

# WASHINGTON STATE TRANSPORTATION COMMISSION

## Regular Meeting Summary

October 15 & 16, 2013

### **COMMISSION BUSINESS**

*Commissioner Parker moved adoption of the meeting summary from the September meetings in Spokane and Colville. Commissioner Haley seconded the motion and the meeting summary was approved unanimously.*

Staff briefed the Commission on the status of the Washington Transportation Plan. The WTP Steering Committee and consultants will have their kick-off meeting on Thursday morning. Staff shared the proposal for the WTP Advisory Group and its function; staff noted that the recommended membership was virtually identical to the Advisory Group for WTP 2030. Commissioner O'Neal asked that the Puget Sound Partnership also be invited to participate again.

Commissioner O'Neal spoke about his attendance at Senate Listening Sessions. He also spoke to All Aboard Washington, attended a meeting of environmental groups at the Bullitt Center, and spoke to railroad lobbyists about coal transportation the following day.

Commissioner Parker said that at the Senate Listening Session he attended he told the legislature the state may be facing a Hobson's Choice on transportation projects -- paying more for the improvements as a result of its decision to abandon the Columbia River Crossing project.

*Commissioner Parker moved adoption of the 2014 meeting schedule and local meetings locations, as amended. Commissioner Litt seconded the motion and it was adopted unanimously.*

Staff briefed the Commission on a proposal for an op-ed on the change in value of the gas tax.

The Executive Director reported that she, Jeff Buxbaum and Jack Opiola have submitted a paper on the Road Usage Charge Assessment to the Transportation Review Board-. It has been accepted and is in editing.

The new VOWS Survey is underway. New data will be available by late November.

*Action/Follow-Up: None*

### **ROAD USAGE CHARGE UPDATE**

Commissioners Cowan and Haley briefed the Commission on the status of the Road Usage Charge Steering Committee work, reminding the Commission of the charge to the Commission to develop and evaluate the business case. Yesterday the Steering Committee agreed to the business case and directed the development of the Final Report. It has been a symbiotic relationship between the Steering Committee and the consultants.

Consultants Jeff Buxbaum, Jack Opiola and Travis Dunn reported on the development of the Road Usage Charge business case. Commissioners asked whether we knew how much gas tax was paid by

out-of-state drivers. The issue has been noted and discussed – it has been placed in the parking lot of policy issues to address.

Eight operational concepts from prior work were winnowed down to three to present a range of possibilities:

A. Time Permit (Permit for unlimited road network access for a given period of time.)

B: Odometer Charge (Prepay for a standard amount of miles, and then reconcile actual miles.)

C: Differentiated Distance Charge (In-vehicle device records miles driven inside and outside State borders and charges accordingly)

Plus, combinations - A&B; A&C; B&C; A+B+C

The business case criteria are:

- Sustainable revenue source
- Cost-effectiveness
- Qualitative
  - Transparency
  - Complementary policy objectives
  - Equity
  - Simplicity
  - Enforcement
  - Privacy

Other important considerations include the ability to distinguish between travel on Washington public roads and other roads and the ability to charge non-Washington residents.

High-level assumptions used in developing the business case assume the road usage charge would replace the gas tax in 2015, with no transition period, and that all non-diesel vehicles would be subject to the road usage charge. This scenario is highly unlikely, but provides the most objective ability to evaluate the business case.

Commissioners asked how transition would work with so much bonded indebtedness due into the future. The issue of outstanding bonds, along with transition strategy, is identified and in the parking lot for further work.

The summary findings evaluated road usage charging and non-diesel (gasoline) tax revenues to 2040. Thus far, early findings indicate the three concepts evaluated could potentially outperform the gasoline tax by \$30 million to just under \$4 billion on a net present value basis over the 2015-2040 period. Decoupling fixed tax rates from forecasts that project declining gas consumption is the biggest driver. The simplest systems (A and B) suggest a larger differential, because of lower collection costs and initial capital outlays.

