



Washington State Transportation Commission

Regular Meeting Summary January 17 & 18, 2018

Vice Chairman Jennings opened the meeting at 9:00 am with introductions by Commissioners and Staff. Chairman Litt and Commissioner Serebrin were not in attendance.

COMMISSION BUSINESS

Commissioner Young moved and Commissioner Batra seconded the motion approving the January 17 & 18, 2017 meeting summary. The motion was approved unanimously.

Commissioner Batra reported that he has continued to participate in the I-405 Executive Advisory Group, Ferry Team and Tolling Team work.

Commissioner Tortorelli attended a meeting of the Spokane Regional Transportation Council, which is working on its plan update. They are developing measurements for project selection.

Commissioner Young attended the Suquamish christening, the Ferry Team meeting with WSDOT staff, and the Ferry Long-Range Plan Executive Advisory Group.

Commissioner Jennings attended the ferry team meeting with WSDOT staff, and participated in Tolling Team work.

Paul Parker, Deputy Director, WSTC, provided an update on legislation introduced to date. Key bills include tolling direction for the SR 99 Alaskan Way Viaduct Replacement Tunnel and a bill to implement the recommendations of the Tacoma Narrows Bridge workgroup.

WTP 2040 AND BEYOND

The Washington Transportation Plan establishes a 20-year vision for development of the statewide transportation system, based on the six transportation policy goals established by the Legislature: Preservation, safety, mobility, environment, stewardship, and economic vitality.

Thera Black, Transportation Planning Manager, SCJ Alliance, led the kick-off of the development of the Washington Transportation Plan (WTP) update. The foundation for the update is the previous planning work, from WTP 2007-2026, WTP 2030, and WTP 2035. The update will:

- Integrate updated modal plans;
- Integrate updated MPO/RTPO plans
- Address the evolution of transportation funding

- Build on the WTP 2035 Scenario Planning process, with an emphasis on technology and resiliency
- Translate the WTP into a 21st Century, web-based format

There are four ongoing, inter-related processes underway to complete an updated WTP for Commission adoption in December 2018:

- Content update and plan development
- Stakeholder engagement
- Public and media outreach
- Website development

The WTP Steering Committee – Commissioner Jerry Litt, Marshall Elizer, Assistant Secretary, WSDOT and MPO/RTPO Representative Matt Ransom -- will ensure the update is consistent with responsive to state and federal planning requirements. The WTP Leadership Team – Commissioners Litt, Serebrin, and Young – will guide the staff and consultant work. A broad-based Advisory Group, as well as targeted engagement with other transportation constituencies, will inform plan content and strategies.

The Advisory Group will have a composition similar to that in the past, and will convene initially in late February or early March, with two or three meetings envisioned. Expectations for the Advisory Group:

- Input on themes and priorities (first meeting)
- Critical review and edit of internal working draft (second meeting)
- Liaison to constituencies for public review of Draft WTP

Secretary Millar asked whether land use is a driving force for scenario planning. We need to be explicit about that in our planning. Commissioner Tortorelli also emphasized that land use decisions drive transportation demand.

Commissioner Batra advocated that this be a 21st Century Plan. He is concerned that we are using future revenue to build the 20th Century system. We need to put more money into preservation and disrupt the funding priorities.

Secretary Millar recommended we look at the “State of Transportation.”

Commissioner Batra suggested including Challenge Seattle, ACES group, University of Washington in the Advisory Group. He also noted that as we recognize I-5 as an Electric Highway, there are Smart Rivers. We should be thinking about Smart Highways and Smart Rivers.

Secretary Millar suggested broad representation; using this group as a sounding board. We need to challenge ourselves and develop means and metrics for transportation future.

That said, Secretary Millar also suggests including WSDOT modal administrators, and a state agency advisory group, to engage with partner state agencies.

Reema Griffith, Executive Director, WSTC, noted that when Commission initially created the advisory group, idea was to avoid modal favoritism and include groups with broadest reach.

2040 and Beyond

Action: None

Follow-Up: *Continue WTP Update with Commission Team and WTP Steering Committee. Develop options for Advisory Group and other opportunities for input.*

TACOMA NARROWS BRIDGE (TNB) SUFFICIENT MINIMUM BALANCE POLICY

The Commission maintains a policy to ensure a sufficient minimum balance in the Tacoma Narrows Bridge (TNB) account. Commission staff presented a proposed change to the Commission's TNB Sufficient Minimum Balance (SMB) Policy for Commission action.

