



September 12, 2019

David Schumacher, Director
Office of Financial Management
PO Box 43113
Olympia, WA 98504-3113

RE: Section 601(1) - Fund Transfers (2019 c 416 s 601) Letter

Section 601 (1) of Chapter 416, Laws of 2019 (ESHB 1160) authorizes the Director of the Office of Financial Management to approve appropriation adjustments for highway projects funded with Transportation Partnership Account (TPA) and Connecting Washington Account (CWA) appropriations that exceeds the authority provided to the department in section 601 (1)(g). See attachment for bill language.

Consistent with the process established by the Office of Financial Management, the department is reporting that there is one fund transfer request per section 601 (1)(g) for the quarter ending September 30, 2019. There are administrative transfers of under \$250,000 or less than 10 percent per section 601 (1)(h), which has been communicated in a separate letter dated September 11th, 2019.

This transfer is the first of two transfers to accelerate fish passage barrier funding provided by the legislature as part of the Connecting Washington revenue package. To accelerate this work, it utilizes cash flow capacity generated by other Connecting Washington projects resulting from unanticipated delays in delivery last biennium. Furthermore, this capacity does not impede the department’s ability to accelerate other work as allowed by the legislature, nor does it require further intentional delays on other projects to support this proposal. Additional details are as follows:

Project(s) requiring additional cash flow funding (\$ Millions)	CWA	TPA	Total	Description
Fish Passage Barrier (OBI4001)	100	0	100	To fund the design work that serves as the foundation to deliver the fish barrier replacement program and meet the injunction requirements. This funding mechanism partially fills the gap, between \$100 million of appropriation provided and the \$275 million need. At the Governors direction, we are accelerating the removal of fish barriers using flexibility provided by Legislature in the appropriation bill. In doing so we are not exceeding the funding available in the CW Revenue Package or the total CW contribution for fish barrier removals.
Total	100	0	100	

Director Schumacher, Senator Hobbs, Representative Fey
Section 601 – Fund Transfers (Engrossed Substitute House Bill 1160)
September 12, 2019
Page 2

Included in this request are “Donor” projects that provides the offset to the increase.

Project(s) providing additional cash flow (\$ Millions)	CWA	TPA	Total	Description
SR 520 Seattle Corridor Improvements - West End (M00400R)	70	-	70	Reappropriation of under expenditures in 2017-19 provides cash flow in excess of what is needed in 2019-21.
I-5 JBLM Corridor Improvements (M00100R)	30		30	Reappropriation of under expenditures in 2017-19 provides cash flow in excess of what is needed in 2019-21.
Total	100	-	100	

We anticipate the second transfer request to be submitted in November, following further review of our overall highway program delivery plan.

Please contact me at (360) 705-7121 or alexanja@wsdot.wa.gov if you have questions or need additional information. Thank you.

Sincerely,

[Signature on File]

Jay Alexander, Director
Capital Program Development and Management
Washington State Department of Transportation

JA:mde

Enclosure: 2019 c 416 s 601

cc: Erik Hansen, OFM

IMPLEMENTING PROVISIONS**NEW SECTION. Sec. 601. FUND TRANSFERS**

(1) The 2005 transportation partnership projects or improvements and 2015 connecting Washington projects or improvements are listed in the LEAP Transportation Document 2019-1 as developed April 27, 2019, which consists of a list of specific projects by fund source and amount over a sixteen-year period. Current fiscal biennium funding for each project is a line-item appropriation, while the outer year funding allocations represent a sixteen-year plan. The department of transportation is expected to use the flexibility provided in this section to assist in the delivery and completion of all transportation partnership account and connecting Washington account projects on the LEAP transportation document referenced in this subsection. For the 2019-2021 project appropriations, unless otherwise provided in this act, the director of the office of financial management may provide written authorization for a transfer of appropriation authority between projects funded with transportation partnership account appropriations or connecting Washington account appropriations to manage project spending and efficiently deliver all projects in the respective program under the following conditions and limitations:

- (a) Transfers may only be made within each specific fund source referenced on the respective project list;
- (b) Transfers from a project may not be made as a result of the reduction of the scope of a project or be made to support increases in the scope of a project;
- (c) Transfers from a project may be made if the funds appropriated to the project are in excess of the amount needed in the current fiscal biennium;
- (d) Transfers may not occur for projects not identified on the applicable project list;
- (e) Transfers may not be made while the legislature is in session;
- (f) Transfers to a project may not be made with funds designated as attributable to practical design savings as described in RCW 47.01.480;
- (g) Each transfer between projects may only occur if the director of the office of financial management finds that any resulting change will not hinder the completion of the projects as approved by the legislature. Until the legislature reconvenes to consider the 2020 supplemental omnibus transportation appropriations act, any unexpended 2017-2019 appropriation balance as approved by the office of financial management, in consultation with the chairs and ranking members of the house of representatives and senate transportation committees, may be considered when transferring funds between projects; and

(h) Transfers between projects may be made by the department of transportation without the formal written approval provided under this subsection (1), provided that the transfer amount does not exceed two hundred fifty thousand dollars or ten percent of the total project, whichever is less. These transfers must be reported quarterly to the director of the office of financial management and the chairs of the house of representatives and senate transportation committees.

(2) The department of transportation must submit quarterly all transfers authorized under this section in the transportation executive information system. The office of financial management must maintain a legislative baseline project list identified in the LEAP transportation documents referenced in this act, and update that project list with all authorized transfers under this section.

(3) At the time the department submits a request to transfer funds under this section, a copy of the request must be submitted to the chairs and ranking members of the transportation committees of the legislature.

(4) Before approval, the office of financial management shall work with legislative staff of the house of representatives and senate transportation committees to review the requested transfers in a timely manner and consider any concerns raised by the chairs and ranking members of the transportation committees.

(5) No fewer than ten days after the receipt of a project transfer request, the director of the office of financial management must provide written notification to the department of any decision regarding project transfers, with copies submitted to the transportation committees of the legislature.

(6) The department must submit annually as part of its budget submittal a report detailing all transfers made pursuant to this section.

and steelhead by 2030. The tribes filed in 2001 and Judge Martinez agreed with the claim in 2007. In 2013, Judge Martinez issued the injunction.

WSDOT needs \$275 million to fund the design work that serves as the foundation by which they deliver the fish barrier replacement program and meet the injunction requirements.

The Governor directed the agency to use the 601 transfer process to fund the needed investment level in 2019-21 as proposed in the Governors 2019 budget proposal. This request is to use the unexpended CWA appropriation in 2017-19 to advance \$100 million into 2019-21. Another transfer will be requested in the November timeframe after the department has had time to evaluate delivery assumptions.

A. What alternatives were explored and why was this alternative chosen?

Funding capacity exists within existing highway improvement program appropriation levels and 2017-19 reappropriation amounts. This approach makes use of the existing capacity. Table below also assumes a reappropriation of funds that were unspent in 2017-19.

Current Plan (\$ in thousands):

Fund Source	Prior	17-19	19-21	21-23	23-25	25-27	27-29	29-31	Total
CWA	15,600	39,400	36,500	29,500	37,500	37,500	37,500	57,500	291,000
Other State	25,986	8,646	18,539	1,849	1,293	420	223	2	56,958
Local	1,973	145	0	0	0	0	0	0	2,118
Federal	70,297	60,342	44,961	52,036	78,112	19,034	10,849	63	335,694
TOTAL	113,856	108,533	100,000	83,385	116,905	56,954	48,572	57,565	685,770

Proposed Plan (\$ in thousands):

Fund Source	Prior	17-19	19-21	21-23	23-25	25-27	27-29	29-31	Total
CWA	15,600	33,577	142,323	29,500	37,500	32,500	0	0	291,000
Other State	25,986	2,379	24,806	1,849	1,293	420	223	2	56,958
Local	1,973	251	11,179	0	0	0	0	0	13,403
Federal	70,297	57,648	47,655	52,036	78,112	19,034	10,849	63	335,694
TOTAL	113,856	93,855	226,963	83,385	116,905	51,954	11,072	65	697,055