It may take a minimum of 5 years, to get to break even. It could take 10 or more years to make up for the initial costs of implementing the new system, excluding any additional costs from an extended transition period (which may not be necessary, depending on the concept).

Commissioners discussed the pros and cons of providing consumers choices of how to pay for transportation infrastructure.

Cost of collection has many elements:

- Program administration
- Account management
- Information technology
- Enforcement
  - Lost revenue due to evasion
  - Cost of recovering unpaid tax debt
  - Cost of audit
- Public relations
- Cash flow

Thirty-two scenarios were tested to compare net revenue from a potential Road Usage Charge with gas tax revenue. The variables are: forecasted rates of VMT growth or decline, fuel efficiency, number of vehicle registrations, and relative popularity of the three concepts tested. Other key assumptions include:

- 2% Inflation
- 3% Discount Rate
- Gas tax collection cost = 0.8% of gross revenues
- Road usage charge rate set in 2015 to be gross revenue neutral with gas tax
- Conservative fuel efficiency estimates

The consultants also compared the annual tax payments of different types of motorists under each concept. As expected, persons driving vehicles with low mpg benefit the most and those driving hybrid or electric vehicles will pay more than they currently do-holding distance equal.

Commissioners discussed whether raising the gas tax would be simpler and less costly. Can a road usage charge be implemented in only one state, or should it be done regionally?

The steering committee direction is that road usage charging can be a long-term gas tax replacement and that the gas tax remains a viable source of revenue. There was a broad consensus to move forward with all three concepts.

Next steps include:

- Develop a final report for the Steering Committee to submit to the Commission, including a work plan and budget for the next year
- Finalize the Steering Committee's recommendations at its last meeting on November 18
- Submit the Steering Committee's final report to the Commission on December 10 or 11

### [Road Usage Charge Assessment](#)

*Action/Follow-Up: None*

### **SR 520: EFFECTS OF CONGESTION PRICING ON TRAVELER BEHAVIOR**

Sean Peirce, Volpe Transportation Institute, briefed the Commission on the Panel Study of travel choices in the Cross-Lake corridor before and after tolling took effect. Gas prices also increased significantly between the two survey waves.

Key Survey Findings:

- Significant decline in overall Lake Washington corridor travel, particularly on SR-520
- Diversion to toll-free alternative routes & transit
- Small increases in vehicle occupancy on SR-520
- Some small variations in trip-making behavior by purpose and destination
- Little to no change in telecommuting
- Demographic differences between those who stayed with SR-520 vs. switched to I-90
- Significant increase in trip satisfaction levels for trips on SR-520
- Differences in response to tolling among income groups

There was little change in trip departure time. On SR 520, the peak share rose from 53% to 57% and on I-90, the peak share dropped from 61% to 56%. Cross-lake trips declined slightly more than overall trips.

Among those using SR-520 as their primary route in Wave 1, 55% were still using it in Wave 2 and:

- 24% switched to I-90
- 7% switched to SR-522
- 8% switched to transit
- 4% switched to another route/mode
- 1% no longer crossed the lake regularly

Those who switched trips to I-90 were more likely to be male, lower-income, with less schedule flexibility. Higher income households generally paid more tolls and lower-income households cut back more on travel.

### [Effects of Congestion Pricing on Traveler Behavior](#)

*Action/Follow-Up:None*

### **SR 520 CONSTRUCTION UPDATE**

Julie Meredith, SR 520 Program Director, WSDOT briefed the Commission on SR 520 construction status. Of the estimated \$4.12 billion project cost, \$2.72 billion funding is secured. An additional \$1.4 billion must be raised for the Montlake to I-5 portion of the project.

To date, 38 pontoons of 77 have been constructed. 18 pontoons are currently on Lake Washington. All of the pontoon repairs improve water tightness. Two change orders have been issued to date:

- \$48.8 million for epoxy injections and crystalline waterproofing
- \$22 million to add transverse post-tensioning and carbon fiber wrapping
- Still need to address design changes and design modifications on pontoons 3-6 and schedule impacts to both pontoons and the floating bridge and landing.

