

# WASHINGTON STATE TRANSPORTATION COMMISSION

## Regular Meeting Summary

December 10 & 11, 2013

Chairman O'Neal called the Transportation Commission to order at 9:00 a.m.

### **COMMISSION BUSINESS**

*Commissioner Parker moved adoption of the Bothell and Kirkland meeting summaries from November 19 and 2, 2013. Commissioner Cowan seconded the motion and it was adopted unanimously.*

Commissioner Litt briefed the Commission on the update of the Washington Transportation Plan. The Steering Committee agreed to an outreach plan yesterday. The Advisory Group will hold its first meeting on January 9, 2014.

Commissioner Cowan indicated that WSF is not requesting an appropriation to update its fare payment to enable an account based system. He suggests that the Commission discuss the cost and issues and consider recommending legislative action. Commissioner Haley suggested this might be tied into an overall IT upgrade for WSF. Staff suggested that fare collection also could be a topic for ferry surveys this year.

Commissioner Royer briefed the Commission on his Road Usage Charge presentation to the House Transportation Committee with our consultant, Jack Opiola. It was well-received and several members asked questions about how a system would work and impact drivers.

Commissioner O'Neal reported that he had the experience of driving a lot on dirt roads in the last month in Uganda. When it rains, the roads get muddy and trucks get stuck.

[November 19, 2013 Bothell Meeting Summary](#)  
[November 20, 2013 Kirkland Meeting Summary](#)

*Follow-Up/Action: None.*

### **TOLLING UPDATE**

#### ***Adjudication Report***

Craig Stone, Assistant Secretary, Toll Division, WSDOT introduced Toll Division Staff: Ed Shumpert, Director of Finance; Patty Michaud, Director of Communications; and Patty Rubstello, Director of Toll Operations.

Mr. Stone and Ms. Rubstello briefed the Commission on the Notice of Civil Penalty Process (NOCP). A NOCP is mailed 80 days after an unpaid toll bill has been sent. The \$40 civil penalty was established by the legislature and must be paid for each transaction, in addition to the toll and a billing fee applied to a second billing.

Annually, there are about 14 million transactions at Tacoma Narrows Bridge (TNB) and 21 million on SR 520. Commissioners and WSDOT staff discussed the benefits and costs of eliminating the toll booths and cash payments on TNB.

Commissioners observed that toll compliance is higher on SR 520 than TNB. Roughly 40% of the NOCP are issued on TNB and over 60% on SR 520. In FY 2014, 1Q, the net revenue collected for NOCP on TNB after subtracting collection cost is \$170,000. The net revenue collected on SR 520 is \$1.6 million.

WSDOT has recently added the opportunity for toll payers to administratively appeal the judicial orders, to come into compliance with the Nielsen decision.

### ***Cost of Service Report***

Mr. Stone shared the latest cost of service analysis for FY 2013. The average cost per transaction systemwide is \$0.63. The most costly transactions are short term accounts, due to the high number of follow-up calls. The lowest cost transactions are those on *Good To Go!* accounts: cost to collect is \$0.29 on SR 520 and \$0.30 on TNB. The results are similar to the analysis shared for previous quarters.

[Adjudication Program Update](#)  
[Cost of Service Report](#)  
[Adjudication Report](#)

*Follow-Up/Action: None.*

### **I-405 EXPRESS TOLL LANES**

Mr. Stone and Rob Fellows, Policy & Planning Manager, Toll Division, WSDOT reviewed the rate setting actions, process and schedule for I-405 Express Toll Lanes. Express toll lane rates are set dynamically by a computer program, based on traffic conditions.

The rate setting process needs to set the framework for dynamic tolls, including:

- Minimum toll rate
- Maximum toll rate
- Pay By Mail differential
- Exemptions (RCW exempts transit and vanpools from tolls on I-405.)
  - Emergency vehicles/incident response/maintenance vehicles
  - Private buses
  - Motorcycles
  - Carpools (defined as 2+ or 3+ occupancy)

Development of HOV lanes and policies followed two unsuccessful commuter rail votes in King County, and a subsequent decision by King County to create an expanded regional express bus system. The first HOV lanes were funded by the Interstate program and installed in the 1980's on I-5, I-405 and SR 520. WSDOT and Metro collaborated to build park and ride lots and express stops to support Metro's new suburban services and "blue streak" rapid transit bus from Northgate to downtown Seattle.