The SMB is a target minimum fund balance -- a tool to protect the TNB fund balance from going negative. It is not an annual expenditure but part of fund balance for TNB Account --not restricted in use. The "Sufficiency Test" is based on a 3-month rolling average of the TNB fund balance. In the past, the sufficiency test has excluded TNB Civil Penalty Program revenues and expenses.

Currently the SMB is about \$10.5 million (FY 2018). It is set at 12.5% of working capital (~45 days). The SMB is forecasted to be \$11.2 million for FY 2019.

Lowest 3 month average fund balances for TNB operations:

- FY 2017 (July 2016): \$17,251,000
- FY 2018 (*projected*): \$11,233,000
- FY 2019 (*projected*): \$6,913,000

Proposed SMB Policy Recommendations:

- Set SMB at flat \$10 million
 - WSTC's Preliminary Choice in December 2016
 - Provides coverage for TNB insurance deductible
 - Covers about 40 days of average monthly toll revenues at current rates approximately 35 days if the average toll rate increased to \$6.00
 - Exceeds highest monthly debt service withholdings, except for Feb – May 2029 (\$10.14 million)
- Include TNB Civil Penalty Program revenue and expenses when calculating SMB sufficiency
 - Increases fund balance used as measure of SMB sufficiency
 - Civil Penalty program fund balance has stabilized over time
- Additional updates to SMB policy language:
 - Align with current insurance deductible requirements
 - Clarify the rate adjustment trigger to enable Commission to explore options without a rate-setting action

[TNB Account](#)

ACTION: *Commissioner Tortorelli moved adoption of the recommended change in the TNB Toll Rate Setting Policy. Commissioner Batra seconded the motion. It was adopted 4-0.*

Follow-Up: None at this time

SR 99 STAKEHOLDER INPUT

The Legislature has directed Commission to set tolls to generate \$200 million towards the construction cost of the tunnel that will replace the Alaskan Way Viaduct. Following a staff briefing on the toll scenario development to date, the City of Seattle, Metro Transit, and the Northwest Seaport Alliance shared their priorities and concerns with prospective toll policies.

Primary Rate-Setting Feedback from Partner Agencies:

- Consider long-term rate escalation tied to cost inflation
- Set rates by time period that best mitigate diversion
- Consider near-term rate escalation to address “period of maximum constraint” when downtown also is experiencing Convention Center expansion, demolition of viaduct, waterfront reconstruction of Alaskan Way, light rail opening to Northgate, Colman Dock reconstruction.

Additional Rate-Setting Feedback:

- Exempt transit vehicles from paying tolls
- Exempt HOV, emergency/incident response, and maintenance vehicles
- Set freight (truck) rates that minimize diversion to other routes

Mark Bandy, Director, Transportation Operations, Seattle Department of Transportation, reminded the Commission that there will be a lot of other disruption on Seattle streets when the tunnel is opened.

Consider small increases in future years to account for inflation costs for operation and maintenance.

Peter Heffernan, Intergovernmental Relations, King County Metro, pointed out transit ridership is growing in Puget Sound area, while it is declining elsewhere in the country.

- Establish time period rates to discourage diversion. Traffic downtown will have ripple effects on Metro Transit
- Tolls can help support transit service

Kurt Beckett, Chief Operating Officer, Northwest Seaport Alliance, made the following points:

- Lower tolls during period of maximum constraint with other major transportation projects
- Support toll rates as low as possible to
- Support rate escalation to match costs as they increase over time
- Access along Alaskan Way very important for port operations, cruise ships
- Consider changing per-axle charges as a way to minimize truck rates

- Support standardizing exemptions across facilities
- Include toll funds to mitigate diversion impacts

Mr. Bandy is eager to see the scenario modeling. The City would prefer having nighttime tolls to higher tolls during the daytime.

Ms. Griffith asked if anyone has looked at truck modal movement after tunnel completion.

Secretary Millar noted that I-405 Renton to Bellevue, SR 520 Montlake to I-5, and I-5 reconstruction work will also impact downtown traffic.

Mr. Heffernan added that four more RapidRide routes will be operating through downtown by 2025.

Commissioner Young asked how much difference time of day rates and shoulder pricing will make to drivers.

Mr. Heffernan noted that people with flexibility would change their travel patterns.

The City also is making ITS investments on SR 99 Marginal Way that will improve traffic flow.

