

# WASHINGTON STATE TRANSPORTATION COMMISSION

## Meeting Summary December 13 & 14, 2011

The regular meeting of the Washington State Transportation Commission was called to order at 9:00 a.m., on Tuesday, December 13, 2011, in Room 1D2 of the Transportation Building in Olympia, Washington.

### MINUTES APPROVAL/ADOPTION

Commission Chairman Ford opened the meeting at 9:00 a.m. Commissioner Parker moved adoption of the meeting summary from the November 14-15, 2011 meeting in Vancouver. Commissioner Haley seconded the motion and the summary was adopted by a 7-0 vote.

### SR 520

Dave Dye, Chief Operating Officer, and Craig Stone, Director, Toll Division, WSDOT provided an update on SR 520 tolling, which will begin on December 29, 2011. The photo tolling has been tested and operations began last week on Tacoma Narrows Bridge. A lot of transponders have been sold to travelers in the SR 520 travel shed and WSDOT expects another 100,000 accounts to be established in the next three weeks.

As of yesterday, about 20% of trips across bridge are made by vehicles equipped with operational transponders.

The Commission asked how transponder revenue is allocated between SR 520 and TNB accounts. Amy Arnis, Chief Financial Officer, Strategic Planning and Finance, WSDOT answered that there is an approved allocation methodology. We have the central toll account balance increase from an average \$4 million to \$8 million. Commission also asked whether there is a forecast of anticipated civil penalty revenue on TNB. Jeff Caldwell, Assistant Director, Financial Planning, WSDOT explained that in FY 2011, there was \$489,000 in violation revenue at TNB. WSDOT expects \$1,273,000 in FY 2013. Craig Stone explained that the WSDOT expenses also change, but the net revenue from penalties will increase.

What ETC penetration is expected on SR 520? WSDOT expects to reach 80% penetration of the *Good to Go!* pass.

Commissioner Ford noted that there will be a need to review the rate structure in the spring to see whether there needs to be adjustments.

Ms. Arnis and Ellen Evans, Deputy Treasurer, Office of the Treasurer talked about the Financial Plan for SR 520. Traffic is forecast to drop by 48% immediately after tolling begins and gradually increase over time as congestion grows on other facilities.

The Financing Plan for SR 520 is totally different from that for TNB. The first financing, \$550 million in triple-pledge bonds, was issued in October 2011. The second and third financing waves, in May 2012 and May 2013, will be GARVEE bonds, a pledge of anticipated federal funds. The fourth financing wave, in 2014, is an issue of toll revenue bonds.

Anticipating future mega-projects, this financial structure builds in amounts for reserves and begins to move transportation mega-projects away from GO-backed bonds that burden the state General Fund. Bond covenants require net revenues from 110% to 150% of debt service in each fiscal year.

The Commission noted that it will be necessary to carefully explain why TNB tolls increase dramatically over time, while SR 520 tolls are planned to remain stable.

[Overview of SR 520 Traffic and Revenue Study](#)  
[Overview of SR 520 Financial Plan and Bond Sale](#)

Action/Follow-Up: Continue to monitor SR 520 tolling, traffic and revenue.

## **COLUMBIA RIVER CROSSING (CRC) PROJECT**

Nancy Boyd, Director, CRC Office, WSDOT led a briefing on the CRC, which received a Record of Decision last week from FHWA. CRC is at least two years away from the earliest possible construction; however, it has developed a flexible and adjustable funding plan. Kris Strickler, Deputy Director of the CRC Office, reported on the Oregon State Treasurer's Report.

- Bond yields should be based on the low end of toll revenue range
- Bond yields should not assume annual toll rate increases
- Finance plan should employ
  - Pre-completion tolls
  - TIFIA assistance

These Treasurer's recommendations have been incorporated into the FEIS.

OST also recommended:

- Update construction cost estimates
- Evaluation of traffic and toll revenue forecast
- Refine 2008 CRC Finance Plan
- Explore legal issues regarding governance and ownership framework

Revising revenue assumptions and incorporating other bond structuring considerations, the projected CRC bond proceeds are estimated to be \$468 to \$598 million lower than predicted in 2008 DEIS.