WSDOT adopted its Core Freeway HOV Program in the mid 1990's. WSDOT identified and sought funding for a continuous HOV system both state and interstate highways in the Puget Sound region. Subsequent studies proposed system extensions, transit direct access ramps, system connectors, safety and enforcement improvements.

WSDOT established HOV system policy document in 1992. It was updated and republished in 1997. The Legislature passed budget proviso defining carpools as 2-people or more; the Governor vetoed the proviso on the grounds that operating rules are an executive function and then ordered WSDOT to comply, except on SR 520, where carpools remained 3-person plus .

The Transportation Commission developed HOV policies in 1996, adopting existing WSDOT policies by reference and allowing MPOs to develop regional policy variations. The biggest policy challenge for HOV lanes has been performance: in 3+ carpools, lanes seem empty and with 2+ carpools, lanes frequently are congested. The WSDOT standard established in 1992 is that HOV lane vehicles maintain or exceed an average speed of 45 mph or greater at least 90 percent of the times they use that lane during the peak hour. This standard was later adopted in federal law.

The 1996 Commission Policy: [Regional operating policies must include] “a speed and reliability standard that ensures that HOV facilities will continue to provide a reliable travel time advantage over traffic in general purpose lanes when congestion is present, and a mechanism to enforce that standard.” Express Toll Lanes originally were proposed as a means to achieve the HOV speed and reliability standards necessary to serve as an effective transit right-of-way and carpooling incentive.

Changing occupancy requirements is politically challenging:

- Removing 2+ carpools adds to congestion in the general purpose lanes, while HOV lane seems empty
- Provides an opportunity to meet HOV objectives, while improving utilization and adding value for other users
- Managing volumes effectively ensures reliable speeds
- Other users can benefit when arriving on time has high value

Express toll lanes provide tools to manage both vehicle and person throughput:

- Dynamic pricing manages vehicle flow and throughput
- But HOV objectives focus on person-throughput, not just vehicles
- Transit and carpool exemptions provide incentive to fill empty seats to maximize person throughput overall

The legislative intent for I-405 Express Toll Lanes:

- RCW 47.56.886: (3) The department and the transportation commission must consult with a committee consisting of local and state elected officials from the Interstate 405 and state Route number 167 corridor and representatives from the transit agencies that operate in the Interstate 405 and state route number 167 corridor while developing the performance standards, traffic and revenue analysis, and finance plan.
- RCW 47.56.880: It is the intent of the legislature to improve mobility for people and goods by maximizing the effectiveness of the freeway system. ... An express toll lanes network could provide benefits for movement of vehicles and people, as well as having the potential to generate revenue for other improvements in the Interstate 405 and state route number 167 corridor, also known as the eastside corridor.

- RCW 47.56.810: (2) "Express toll lanes" means one or more high occupancy vehicle lanes of a highway in which the department charges tolls primarily as a means of regulating access to or use of the lanes to maintain travel speed and reliability.

MAP-21 directs the USDOT Secretary to subject states to “appropriate program sanctions” for HOV or HOT facilities that do not meet 45 MPH speed during 90 percent of peak periods. The performance standard is not new, but sanctions for failure were added. Federal law allows States to toll vehicles for access to HOV lanes only when they do not meet the established occupancy requirements of the lane (or if they are inherently low emission vehicles or low emission and energy-efficient vehicles - not relevant in Washington).