[WSTC Preliminary SR 99 Analysis Request Update](#)

Action: None

Follow-Up: *Continue to work with SR 99 partners.*

SYSTEM-WIDE TOLL EXEMPTIONS BRIEFING

WSDOT and Commission staff presented recommended options for system-wide tolling exemptions developed by the Commission's Tolling Subcommittee for purposes of a possible 2018 rule making. The rulemaking would standardize exemptions for transit/rideshare vehicles, emergency vehicles, tow trucks, and incident response vehicles on all tolled facilities.

[WSTC Tolling Subcommittee Exemptions Request Toll Exemptions](#)

Action: None

Follow-Up: *Ms. Griffith suggested that staff seek input from the Washington State Patrol before proceeding.*

ROAD USAGE CHARGE PILOT PROJECT UPDATE

Jeff Doyle, D'Artagnan Consulting, provided an update on the preparations for rollout of the Road Usage Charge Pilot Project. It remains on schedule to launch in late January.

- The smartphone app will be in development, with updates through the pilot. In California, 10% chose the smartphone app
- There is at least one Department of Licensing subagent in each region – a total of eight at this point
- Emovis, the provider with DriveSynch, is ready to go. The other firm is trying to adapt an off-the-shelf product for road usage charge services. It is still being tested as an option. By the middle of next week, we should know whether it will be usable in the pilot

Commissioner Jennings suggested starting on January 31 as an easy date to remember. He also asked how spots will be filled – if they will be filled – as people drop out. Mr. Doyle pointed out that sign-up will take about four weeks to identify the 2000 volunteers and will report on recruiting next month.

Commissioner Tortorelli noted that legislators are interested and concerned with privacy and data collection.

Action: None

Follow-Up: *Continue to monitor pilot development and rollout.*

2018 LEGISLATIVE SESSION AND BUDGET UPDATE – CITIES, COUNTIES, TRANSIT AND PORTS

Most trips use city streets and county roads, and significant freight movement begins and ends in ports. Public transportation is the primary travel mode for many. Local transportation partners highlighted their fiscal and policy priorities for 2018.

Justin Leighton, Executive Director, Washington State Transit Association (WSTA) reported that WSTA seeks to protect, maintain, and enhance state funding for transit. It is promoting four bills in a short session.

- Support a statewide bus and transit facility capital grant program
- Obtain Volkswagen settlement funds for fleet electrification
- Allow monitoring of transit only lanes with cameras
- Allow for greater bonding flexibility, spurred by Kitsap Transit water taxi need for boats

Jane Wall, Government Relations Advocate, Association of Washington Cities (AWC), reported that 100% of cities are members of AWC. AWC is laying the groundwork for 2019, to enhance economic development tools and programs that foster business development. AWC would like Joint Transportation Committee to look at future funding options. It also is hopeful that the Ruckelshaus Center Growth Management Act (GMA) study will generate needed GMA reforms and funding assistance.

AWC also is monitoring the following:

- IMSIT (Interagency Multijurisdictional system Improvement Task Force) created by HB 1677

- SB 6043 and preemption of local regulation of Transportation Network Companies.
- HB 2729 – on-street disabled parking
- Pavement preservation ratings – how can we identify a uniform data collection and reporting system
- AWC supports tourism marketing

Chris Herman, Senior Director, Trade & Transportation, Washington Public Ports Association (WPPA), indicated that WPPA priorities are developing and maintaining infrastructure for economic development. The Gateway Program is very important to Washington Ports. WPPA is incredibly supportive of replacing the I-5 Bridge over the Columbia River. They are working with Oregon ports to try to develop support across the border.

Mr. Herman thanked WSDOT Aviation division for its support for airport funding. Ports would like 1% of aviation fuel tax reallocated for airport improvements. He noted that the Milwaukee Road rail banking statute is scheduled to sunset in 2019; the ability to jointly use the right-of-way is important to retain.

Port broadband authority relates to the counties in the four corners of the state.

As example of Port District action on improving waterways, the deepening of the draft on the Columbia River resulted in billions of dollars in freight revenue, particularly for grain exports. Such draft levels need to be maintained.

Gary Rowe, Managing Director, Washington State Association of Counties, reported that transportation not on the WSAC Legislative Priorities list, but remains a critical issue for the counties. Particularly infrastructure preservation, similar to the cities. Counties have 40,000 miles of bridges and roads to maintain. Although included in state plans, they are not reflected in state budget. Increased FAST Act funding, along with negotiation with state to increase counties' portion of federal funds from 34% to 39% has provided benefit.