Of the \$250 million contingency fund, \$150 million has been spent. The Secretary has asked staff to look at the risks of remaining work, and potential efficiencies to be made on the remaining work.

The West Connection Bridge is expected to open in 2016. WSDOT and the City of Seattle have an MOU on how to move forward, but some details on design and phasing remain unresolved.

Commissioners expressed an interest in visiting the SR 520 project on the afternoon of November 20.

## [SR 520 Construction Update](#)

*Action/Follow-Up:* Schedule Tour of SR 520 Project.

### **FY 2013 – 4<sup>TH</sup> QUARTER TOLLING FINANCIAL REPORT**

Bob Covington, Director, Accounting & Financial Services, WSDOT and Craig Stone, Assistant Secretary, Toll Division, WSDOT briefed the Commission on the 4<sup>th</sup> Quarter financial reports for toll facilities. WSDOT learned in September 2013 that the back office vendor, ETCC, manipulated critical accounting reports without the knowledge of WSDOT. This has created uncertainty in WSDOT's ability to rely on these reports for financial reporting and reconciliations of financial activity. Despite the uncertainty regarding these reports, WSDOT does not believe there are material discrepancies within these financial statements given the consistency and tracking of revenue as compared to forecasts which are developed from independent sources.

The Balance Sheet includes as assets a total of \$29,446,387 - all outstanding amounts due from net notices of civil penalties. The TNB balance includes all outstanding amounts due related to TNB notices of civil penalties (\$9,916,416) and the 520 Civil Penalty balance includes all outstanding amounts due related to 520 Bridge notices of civil penalties (\$19,529,971). Notice of civil penalties, net, is the amount owed, minus 24% for the amount of doubtful accounts. The number is preliminary, based on statewide court collections and experience with E-470 in Colorado. It recognizes accounts that will not be collected within 12 months.

### [FY 2013 – 4<sup>th</sup> Quarter Tolling Financial Report](#)

*Action/Follow-Up:* None

### **TOLLING OPERATIONS AUDIT**

Susan Hoffman, Principal Performance Auditor, State Auditor's Office (SAO), briefed the Commission on the Tolling Operations Audit. The addition of SR 520 all-electronic tolling to the state tolling system prompted the audit.

Complicating factors:

- WSDOT's comprehensive accounting requirements were new to the tolling industry
- Internal project stakeholders disagreed:
  - Purchasing a toll collection service
  - Developing an IT and accounting system to collect tolls
- WSDOT feared losing federal grant funds if they did not meet deadlines

What the Audit found:

1. Fully assess and manage project risks. Identified risks were not fully incorporated. The winning vendor received only 141.5 of 800 possible points in scoring their proposal.
2. Proactively manage and monitor the work. WSDOT had a sound project management plan, but follow-through was ineffective.
3. Hold the vendor accountable to the contract. The project contract tied damages to major milestones. WSDOT delayed assessing damages because of concern over the risk of losing federal funding and the possibility the lead vendor would withdraw.

SAO estimates that WSDOT lost \$40 million in toll collection due to the delayed start of tolling.

Lessons learned: WSDOT's new tolling division needed clarity and authority:

- The Toll Division lacked clear roles, responsibilities, and decision-making authority
- The Toll Division lacked executive support in managing the vendor
- The Toll Division lacked policies and procedures to guide the effective development and implementation of the project

Recommendations:

- The Secretary ensure roles, responsibilities, and decision-making authority are clear for projects managed by the Toll Division
- The Assistant Secretary for Tolling establish policies and procedures to guide developing and implementing new tolling projects
- The Department report on its progress as required in the 2013-2015 transportation budget

Mr. Stone emphasized that the Audit reviewed the back office operations, not the electronic tolling itself. He agreed that 2011 was a rough year. Five potential back office vendors responded to the RFP and the only respondent that rated higher than ETCC had no tolling experience in North America.

The contract with ETCC expires in June 2014. Miami-Dade has won a summary judgment against them and Illinois has dropped its contract.