Other federal considerations:

- Environmental commitments – FHWA has advised that any carpool policy other than 3+ will require a reevaluation of the I-405 express toll lane project NEPA documentation
- Funding requirements – Federal funds utilized to construct HOV lanes may need to be repaid to FHWA if carpools have no preferential treatment

Commissioners have requested information on the implications of not providing a carpool exemption, where most everyone pays (transit and vanpools remain exempt under all scenarios). WSDOT has drawn information from existing forecasts and analyses and extrapolated where required. Modeling of “Everyone Pays” indicates person throughput of just over 50,000/day, as compared to 90,000 on Express Toll Lanes with a 2+/3+ free carpool.

Commissioners asked what the minimum cost to collect would be on I-405 Express Toll Lanes. WSDOT responded that the cost to collect would be similar to the costs indicated in its **Cost of Service Report**.

Commissioners noted that one way to minimize the debate over 2+ and 3+ carpools is to charge both. WSDOT believes that the way to move the most people through the system is to use different pricing tools at different times of the day.

In summary, the pro and con arguments of “Everyone Pays”:

**Pro:**

- Higher Revenue
- Simple - Easy to understand

**Con:**

- Federal Implications
- Pay back cost of Lane
- Environmental NEPA reevaluation- Delay and environmental justice issue
- State Implications
  - Counter to current HOV policy
  - Counter to ETL Legislative Direction
    - Move more people and vehicles
    - Effectiveness for transit
- Lower Person Throughput in Peak
- Lower overall Use of ETL
- Not supported by Executive Advisory Group
- No analysis by WSDOT or WSTC

Commissioners discussed whether to establish congestion as a toll exemption criteria to move toward consistency across the system. Mr. Stone agrees with developing a more consistent approach, but suggests the Commission distinguish between roads, bridges and express toll lanes as distinct types of facilities.

Options for Future Transition from 2+ to 3+ Carpools:

Some approaches, if the Executive Advisory Group recommendation is accepted:

- WSDOT makes changes to hours to maintain federal and state performance standards
- Commission adopts WAC with performance trigger that would prompt a change
- A date or event (completion of I-405 facility, for example) that would trigger a change

Three agencies serve the corridor: King County Metro (15 routes); Community Transit (2 routes); Sound Transit (2 routes). During peak periods (weekdays 5 -9 am and 3 – 7 pm), the 19 routes provide approximately 430 bus trips with more than 14,000 daily peak transit boardings. Roughly 300 transit agency sponsored vanpools travel on the corridor. The corridor has 27 park and ride lots with approximately 7,000 spaces. The most heavily used Park and Ride lots are those best served by transit.

Locally, 50 percent of phone survey respondents in the I-405 corridor carpool with family members (2013 survey). Between 60-70 percent of carpool vehicle trips contain only household members (2007 survey). Nationally, 50 percent of carpool vehicle trips to/from work contain only household members.

***Commissioner Parker moved the Executive Director be authorized to file the CR-101 to initiate rulemaking for setting tolls on I-405 Express Toll Lanes. Commissioner Cowan seconded the motion and it was adopted unanimously.***

#### [I-405 Express Toll Lanes Rate Setting](#)

*Follow-Up/Action: Continue to develop Express Toll Lanes rates and policies.*

#### **FACILITY NAMING REQUEST**

Jim Kuntz, Executive Director of the Port of Walla and Michael Humphreys, retired Walla Walla County Sheriff, asked the Commission to name the US 12 and SR 124 Overpass in honor of Walla Walla County Deputy Sheriff Michael Estes. The interchange was completed in June 2012, subsequent to the collision in which Deputy Estes died.

***Commissioner Haley moved that the Commission name the US 12 and SR 124 Overpass in honor of Walla Walla County Deputy Sheriff Michael Estes. Commissioner Litt seconded the motion.***

***The Chairman noted the broad community support for the naming and read the proposed Resolution. It was adopted unanimously.***

*Follow-Up/Action: None.*

#### [Port of Walla Walla Request for Naming](#)

## **2013 VOICE OF WASHINGTON STATE SURVEY RESULTS**

Andrew Thibault, EMC and Bill Young, Research assurance, briefed the Commission on the 2013 Voice of Washington survey results. A total of 5,673 valid surveys were completed over two weeks. The average grade for the statewide transportation system was poor and is getting weaker. The grades for local systems are slightly lower and the trend is downward. Overall, the data is pretty static in comparing the annual surveys.