Funding culvert replacements remains a challenge. There is \$20 million in the Capital Budget (compared to original ask of \$50 million), which would be useful for moving forward if/when budget is passed. That would help address over 3,000 county owned culverts identified for improvements. Along with cities, the number of local culverts dwarfs state culverts and limit value of state investment. Over 200,000 to 250,000 total culverts are under county roads. WSAC hopes to continue addressing this challenge without lawsuit forcing improvements at county level (as exists for the state).

WSAC also is tracking the Road Usage Charge progress, seeking to ensure counties are not left out of funding distribution.

Countywide TBD are limited to non-incorporated areas; otherwise, all jurisdictions need to agree before moving forward without a public vote. Cities also have more incentive to create TBDs with no dedicated revenue source for transportation funding, and only a small slice of gas tax revenues.

Commissioner Young asked if the 9th Circuit review of the culvert case provides an opportunity for mediation. Mr. Rowe responded that the US Supreme Court recently accepted the case for review – not sure on what that means for an opportunity for mediation.

Mr. Leighton added that a unified tolling exemption policy is highly favorable, especially with more facilities coming online. So, thank you for approving Commission consideration yesterday.

Action: None

Follow-Up: None at this time

WSDOT PUBLIC - PRIVATE PARTNERSHIPS REPORT

WSDOT reported on its work regarding provisos in the 2017 – 19 Transportation Budget directing WSDOT to evaluate opportunities to collaborate with the private sector on funding and financing ferry terminals and transit-oriented development, and replacing the US 2 westbound trestle.

Anthony Buckley, Director Innovative Partnerships Program, WSDOT, noted the program has changed its name, to emphasize its focus on identifying costs, benefits, and options. He noted that that Public – Private Partnership (P3) financing is typically more expensive than tax-exempt financing (such as state-backed), but there can be long-term benefits from innovations and other opportunities. Since 2005, the state has had a moratorium in place on unsolicited P3 proposals.

Projects:

The Kingsgate Park and Ride Transit-Oriented Development feasibility study is an example of a current project under consideration for P3. It provides an economic development opportunity, and the means to more fully utilize the facility (taking more cars off the road). It has support from multiple jurisdictions and would serve as a foundation for consideration of similar efforts for other state P & R projects.

Colman Dock Entry Building findings: current entry building design would not generate enough revenue to support a P3. The current 4,040 sq. feet is not sufficient to provide enough rental income to make it pencil.

Anacortes Ferry Terminal P3 assessment. Just getting underway, with a Request for Information the first step. Focus on ensuring community input on what would be of most value for including in the project.

EV Infrastructure Pilot. \$1 million of authorized grants awarded in June 2017 for installation of charging stations along I-5, I-90, I-82, and US 395. The \$1 million grant leveraged an additional \$1.5 million in private sector investment.

Commissioner Tortorelli asked about maintenance concerns with the charging stations. Yes, that is a part of the siting decisions. Overall, these are not moneymakers; businesses install them as loss leaders to bring in more customers. The state is greatly benefiting from the \$2 billion Electrify America Investment, particularly with the strong relationship the state has developed with EA.

Keith Metcalf, Deputy Secretary, WSDOT, suggested that charging location siting includes consideration of evacuation areas. Mr. Buckley noted that mobile charging capacity also is a possibility.

Commissioner Young asked if the design is the primary limitation on the Colman Dock P3 opportunity. It is. The design results from legislative consideration of what is affordable for the project without a P3 element. Not giving up hope yet.

Commissioner Jennings asked how soon a P3 might emerge. Mr. Buckley responded it is at least 3-5 years away with project development and investment needs. There is a lot of P3 activity in the state, but for social infrastructure such as for TOD or the WA Tech buildings.

Commissioner Batra asked whether Pier 48 could be a possibility for P3 in support of Colman Dock, such as a hotel site. Mr. Buckley responded that Pier 48 is in bad shape and would need additional investment for improvements.

Ms. Griffith noted that the Commission supported the intent of the general P3 legislation developed by the Capital Projects Advisory Review Board, but that projects involving tolling should shift to existing laws for project review. Concession projects are complicated, and not following current reviews with WSDOT and Commission input could create unintended consequences.

John White, Northwest Region Assistant Regional Administrator, WSDOT, briefed the Commission on the US 2 Westbound Trestle Funding & Finance Study, with his focus on the P3 element. The intent of the study is to update prior cost estimates (previously \$600 million), assess P3 and public-public opportunities, local and federal funding and financing, and comparison of debt financing options. The study will be submitted soon. The Eastbound trestle was replaced in 1980s-1990s. The study did not address I-5 / US 2 interchange – it sought solutions that addressed problems without changes to the interchange.

