

WASHINGTON STATE TRANSPORTATION COMMISSION

Meeting Summary January 23 & 24, 2013

The regular meeting of the Washington State Transportation Commission was called to order at 9:00 a.m., on Wednesday, January 23, 2013, in Room 1D2 of the Transportation Building in Olympia, Washington.

Chairman O'Neal opened the meeting.

COMMISSION BUSINESS

Approval of Meeting Summary

Commissioner Haley moved approval of the December 11 & 12, 2012 meeting summary and Commissioner Tortorelli seconded the motion. Commissioner Cowan noted the dates need correcting; after which the motion was approved unanimously.

Workplan and Budget Proposal for Road Usage Charge

Commissioners discussed the challenge of one state moving ahead on its own on a Road Usage Charge. That question has been discussed repeatedly in the RUC Committee meetings– it is an implementation issue, more than a feasibility issue. Ways to address that concern is one of the workplan topics for the next phase.

Commissioner Haley moved to approve the Road Usage Charge Report and Budget Request. Commissioner Royer seconded the motion and it was approved unanimously.

Resolutions

Commissioner Parker moved adoption of Resolution 706 - Requesting the Legislature phase out studded tires over a five-year period. Commissioner Haley seconded the motion. It passed unanimously.

Commissioner Cowan moved adoption of Resolution 707- Recommending that the Legislature provide funding and direction to WSF to immediately begin replacing Wave2Go and transition to an account-based fare payment system by 2016. The motion was seconded by Commissioner Haley. It passed unanimously.

Commissioner Parker moved adoption of Resolution 709 –Transportation Commission supports WSDOT agency legislation making the SR 167 HOT Lanes permanent. Commissioner Haley seconded the motion. It passed unanimously.

Commissioner Haley moved adoption of Resolution 710 – Recommends the Legislature enable FMSIB to engage in long-term planning for project development by codifying the 2012 funding distribution established pursuant to Chapter 74, Laws of 2012. Commissioner Tortorelli seconded the motion. It passed unanimously.

Commissioner Royer moved adoption of Resolution 708 – Transportation Commission recommends streamlining the Public Private Partnership process for non-toll facilities by implementing the recommendations contained in the Commission's 2011 report to the Legislature. Commissioner Haley seconded the motion. It passed unanimously.

Staff reported on the Legislature and bill introductions of interest to the Commission.

Chairman O'Neal noted that the Commission has submitted the Bi-State Tolling Agreement to the Legislature. Also, Chairman O'Neal and the Reema Griffith, Executive Director has provided overviews of the Transportation Commission to the House and Senate Transportation Committees. Commissioner Haley noted that she and Commissioner Cowan have had many media contacts on the RUC assessment.

Commissioner Cowan suggested revisions to the Vessel Naming Policy and Process. He moved adoption of the proposed changes, Commissioner Haley seconded the motion, and it was adopted unanimously.

Action/Follow-Up: None.

SECRETARY'S REPORT

Secretary Hammond briefed the Commission on her overview presentations to the House and Senate Transportation Committees, and legislative discussions on new transportation revenue. She stressed that WSDOT has only 8 cents of gas tax available for maintenance, operations and preservation, and safety improvements on highways, bridges and ferries.

The Secretary also talked about progress on the CRC project and shared a letter from Ray LaHood, USDOT and Janet Napolitano, Department of Homeland Security, emphasizing their support for the project and the need for financial commitment from the state. She also spoke briefly about the Department's scoping letter on the coal export EIS.

Action/Follow-Up: None.

COLUMBIA RIVER CROSSING (CRC) PROJECT UPDATE

Nancy Boyd and Kris Strickler, Administrators of the Columbia River Crossing (CRC) Office, discussed the CRC Oversight Committee, which met four times beginning in June 2012 and concluded its work in December. The Oversight Committee raised questions regarding toll rate setting, toll rates for freight, assumptions and process to estimate toll revenue.

Mr. Strickler updated the Commission on the US Coast Guard Permit and bridge height issues. The Coast Guard is expected to issue its opinion by September 2013. The two states have completed the upstream river usages analysis and recommend a bridge clearance height of 116 feet. The WSDOT/ODOT CRC Project team will be turning in an application next week to the Coast Guard.

