

WASHINGTON STATE TRANSPORTATION COMMISSION

Meeting Summary March 19 & 20, 2013

The regular meeting of the Washington State Transportation Commission was called to order at 9:00 a.m., on Tuesday, March 19, 2013, in Room 1D2 of the Transportation Building in Olympia, Washington.

COMMISSION BUSINESS

Chairman O'Neal opened the meeting. Commissioner Haley moved approval of the February 20 & 21, 2013 Regular Meeting Summary . *The motion was seconded by Commissioner Tortorelli and unanimously adopted.*

Chairman O'Neal asked the Commission to consider revising the date for the Walla Walla meeting from June 17 and 18 to June 18 and 19, with the tour on Tuesday, June 18 and the meeting on June 19. The Commission agreed to the change.

Staff provided a Legislative Update following the cutoff of action from the house of origin.

Action/Follow-Up: NONE

ALASKAN WAY VIADUCT (AWV) /SR 99 REPLACEMENT TUNNEL

Craig Stone, Assistant Secretary, Toll Division, WSDOT, Linea Laird, SR 99 Project Administrator, WSDOT, and Mark Bandy, Traffic Engineer, WSDOT provided an update on the Round Two Tolling Scenarios for the tunnel. In Round One, no toll and high toll (\$1 - \$4) were studied as benchmarks. The scenarios that were modeled were:

- Scenario 1 (\$1 - \$3.25): Objective is to achieve funding target.
- Scenario 2 (\$0.75 - \$2.25): Objective is to reduce diversion.
- Scenario 3 (\$0.75 - \$2.50): Objective is to balance funding and diversion.

Preliminary revenue estimates for the Round One scenarios identified:

- Scenario 1: \$920 million
- Scenario 2: \$510 million
- Scenario 3: \$720 million

The Round Two scenarios that were modeled (and revenue estimates) are:

- Scenario 4 (\$1.25 - \$2.75): Objective is to achieve funding target. \$950 million
- Scenario 5a (\$0.50 - \$0.75): Objective is to reduce diversion. Includes toll rate escalation. \$320 million.
- Scenario 5b (\$1.75 peak only): Objective is to reduce diversion. Includes toll rate escalation. \$450 million.
- Scenario 6 (\$0.45 - \$3): Objective is to balance funding and diversion. \$900 million

Projected diversion was highest under Scenarios 4 and 6.

Future meetings of the Advisory Committee on Tolling and Traffic Management will focus on diversion and mitigation. They are scheduled for April 24, May 15, and June 12.

[Update on Tolling Scenarios](#)

Action/Follow-Up: Continue to attend and monitor Advisory Committee on Tolling and Traffic Management.

SR 520 TRAFFIC MANAGEMENT: TRANSIT, VANPOOLS AND OTHER OPTIONS

Craig Stone, Assistant Secretary, Toll Division, WSDOT provided an overview of the Urban Partnership Agreement.

Since SR 520 tolling began, regional traffic has changed substantially:

SR 520

- Toll traffic is 33% (33,000 vehicles) lower than pre-tolled levels.
- Travel times are five minutes shorter on average during the peaks.
- Single-occupant vehicles have dropped from 60% to 54% of SR 520 traffic.

I-90

- Traffic has increased 11% (15,000 vehicles).
- I-90 travel times are four minutes longer on average during the peaks.

SR 522

- Traffic has increased 9% (4,000 vehicles).
- Travel times have not increased in the morning peak and are about two minutes longer in the afternoon.

I-5

- Traffic has increased approximately 2% (4,000 vehicles) in downtown Seattle.
- Travel times through downtown Seattle are approximately 2 to 4 minutes slower in both directions during the peaks.

I-405

- Traffic has increased approximately 5% (10,000 vehicles) in downtown Bellevue.
- Travel times through Bellevue are approximately three minutes slower southbound and two minutes slower northbound during the PM peak.

Ron Posthuma, Assistant Director, King County Department of Transportation and Mike Bergman, Service Planning Manager, Sound Transit talked about cross-lake transit ridership since tolling began. Metro and Sound Transit increased service by 20%, on both SR 520 and SR 522. Ridership has increased 25% since 2010, not only on Sound Transit routes on SR 520, but also on I-90 and SR 522. Vanpools have increased by 40%.

