)	(208,325)
Ending	(1,909)	(31,238)	(61,511)	(106,041)	(148,789)	(208,325)	(245,701)
<u>106 Hwy Safety - DOL Account</u>							
Beginning	3,274	745	(592)	332	2,889	6,989	11,090
Ending	745	(592)	332	2,889	6,989	11,090	16,426

Reductions

September 23, 2010 reduction memo

- WSDOT had to reduce its 2011-13 budget request by \$212 million
- WSP had to reduce its transportation budget request by almost \$32 million
- DOL had to reduce by \$5.4 million
- Smaller agencies also had to reduce

Governor Proposed Compared to Agency Request

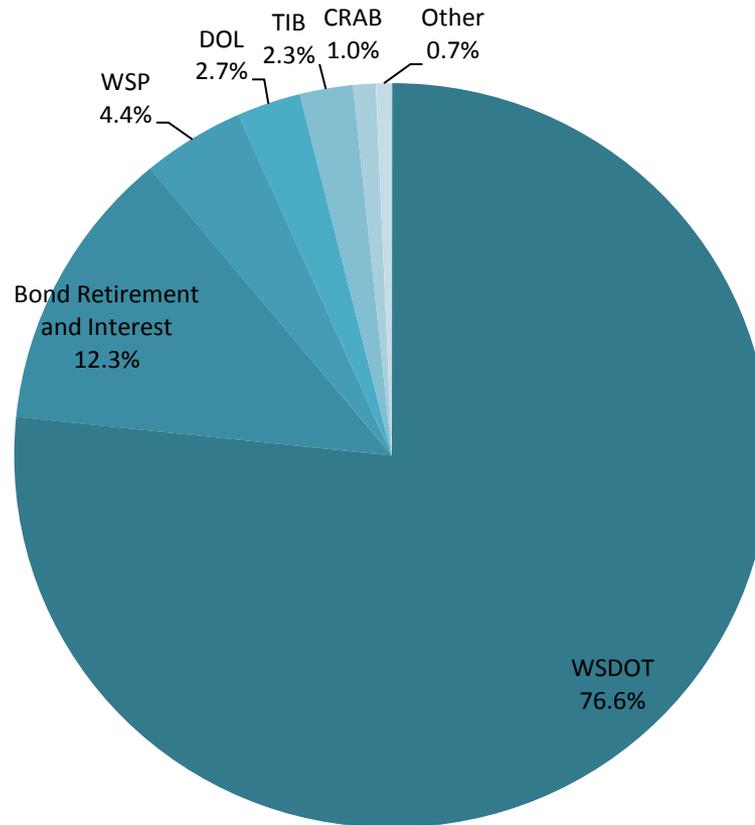
Agency Request \$	Governor Proposed \$	Difference
WSDOT: \$ 7.4 B	\$ 6.9 billion	(\$ 500 million) a 6.8% reduction
DOL: \$ 307.7 M	\$ 302.3 million	(\$5.4 million) a 1.5%reduction
WSP: \$ 447.2 M	\$ 457.1 million*	\$ 9.8 million a 2.2% increase

Agency Request FTES	Governor Proposed FTES	Difference
WSDOT: 7,782	7,461	(321)
DOL: 1,366	1,361	(5)
WSP: 2,481	2,384	(97)

Overview of Governor's Proposed 2011-13 Transportation Budget by Agency

WSDOT - \$6.9 B

- **Ferries - \$.6 B or 9%**
- **Highway maintenance, preservation, improvements \$5 B or 73%**
- **Public transportation and rail \$.5 B or 8%**
- **Other \$.8 B or 10%**



Agencies (billions)

WSDOT - \$ 6.9
 WSP - \$.4
 DOL - \$.2
 TIB - \$.2
 CRAB - \$.09
 Other - \$.06
Subtotal - \$ 7.9
 Bond Debt - \$ 1.1