The Commission asked where the bridge height measures from. CRC Staff responded that the height is measured at sea level of the point where there is zero tide. Depending on water level fluctuation throughout the year, the zero foot data point is approximately 6 - 12 feet river depth.

Ms. Boyd noted that the Oregon Transportation Commission has designated the I-5 Bridge as an eligible tolling facility. She also reported that the Investment Grade traffic and revenue analysis is underway with a program updated expected in February 2013. There will be an interim traffic and revenue report provided in June 2013. By December 2013 the preliminary investment grade analysis report is due.

The Commission asked if this timeline takes into consideration the October deadline discussed in Secretary LaHood's letter. "The State of WA and State of OR must submit to FTA a final joint CRC financing plan by both legislatures no later than October 2013." CRC Staff responded that the key pieces to meet the request are the equity contributions each state must determine in the 2013 legislative session. The tolling aspects of the finance plan will continue to move forward to meet the October deadline. Commission staff asked how the Investment Grade T&R report can occur on such an expedited schedule while still maintaining a robust analysis?

[Columbia River Crossing Project Update](#)

Action/Follow-Up: None.

SR 99 TUNNEL CONSTRUCTION/ALASKAN WAY VIADUCT (AWV) REPLACEMENT

Linea Laird, SR 99 Project Administrator, WSDOT reminded the commission of the geographical location of the project and reviewed the project design and timeline for finishing the project. The tunnel boring machine is anticipated to be delivered in the late spring of 2013. At this point the overall project is on schedule.

Commissioners asked for an update on the seawall. The seawall is under contract now and work will begin in late 2013. Commissioner Royer noted that the Seawall \$290 million bond issue in the fall of 2012 passed by a 70% plus margin of support. There is tremendous support for seawall replacement.

Ms. Laird discussed the program schedule and budget, as well as recently completed work to replace the southern mile of the viaduct, which includes:

- Column stabilization near Yesler Way (2008).
- I-5 travel time signs (2009).
- SR 519 Phase 2 (2010).
- Spokane Street Viaduct Fourth Avenue off-ramp (2010).
- I-5 active traffic management (2010).
- City street intelligent transportation systems (2010).
- Automated viaduct closures gates system (2011).
- SR 99 intelligent transportation systems (2011).
- South Holgate to South King Street viaduct replacement – *Stages 1, 2 and viaduct demolition.*

The overall budget is at \$3,144.4 million dollars and approximately \$1.4 billion has been spent to date.

Hitachi Zosen Corporation is supplying the tunnel boring machine (TBM) to Seattle Tunnel Partners. The TBM, named Bertha after the first female mayor of Seattle will be transported in 41 different pieces by boat due to the weight and size challenges and reassembled in Seattle.

The tunnel boring machine has been undergoing testing in Osaka, Japan. While the machine's performance has been nearly flawless, Seattle Tunnel Partners notified WSDOT last week that crews have discovered a problem with the main-drive assembly. Engineers believe they understand

the issue and have a sound solution, but they need to partially disassemble the machine to reach the problem area. They will be able to confirm the fix early next week, after the machine has been taken apart and they have had a chance to examine the situation more closely.

Testing of the machine is ongoing, even as crews explore the problem with the main drive. These tests are integral to the manufacturing and assembly process because they help uncover issues like the current one. As owner of the machine, Seattle Tunnel Partners is responsible for ensuring it functions properly at all times.

Tunneling is expected to start in the summer of 2013. The material from the TBM will be sent out through the conveyor belt to barges at the port. The TBM will build concrete rings as it drills through the soil. The concrete rings are in segments about 6.5 feet wide by 2 feet thick by 12 feet long.

WSDOT will be monitoring the buildings above the tunnel by assessing changes in ground conditions. 1200 different instruments get installed to monitor and assess the impact of the work to the buildings. Automated survey machines are attached to the building which shoots sensors to the ground at an array to feed the different points to determine if there are any issues.

[SR 99 Tunnel Construction/Alaskan Way Viaduct Replacement](#)

Action/Follow-Up: None.

TACOMA NARROWS BRIDGE TOLLING

Staff initiated discussion of the guidance requested of the Commission by the TNB Citizens' Advisory Committee (CAC). A focus of the discussion was whether the Commission intends the 12.5% sufficient minimum balance (SMB) be met at all times, only at the end of the fiscal year, or a different frequency.

