

## 2017-19 Biennium Budget Decision Package

**Agency:** 405 Department of Transportation  
**Decision Package Code/Title:** 8F TEF Fuel Rate Adjustment - Feb 2018  
**Budget Period:** 2018 Supplemental Budget  
**Budget Level:** ML – Maintenance Level  
**Program:** E – Transportation Equipment Fund

### Agency Recommendation Summary Text:

Various WSDOT programs use gas and diesel fuel for motor vehicles and equipment to maintain and operate the state highway system. The February 2018 Fuel Price Forecast projects lower fuel costs in the 2017-19 biennium. The department requests a decrease of \$817,000 to enacted appropriations for programs that use gas and diesel fuel. The department also requests a \$1,540,000 decrease in Transportation Equipment Fund (TEF) spending authority for TEF purchases of fuel for the department and for fuel sold to other agencies.

### Fiscal Summary:

Operating Expenditures	FY 2018	FY 2019	2017-19 Total	FY 2020	FY 2021
Washington State Department of Transportation (WSDOT) Total					
Fund 039-1 State	-10,000	-10,000	-20,000	-10,000	-10,000
Fund 09F-1 HOT-State	14,000	15,000	29,000	15,000	14,000
Fund 108-1 MVA-State	-977,000	129,000	-848,000	-425,000	-423,000
Fund 109-1 State	9,000	25,000	34,000	17,000	17,000
Fund 218-1 MMA-State	-7,000	-5,000	-12,000	-6,000	-6,000
Fund 410-6 NonAp	-1,827,000	287,000	-1,540,000	-770,000	-770,000
Total Cost	-2,798,000	441,000	-2,357,000	-1,179,000	-1,178,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program B - Operating					
Fund 09F-1 HOT-State	14,000	15,000	29,000	15,000	14,000
Total by Fund	14,000	15,000	29,000	15,000	14,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program C - Operating					
Fund 108-1 MVA-State	12,000	17,000	29,000	14,000	15,000
Total by Fund	12,000	17,000	29,000	14,000	15,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program D - Operating					
Fund 108-1 MVA-State	11,000	26,000	37,000	18,000	19,000
Total by Fund	11,000	26,000	37,000	18,000	19,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program E - Operating					
Fund 410-6 NonAp	-1,827,000	287,000	-1,540,000	-770,000	-770,000
Total by Fund	-1,827,000	287,000	-1,540,000	-770,000	-770,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program F - Operating					
Fund 039-1 State	-10,000	-10,000	-20,000	-10,000	-10,000
Total by Fund	-10,000	-10,000	-20,000	-10,000	-10,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0

Program H - Operating					
Fund 108-1 MVA-State	7,000	19,000	26,000	13,000	13,000
Total by Fund	7,000	19,000	26,000	13,000	13,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program K - Operating					
Fund 108-1 MVA-State	-1,000	-1,000	-2,000	-1,000	-1,000
Total by Fund	-1,000	-1,000	-2,000	-1,000	-1,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program M - Operating					
Fund 108-1 MVA-State	-936,000	92,000	-844,000	-422,000	-422,000
Total by Fund	-936,000	92,000	-844,000	-422,000	-422,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program Q - Operating					
Fund 108-1 MVA-State	-59,000	-21,000	-80,000	-40,000	-40,000
Total by Fund	-59,000	-21,000	-80,000	-40,000	-40,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program S - Operating					
Fund 108-1 MVA-State	-12,000	-13,000	-25,000	-12,000	-13,000
Total by Fund	-12,000	-13,000	-25,000	-12,000	-13,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program T - Operating					
Fund 108-1 MVA-State	2,000	10,000	12,000	6,000	6,000
Total by Fund	2,000	10,000	12,000	6,000	6,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program V - Operating					
Fund 218-1 MMA-State	-2,000	-1,000	-3,000	-1,000	-2,000
Total by Fund	-2,000	-1,000	-3,000	-1,000	-2,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program X - Operating					
Fund 109-1 State	9,000	25,000	34,000	17,000	17,000
Total by Fund	9,000	25,000	34,000	17,000	17,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program Y - Operating					
Fund 218-1 MMA-State	-5,000	-4,000	-9,000	-5,000	-4,000
Total by Fund	-5,000	-4,000	-9,000	-5,000	-4,000
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
Program Z - Operating					
Fund 108-1 MVA-State	-1,000	0	-1,000	-1,000	0
Total by Fund	-1,000	0	-1,000	-1,000	0
Staffing FTEs	0.0	0.0	0.0	0.0	0.0
<b>Revenue</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>2017-19 Total</b>	<b>FY 2020</b>	<b>FY 2021</b>
Fund 410-1 State	-1,827,000	287,000	-1,540,000	-770,000	-770,000
<b>Object of Expenditure</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>2017-19 Total</b>	<b>FY 2020</b>	<b>FY 2021</b>
E. Goods and Services	-2,130,000	319,000	-1,811,000	-906,000	-905,000
F. Net Cost of Goods Sold/Fuel	-668,000	122,000	-546,000	-273,000	-273,000
Total Cost	-2,798,000	441,000	-2,357,000	-1,179,000	-1,178,000
Program B - Operating					
E. Goods and Services	14,000	15,000	29,000	15,000	14,000

