Executive Summary

A reliable and efficient transportation network lies at the core of Washington's economic vitality and outstanding quality of life. Maintaining, preserving and improving Washington's statewide, multimodal transportation system is essential. Transportation investments create living-wage jobs, spur economic recovery, promote vibrant communities, and position businesses for participation in the global economy. Transportation is the foundation that moves goods to market, people to jobs, and families to activities.

But funding for Washington's transportation system is insufficient over the long term. Projected increases in population and freight movement, coupled with flat or declining transportation revenues, are placing a tremendous strain on the state's ability to maintain and preserve its transportation system. In 2011, Governor Gregoire formed the Connecting Washington Task Force in order to review statewide transportation needs and recommend the most promising investment options and revenue sources. Its report, which was delivered to the Legislature in January 2012, concluded that without additional funding, the quality of our transportation system would decline and not keep pace with future demands. The task force also identified performance objectives and four areas for investment: system preservation, strategic mobility improvements, system efficiency, and safety.

These priorities mirror the department's Moving Washington strategy – the framework that guides how the department maintains and preserves the existing system, manages demand, operates efficiently, and strategically adds capacity. The department's 2013-15 biennial budget request reflects this framework. However, current projected transportation revenues are insufficient to achieve the performance objectives recommended by the Connecting Washington Task Force.

State Transportation at a Crossroads

Entering the 2013-15 biennium, the state transportation system is at a crossroads. Most projects funded by the 2003 and 2005 transportation revenue packages are either under construction or completed. The traveling public is enjoying the benefits of these investments with enhanced mobility and safety, reliability to support a strengthened economy, and an improved environment. However, as these projects are completed, the revenues enacted to support their construction are being dedicated to debt repayment for the next 30 years. There are not additional revenues to build new projects. In fact, there aren't revenues available to maintain, operate, or preserve the facilities that were just built.

The state's ferry system remains critically under-funded and is not sustainable. Operating costs for items such as fuel and labor continue to outpace fare collections. Revenues dedicated for ferry and terminal preservation and other ferry capital needs are only sufficient to cover debt repayment for projects built in the 1990's. In recent biennia, the ferry system has had to rely on transfers and funding from other state transportation accounts to maintain, operate and preserve the existing system, as well as to build new ferry vessels. Absent a new funding source, the department's budget continues to assume those transfers.

However, the funds that were used in the past to make those transfers and investments are not keeping up with the demands of the transportation system. Fuel consumption is flat due to more fuel-efficient vehicles, changing driver behaviors, and a weaker economy. With the recent congressional passage of MAP-21, federal transportation dollars look to hold at current levels for the next two years, but the long-term health of the Highway Trust Fund suggests a decline in federal dollars is on the horizon. Increasing expenditure pressures due to higher fuel and materials prices, regulatory changes, and increasing labor costs further compound this problem. Projected increases in population and economic growth will result in greater demands on the existing system, which will in turn impact businesses and freight movement.

2013-15 Biennial Budget: Balancing Competing Priorities

The challenges facing WSDOT require strategic choices to ensure the department is well-positioned to meet its core mission.

WSDOT's 2013-15 budget request focuses on preserving and operating a safe transportation system as efficiently as possible. The budget request continues the delivery of projects and program commitments assumed in the 2012 legislative session, including construction of projects funded as part of the 2003 and 2005 transportation revenue funding packages. The gas tax increases included in those packages is supporting $16.3 billion in investments statewide. Since 2003, the department has delivered 331 of 421 projects funded by the 2003 and 2005 gas tax increases. Eighty-eight percent of the projects were completed early or on time and 91 percent of completed projects were on or under budget.

In preparing its budget submittal, the department is constraining proposed investment levels to match available revenues. Given projected shortfalls in a number of transportation accounts, some activities are reduced, and requests for new expenditure authority are limited to unavoidable cost increases for items such as fuel, utilities and leases, and regulatory and contractual commitments.

Given the financial challenges that exist for the next biennium, difficult choices need to be made. WSDOT's 2013-15 budget proposes $5.9 million in additional administrative and staff reductions, which are in addition to the $56 million in overhead and administrative reductions of the last four years. In 2011-13, the department is spending fewer state dollars on its overhead programs than it did six years ago. The department's budget request for 2013-15 continues this trend. The department is committed to being as efficient and effective as possible in our administrative programs so that more tax dollars are spent out on our transportation system.

This proposed budget prioritizes the operation and maintenance of our existing system within the available base gas tax revenues. However current funding levels require department expenditures to be reduced or constrained in areas that could impact the traveling public:

- Ferry operations service levels are maintained for the vast majority of passengers, but sailings are proposed to be reduced by three percent (5,330 out 165,000 total sailings) with reductions occurring in some of the least-utilized ferry runs. By targeting these sailings, the department is able to realize the greatest cost savings while still maintaining the important transportation connections on which our ferry communities rely.

- Funding is proposed for ferry vessel and terminal preservation at a limited level that still allows the department to maintain its Coast Guard operating certifications. In order to keep the system operational at these limited preservation levels, a modest reserve is proposed for emergency repairs and unforeseen maintenance needs.
- Costs for state-supported Amtrak Cascades passenger rail service are increasing due to federal Passenger Rail Investment and Improvement Act (PRIIA) requirements that shift operating and capital costs for trains operating on regional routes from the federal government to states. In an effort to constrain those costs, service changes are proposed that reduce train station staffing levels and the frequency of service during non-peak periods of the year.
- Highway maintenance is essentially constrained in this proposal to current funding levels. Service levels of some maintenance activities are declining due to growing system demands and recent system additions.
- Roadway and bridge preservation funding is reduced so that only the highest priority deficiencies on the most heavily traveled corridors are addressed. The funding level proposed brings preservation investments down to total level not seen since the 2005-07 biennium.