Support for new revenue is 60%, compared to 51% in 2012. The highest priority at 29% is maintaining and preserving the current system; increasing capacity and expanding travel options are second tier priorities.

Mr. Thibault noted that people in Washington have a strong inclination toward fairness and equity in providing transportation services. Commissioners want to know more about why people support or don't support transit.

### [2013 Statewide VOWS Panel Transportation Survey Report of Findings](#)

*Follow-Up/Action: None.*

## **OVERVIEW OF OREGON 2013 ROAD USAGE CHARGE LEGISLATION**

Jim Whitty, Oregon Department of Transportation, briefed the Commission on 2013 legislation enacted in Oregon to implement a limited-scale road usage charge program. Senate Bill 810, the Oregon Road Usage Charge (RUC) legislation:

- allows up to 5,000 volunteer light duty vehicles to pay based on a rate of 1.5 cents per mile
- provides a rebate of fuel tax paid
- mandates choices for motorists, at least one reporting choice must not use GPS
- includes an open market for reporting technologies
- allows private sector administration option
- creates penalties for false statements, non-payment and tampering with vehicle metering system
- assures protection of personally identifiable information

Two previous Oregon pilots tested operational approaches. The first pilot (2006-07) used a pay-at-the-pump reader that deducted fuel tax paid from road usage charges. Due to public concerns about the pilot, the Legislature concluded the effort should try a different approach.

Statutory policy directives for the second pilot included:

- Reliability
- Ease of motorist use
- Potential for evading accurate reporting
- Low cost implementation & administration
- Public acceptance

Additional requirements from the Road User Funding Task Force included no GPS mandate, motorist choice, an open system, protect of motorist personal information, and a fuel tax credit.

The second RUC Pilot Program ran from November 1, 2012 to February 28, 2013. Participants included 44 volunteers from Oregon, 8 state legislators, and others with a policy interest. Oregon

participants paid the road usage charge and received a fuel tax credit. Private sector firms provided mileage reporting technologies and tax processing and account management. Washington DOT and Nevada DOT managed 44 additional participants.

SB 810 requires implementation by July 1, 2015. Next steps:

- Establish reporting methods and administrative practices
- Establish business rules, standards and certification processes for vendors
- Two procurements for RUC collection services
  - #1: RFQ for Commercial market opportunity
  - #2: RFP for Government system
- Marketing to volunteers
- Develop geographically relevant messages supporting RUC policy

Recommendations to other states:

- Adopt legislation to:
  - Create a transportation funding policy entity
  - Operate pilot programs to demonstrate RUC policies
  - Allow for rebate/offset of fuel tax for those paying RUC
- Access Oregon Platform for Pilot Programs
- Use Oregon's standard mileage message
- Access vendors hired by Oregon DOT
- Access back end capabilities of Oregon consulting team

Advantages:

- 1) Save time
- 2) Save money
- 3) Design program elements desirable and acceptable in your state

Building political support requires legislative involvement in RUC policy and pilot program development, appearing before legislative committees, leadership from the Governor, DOT and Commission, extensive interaction with key interest groups, and pilot participation of persons with policy interest in road usage charging.

### [Oregon Road Usage Charge Program](#)

*Follow-Up/Action: None.*

## **ROAD USAGE CHARGE ASSESSMENT – STEERING COMMITTEE RECOMMENDATIONS**

Jeff Buxbaum, Cambridge Systematics and Jack Opiola, D'Artagnan Consulting, reported on the Steering Committee recommendations on Road Usage Charging. Last year, the Commission found that road usage charging was feasible in Washington. This year, we tested the business case, and we:

- evaluated road usage charging policy issues and operational concepts
- evaluated whether there was a business case
- identified implementation issues

The Steering Committee's goal was to identify and develop a sustainable, long-term revenue source for Washington State's transportation system to transition from the current gas tax system. The Steering Committee established 13 guiding principles (not in priority order) on how to evaluate the goal:

- Privacy
- Transparency
- Cost-effectiveness
- Complementary policy objectives
- Equity
- Simplicity
- Accountability
- Enforcement
- Data Security
- User Options
- System Flexibility
- Interoperability and Cooperation
- Phasing

Other important factors identified:

- Whether it is important to distinguish between travel on Washington public roads and other roads (e.g., outside the State)
- Whether people from outside Washington should pay

The Committee winnowed 8 operational concepts from prior work down to three to determine a range of possibilities:

A. Time Permit. A flat fee to drive a vehicle an unlimited number of miles for a given period of time (e.g. a month or a year)

B: Odometer Charge. A per-mile charge measured by odometer readings

C: Automated Distance Charge. A per-mile charge measured by in-vehicle technology that can distinguish between in-state and out-of-state travel with periodic billing

Plus, combinations of the three: A&B; A&C; B&C; A+B+C

In all cases evaluated, road usage charging yielded higher net revenues for the full 25 years of the 2015-2040 period. Road usage charging is estimated to yield up to \$2.1 billion to \$3.1 billion more than the gas tax between 2015 and 2040. There are considerable differences in the estimated costs of collection and different assumptions could yield different results, but:

- None of the sensitivity tests led to better financial performance for the gas tax
- None of the concepts clearly outperforms the others when considering the non-financial evaluation criteria

The business case rests on the pace of fuel economy improvements.

A single 5 cent gas tax increase in 2015 can yield the same net present value as the road usage charge or Incremental gas tax increases would achieve the same net present value result as a road usage charge

Key takeaways from the comparison:

- Emphasizes the declining ability of the gas tax to generate a sustainable revenue stream without periodic increases
- Emphasizes the up-front investment cost of the road usage charge approach

- Encourages an examination of the non-financial performance criteria
- Steering Committee’s reaction:
  - Increases in the gas tax will provide short term solutions, but meeting long-term needs will be challenging
  - A road usage charge is a more sustainable, and reliable revenue source that ensures everyone pays their fair share

***Steering Committee Direction:***

- The road usage charge systems we evaluated will cost more to collect than the gas tax, but will have greater and more stable net revenue over 25 years
- Providing drivers choice as to how they pay a road usage charge will help improve public acceptance and mitigate privacy concerns
- Gas tax increases can raise more net revenue in the short term than the road usage charges we evaluated , but over the long term will continue to erode in value, thus requiring frequent increases
- A road usage charge system with choice ensures everyone pays their fair share for using the roads, regardless of fuel source or miles per gallon

**Next Steps:**

- Continue these investigations so that Washington has options developed when action may be needed in the future
- Refine road usage charge concepts to address policy, technical, and public acceptance issues that have been identified

**Work Plan Objectives**

- Answer some of the “parking lot” issues that guide a specific concept of operations and to inform potential legislation
- Create a detailed, refined concept of operations for a potential road usage charge system, and for a potential pilot or phased implementation plan
- Defer (until 2015) work on:
  - Public education and outreach
  - Rate setting
  - Allocation of implementation responsibility among agencies
  - Detailed technical requirements/standards
  - Detailed transition strategy
  - Pilot or market testing of implementation options

**Task 1: Refine Policy Direction Addressing the Priority “Parking Lot” Issues**

- Policy questions that influence concept of operations:
  - Which vehicles should be subjected to a road usage charge?
  - Was our assumption that “all gas vehicles should pay” a good assumption?
  - What are the implications for costs?
  - Should out-of-state drivers be charged, and if so, how?
  - Which Principals should be exempt, if any?
  - How should we transition from the gas tax?
- Policy questions that influence legislation:
  - What are the implications for existing and future gas tax bonds?
  - Research urban/rural equity issues

#### Task 2: Develop a Concept of Operations

- Single concept of operations for Concept A+B+C that reflects the policy recommendations from Task 1
- Develop as if for a complete system, and then potentially create a limited version for use in a pilot
- Estimate costs for updating the financial evaluation
- Consider, at a very high level, potential transition approaches (with further detail deferred to later phases)