### [Tolling Operations Audit](#)

*Action/Follow-Up:None*

### **PUBLIC COMMENT**

Paul W. Locke noted that WSF is planning to hire additional deckhands. He has previously recommended that five routes be dropped and route cross-sound traffic over the bridge.

### **TOLL DIVISION UPDATE**

Mr. Stone briefed the Commission on Toll Division interim goals, subject to revision to fit into the WSDOT Strategic Plan under development.

- Sustainable funding and performance
- Deliver as promised
- Customer service quality
- Transparency and credibility
- Strategic vision
- Communication and leadership

Part of this work is the Division operational review that is underway, and incorporating lean management training and concepts.

The Commission asked several questions about the process for reviewing and revising the contract for back office operations.

**Toll-setting for I-405 Express Toll Lanes** is ramping up, beginning with a special Commission meeting on November 20. WSDOT anticipates Commission action in February 2014. The Commission noted its concern with tolling variations on the I-405 Express Toll Lanes based on the number of passengers in the vehicle. WSDOT is examining two different types of technology: a switchable

transponder, or pre-trip declaration of status. Both require some State Patrol enforcement. To date, Washington has one of the highest HOV compliance rates in the nation. Tolling Division has also contracted with Sherry Matthews, a Dallas-based firm, for I-405 Express Toll Lanes outreach and education.

WSDOT needs the legislature to reauthorize **SR 167 HOT Lanes**.

The **SR 99 Tunnel** is scheduled to be open in early 2016. WSDOT is considering the possibility of opening first, then tolling a few months later. This will allow for testing and marketing of the new facility.

Following an RFP, and interviews of two firms, WSDOT has let a contract for a single firm, StanTech, to do **Traffic and Revenue studies**.

Commissioners noted that the tolling a non-bridge improvement, such as the Gateway Project sets a precedent in Washington. WSDOT estimates that tolling could provide up to \$300 million.

WSDOT anticipates publishing the **Draft EIS on I-90 tolling** in spring 2014, with an FEIS and potential legislative action in the 2015 Legislative Session.

Rob Fellows briefed the Commission on the status of the **Regional Toll Study** requested of PSRC and WSDOT. King County and WSDOT asked FHWA that \$1.7 million be reprogrammed to finance this study. The theme of the letter is whether tolling is being implemented comprehensively in the region. Issues include equity and fairness, incremental tolling decisions, integration with road usage charging, and toll governance. Commissioners indicated that the Commission should be involved in these discussions.

Finally, the tolling division has been working with WSF on the ferry integration plan for customer service. A Report will be available in January.

### [Toll Division Update](#)

*Action/Follow-Up:* The Commission wants to be involved in the Regional Toll Study.

### **FY 2014 RATE SETTING WORKPLAN**

TNB: In December, WSDOT will discuss the financial plan and funding needs for TNB. This will begin the work of determining whether the commission's rates are adequately set to meet its obligations through FY2015 as previously planned or whether any alternative action would be required.

SR 520: In December, WSDOT will discuss the financial plan and funding needs for SR 520 This will begin the work of determining whether the commission's rates are adequately set to meet its obligations through the life of the bond agreements as previously planned or whether any alternative action would be required.

I-405: In November, the Executive Advisory Group will make its recommendations and WSDOT and the Commission have scheduled a rate-setting kickoff meeting. The Commission will file the CR-101. Discussion of I-405 issues will continue in January, focused on minimum/maximum rates, pay-by-mail differential, discounts and exemptions. The Commission will file a CR-102, proposing rates and

exemptions in February, hold public input meetings in April and adopt toll rates and exemptions in May.

### [FY 2014 Rate Setting Workplan](#)

*Action/Follow-Up:None*

## **TOLLING DIVISION COST OF SERVICE STUDY UPDATE**

Background: In 2009, the Joint Transportation Committee Toll Operations Costs Expert Review Panel recommended:

“Determine fixed and variable costs of key customer service account and payment method activities and establish a management process to report on the same as performance indicators and other information that can be used to modify business rules.”