The outlook beyond 2013-15 is even more challenging. A projected decline in federal funding levels and the continued shortfall in ferry operating and capital funding, if not addressed, will require even greater reductions in highway preservation. Further reductions in preservation will increase the backlog of capital projects, putting greater burdens on the maintenance program in the short-term and increasing the likelihood of having to perform more expensive reconstruction projects in the future as roadways and other assets begin to fail. Also, if funding is not secured to maintain and preserve newly constructed system additions, there will be a continued decline in maintenance performance levels. The 10-year financial plan and capital project list the department is submitting with the budget request demonstrate the magnitude of the challenge ahead.

2013-15 Budget Request

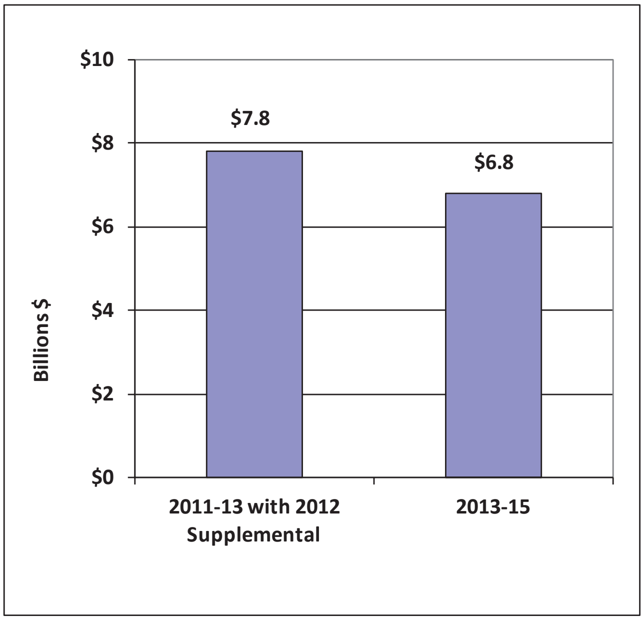
in Millions of Dollars

Pgm Code	Program Title	2011-13 With 2012 Supplemental Budget	Carry Forward Adjustments	Incremental Decision Packages	Total 2013-15 Budget
	Operating Budget				
B	Toll Operations & Maintenance	56.096	(46.477)	55.031	64.650
C	Office of Information Technology	70.681	(0.726)	3.954	73.909
D	Facilities--Operating	25.466	0.212	0.436	26.114
F	Aviation	8.152	(0.168)	1.410	9.394
H	Pgm. Delivery, Management, & Support	46.546	0.900	(1.263)	46.183
K	Public/Private Partnerships	0.937	(0.375)	-	0.562
M	Highway Maintenance and Operations	384.209	6.195	3.967	394.371
Q	Traffic Operations--Operating	51.118	0.570	0.100	51.788
S	Transportation Management & Support	28.392	0.550	(1.724)	27.218
T	Transp. Planning, Data, & Research	48.510	(0.512)	(0.404)	47.594
U	Charges from Other Agencies	76.932	4.336	0.200	81.468
V	Public Transportation	113.102	(50.595)	40.456	102.963
X	Ferries--Operating	475.135	(2.012)	5.464	478.587
Y	Rail--Operating	34.042	(0.662)	6.174	39.554
Z	Local Programs--Operating	11.085	0.201	(0.240)	11.046
	Total Operating	**1,430.403**	**(88.563)**	**113.561**	**1,455.401**
	Non-appropriated Funds				
E	Transportation Equipment Fund	140.916	0.304	14.523	155.743
S	Transportation Management & Support	0.175	-	-	0.175
	Operating With Non-appropriated	**1,571.494**	**(88.259)**	**128.084**	**1,611.319**
	Capital Budget				
D	Facilities--Capital	7.120	(7.120)	25.626	25.626
I	Highway Improvements	4,832.515	(4,832.515)	3,828.640	3,828.640
P	Highway Preservation	691.877	(691.877)	645.618	645.618
Q	Traffic Operations--Capital	16.062	(16.062)	11.153	11.153
W	Ferries--Capital	284.194	(284.194)	245.923	245.923
Y	Rail--Capital	303.085	(303.085)	362.730	362.730
Z	Local Programs--Capital	104.574	(104.574)	76.921	76.921
	Total Capital	**6,239.427**	**(6,239.427)**	**5,196.611**	**5,196.611**
	Total Appropriated Funds	**7,669.830**	**(6,327.990)**	**5,310.172**	**6,652.012**
	Total With Non-appropriated	**7,810.921**	**(6,327.686)**	**5,324.695**	**6,807.930**

Executive Summary

The first chart compares the total 2011-13 to 2013-15 biennium appropriations. The second chart provides actual expenditures through the 2011-13 biennium, as well as projected expenditures beginning with the 2013-15 biennium.

Total Budget-Appropriated Funds
2011-13 vs. 2013-15



Expenditure Trends
All Programs- Appropriated Funds