Total by Program	14,000	15,000	29,000	15,000	14,000
Program C - Operating					
E. Goods and Services	12,000	17,000	29,000	14,000	15,000
Total by Program	12,000	17,000	29,000	14,000	15,000
Program D - Operating					
E. Goods and Services	11,000	26,000	37,000	18,000	19,000
Total by Program	11,000	26,000	37,000	18,000	19,000
Program E - Operating					
E. Goods and Services	-1,159,000	165,000	-994,000	-497,000	-497,000
F. Net Cost of Goods Sold/Fuel	-668,000	122,000	-546,000	-273,000	-273,000
Total by Program	-1,827,000	287,000	-1,540,000	-770,000	-770,000
Program F - Operating					
E. Goods and Services	-10,000	-10,000	-20,000	-10,000	-10,000
Total by Program	-10,000	-10,000	-20,000	-10,000	-10,000
Program H - Operating					
E. Goods and Services	7,000	19,000	26,000	13,000	13,000
Total by Program	7,000	19,000	26,000	13,000	13,000
Program K - Operating					
E. Goods and Services	-1,000	-1,000	-2,000	-1,000	-1,000
Total by Program	-1,000	-1,000	-2,000	-1,000	-1,000
Program M - Operating					
E. Goods and Services	-936,000	92,000	-844,000	-422,000	-422,000
Total by Program	-936,000	92,000	-844,000	-422,000	-422,000
Program Q - Operating					
E. Goods and Services	-59,000	-21,000	-80,000	-40,000	-40,000
Total by Program	-59,000	-21,000	-80,000	-40,000	-40,000
Program S - Operating					
E. Goods and Services	-12,000	-13,000	-25,000	-12,000	-13,000
Total by Program	-12,000	-13,000	-25,000	-12,000	-13,000
Program T - Operating					
E. Goods and Services	2,000	10,000	12,000	6,000	6,000
Total by Program	2,000	10,000	12,000	6,000	6,000
Program V - Operating					
E. Goods and Services	-2,000	-1,000	-3,000	-1,000	-2,000
Total by Program	-2,000	-1,000	-3,000	-1,000	-2,000
Program X - Operating					
E. Goods and Services	9,000	25,000	34,000	17,000	17,000
Total by Program	9,000	25,000	34,000	17,000	17,000
Program Y - Operating					
E. Goods and Services	-5,000	-4,000	-9,000	-5,000	-4,000
Total by Program	-5,000	-4,000	-9,000	-5,000	-4,000
Program Z - Operating					
E. Goods and Services	-1,000	0	-1,000	-1,000	0
Total by Program	-1,000	0	-1,000	-1,000	0

## Package Description

TEF is responsible for the acquisition and operating costs of about 6,500 vehicles and equipment of all types. Department programs use this equipment to operate and maintain the highway system and to support department activities. In the 2017-19 biennium, programs will use approximately 7.4 million gallons of fuel.

As a non-appropriated, proprietary, internal service fund, TEF charges rent for the use of equipment. The rental rates paid by department programs include fuel costs; based on currently forecasted fuel prices, these rental rates will decrease in 2017-19 because of lower fuel costs. The decrease of \$817,000 will reduce operating programs' costs for the TEF equipment rental-rate decrease, allowing the programs' appropriations to be reduced. The impact of decreased TEF rental rates for capital programs is absorbed in the cost of capital projects.

This package also requests a decrease in TEF non-appropriated spending authority of \$1,540,000 for the decreased purchase cost of fuel for the department and for fuel sold to other agencies.