Louthan Consulting did a baseline study in 2010 to review Tacoma Narrows Bridge and SR 167 HOT Lanes operational expenses. Louthan Consulting followed up with an FY 2012 Q3 – Q4 analysis released in August 2013 and an FY 2013 Q1 – Q3 analysis released in October 2013.

The purpose of the study is to understand cost drivers to allow the Toll Division to better evaluate its business model and the effects of its business rules. Additionally, the work will help inform current and future Toll Division processes and studies, such as:

- Budget preparation
- Rate setting
- Review of fees and discounts
- Pay By Mail differential
- Financial forecasting
- LEAN Reviews
- Ferry Integration Study
- Improvements to business rules and processes

The information highlights areas for the Toll Division to focus on as it evaluates the business rules. Additionally, since this is a cost of service study it includes more than just the actual costs paid out of the accounts. Furthermore, it suggests that toll payers are being subsidized by other transportation funding. On a per transaction basis short term accounts have the highest cost of collection. Stone noted that the customer service analysis suggested that since the 25 cent toll increase took effect more customers are choosing to pay with their credit cards at the toll boot; this impacts credit card fees charged to WSDOT, a nickel per transaction plus a percentage of the transaction amount.

Commissioners noted that a policy question is whether each type of transaction product should stand on its own.

WSDOT reported that their cost of service compares favorably with other states. The Washington cost at 63 cents per transaction compares to:

- Florida
- Bay Area Toll Authority

### [Cost of Service Study Update](#)

*Action/Follow-Up:None*

## **THE NEXT WASHINGTON TRANSPORTATION PLAN**

Steve Pickrell, Cambridge Systematics, briefed the Commission on the WTP Team and approach. Cambridge is experienced in transportation planning nationwide. Allegra Calder, Principle, BERK Consulting and Natalie Quick, CEO, Natalie Quick Consulting, will take the lead on outreach and communications. Alta Planning and Design brings planning expertise, including a specialization in nonmotorized transportation. Allegra Calder, who helped to write WTP 2030, also brings a lot of continuity to this Plan update.

Mr. Pickrell noted that the WTP 2030 Policy Goals remain the same and the Foundational Themes probably hold up after examination. We will need to explain the problems of today and the future. The Plan should emphasize asset management, at the state and local level.

WTP policy and process challenges:

- Lack of funding for transportation programs
- Uncertainty regarding federal requirements/funding
- Competing for the attention of public and stakeholders
- Evolving travel behavior and policy across regions
- Coordination with WSDOT on plan elements and outreach

Proposed approach:

- Existing conditions and needs assessment
  - Phase 1 Existing Conditions largely an update of 2010
  - Important developments to consider, for example
    - »Acceleration of interest in nonmotorized travel
    - »Rapid technological change in certain areas, e.g., energy, telecommunications
  - Reassess factors most likely to influence transportation needs and investments for next 20 years
    - »Consult with regional partners, private sector customers
    - »Take advantage of national research in driving factors
- Vision and strategy refinement
  - Review of foundational themes from 2010 update
    - »“Structural” funding problem
    - »Integrated, connected multimodal system
    - »Preservation and maintenance “is the most critical need”
  - Identify changes in leadership direction, public opinion and travel behavior, performance, and regulatory context
  - Advisory Group as sounding board and ambassadors
  - Combining “Vision” with “Needs” to determine Strategies and Actions is the crux of the plan update
- Public outreach and stakeholder engagement
  - Define what WSTC/WSDOT want to get from the public, then develop refined outreach plan
  - Leverage ongoing outreach activities of regional and local agencies to expand input while managing burden
  - Draw on stakeholder forums to develop accurate sense of priority issues
  - Voice of Washington Surveys & Statewide Listening Sessions will be used to assess public opinion
- Communications and media campaign

- Important to get out ahead of public and political chatter and proactively establish the dialogue
- Leverage WSTC staff, Steering Committee and Advisory Group to spread message through variety of channels
- Early burst of activity to ensure our spokespeople are prepared to respond and establish the desired messages