Potential solutions to the funding gap may include

- Pre-completion tolling to generate up to \$200 million
- TIFIA Loan of \$704 to \$833 million, repaid from I-5 toll revenues

Next steps for funding:

- Authorization of CRC as an "eligible toll facility"
- Washington and Oregon approval of state funding contributions
- Application for TIFIA loan
- Meet requirements for New Starts transit grant

WSDOT and ODOT are examining governance questions that need to be addressed. Next steps on governance require development and adoption of a governance structure for toll-setting decisions and the issuance of bonds.

The Commission warned that traffic and revenue must be evaluated in the context of “the new normal,” whatever that may be in terms of less driving and more reliance on transit. The Commission also asked for the cost of the bridge and landings – about \$2 billion – without the improvements to the remainder of the corridor.

[Oregon Treasurer’s Report Overview](#)  
[Bi-State Governance Review](#)

Action/Follow-Up: None.

### **UPDATE ON WSDOT TOLLING STUDIES, SR 167 AND TACOMA NARROWS**

Mr. Stone and Shuming Yan, Assistant Director, Urban Planning Office, WSDOT provided an update on the status of SR 167 HOT Lanes.

SR 167 HOT lanes have operated for three years.

- General Purpose speeds increased by 9%
- HOT Lanes Usage continues to grow; drivers saving an average 7.5 minutes for \$1.50
- Revenues now exceed operational costs.

Both SR 509 and SR 167 projects are included in WSDOT Draft 10-year plan.

Commissioners noted that SR 509, SR 167 and North Spokane Corridor have some similarities as freight corridors. Craig Stone did not agree that NSC is comparable due to the alternatives available.

[SR 167/SR 509 Extension Toll Study Update](#)  
[SR 167 HOT Lanes Update](#)

Action/Follow-Up: None.

### **I-405 TRAFFIC AND REVENUE STUDY UPDATE**

Jeff Buxbaum, Cambridge Systematics and Bill Young, Research Assurance briefed the Commission on the purpose and intent of the I-405 Study. The Study Approach builds on WSDOT data and models and will incorporate risk analysis directly, rather than do a sensitivity analysis.

*Overview of the National Review of HOT Lanes:*

Cambridge looked at 10 operating HOT Lanes, varying from 7 to 16 miles in length. Most use dynamic pricing; only one has a flat toll rate. Willingness to pay and value of time depends on perceived travel time savings, reliability and other intangibles. There are three analytical approaches:

- Stated preference (SP)
- Revealed preference
- Direct measurement (travel time savings and toll paid)

*Corridor Survey results:*

- SP survey aims to understand how people will respond
- Attitudinal survey aims to understand how people feel
- Survey conducted in September/October 2011 by computer-assisted self-interview

- Little support for changing HOV Lane requirement
- Some support for varying HOV requirement by time of day
- About half the trips could shift time of departure earlier or later
- As many favor the HOT Lane project as oppose
- The Value of Time 2006 vs. 2011 survey is close to the same (but the survey geography is larger for the 2011 survey)
- The Values of Time vary by time of day and trip purpose, but group average is \$13.09/hour

#### *Growth Trends and Assumptions*

- Used three regional forecasts
- Large variations in employment growth, but they appear neutral to travel patterns

#### *Overview of Concept of Operations for the Corridor*

- Who gets tolled? Transit and vanpools free; private HOVs toll discount or free; other vehicles are tolled
- Keep speed > 45 mph
- Base toll rate on speed/volume in Express Toll Lane

#### *Three areas of Geography:*

- South, Middle and North Areas
- Toll Zones
- Segments

Toll rates posted for downstream destinations within a single tolling area.

Rates for next area displayed just before a decision point to continue or exit.

Toll rates in .25 cent increments, minimum tolls per toll area, no maximum toll.

*Good to Go!* Pass required.

#### *Modeling Assumptions and Next Steps*

- Creating the forecasts
- Traffic and revenue scenarios to WSDOT in May
- Present findings to JTC in July 2012; Final Report in Fall 2012

#### [I-405 Traffic and Revenue Study Update](#)

Action/Follow-Up: Continue work on the I-405 Traffic and Revenue Study.