### **Narrative Justification and Impact**

#### **What specific performance outcomes does the agency expect?**

N/A

#### **Performance Measure Detail**

N/A

#### **Identify important connections or impacts related to this proposal.**

This decision package is a technical adjustment to reflect expected fuel prices and does not change planned activities or services.

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

N/A

#### **What are the consequences of not funding this request?**

N/A

### **Expenditure Calculations and Assumptions**

This request is based on the February 2018 fuel-price forecast of the Transportation Revenue Forecast Council. The calculations also take into account actual consumption and prices through January 2018, as well as the forecast of fuel consumption for February 2018 forward based on the prior two-year average for each forecasted month, including any changes in equipment rented by the programs.

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

<b>2017-19 Change in TEF Equipment Rental Due to Fuel Based on the February 2018 Forecast</b>				
<b>Pgm.</b>	<b>Description</b>	<b>Forecast Change in Equipment Rental</b>	<b>Adjustment for Capital Programs Absorbing Change in Fuel Cost</b>	<b>Change in Funding Needed</b>
B	Toll Oper.& Maint.	\$29,000	\$0	\$29,000
C	Info. Tech.	\$29,000	\$0	\$29,000
D	Facilities	\$37,000	\$0	\$37,000
F	Aviation	(\$20,000)	\$0	(\$20,000)
H	Pgm Delivery	\$26,000	\$0	\$26,000
I	Improvements	\$232,000	(\$232,000)	\$0
K	Public/Private Partnership	(\$2,000)	\$0	(\$2,000)
M	Highway Maint & Oper.	(\$844,000)	\$0	(\$844,000)
P	Preservation	(\$408,000)	\$408,000	\$0
Q	Traffic Operations	(\$80,000)	\$0	(\$80,000)
S	Trans. Mgmt.	(\$25,000)	\$0	(\$25,000)
T	Planning, Data, Rsrch.	\$12,000	\$0	\$12,000
V	Public Transportation	(\$3,000)	\$0	(\$3,000)
W	Ferries Construction	(\$1,000)	\$1,000	\$0
X	Ferries Operations	\$34,000	\$0	\$34,000
Y	Rail Programs	(\$9,000)	\$0	(\$9,000)
Z	Local Programs	(\$1,000)	\$0	(\$1,000)
	<b>Subtotal WSDOT</b>	<b>(\$994,000)</b>	<b>\$177,000</b>	<b>(\$817,000)</b>
	<b>Other Agencies</b>	<b>(\$546,000)</b>		
	<b>Total Program E</b>	<b>(\$1,540,000)</b>		

The following table shows the assumptions for average prices, consumption by gallons and type of fuel, and the current budget for 2017-19 compared to the February 2018 fuel cost forecast for 2017-19.

**Change in Estimated TEF Expenditures for Fuel from March 2017 to February 2018 Forecast**

**Current 2017-19 Budget Based on March 2017 Forecast**

	WSDOT			Other Agencies			Total Program E		
	FY 18	FY 19	Biennium	FY 18	FY 19	Biennium	FY 18	FY 19	Biennium
<b>Gasoline</b>									
Gallons	1,241,198	1,243,238	2,484,436	2,998,914	2,981,387	5,980,301	4,240,112	4,224,625	8,464,737
Price Per Gallon	\$2.7320	\$2.8152	\$2.7737	\$2.7323	\$2.8148	\$2.7734	\$2.7320	\$2.8152	\$2.7735
<b>Total Unleaded</b>	\$3,391,000	\$3,500,000	\$6,891,000	\$8,194,000	\$8,392,000	\$16,586,000	\$11,585,000	\$11,892,000	\$23,477,000
<b>Diesel</b>									
Gallons	2,477,046	2,536,878	5,013,924	272,190	267,155	539,345	2,749,236	2,804,033	5,553,269
Price Per Gallon	\$2.7658	\$2.7431	\$2.7543	\$2.7664	\$2.7437	\$2.7552	\$2.7658	\$2.7431	\$2.7544
<b>Total Straight Diesel</b>	\$6,851,000	\$6,959,000	\$13,810,000	\$753,000	\$733,000	\$1,486,000	\$7,604,000	\$7,692,000	\$15,296,000
<b>Total Gas &amp; Diesel</b>									
Gallons	3,718,244	3,780,116	7,498,360	3,271,104	3,248,542	6,519,646	6,989,348	7,028,658	14,018,006
Dollars	\$10,242,000	\$10,459,000	\$20,701,000	\$8,947,000	\$9,125,000	\$18,072,000	\$19,189,000	\$19,584,000	\$38,773,000