Al Weaver, Chairman of the CAC, indicated that it has been the understanding of the CAC that the SMB is a target for the end of the fiscal year.

After much discussion, the Commission clarified they will focus on the following:

1. Developing a toll rate proposal in compliance with the sufficient minimum balance (SMB) policy of maintaining a 12.5% fund balance (equivalent to having 45 days of working capital) year round.
2. Maintaining the relationship between the levels of payments—ETC, cash, Pay by Mail—at \$1.00, respectively.
3. Considering setting the toll rates in a biennial context—FY 2014 and FY 2015—while retaining the option to revise the toll rates during the second year if necessary.
4. Consider utilizing a strategy that targets achieving net revenue balance of \$0 or break-even. Meaning, targeting toll rates that generate revenues that match total expenses and meet the SMB policy requirements as described in #1 above.
5. Considering whether to delay the effective date of a toll rate increase until November or January or when the fund balance begins to drop below policy threshold due to the bond debt repayment schedule.

Additionally, the commission discussed the need for the proposal to evaluate and consider three

traffic and revenue risk scenarios. The three scenarios are as follows:

1. **The baseline CDM Smith scenario.** This scenario is provided by CDM Smith and is their official forecast of traffic volume and gross revenue for the facility. Their model focuses on using inputs such as economic variables, demographics, population, land use growth, etc. in forecasting traffic and revenue outcomes. While this information is useful it should not be used as the sole decision in a rate recommendation.
2. **No traffic volume growth scenario.** This scenario is defined as the first quarter of actual traffic volume and three quarters of forecasted traffic volumes for FY 2013. This data is currently provided from the November 2012 forecast for FY2013. This traffic value will be used to evaluate tolls for FY 2014 and FY 2015.
3. **Slight decline in traffic growth scenario.** This scenario applies a 1.5% decline to the traffic volume data described in #2 above for FY 2014. In evaluating fiscal year 2015 under this scenario the calculated 2014 value will be used.

Furthermore, the commission noted that the above are guiding principles and they reserve the right to review and use updated traffic and revenue information as it becomes available.

Most of the discussion centered on the commission's decision to clarify that the SMB should be 12.5% year-round. WSDOT agreed that a year round 12.5% provided adequate coverage for other contingencies that WSDOT may face. WSDOT further stated that since the Commission clarified this policy they felt comfortable removing the contingency expenses from the financial plan. The contingency expenses will be accounted for in the fund balance. This in effect lowered the O&M expenses in the financial plan as well as the targeted sufficient minimum balance value. It also has the effect of having identified contingencies earmarked in fund balance. The Commission would like CAC feedback on setting rates for a two-year period, with a review prior to the second year.

WSDOT then provided information regarding the following toll rate scenarios:

- 1) Current Toll Rates-This scenario drops below policy level in Feb. 2014 for the remainder of the biennium.
- 2) \$0.49 estimated Toll Increase-This scenario could potentially meet the policy directive for the entire biennium.

WSDOT then identified possible financially responsible approaches to manage risk:

- Cost contingencies
- Alternative revenue assumptions
- Revised implementation of SMB policy
- All of the above?

WSDOT discussed the scenarios to be provided for the CAC as follows:

- 1) \$0.25 increase for each payment type in FY2014
- 2) What amount would be needed for two years?

WSDOT Discussed the Next steps as follows:

- February 5, CAC review of preliminary scenarios
- February 19, CAC proposes toll rates
- March 12, CAC proposes toll rates (if needed)
- March 19-20, CAC recommendation to WSTC

[Tacoma Narrows Bridge Tolling](#)

Action/Follow-Up: Communicate Tolling Guidance to TNB CAC.

SR 520 TOLLING

Craig Stone, Assistant Secretary, Toll Division, WSDOT provided a one-year tolling progress report. There have been over 18 million tolled trips since December 29, 2011 and approximately \$50 million in gross toll revenue generated in 11 months.

The modeling requested by the Commission on the potential for no rate increase in 2013 indicates that foregoing a rate increase provides inadequate coverage ratios, and therefore cannot be done in conformance with the bond resolutions.

Mr. Stone also briefed the Commission on motorcycle usage. Among active *Good to Go!* Tags, only 0.7 percent are motorcycle tags. Manual review of images indicated that motorcycles accounted for about ¼ of one percent of trips across SR 520 and TNB.