#### **I-405 PROJECT**

Kim Henry, Director, I-405 Project, WSDOT talked about the scope of the Lynnwood to Bellevue improvements on I-405 and the construction schedule. At this time, the project is on schedule.

WSDOT will open bids January 6.

Notice to Proceed 1 (NTP1) is slated for January 2012; NTP2 is slated for August 2012. WSDOT plans to develop its finance plan beginning in May 2012.

Ms. Henry stressed the need to maintain the schedule due to the time to order, build and install equipment for 21 individually designed toll points over 17 miles.

[I-405/SR 167 Corridor Tolling](#)

Action/Follow-Up: None.

**PUBLIC COMMENT**

Commissioner Ford and staff provided a brief update on the Connecting Washington proposal and likely legislative action.

**LOCAL GOVERNMENT TRANSPORTATION FUNDING**

*Washington State Association of Counties*

Counties are spending more to maintain road system, but accomplishing less, due to higher costs. 96% of county bridges are rated good or fair; 19% are structurally deficient or structurally obsolete.

Two counties (King and Grays Harbor) operate transit systems. The others are transit districts or city systems.

County can levy up to \$2.25 per \$1000 assessed valuation. Property tax is limited by 1% plus new construction. It may be increased beyond one percent with voter approval (lid lift). It may exceed \$2.25 if total county and road levy does not exceed \$4.05. It may be diverted to county general use and spent only on unincorporated areas. It may be shifted to county general use. Property tax increases are challenging because schools also rely on property tax.

Commission asked how much the aggregate shift and diversion compares to the aggregate need. Is it time for the state to require a local effort to access additional state funding.

There are a number of reasons why a county may not use its banked capacity; Spokane County has enormous banked capacity, due to the Spokane Valley incorporation. If Spokane County taxed to its limit, it would increase taxes in the unincorporated area by 20-30%.

WSAC wants councilmanic authority to impose local option authorities provided by the Legislature. A number of counties, including Spokane County, have been considering the establishment of a countywide Transportation Benefit District.

There are three county members on Connecting Washington, Leo Bowman, Charlotte Garrido, and Fred Jarrett. Maintenance and preservation have been the counties’ priority.

*County Road Administration Board*

CRAB was established to ensure that county revenue from gas tax and road levy is properly spent on roads. CRAB requires counties to follow Standards of Good Practice.

CRAB also provides grants:

County Arterial Preservation Program	\$16 million
Rural Arterial Program	\$29.8 million

Commission emphasized that we can’t ask voters for money for transportation if the money will be diverted or spent on other county priorities. CRAB responded that if the Legislature limits expenditure that CRAB will ensure the money is spent on roads.

### *Association of Washington Cities*

About one out of four vehicle miles traveled is on a city street. Altogether, in 2010 cities spent about \$1.1 billion on transportation. About half the expenditure goes to construction. Typically, about 75% of a city transportation budget comes from the city general fund. Gas tax revenue is about 8%.

Since 2007, 23 TBDs have been established. Twenty one are now up and running. None have succeeded in efforts with voter approval of a license fee in excess of \$20.

By statute, cities only receive 30 cents per dollar for stormwater management from state highways in the city. But, to get reimbursement from WSDOT, a city must assess a stormwater charge on its own streets. A JTC Study is reviewing this.

### [City Transportation Overview](#) [County Transportation Revenues](#)

Action/Follow-Up: Reschedule briefing from Transportation Improvement Board.

### **SECRETARY'S REPORT**

Paula Hammond, Secretary, WSDOT briefed the Commission on the Connecting Washington Task Force work, emphasizing the focus on economic corridors and employment. The 10-year projection for WSDOT system maintenance and preservation needs shows a \$3 billion shortfall: \$1.3 billion for ferries and \$1.6 billion for highways.

AWV replacement continues to make progress; Advisory Committee on Tunnel Tolling has had its first meeting. WSDOT will seek tolling and bond authorization in 2012.

Working on applying for TIFIA grants for both SR 520 and CRC projects. WSDOT is continuing to work on good design options for landing the SR 520 bridge, including a possible lane connecting to Montlake.