Total- \$ 9.0

* Numbers include allocations for health benefits

Governor Proposed Compared to 2009-11

- .8% increase for WSDOT
- (1.8%) decrease for DOL
- 2.3% increase for WSP
- (18.7%) decrease for CRAB
- (3.5%) decrease for TIB

2009-11 compared to 2011-13

selected WSDOT Operating Programs

(in millions)

Selected WSDOT operating programs	2010 Enacted Supplemental Budget	2011-13 Governor's Proposed
WSDOT-program management	\$50.3 million	\$47.9 million
WSDOT-planning	\$52.6 million	\$48.8 million
WSDOT-public transportation	\$134.5 million	\$90.9 million
WSDOT-IT	\$74.8 million	\$70.1 million
WSDOT -rail	\$37.4 million	\$29.9 million
Ferries -operations	\$427.5 million	\$440.6 (despite reductions of more than \$20 million)

2009-11 compared to 2011-13

Selected WSDOT Capital Programs

Selected WSDOT programs	2010 Enacted Supplemental Budget	2011-13 Governor Proposed
Improvements	\$3.4 billion	\$3.9 billion
Preservation	\$ 760.6 million	\$772.1 million
Rail	\$735.3 million	\$432.8 million
Ferries	\$314.2 million	\$178.9 million

Reductions and Efficiencies

WSDOT

- One-time \$4.5 million reduction in operating costs for the Tacoma Narrows Bridge
- On-going reduction of \$15.8 million related to efficiencies found in IT, capital facilities, planning, traffic operations, program management, and administrative support
- Ferry reductions of more than \$20 million

DOL

- \$2.6 million in savings by switching to electronic vehicle renewal notices from paper
- \$3 million saved through administrative reductions

WSP

- \$3.6 million reduction to eliminate auto theft program
- \$1.7 million reduction to eliminate ferry terminal traffic control

\$3.9 billion to improve highway mobility

- More than 56 billion vehicle miles traveled per year
- 6.8 million registered vehicles
- 18,389 state highway miles
- 56.2% of traffic carried on state highways
- 9,601 miles per vehicle per year on average
- 233 miles of HOV freeway lanes

Status of Mega Projects

Project	Total Budget	Spending in 2011-13	Jobs Created or Sustained in 2011-13
Alaskan Way Viaduct	\$2.8 billion*	\$882 million	4,400
SR 520 Evergreen Floating Bridge Replacement	\$4.65 billion**	\$1.2 billion	6,000
I-5 Tacoma HOV	\$1.5 billion	\$305 million	1,600
I-405 Corridor	\$1.5 billion	\$264 million	1,400
North Spokane Corridor	\$605 million	\$72 million	600
I-90 Snoqualmie Pass	\$551 million	\$146 million	800

* Includes \$400 million in toll revenue that has yet to be authorized by Legislature

** In 2009, Legislature set a program budget of \$4.65 billion. Of the \$4.65 billion budget, only \$2.477 billion is currently funded.

Status of Highway Nickel and TPA Construction

	Nickel & TPA Projects	% of Total	\$ Cost (Billions)
Total number of projects (2010 LEAP List)	421		\$15.5
Total completed	294	70%	\$4.1
Total number in construction phase	42	10%	\$9.6
Total going to advertisement in the next 6 months	22	5%	\$0.4
Total going to advertisement in 2011-13	15	4%	\$0.2
TOTAL	373	89%	\$14.3

\$1.2 Billion to Preserve and Maintain the State Highway System

- \$772 million for Preservation
 - \$319 million for Pavement
 - \$290 million for Bridges
- \$389 million for Maintenance
 - \$7 million increase for new additions to the highway system
 - \$7.8 million to comply with the stormwater permit issued by the Department of Ecology (\$15.1 million overall for stormwater compliance)

\$388.2 Million to Help Preserve and Improve Local Streets

- County Road Administration Board: \$89.3 million
 - 78,916 county lane miles
- Transportation Improvement Board: \$205.7 million
 - 35,548 city road lane miles
- WSDOT Local Programs: \$93.2 million
 - 42.5% of traffic is carried on county and city streets