Nationally, most toll systems do not differentiate between motorcycles and other two-axle vehicles. Many High Occupancy Toll Lanes and Express Toll lanes provide motorcycle exemptions consistent with HOV policy.

[SR 520 Tolling Update](#)
[One-Year Tolling Progress Report](#)

Action/Follow-Up: None.

I-405 TOLLING

Mr. Stone briefed the Commission on the plans to consult and coordinate with I-405 corridor communities. The first meeting with the Executive Advisory Group is January 24, 2013. A second meeting, in February 2013 will discuss carpool policy. A March 2013 meeting will review financial results and an April 2013 meeting will discuss funding and phasing.

WSDOT plans to submit phasing and funding plans to the Governor and Legislature by June 2013.

[Executive Advisory Group Plans](#)

Action/Follow-Up: Commissioner Royer(?) will participate in I-405 Executive Advisory Group discussions.

ADVISORY COMMITTEE ON TOLLING & TRAFFIC MANAGEMENT (ACTT) 2012 PROGRESS REPORT

Maud Daudon, ACTT Co-Chair, explained that the ACTT is a creature of FHWA, WSDOT and the City of Seattle. ACTT makes recommendations and has no decision-making authority of its own. The ACTT is expected to continue meeting until one year after tolling commences.

The next round of three scenarios is due in February. ACTT will look at traffic in February and revenue in March.

Policy issues raised by ACTT:

1. Priority of state's use of toll revenue.
 - State should prioritize how to use funding.
 - Funding is needed for capital, ownership costs, and to mitigate diversion.
2. Financing assumptions and toll rate adjustments.
 - Most scenarios assumed no toll rate increases based on State Finance Committee guidance.
 - Committee believes it is reasonable to expect that nominal toll rates will not be the same for 30 years.
3. Toll Collection Cost Allocation Policy.
 - Suggest analyzing revenue-based allocation of costs.
4. Systems approach to tolling:
 - As region moves forward, ACTT sees value in analyzing tolling I-5, I-90, I-405 and SR 99.
 - This study is beyond the ACTT timeframe for making recommendations in 2013.
5. Freight rates:
 - Analyze different cost structures based on axles and flat rates.
6. Mitigation funding:
 - Currently no funding source has been identified for mitigation of diversion effects.
7. Transit funding:
 - ACTT asks that a sustainable funding source be identified to support King County Metro.

[ACTT 2012 Progress Report](#)
[ACTT Letter to Commission](#)

Action/Follow-Up: Continue to monitor ACTT.

TARGET ZERO PROGRESS REPORT AND PROPOSAL

Steve Lind, Deputy Director of the Traffic Safety Commission, briefed the Commission on Target Zero successes and new areas of emphasis. Projected new areas of focus include:

- Distracted driving
- Motorcycles
- Pedestrians

The Traffic Safety Commission (WTSC) is overseeing two Automated Speed Enforcement (ASE) Pilot Projects in Seattle and Tacoma. The pilot is limited to one speed camera per city. Reactions:

- There is high public support for speed cameras in school zones and in areas with high levels of speeding-related injury and fatal crashes, however overall support for ASE has declined since 2010.
- The majority of respondents think that revenue generated by the ASE cameras should go to a city traffic safety project fund, rather than the city general fund.

A 2010 meta-study found speed cameras are effective at reducing traffic injuries and deaths. Compared to control sites, speed camera sites demonstrated an 11% to 44% reduction in fatal and serious injury crashes.

[Target Zero Progress Report and Proposal](#)

Action/Follow-Up: None.

PUBLIC COMMENT

Paul W. Locke urged elimination of some ferry runs. He is very concerned about the amount of federal and state debt.

STATE AUDITOR'S OFFICE (SAO) FERRY AUDIT

Larisa Benson, Director of performance Audit and Susan Hoffman, Performance Auditor, State Auditor's Office provided an overview of the Ferry Audit.

The audit looked at the following:

- How do construction costs for WSF's vessels compare to other purchasers?
- What factors affect construction cost and total construction spending?
- Does WSF follow leading practices to design and construct its ferries?

Conclusion: It costs more to build a ferry when WSF is the purchaser.