Travel times westbound are similar to pre-tolling; travel times eastbound are shorter and more reliable. The challenges are overcrowding with ridership continuing to increase, fares only cover 30% of cost and the budget limited to current service levels.

In addition, the Microsoft Connector brought an average 1735 Microsoft employees across the bridge in 2012, a 23% increase over 2011 ridership.

[Microsoft Connector](#)

[SR 520 Tolling & Sound Transit Express Service](#)

[SR 520 Traffic Management](#)

[SR 520 Urban Partnership Transit Service Improvements](#)

Action/Follow-Up: NONE

SR 520 RATE PROPOSAL

Craig Stone, Assistant Secretary, Toll Division, WSDOT, reported on the most recent traffic and revenue results on the SR 520 Bridge. Mr. Stone reviewed the base toll rate scenario currently used for financial planning, which assumes 2.5 percent rate increase in FY 14, 15 and 16 and a one-time increase in FY17 (15 percent-weekdays; 2.5 percent-weekends) with no planned increases thereafter for financial purposes. He also reviewed the results of tolling scenarios requested by the Commission and travel times during the peak period.

Commissioner Parker moved that the Commission propose an increase of 2.5% for all toll rates for Fiscal Year 2014, effective July 1, 2013, further moved that all the rates will be rounded to the nearest nickel, and further moved that the Executive Director be authorized to file the CR 102 reflecting these amendments. Commissioner Haley seconded the motion. It was adopted unanimously.

[SR 520 Rate Setting Update](#)

Action/Follow-Up: NONE

LEGISLATIVE COMMENTS

Senator Roach spoke to the Commission about I-1185. She noted that 64% of the voters and 44 of the 49 legislative districts supported I-1185. She stated that the Legislature has the responsibility to set the tolls for Tacoma Narrows Bridge. She believes it would be difficult for the Legislature to increase tolls and also unlikely for the Legislature to redelegate toll-setting to the Commission.

Senator Roach also suggested that cash tolls should be available on the SR 520. Sending a bill in the mail is not the way to welcome people to the state.

The Chairman responded that the Commission is aware that the Legislature would need to act to confirm the Commission action or redelegate. He noted that without a toll increase, funds to pay the bondholders would need to come from the motor vehicle fund or at the risk of damage to the state's credit.

Senator Schlicher noted that his 70% of his district supported I-1185. He asked the Commission to improve accountability from the tolling operations. He asked why administrative costs have increased when additional facilities should spread overhead more broadly. He asked why large contingency funds are needed.

The Chairman indicated that the Commission has asked some of the same questions and that some of the administrative expenses have been reduced as a result. He indicated that in most cases, the Commission has supported the Citizen's Advisory Committee and that the Commission will consider its proposal.

TACOMA NARROWS BRIDGE (TNB) RATE PROPOSAL

Reema Griffith, Executive Director, noted that the Commission will be asked today to propose toll rates, subject to legislative re delegation of toll setting authority.

Noah Crocker, Sr. Financial Analyst, briefed the Commission on the financial overview of TNB. At current toll rates revenues are not adequate to meet expenses. He pointed out that expenses are increasing each fiscal year due to the escalating debt service structure. He commented that for FY2013 debt service payments amounted to \$45 million and will be \$54 million in FY 2014. Furthermore, by FY2017 debt service payment will reach \$70 million.

Commissioner Haley moved that the Commission propose a rate increase for the TNB of \$0.25 across the board in Fiscal Year 2014 to take effect July 1, 2013 and an additional \$0.25 in Fiscal Year 2015 to take effect July 1, 2014, to be applied to all toll rates, she further moved that all the rates will be rounded to the nearest nickel and that, the title and definition of what is referred to as the Customer Initiated Account in the current rule, be changed to Short Term Account with a correlating definition, and further moved that that the Executive Director be authorized to file the CR 102 reflecting these amendments. Commissioner Parker seconded the motion.

The Commission also stated that both it and the TNB Citizens Advisory Committee will review traffic and revenue data during 2014 to ensure we are able to meet requirements for debt service and other operating expenses.