#### Task 3: Risk Analysis

- Conduct workshops with State agencies: Inventory of technical, operational, cost, communications, and policy risks and threats to the development and implementation of a road usage charge
- Identify mitigation measures to alleviate uncertainty in the execution of the system
- Identify potential costs of risks

#### Task 4: Financial Evaluation

- Refine the financial evaluation with revised cost and revenue data based on decisions taken in Tasks 1, 2, and 3, including:
  - Initial recommendations on transition
  - Updated information on the costs of gas and diesel tax collection (if possible)
  - Risk mitigation measures

#### Task 5: Final documentation

- Produce a final report and presentations

#### Task 6: Pilot Test/Transition Planning (early to mid-2015)

- Develop grant proposals for federal pilot programs
- Focus groups to vet the concept of operations
- Further planning for pilot tests or market tests
- Initiate transition planning scenarios

Commissioners noted that some of the items tested in Oregon may need to be replicated in Washington to build evidence in this state.

Reema Griffith, Executive Director, WSTC asked that the proposed budget and workplan be approved, and that the Commission authorize the RUC Team to finalize the Report to the Legislature.

***Commissioner Litt thanked the consulting team for the clarity of its report and noted it is relevant to the WTP Update. He moved adoption of the proposed budget and workplan, and finalizing the Report to the Legislature by the RUC Team. Commissioner Parker seconded the motion.***

***Commissioner Cowan noted that the Steering Committee has seen most of the material presented, but not the budget. The Steering Committee did not want to develop a budget; this was developed by staff, with oversight from the RUC Team. The motion was adopted unanimously.***

[Washington Road Usage Charge Assessment](#)

*Follow-Up/Action: Finalize Report and distribute to the Legislature.*

## **PUBLIC COMMENT**

Paul W. Locke said that the conversation should be about reducing costs, not how to raise more money.

## **COMMISSION BUSINESS**

Staff discussed the content and theme of the 2013 Annual Report. Commissioners expressed a preference for a cover photo montage indicating a variety of travel modes, including a ferry. The section titled “The Past” should include a photo of a dirt road. The Report should use VOWS survey results to buttress points we make. Commissioners want to emphasize financial sustainability and the need to do things differently, especially in project management.

***The Commission delegated final approval of the 2013 Annual Report to a team of Commissioners Haley, O’Neal and Royer.***

*Follow-Up/Action: Finalize 2013 Annual Report.*

## **TACOMA NARROWS BRIDGE FINANCIAL REVIEW**

Mr. Stone reported that TNB traffic and revenue is on track for FY2014 1Q. After the close of the fiscal year, WSDOT determined, through independent audits, that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contained weaknesses in internal control requiring revision to existing procedures and protocols. The results of the audit findings provide concern to WSDOT, and it will take appropriate actions to remediate the issues.

[Tacoma Narrows Bridge Rate Setting](#)

[Tacoma Narrows Bridge Traffic and Revenue Variance Report](#)

*Follow-Up/Action: Begin review of traffic and revenue data with TNB Citizens’ Advisory Committee.*

## **SR 520 FINANCIAL REVIEW**

Eugene Ryan, Associate with CDM Smith, briefed the Commission on its SR 520 traffic and revenue study. The study involves assessment of toll performance, economic growth review, toll model revisions, all leading to revised Baseline Traffic and Revenue Forecasts.

Actual trips are about 7 - 10% above forecast. *Good to Go!* account share is higher than forecast. Weekend transactions were higher than expected and a greater share of overall transactions. Gross toll revenue is about 0.8% below forecast. This is explained largely by the number of trucks crossing. There are many fewer trucks (3 or more axles) than originally forecast. Truck traffic was projected to account for 9.5% of gross revenue but actually accounts for only 1.8% of gross revenue.