- WSF has learned lessons and improved since building the Jumbo Mark II class.
- Vessel construction costs could be further reduced through better use of leading practices.
- Two regulatory requirements limit competition and increase construction costs:
 - Build in Washington laws; and
 - Apprenticeship Act requirements

The audit methodology included:

- Cost analysis
- Assessment of regulatory environment
- Leading practices
- Case studies
- Technical panel

What factors impact cost?

- Use of vessel design and construction contracting leading practices
- Regulatory environment

Four additional leading practices, if implemented together, have the greatest potential to reduce costs:

- Use and adhere to a fixed price contract
- Complete vessel design before beginning construction.
- Use an independent owner's representative.
- Place ALL responsibility for project quality and delivery on the shipyard.

What makes BC Ferries successful?

- Established vessel replacement criteria.

- Adopted a ‘functional specification’ approach to vessel design.
- Opened procurements to shipyards outside BC.
- Used fixed price contracts.
- Required shipyard to assume all responsibility for design and construction of new vessel.
- Made changes to construction contracts by using:
 - Design-build contracts
 - Price de-escalation clauses
 - Performance guarantees
 - Warranties
 - Right of refusal on final delivery

To estimate the economic impact of Build in Washington, the State Auditor assumed construction of two ferries costing \$75 million each during fiscal years 2013 and 2014. The results:

- An average of 322 jobs and \$28 million in wages in the shipbuilding industry in each fiscal year.
- An average of 1,335 jobs and \$90 million in wages across all sectors of the economy in each fiscal year.

SAO recommends WSF continue to improve its vessel construction program by determining whether adopting the leading practices and suggestions for improvement provided would result in program improvements and/or cost savings, and implementing those with the greatest potential to provide benefit to the program.

- Fully adhere to fixed price contracts for ferry design and construction.
- Complete vessel design prior to beginning construction.
- Use an independent owner’s representative.
- Shift all responsibility for project quality and delivery to the shipyard.
- Timely completion and effective use of “lessons learned.”
- Strengthen financial management of construction contracts.
- Improve use of design-build contracting method.

SAO also recommends that the Legislature address the regulatory barriers that limit competition on WSF vessel procurements by:

- allowing WSF to use alternative strategies to encourage competition for its ferry procurements when insufficient interest or higher than expected bids are received from Washington shipyards. One possible strategy would be to allow WSF to invite bids from out-of-state shipyards in these instances.
- Undertaking a study of the Apprenticeship Act to identify and resolve barriers for prospective applicants, in particular shipyards with established training programs.

[State Auditor’s Ferry Audit](#)
[Editorial Letter Regarding Ferry Audit](#)

Action/Follow-Up: None.

WASHINGTON STATE FERRIES (WSF)

David Moseley, Assistant Secretary, WSF responded to the SAO Audit and emphasized that WSF utilized 13 of the 15 identified best practices in building Kwa-di Tabil class ferries and is implementing an additional best practice in construction of the Olympic Class ferries. WSDOT has formally responded to the SAO audit and asserts that the change orders to make the Island Home

design usable in Puget Sound, the haste to complete a replacement vessel, and wage costs in Washington account for most of the cost difference.

Mr. Moseley then discussed the Coast Guard staffing level requirements. WSF is carefully adjusting staffing levels to meet usual, expected passenger levels. In the San Juan Islands, it is staffing for 500 passengers.

[WSF Vessel Staffing Levels USCG Decision Combined Riders](#)

Action/Follow-Up: None.

VOICE OF WASHINGTON SURVEY (VOWS)

Andrew Thibault, EMC Research, briefed the Commission on the findings of the 2012 VOWS Survey.

Funding Transportation Needs

- Of the \$2.1 Billion per year in identified funding needs, on average voters said they were willing to fund \$763 Million, or 36% of the total need, at a cost of \$25 per month for the average Washington family. They were willing to raise \$554 million, 26% of the total need.
- Of the 5 funding categories preservation/maintenance (45%) and transit/rail (38%) needs were funded at the highest percentage and new lanes/expanded capacity was the lowest at 24%.

Mr. Thibault stressed that one cannot overestimate the difference between voters being asked to overturn a legislative action vs. being asked to vote for new taxes.

[VOWS Survey](#)

Action/Follow-Up: None.