The motion was adopted unanimously.

A public outreach meeting on the proposed TNB toll rates will be held on April 15, 6:00 pm at Gig Harbor City Hall. A public hearing on the proposed TNB toll rates will be held on May 20 at Gig Harbor. A public hearing on the proposed SR 520 toll increase will take place at the May 22 Commission meeting in Pt. Townsend.

Action/Follow-Up: NONE

WSDOT REGIONAL OVERVIEWS: SOUTH CENTRAL REGION

Don Whitehouse, WSDOT Regional Administrator provided an update of the work on Snoqualmie Pass. He also stressed the challenges of pavement preservation and maintenance with declining budgets.

[I-90 Snoqualmie Pass East Project](#)

Action/Follow-Up: NONE

WSDOT PROJECT COST DRIVERS

Pasco Bakotich III, P.E. Director & State Design Engineer, WSDOT and Jeff Carpenter, P.E., Director & State Construction Engineer, WSDOT briefed the Commission on project cost drivers.

Cost drivers include:

- Utilities
- Right-Of-Way (Real Estate Services)
- Bicycle and Pedestrian Facilities
- Environmental

WSDOT has been affected recently by the difficulty of acquiring property when the property owner owes more than the appraised value. With both utilities and environmental issues, WSDOT attempts to first avoid impacts, second minimize those that cannot be avoided, and last mitigate impacts.

The key performance driver is moving the project to the initiation of construction within the construction season.

Commissioners asked about mitigating the economic impacts on property owners who lose critical agricultural land due to condemnation or property owners whose opportunities are limited due to a project proposal that is not yet funded.

WSDOT's 2009 mitigation cost study revealed:

- Average cost of mitigation is about 16% (including permits)
- Costs vary by project
- Majority of mitigation costs is due to stormwater treatment followed by wetland, stream and noise mitigation

Construction cost drivers include:

- Prevailing wage. Federal wage rates apply to federally funded projects and state rates to all others.
- Apprentice utilization. State law requires 15% apprenticeship
- Sales tax.
- Erosion and sediment control during construction averages \$15.5 million.
- The biggest cost driver is risk – getting good results by shifting risk to contractors. WSDOT is responsible for design errors except on design-build projects. Other risk factors are weather, changed conditions/differing site, and change management. WSDOT always owns the site conditions.
- Federal funding requirements drive costs and MAP 21 will increase federal requirements:
 - Disadvantaged business enterprise
 - Buy America
 - Davis Bacon

WSDOT estimates that contracts with federal funds may add 5% to contract costs.

- Inflation has increased 85% in the past 10 years
- Unexpected costs
 - Hazardous materials
 - Unknown utilities
- Tort – Risk and Liability
 - Insurance
 - Liability during construction
 - Liability post-construction (e.g., Marysville cable median barriers)

Commissioners expressed interest in further exploration of the size and scope of project conception and design. One way to proceed is to consider how to avoid and minimize the footprint of transportation.

[WSDOT Project Cost Drivers](#)

Action/Follow-Up: NONE

WSDOT SECRETARY REPORT AND DISCUSSION

Secretary Lynn Peterson emphasized the need to move forward with the Columbia River Crossing project, given the deadline for securing federal funds. She noted the groundwork laid by Paula Hammond and her administration and the need to complete mega projects that have been started. Moving forward, she said there is greater need for partnerships, since WSDOT is only a part of the transportation system.

She also commented on the importance of moving ahead with Road Usage Charge work. Since transportation has never been treated as a utility, how do we move toward that? There are a lot of questions about transition, equity, management and options that must take place. She stressed the need to be far enough along to be able to participate in federally funded pilots, if they come along.

AWV/TUNNEL EXPERT REVIEW PANEL

Dr. Patricia Galloway and John Rose provided an update of the Expert Review Panel (ERP) initial February 2012 Report with the following main objectives:

1. Review the 2012 updated Federal Highway Administration (“FHWA”) Financial Plan for the Project to ensure:
 - Identifies secured and anticipated funding sources
 - Feasible and sufficient
2. Review the Project’s key assumptions established for the schedules, risk identification and management, and cost estimate to assure reasonableness
3. Identify (a) the successes to date on the Project; (b) ERP recommendations made in its 2012 Report not yet implemented; and, (c) challenges currently facing the Project with potential impacts and recommended actions

The ERP continues to be confident that the Project can be successfully completed and finds that the Project is currently proceeding within its overall approved budget.