Socio Economic Summary:

- Revised regional baseline employment follows Moody’s forecast closely
- Revised regional baseline population forecast follows PSRC forecast closely
- State based regional forecast is lower than baseline

- Revised corridor area employment baseline shows no change to slightly lower employment for early forecast years, and a slightly more significant lowering for FY2040

Toll Model Revisions include the following:

- *GoodToGo!* penetration
- Fewer trucks
- More weekend closures
- More weekend traffic
- Removed expectation of time shifting
- Lower population and employment forecasts

Brent Baker, Vice President, Parsons Brinckerhoff, talked about the Net Revenue Forecast. Updated net toll revenue projections were prepared from CDM Smith's October 2013 traffic and revenue forecasts. Results are for the forecast horizon FY 2014-56.

Compared with September 2012 net revenue projections, changes for October 2013 are attributable to:

- Updated toll transaction forecasts by payment method
- Updated toll revenue forecasts
- Revisions to the revenue adjustment assumptions
- Revisions to the O&M and R&R cost estimates

Net toll revenue forecast for the 2014 – 56 horizon is down 1.6%, before including repair and replacement costs. Repair and replacement costs are estimated to be 16.5% higher, creating a 3% decline in forecasted net revenue.

Summary Points and Findings:

- **Revenue Adjustments.** Revisions provide an improvement to net revenues over forecast horizon, after excluding transponder revenues which have an equal cost offset
- **O&M Costs.** Revisions to components both up and down provide a small net improvement in net revenues, after excluding transponder costs which have an equal revenue offset
- **Net revenues available for debt service** are impacted by the revenue adjustments and O&M costs
- **R&R Costs.** Revised estimates are 16% higher over forecast horizon. This reduces excess revenues available to meet overall coverage.

Potential SR 520 Rate Setting Scenarios for FY 2015:

- **Base Case** is 2.5% annual increases with nickel rounding thru FY 2016 and an approximately 14% weekday step increase in FY 2017 (2.5% weekends).
- **Scenario A. Higher weekend tolls.** Current weekend tolls are relatively low (\$1.60-2.25) and demand has exceeded expectations. Assumes same FY 2016-17 percentage increases on higher base
- **Scenario B. Higher weekday PM peak tolls.** There is congestion/reduced speeds occurring afternoons, especially on westbound trips. Assumes same FY 2016-17 percentage increases on higher base.
- **Scenario C. Higher weekday PM peak and weekend tolls.**
- **Scenario D. Smoothed weekday increases to reach FY 2017 steady state tolls.** 5.5% weekday increases in FY 2016-17 before nickel rounding. Avoids the base case 14% weekday step increase.

*Commissioner Haley moved that the WSTC Executive Director file the CR-101 to initiate SR 520 toll setting. Commissioner Royer seconded the motion and it was adopted.*

[SR 520 Toll Rate Setting](#)

*Follow-Up/Action: Continue to review SR 520 traffic and revenue data.*

**SECRETARY'S REPORT**

**Mega Projects Assessment**

Linea Laird, Assistant Secretary, Engineering and Operations, WSDOT briefed the Commission on the Mega projects Assessment done by consultants John Njord and Ron Paanenen. Megaprojects are a single project of \$500 million or more.

The Scope of Review for the AWV Replacement Tunnel & SR 520 looked at:

- Organizational Structure
- Lessons Learned
- Delivery Methods/Selection
- Workforce / Project Staffing
- Quality Assurance
- Other Considerations

The review validated organizational structure and made some recommendations:

- Mega Projects should operate independently from Regions
- Mega Projects should report directly to the Chief Engineer with support from the highest levels of the organization

WSDOT Office of the Chief Engineer has been re-organized & added a Deputy Chief Engineer to oversee Regional Operations. Chief Engineer oversees Mega Project Delivery. Traffic Operations, Maintenance Operations, Development and Construction Divisions remain at WSDOT HQ. Cam Gilmour noted that previously the Chief Engineer had 18 direct reports, including the Mega projects.