\$619 Million to Provide Ferry Service

- \$440.6 million for ferry operations
 - Provides 477 daily trips (down from 505)
 - Reflects proposed service reductions of \$20 million (offset by \$3 million in lost revenue)
- \$178.9 million for Ferry Capital
 - Provides funding for completion of 3 Kwa-di-Tabil vessels

\$553 Million to Support Rail & Public Transportation

- Rail
 - \$462.8 million
 - \$432.8 million in capital projects; includes \$360 million for high-speed rail
 - \$30 million for operating programs; includes state-sponsored Amtrak Cascades train service
- Public transportation
 - \$90.5 million
 - \$28.9 million for regional mobility grants
 - \$25 million for special needs transportation
 - \$15.5 million for rural mobility grants

\$392.7 Million to Support WSP

- Supports authorized 672 troopers who patrol the state highway system.
- Adds \$25.1 million for communication and dispatch system upgrades to meet federal mandates to operate in narrowband mode by January 1, 2013.
- Provides \$8.2 million for mobile office platforms in trooper vehicles.

\$247.8 Million for Department of Licensing

- Adds \$7.4 million for online fuel tax filing expected to generate an additional \$6.3 million per biennium.
- Sustains funding for 56 licensing offices providing service to 1.3 million drivers per year.
- Licenses 6.8 million vehicles through agents and sub-agents.

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Account Balance Summary (in thousands)	Projected						
Ending Balances - 2011-13 Governor's Proposed Budget (November 2010 Forecast)							
<u>108 Motor Vehicle Account</u>							
Beginning	94,758	16,094	657	(6,623)	(90,011)	(167,608)	(273,653)
Ending	16,094	657	(6,623)	(90,011)	(167,608)	(273,653)	(443,969)
<u>550 Nickel Account</u>							
Beginning	49,528	27,369	6,765	17,121	6,690	(13,704)	(18,782)
Ending	27,369	6,765	17,121	6,690	(13,704)	(18,782)	(23,817)
<u>09H Transportation Partnership Account</u>							
Beginning	85,015	182,476	4,866	12,563	19,925	(16,746)	(107,908)
Ending	182,476	4,866	12,563	19,925	(16,746)	(107,908)	(233,889)
<u>218 Multimodal Account</u>							
Beginning	30,556	22,244	966	(46,079)	(122,358)	(63,183)	(54,706)
Ending	22,244	966	(46,079)	(122,358)	(63,183)	(54,706)	(57,850)
<u>215 Special Cat. C Account</u>							
Beginning	2,184	644	107	784	101	620	845
Ending	644	107	784	101	620	845	254
<u>099 PS Capital Construction Account</u>							
Beginning	19,709	5,817	5,360	(135,846)	(532,646)	(767,853)	(889,100)
Ending	5,817	5,360	(135,846)	(532,646)	(767,853)	(889,100)	(935,685)
<u>109 PS Ferry Operations Account</u>							
Beginning	2,616	2,593	2,226	(34,226)	(56,866)	(65,457)	(59,060)
Ending	2,593	2,226	(34,226)	(56,866)	(65,457)	(59,060)	(37,218)
<u>16J State Route Number 520 Corridor Account</u>							
Beginning	0	1,032	332	119	551	15,827	45,033
Ending	1,032	332	119	551	15,827	45,033	47,707
<u>081 State Patrol Account</u>							
Beginning	8,859	2	3,196	(36,419)	(85,087)	(128,060)	(184,833)
Ending	2	3,196	(36,419)	(85,087)	(128,060)	(184,833)	(216,294)
<u>106 Hwy Safety - DOL Account</u>							
Beginning	3,274	1,963	6,216	5,082	7,744	9,665	12,622
Ending	1,963	6,216	5,082	7,744	9,665	12,622	14,791

For further information

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