The ERP noted the following accomplishments to date:

- Completion of S. Holgate to King project on time and within budget
- Voter approval of financing for City of Seattle’s Seawall project
- Resolution of the Western Building stabilization
- Reinforcing of Viaduct conducted as planned
- Substantial completion of right of way acquisitions
- Securement of Federal funds to offset identified reduction in anticipated tolling revenues
- Important improvements to risk management practices
- Installation of settling monitoring stations and instrumentation structures along tunnel route
- Completion of Tunnel Boring Machine
- Tunnel Contractor and Hitachi succeeded in turning around the re-assembly, testing and disassembly of TBM to meet the TBM shipping date.

The ERP is concerned that significant amounts of project funding are not yet secured:

- Toll funds are not secured, and the Legislature may wish to provide policy guidance to parties considering tolling options
- The Port has been credited with a \$19M contribution to the Project; the remaining \$281M is not yet secured
- Transit funds are not secured

The ERP laid out critical 2013 Milestones:

- 2/28: Begin Load of TBM in Japan [√]
- 4/8: Final Preparation of Launch Pit Complete
- 4/9: TBM Arrives on Site
- 6/7: TBM Assembled and Commissioning Complete
- 6/18: Launch TBM
- June: Finalize Binding Agreement with Port of Seattle
- June: Finalize Agreement with City of Seattle
- June: Receive ACCT Report and Recommendation on Tolling
- Fall: WSDOT Completes/FHWA Reviews updated Financial Plan
- Late Fall: Safe Haven #3, Activity to be Completed Immediately Prior to Tunneling Under Viaduct: Official End of “Tunnel in Box” Testing

Each should be monitored carefully, as any delay can potentially have significant impacts to the Project

Mr. Rose commented that three questions beyond the scope of their work arise:

- What precedent will tolling decisions on this project mean for other projects?
- What will the benefit of tolling on this project mean for other projects?
- Even while writing this report an additional \$35 million was allocated to this project, does it make tolling less likely on this project?

The ERP suggests that the Legislature or the Commission give the ACTT some additional direction. ERP also strongly recommends reconvening the Project Oversight Committee to minimize the risk of confusion and/or failed commitments by Project partners.

Actions to monitor over the next 6 months:

- Funding Actions
- Port and WSDOT should act quickly to enter into a written, binding agreement for the Port’s financial contribution
- State officials should give policy direction to guide new analyses of tolling options; these analyses and related decision should be completed in time for the 2014 Legislature to confirm revenue sources committed to the Project
- Transportation Commission should work with State Treasurer and Finance Committee to establish policies to ensure adequate capital funds generated from toll revenues
- Legislature should review WSDOT’s recent allocations of new Federal funds to the Project, considering the impact on other State project, on negotiations with the Port, and on tolling decisions
- Governor and Legislature should consider legislative authority for local taxes to provide transit enhancement to meet passenger and freight mobility goals
- Legislature should monitor updated projections re: MVFT Funds to retain confidence that needed bonds can be sold without requiring inadvisable diversion of revenue from maintenance needs

The City and WSDOT should continue to work together and enter into a written binding agreement memorializing their mutual understanding to their respective roles, responsibilities, and scope for the design and construction of tunnel follow-on projects, including Alaskan Way surface street projects

WSDOT should continue to monitor the City's implementation of the Mercer West and Seawall Replacement contracts.