Estimated costs for the trestle in 2017 dollars are \$880 million to \$1 billion. It is a challenging construction situation, particularly with environmental conditions. There is also significant uncertainty and risk without knowing final design for related interchange projects.

The study provided a comparison of public vs. P3 financing, noting that there are many options for how a P3 financing structure could be set up. It is between a Tier 1 & Tier 2 tolling analysis study (as opposed to investment grade). Looking for the sweet spot between generating revenue and minimizing diversion. It assumed triple backed bonds for state financing, but recognizes other options. It included escalation and non-escalation tolling options.

A key finding was that to leverage maximum toll revenues, tolling should start during construction. The study assumed that tolling would be for both directions before and after construction. It did not look at tolling beyond the life of proposed debt service: 25 – 40 years. It provided a comparison of possible funding scenarios, including state, local and federal options.

Mr. White noted that Snohomish County has not acted on a Transportation Benefit District (TBD), citing the challenges raised earlier today by WSAC. There needs to be an on-going partnership dialogue to support an unincorporated county TBD. A P3 may cost more, but could provide more upfront funding for capital costs.

Commissioner Jennings asked if the project assumed an HOV lane. It did, and it is considered a shoulder-lane for peak hour usage.

An Interchange Justification Report (IJR) on a related interchange on the east end is due mid-June of 2018, which will provide further traffic information.

Key Findings

- Likely require state/local/federal funding sources – sees up to \$100 million contribution as reasonable assumption
- Large tolling range still, especially with escalation an option
- P3 is viable. Would likely equate to higher total costs to the state with a longer debt service repayment schedule and higher interest rates, but would likely provide greater early capital funding contribution over public financing
- Additional analysis necessary with more clarity (say, after a Tier 2 T&R analysis)
- Following up on benefit to cost ratio, another trade-off is value of using the gas tax for other purposes. It does lessen the burden on the state by adding another source of project funding The P3 equity contribution may also contribute to trade-off

This would be the first tolling on a cross state corridor and first in Snohomish County, so significant in that way.

The next step for moving the project forward would be a NEPA/SEPA analysis, possibly with tolling included in the assessment (if legislature authorizes). This would be about a 5-year project, assuming project funding available when needed. Diversion options are limited and regional growth is strong, so tolling is financially viable.

[Innovative Partnerships](#) [US 2 Westbound Trestle Funding & Finance Study](#)

Action: None

Follow-Up: None at this time

COMMISSIONER REPORTS

Action: None

Follow-Up: None at this time

SECRETARY'S REPORT

Roger Millar, Secretary, WSDOT, briefed the Commission on the Amtrak derailment on December 18, and praised the dedication and talent of the emergency response.

He then reported on the developing landslide in Union Gap that threatens I-82. WSDOT has been working with the gravel pit owner, a Department of Natural Resources geologist, and a WSDOT geologist. WSDOT also hired an independent geologist to review and assess the situation. Yakima County is taking the lead on emergency response.

Action: None

Follow-Up: None at this time

PUBLIC COMMENT

None

REFLECTIONS AND NEXT STEPS

Commissioner Jennings thanked fellow Commissioners in advance for work on the WTP update. He is interested in the results from SR 99 analysis and continued tolling exemptions discussion. For public-private partnerships, he looks forward to the on-going progress.

Commissioner Batra noted that the tolling subcommittee has worked a long time on the exemption consistencies and is happy the full commission agreed to move forward with considerations. Commissioner Jennings noted that former Commissioner Haley also had supported this effort, and he does as well.

Commissioner Batra hopes we can present the legislature with information on the benefit-cost trade-offs for utilizing private investment.

Commissioner Young echoed support for exemption consistency by facility. She also noted her support of consistent peak hours for facilities, at least regionally to support customer service. She noted there is a lot of work ahead on WTP.

Mr. See provided follow-up on the TNB Civil Penalty Balance in FY 2019 (\$2.257 million) and Intercity Transit sales tax rate (currently .08 percent - requesting up to .03 percent in additional authority). He also asked for Commissioners' final review of updated SMB policy for typos.

Action: None

Follow-Up: None at this time

TRANSPORTATION COMMISSION

ABSENT
JERRY LITT, Chairman

ROY JENNINGS, Vice-Chairman

SHIV BATRA, Member

ABSENT

HESTER SEREBRIN, Member

JOE TORTORELLI, Member

DEBBIE YOUNG, Member

VACANT

ATTEST:

REEMA GRIFFITH, Executive Director

DATE OF APPROVAL