**Forecast for 2017-19 Based on February 2018 Fuel Forecast**

	WSDOT			Other Agencies			Total Program E		
	FY 18	FY 19	Biennium	FY 18	FY 19	Biennium	FY 18	FY 19	Biennium
<b>Gasoline</b>									
Gallons	1,301,434	1,287,799	2,589,233	3,014,333	2,987,848	6,002,181	4,315,767	4,275,647	8,591,414
Price Per Gallon	\$2.5633	\$2.8607	\$2.7112	\$2.5475	\$2.8609	\$2.7035	\$2.5633	\$2.8607	\$2.7058
<b>Total Unleaded</b>	\$3,336,000	\$3,684,000	\$7,020,000	\$7,679,000	\$8,548,000	\$16,227,000	\$11,015,000	\$12,232,000	\$23,247,000
<b>Diesel</b>									
Gallons	2,354,077	2,506,493	4,860,570	246,012	252,567	498,579	2,600,090	2,759,060	5,359,150
Price Per Gallon	\$2.4413	\$2.7688	\$2.6102	\$2.4389	\$2.7676	\$2.6054	\$2.4413	\$2.7688	\$2.6097
<b>Total Diesel</b>	\$5,747,000	\$6,940,000	\$12,687,000	\$600,000	\$699,000	\$1,299,000	\$6,347,000	\$7,639,000	\$13,986,000
<b>Total Gas &amp; Diesel</b>									
Gallons	3,655,511	3,794,292	7,449,803	3,260,346	3,240,415	6,500,761	6,915,856	7,034,707	13,950,563
Dollars	\$9,083,000	\$10,624,000	\$19,707,000	\$8,279,000	\$9,247,000	\$17,526,000	\$17,362,000	\$19,871,000	\$37,233,000

**Change From March 2017 Forecast for 2017-19 to February 2018 Forecast for 2017-19**

	WSDOT			Other Agencies			Total Program E		
	FY 18	FY 19	Biennium	FY 18	FY 19	Biennium	FY 18	FY 19	Biennium
<b>Gasoline</b>									
Gallons	60,236	44,561	104,797	15,419	6,461	21,880	75,655	51,022	126,677
Price Per Gallon	(\$0.1687)	\$0.0455	(\$0.0624)	(\$0.1848)	\$0.0461	(\$0.0699)	(\$0.1687)	\$0.0455	(\$0.0677)
<b>Total Unleaded</b>	(\$55,000)	\$184,000	\$129,000	(\$515,000)	\$156,000	(\$359,000)	(\$570,000)	\$340,000	(\$230,000)
<b>Diesel</b>									
Gallons	(122,969)	(30,385)	(153,354)	(26,178)	(14,588)	(40,766)	(149,146)	(44,973)	(194,119)
Price Per Gallon	(\$0.3245)	\$0.0257	(\$0.1441)	(\$0.3275)	\$0.0239	(\$0.1498)	(\$0.3245)	\$0.0257	(\$0.1447)
<b>Total Diesel</b>	(\$1,104,000)	(\$19,000)	(\$1,123,000)	(\$153,000)	(\$34,000)	(\$187,000)	(\$1,257,000)	(\$53,000)	(\$1,310,000)
<b>Total Gas &amp; Diesel</b>									
Gallons	(62,733)	14,176	(48,557)	(10,758)	(8,127)	(18,885)	(73,492)	6,049	(67,443)
Dollars	(\$1,159,000)	\$165,000	(\$994,000)	(\$668,000)	\$122,000	(\$546,000)	(\$1,827,000)	\$287,000	(\$1,540,000)

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

All costs are ongoing.

## Addendum for WSDOT 2018 Supplemental Decision Package

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**Decision Package Code and Title: 8F TEF Fuel Rate Adjustment**

**Base Budget:** The base budget for the TEF program for fuel costs and consumption, based on the March 2017 forecast, is \$38.7 million.


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

Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	Identify:
Other local gov't impacts?	No	Identify:
Tribal gov't impacts?	No	Identify:
Other state agency impacts?	No	Identify:
Responds to specific task force, report, mandate, or exec order?	No	Identify:
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	No	Identify:
Capital Budget impacts?	No	Identify:
Is change required to existing statutes, rules or contracts?	No	Identify:
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections	N/A	

**Please provide a detailed discussion of connections/impacts identified above.**

**Information technology:** Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

- No 
- Yes Continue to IT Addendum and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)