The Commission discussed with the Secretary the issues with completing the west end of the SR 520 project and the options and challenges with tolling I-90, including federal approval.

WSDOT will soon announce how Washington and Oregon will operate Amtrak Cascades as more of a joint operation. There will be six RT daily between Seattle-Portland and two RT between Seattle –Vancouver, B.C.

WSDOT has reached agreement with Vigor to build the 144-car ferry. It will be started right away.

Action/Follow-Up: None.

### **COMMISSION BUSINESS**

The Commission talked about the content and structure of its Annual Report.

## VEHICLE MILES TRAVELED (VMT) APPROACHES AND EFFORTS IN OREGON STATE

Jim Whitty, Manager, Office of Innovative Partnerships and Alternative Funding, Oregon Department of Transportation talked about transportation funding in the age of fuel efficiency. The essential precept is that public policy – not technology – should drive system design for mileage charges.

There are six things a Mileage Charging System must do:

- Calculate miles driven
- Access mileage data
- Apply mileage charging rates
- Provide a billing
- Collect payment
- Enforce payment

The Pay-at-the-Pump model showed that VMT charges work, and also displayed the flaws. The new approach begins with what the public will accept – and have the engineers design it.

- No mandate for GPS
- Motorist choice from several options
- Open system that allows technologies to evolve
- Private sector administration
- Must be auditable
- Protect privacy
- Cost-efficient for motorist and government
- Minimize disruption to marketplace

The solution is four potential options to choose from:

- Flat annual tax
- Self-reporting
- Electronic reporting from odometer
- Electronic reporting from advanced on-board unit

The testing opportunity is to apply VMT charges to electric and plug-in hybrid vehicles. Policies approved by Road User Fee Task Force.

- Require owners of EVs and Plug-in Hybrids to either periodically report miles driven or pre-pay a flat annual tax in lieu of reporting
- Road user charge to begin July 2015 for 2016 model year
- Full mileage tax rate equal to amount average motorist pays in gas taxes
- Direct ODOT to develop compliance methods, one of which must not involve vehicle location technology
- Direct ODOT to establish standards under an open system for technologies and methods for identifying vehicles and reporting miles driven
- Allow creation of public private partnerships for mileage data and payment collection
- Protects personally identifiable information
- Establish offsets or refunds of gas tax paid and driving on private property

In September 2102, ODOT will test an open system approach, to collect data prior to 2013 legislative session.

Oregon also has a distance-weight tax for trucks.

Jeff Doyle, Director, Transportation Innovative Partnerships, WSDOT, added that Washington is watching Oregon and wants to be ready to move ahead when the time is right. The state is developing a pilot project, using state vehicles, to investigate equity issues, such as the differential by vehicle type between a gas tax and a VMT.

### [Overview of Oregon Efforts](#)

Action/Follow-Up: Continue to monitor Oregon study.

## **OVERVIEW OF STATEWIDE TRANSPORTATION SURVEY RESULTS**

Andrew Thibault, EMC Research and Bill Young, Research Assurance discussed the 2011 Statewide Transportation Survey with the Commission. The results are based on 5518 responses.

Two of the pillars of support for a revenue package are financial or structural crisis; although the survey indicates people do not see the system in crisis, the results indicate that they understand that you don't wait for the system to fall apart. Residents are not *de facto* opposed to a revenue package. They are willing to listen.

People are most willing to pay more when they hear about specific benefits, e.g. preserving infrastructure. The appeal of year-round roads is important in the rural areas, but not beyond that. Andrew said that the survey tells us a lot about how to move forward, but little about what components of a package will succeed.

The Commissioners discussed whether staff should draft an Op-Ed to be used statewide to layout the survey results. Instead, there will be powerpoints available to be used with RTPOs, service groups and others interested in the survey.

### [Overview of Statewide Transportation Survey Results](#)

Action/Follow-Up: Provide materials for public presentations.

The Commission meeting adjourned at 4:30 p.m.

# TRANSPORTATION COMMISSION

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Secretary of Transportation

ATTEST:

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REEMA GRIFFITH, Executive Director

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DATE OF APPROVAL