#### How to Define Role of Various Levels of Government, as Required by Statute

- Push-pull relationship between State and local plans
- State should set out clear priorities for strategies and actions of statewide significance
- Regional and local plans need to support progress on those policies and goals of state and national interest
- Consistency requires interactive, collaborative and iterative approach
- High-level consistency on significant goals will become even more imperative under MAP-21

#### Balance State and Regional Plans

- Look to modal and regional plans for broad themes and priorities, rather than projects
- Understand regional priorities for investment at program or subregional level
- Poll WSDOT and MPO/RTPOs as to their top legislative priorities for coming sessions
- Use stakeholder forums to tap into opinion of those who have most at stake, broadest perspective
- Reconcile regional interests with strategic state priorities

#### Promoting Multimodal Balance

- Can take a corridor-based approach to policies as well as to the federally compliant WTP
- Define policies that guide decisions within a corridor as well as between different corridors
- Review existing policies that favor roadway capacity solutions to most problems
  - Ultimately, managing demand on the roadway system will be essential to achieving any real modal balance

The Commission discussed the desirability of pushing the Agenda for performance measurement.

#### Preparing for Technological & Behavioral Changes of Next 20-25 Years

- Utilize existing research rather than starting from scratch
- Consider state's role in accommodating and even accelerating change to our advantage
- Incorporate notable behavioral trends such as lower VMT per capita among younger generation
- Identify the potentially significant impacts and benefits of cutting-edge technology (e.g. "connected vehicles") and communicate with public and stakeholders to develop proactive policies

#### Key Phase 1 Deliverables

- Tech Memo #1: Document Review & Synthesis
- Tech Memo #2: Existing Conditions & Trends
- White Paper #1: Vision and Goals Update
- White Paper #2: Needs Assessment
- White Paper #3: Actions & Strategies
- Outreach & Communications Plan
- WTP 2035 – Public Review Draft and Final

## [Next Washington Transportation Plan](#)

*Action/Follow-Up:None*

### **TARGET ZERO UPDATE**

Debi Besser, Traffic Safety Commission, briefed the Commission on the update of the Target Zero Traffic Safety Plan. The collaborative approach for the update again relied on data-driven problem identification to set performance-based goals.

Target Zero relies on relationships and a multi-faceted approach to eliminating traffic deaths and serious injuries:

- Engineering
- Enforcement
- Public health
- Education
- Tribal Engagement
- and other major stakeholders from the Bicycle Alliance to FHWA.

Special rules in MAP-21 target older drivers and pedestrians, and high risk rural roads.

Commissioners had many questions about driver's training and testing for younger and older drivers.

Once the Target Zero update is adopted by the Governor, evaluation of its implementation will begin.

*Action/Follow-Up:None*

### **THE GRAY NOTEBOOK**

Yvette Wixson, Publications Production Manager, Office of Strategic Assessment and Performance Analysis, WSDOT and Sreenath Gangula, Lead Systems Analyst, Office of Strategic Assessment and performance Analysis, WSDOT, briefed the Commission on the evolution of the Gray Notebook. The Performance Dashboard now includes a five-year trend.

System performance measurement has evolved from congestion measurement to corridor performance measurement. WSDOT is looking not only at traffic, but at the time of trips by modal choice. Corridor performance measurement also includes:

- transit performance on key commute corridors;
- per-person metrics, such as how much it costs a driver in wasted gas and extra time due to traffic
- greenhouse gas emissions by assessing the per person emissions per trip on the regularly congested commute routes, along with the emissions avoided due to transit ridership.

## [Gray Notebook](#)

*Action/Follow-Up:None*

# TRANSPORTATION COMMISSION

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DAN O'NEAL, Chairman

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TOM COWAN, Vice-Chairman

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ANNE HALEY, Member

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PHILIP PARKER, Member

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JERRY LITT, Member

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CHARLES ROYER, Member

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JOE TORTORELLI, Member

ATTEST:

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REEMA GRIFFITH, Executive Director

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DATE OF APPROVAL