- Design-Build Contract Actions
 - WSDOT should continue focus on all pre-tunneling activities (e.g. shipping, re-assembly, final testing and commissioning, site excavation, etc.) to mitigate any potential delay to start of tunneling
 - WSDOT should remain focused on obtaining/evaluating the validity of work plans related to post-TBM launch activities
 - WSDOT should consider additional steps to further protect the State's contractual rights in advance of any potential disputes under the design-build tunnel contract
 - Follow-up projects following tunnel construction must continue to proceed on schedule; interactions with these projects will increase to ensure mutual milestones are realized
 - Reaffirm Stakeholder Understandings of Project Goals and Objectives
 - Stabilize the Project team following the significant changes in AWV Project Team, Project Stakeholders positions and government leader positions
 - Since the ERP's February 2012 Report, positions changed include: Governor; State Legislature; Secretary of Transportation; FHWA Representative; WSDOT; Port Commissioners; and Contractor
 - A mixed political or Project team message may result in a lack of alignment which could be highly counterproductive to the success of the Project

Because of the number of significant action items and critical milestones over the next six months, the ERP strongly recommends the Governor and Legislature consider a semi-annual ERP update and approve a budget allowing the ERP to continue its more detailed annual reviews over the life of the Project as contemplated in the ERP's charge

[AWV ERP Update Report Presentation](#)
[ERP Report Cover Letter](#)
[ERP Updated Report](#)

Action/Follow-Up: NONE

LOCAL PROJECT RIGHT SIZING

Steve Gorcester, Executive Director of the Transportation Improvement Board, briefed the Commission on the new TIB selection criteria:

- Safety
- Growth and development
- Physical condition
- Mobility

Projects are no longer scored on all four criteria, so that top projects in one category need not score high in other criteria.

TIB manages both revenue and project risk. Project risk and probability includes:

- Project failure -- MEDIUM
- Wrong project-- LOW
- Wrong scope -- HIGH

- Cost exposure – MEDIUM

The balancing act involves scope vs. finances. Common scope challenges include:

- TIB Sidewalk Rule
- Former TIB Grant Limits
- Insufficient or Excessive Cost Concern
- Insufficient Focus on Environmental Cost
- Relative Difficulty in Funding
 - Agency Fiscal Capacity
 - Last in Funding

TIB may look at scope optimization on some projects. Sometimes scope can be too small, such as a pavement project in Malden:

- As scoped, completed 1/3 of Main Street
- As built, completed Main Street
- Outcome: 3 times more project for 30% more money

Commissioners suggest that rightsizing needs to be foundational work for The Next WTP. TIB looks at project scope both in project selection and in project design. When more money is requested, TIB takes a closer look.

Walt Olsen, Deputy Director of CRAB and Randy Hart, Grants Programs Manager, noted that CRAB does rightsizing from the beginning of a project through the end. Mr. Olsen noted that county engineers are required by statute to be licensed, professional engineers. The CRAB WAC requires that a priority selection process be used to bring a project to CRAB for funding.

RAP projects are selected based on the following criteria:

- Structural ability to carry a load
- Capacity
- Geometric alignment
- Accident experience

CRAB engineers work with county engineers to review a preliminary prospectus to determine whether a project is properly scoped and continue to work with a county after projects are selected.

[Transportation Improvement Board](#)
[County Road Administration Board](#)

Action/Follow-Up: NONE

MAP 21: POLICY CHANGES AND RESPONSES ACROSS THE U.S.

Larry Ehl, Transportation Issues Daily, briefed the Commission on transportation investment decisions across the nation. Many states and localities have concluded that transportation needs are too great to wait for the Federal Government to take action.

Many States are working on legislation to increase revenues. Connecticut is reconsidering tolls, several states are looking at a sales tax on gas or a gas tax increase and a new or increased licensing fee and fees on hybrid cars.

In 2012, 68% of transportation ballot measures nationally passed. Three of four statewide transportation measures passed, averaging 63% support.

[MAP-21 Funding Across the U.S.](#)

Action/Follow-Up: NONE

PUBLIC COMMENT

Paul W. Locke suggested that ferry routes should be discontinued. He suggested that the money spent on the Coupeville-Pt. Townsend route be shifted to preserve or rebuild the Deception Pass bridge.

TRANSPORTATION COMMISSION

DAN O'NEAL, Chairman

TOM COWAN, Vice-Chairman

ANNE HALEY, Member

PHILIP PARKER, Member

JERRY LITT, Member

CHARLES ROYER, Member

JOE TORTORELLI, Member

ATTEST:

REEMA GRIFFITH, Executive Director

DATE OF APPROVAL