SCHOOL TRANSPORTATION OVERVIEW

Jim Crawford, Sr. Budget Assistant to the Governor-Education shared that the State has historically spent about \$600 million per biennia on school transportation. This year the base increases to \$660 million and the new definition of basic education boosts the school transportation requirement to close to \$900 million in the coming biennia.

Governor Gregoire proposed a wholesale sales tax on gas to fund school transportation costs.

The state school funding Issues are:

- Legislatively-defined Basic Education Program
- New state funding formula
- McCleary decision

Commissioners noted that some of the school transportation expense is driven by bigger schools that are farther from where kids live. Educational standards and efficiencies influence larger school size, which typically means increased transportation costs.

School transportation service characteristics and issues include:

- Concentration of Children
- Efficiency and Service Levels
- Safety, Safety, Safety
 - Getting to and from the bus
 - Getting on and off the bus
 - Riding the bus
- Connections to School
- Special Services and McKenny-Vento services to the homeless
- Alternatives
 - Transit carries a lot of high school students
 - Walking school buses for elementary schools

[School Transportation Overview](#)

Action/Follow-Up: None.

LEGISLATIVE OUTLOOK

Counties

Gary Rowe, Managing Director, Washington State Association of County Engineers talked about county transportation priorities. The purchasing power of the MVFT is half of what it was 15 years ago. Arterial preservation efforts have decreased as costs have grown. Currently, the 12 cent local share of MVFT is pretty evenly divided between counties and cities:

- Counties 41.2%
- Cities 24.8%
- TIB 25.4%
- CRAB 8.6%

Counties want a mix of revenue options, including a councilmanic vehicle license fee and ability to impose a local MVET.

Transit

Geri Beardsley, Executive Director, Washington Transit Association (WSTA) and Michael Shaw, WSTA Lobbyist briefed the Commission on the Transit Association's legislative agenda. Of the 31 transit agencies, six serve urban areas.

Today, the state funds about 2% of the cost of public transportation, down from 23% when a share of the MVET was distributed to transit agencies. Nationally, the state contribution to transit averages 22%.

Revenue is a priority.

- New sustainable and flexible state funding
- Expanded local options
- Maintain existing transit funding

Commissioners asked what WSTA plans to do about paratransit needs. There is no legislative proposal at this time, but discussions with the state agencies and providers continue. Transit thinks

that it can provide a match for federal funds. WSTA also seeks to replace the “maintenance of effort” language that may penalize transit agencies that reduce paratransit costs by shifting riders to regular service.

Cities

Alison Hellberg, Association of Washington Cities Government Relations Advocate briefed the Commission on city transportation issues. In addition to increased state funding for transportation, and local options, stormwater requirements and preserving MTCA and PWAA funds for infrastructure are top priorities. Since 1990, there has been a 47% increase in city lane miles, largely from incorporations and annexations.

Ports

Eric Johnson, Executive Director, Washington Public Ports said that the Port Association likes the Commission’s Revenue proposal better than the Roundtable proposal. Transportation revenue and CERB funding and reform is a high priority.

Action/Follow-Up: None.

WSDOT SUMMARY OF PUBLIC TRANSPORTATION

Brian Lagerberg, Director, Public Transportation Division, told the Commission WSDOT is emphasizing reliable, responsible, and sustainable public transportation. For years, the Summary of Public Transportation has been a document of past activities, but that a diagnostic focus was developed to focus on the essential questions WSDOT needs to be asking and determine where to go from there.

The Diagnostic Approach is similar to the approach doctors use to assess the well-being of a patient during a routine checkup, using simple, well established procedures. It begins with the mission, goal, or desired outcome.

The variables must tell a complete story, have a high confidence rating and point to the mission, goal or desired outcome.

- Revenue vehicle miles – Indicates how much service is being provided.
- Operating costs per revenue vehicle mile – Indicates the funds necessary to operate for each mile of service provided.

The idea is to look at what is the most effective investment to make within a corridor.

[WSDOT Summary of Public Transportation](#)

Action/Follow-Up: None.

TRANSPORTATION COMMISSION

DAN O'NEAL, Chairman

TOM COWAN, Vice-Chairman

ANNE HALEY, Member

PHILIP PARKER, Member

Absent

JERRY LITT, Member

CHARLES ROYER, Member

JOE TORTORELLI, Member

ATTEST:

REEMA GRIFFITH, Executive Director

DATE OF APPROVAL