Lessons Learned:

- Mega Projects provide significant development opportunities
- Transfer Knowledge
  - Central clearing house
  - Online repository
  - Regular training
  - Annual conferences
- Recommendations
  - Collect and share
  - Rotational assignments
  - Liaison with other states

Recommendations on Delivery Methods Selection:

- Risk Based Delivery Method Selection
  - Perform a thorough risk analysis to identify and quantify all project risks
  - Consider the amount of risk that should be retained versus transferred to the contractor

- Delivery Method for complex or large projects requires team endorsement and approval of the Chief Engineer
- Pursue Legislative Authority for Alternate Delivery Methods
- General Contractor Construction Manager (GCCM) is authorized for capital projects, but authority doesn't work for highway projects
- Public Private Partnerships

#### Recommendations on Workforce/Project Staffing:

- Even with New Revenue – WSDOT should limit “staffing up”
- WSDOT should avoid cyclical hiring and reductions and drive to a stable work force
- Need a collaborative statewide effort
- Overall management of WSDOT workforce
- Staffing of mega projects
- Utilization of consultant resources
- Focus on Leadership Succession Planning

Commissioners noted that seniority-based state reduction-in-force rules caused a huge disruption with the closure of the Columbia River Crossing office. WSDOT has an aging workforce, there is a need to attract and retain new, young talent.

#### Observations on development of SR 520 design-build contract

- Office project document control system not used by all team members
- Program quality reviews not used by all team members
- Independent third party review of bridge design may have been helpful
- Late delivery of RFP technical requirements did not leave sufficient time to sufficiently modify prescriptive specifications for design build delivery

#### Recommendations

- WSDOT has sufficient processes in place on mega programs but needs to follow them
- Lessons Learned from SR 520
- Process review by the Chief Engineer, especially design QA

#### Concerns from legislative leadership regarding oversight

- Expert Review Panels established for various purposes
- 2006 Expert Review Panel (AWV & 520) 2009 AWV Independent Cost Estimate Report
- 2011 – 2013 AWV Expert Review Panel 2013-2015 AWV Expert Review Panel
- AWV Executive Oversight Committee AWV Strategic Advisory Committee
- AWV and SR 520 employ subject matter experts from outside of team
- WSDOT has established pattern of quarterly program reviews
- I-405 team proposed a standing internal mega project panel

#### Recommendations

- Establish standing committee for mega projects staffed with internal and external experts
- Update Design Build Guidance Manual and include other alternative delivery methods to provide guidance and best practices regarding design build and mega projects

### **WSDOT Reorganization**

Cam Gilmour, Deputy Secretary, WSDOT briefed the Commission on the clean decision making path enabled by the WSDOT reorganization. He also provided a brief overview of the draft mission statement, values and goals. He will elaborate on that and the strategic plan at the January 2014 Commission meeting.

## [Mega Projects Review](#)

*Follow-Up/Action: Schedule additional briefing on WSDOT Strategic Plan in January 2014.*

### **LEAN OVERVIEW AND IMPLEMENTATION**

Wendy Korthuis-Smith, Director, Results Washington, Office of the Governor, briefed the Commission on Results Washington, the new strategic framework for state government. The vision is a Working Washington built on education and innovation. The goals are:

- world-class education
- prosperous economy
- sustainable energy and a clean environment
- healthy and safe communities
- efficient, effective and accountable government

Results WA is the performance management and continuous improvement approach on how we achieve these goals:

- building on past initiatives
- work with private and non-profit partners
- data-driven decision-making
- alignment with budget and policy
- report and encourage feedback

Ms. Korthuis-Smith stressed that this is not a one-time town hall, but about on-going communication with the public. Commissioners asked if there is consideration of how much Results WA will cost. Some of the goals are stretch goals and some are within reach. There will be improvement plans tied to each goal.

Katy Taylor, Assistant Secretary, Strategic, Enterprise and Employee Services, WSDOT and Daniela Bremmer, Director, Strategic Assessment, WSDOT then briefed the Commission on Lean work under way at WSDOT. They talked about a change in sign shop operations that increased output, reduced errors, and improved employee satisfaction. Fourteen Lean projects were completed at WSDOT by July 2013 and more are underway. WSDOT employees are excited about Lean, but also concerned about reductions in staffing.

## [Results Washington](#)

*Follow-Up/Action: Continue to monitor Results WA process and implementation.*

## 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