



**Washington State
Transportation Commission**

**VERBATIM TRANSCRIPT
TACOMA NARROWS BRIDGE TOLL RATE SETTING HEARING
MAY 17, 2016
1:00 p.m.**

**Washington State Department of Transportation
Nisqually Conference Room
310 Maple Park Avenue SE
Olympia, WA**

Chairman Haley called Patty Rubstello and Carl. Please state your names for the record and we will hear about the Tacoma Narrows Bridge. Welcome.

Good afternoon, I am Patty Rubstello, Assistant Secretary for the Toll Division and Carl See, Senior Financial Analyst for the State Transportation Commission.

Patty Rubstello: We don't have a lot to present today. It is really for the Commission to finalize the rate setting for the Tacoma Narrows Bridge. Just some background on the schedule of the Commission's work, it started back in October, kind of looking at how things were going with Tacoma Narrows. We looked at some scenarios, worked with the Citizens' Advisory Committee and brought numerous information to the Commission to consider and through that, started into the rate setting process to see if there was a need to actually change what you'd already established for this fiscal year. In March, a few things happened; the legislature had passed a \$2.5M budget package specifically for Tacoma Narrows Bridge in the hopes that it would offset the already planned rate increases. So today, we're here to finalize the rate setting process. I think the recommendation the Commission had proposed was to take that \$2.5M and not have the current rate increase occur this July. I will turn it over to Carl, if Carl would like to speak more to that.

Carl See: Sure. As Patty referenced the \$2.5M is intended to cover the debt service costs expected for fiscal year 2017. And, as we've gone through the analysis previously on what that would cover, this would enable the Commission to defer the fee increase* that had previously been proposed for fiscal year 2017. We did receive some public input on the proposal, about 20-25 emails largely, mostly questions on why the bridge is not paid off yet, whether there could be

exemptions that could be made available, really, no opposition to us not moving forward with the fee increase*. So, as one can imagine that is a popular idea after the increases they've seen over the years. So, with that, no, there are no certifications needed, as this was not an increase. Dropping the table from the WAC was really the only change to the table proposed for fiscal year 2017, as we're just maintaining the fiscal year 2016 rates. Any questions?

Commissioner Litt: Something I think we should put on the record: this went smoothly this time because we got the infusion of cash from the legislature. I just want to make sure that everyone understands that through this whole review, part of the review, we made sure that we could meet our obligations for bond payments with the existing rate, which we found we could. So, it's just that we still have that obligation to meet every year, and it does go up, so we will go into a cycle of finding ways to do that, whether from more people driving on it, Legislature paying for it – that's great – or whatever the case maybe, we still have to make sure we meet the obligations for the bond payment.

Carl See: Absolutely. And as you recall you were reviewing options for reducing the proposed fee increase* just based on traffic revenue – revenue being higher than expected – so even without the \$2.5M there was consideration of a lower fee increase* than the original proposal. So essentially, this put that off the table and eliminated the need for an increase.

***POINT OF CLARIFICATION:** a “fee increase” referred to by Carl See above was not proposed but rather, what was proposed was the elimination of a toll rate increase.

Chairman Haley: Any other questions? So the action on the table is to approve the CR 102 or should we call for public hearing.

Reema Griffith: It's the CR 103 and you should state what it is we're doing.

Chairman Haley: Okay...so the resolution is a CR 103, which is the final rulemaking element of the rate setting process to remove the \$0.50 toll increase, which was scheduled to be in effect July 1, 2016 and to remove that section from the Washington Administrative Code.

Carl See: Correct.

Commissioner Jennings: So moved.

Commissioner Tortorelli: Seconded.

Chairman Haley: Is there any discussion? Hearing none all those in favor signify by saying Aye.

Commissioners: Aye

Chairman Haley: Opposed, nay. The motion is carried, thank you very much, that was quick. So shall we move ahead to the State Route 520 Bridge? Let's state for the record there was no public comment, for the record.

Reema Griffith: There was somebody. Bruce wanted to say something.

Chairman Haley: Before we proceed, was there somebody here who wanted to speak about the Tacoma Narrows Bridge?

Bruce Beckett: Madam Chair.

Chairman Haley: Yes, please come forward. My apologies for overlooking you. So sorry.

PUBLIC COMMENT 1:39 p.m.

Madam chair, I don't want to take up your time needlessly. I am Bruce Beckett, the Chair of the Citizens Advisory Committee. First of all, let me say thank you for the action today. I want to acknowledge the work of the Commission team Reema, Carl and Paul working with us back in November, and also the DOT Team. There are a couple of things I'd like to share – they are observations as the new chair of the CAC. There's been tremendous change in both this commission and with the CAC. And my predecessor who has mentored me terrifically had a somewhat informal relationship. In other words, he could come and present the information in an informal manner. And what I discovered when I came before you and you had TV cameras here for the 405 issues and what have you, we need to be a bit more formal and structured. And so we will adapt to that with you, so thank you for indulging us. Secondly, we spent a lot of time with the feedback you provided to us on our initial proposal. And then the legislative outcome sort of took over and so at some point in time I would love to find out from your team, were we on track with the second proposal we gave you. Were we moving in a direction that was positive? It appeared there was a lot of moving to the middle, and I want to make sure we're working in that trajectory long-term. Finally, next year there is no debt increase but we all know it's coming, and so it's a wonderful time if we have the chance together to look at the flexibility that could possibly exist in the sufficient minimum balance bowl. Heading into next year while we have a little bit of a breather in terms of increase of the debt so we can do that with you, we would welcome that opportunity. Thank you.

Commissioner Litt: I want to respond to that comment, because the Commission over the last three years has really been looking for ways to try smooth-out the spikes in those increases. And so working with the committee, I think this is a good time to do that. We'll still have an assessment to make to be sure we collect enough this year to meet our obligations even with no debt increase. But I think it's important to continue the relationship we have with the Citizens

Advisory Committee and try to smooth some of those things out. None of us established what the bond criteria was going to be, but we now have to deal with it. So the better we can do anything we can. It would be wonderful if we could just say we're done so we can keep the increases away forever, but... probably going to look at that some down the line. So whatever we can do to keep them low and keep them smooth I think is a good approach.

Bruce Beckett: Yeah, thank you. We would appreciate doing that with you. Thank you Madam Chair.

Commissioner Young: Also, let me just extend my thanks to you and the others on your committee who really do the hard work on the frontlines on this topic – really nobody wants to pay more. So, thank you for all the time you put in.

Bruce Becket: Thank you.

Commissioner Jennings: I want to also thank you. I'm one of those on the Commission here who are on the sub-committee and I just want to make sure for yourself and the people who are watching on TV and whatever – we set tolls every two years. This last – what we just did – was for the second year of the last one, so we will be looking at it again next year. As we said, hopefully we won't have to raise it again. Hopefully if we do, it'll be a little bit, but we will set a toll – whether it's no raise or whatever – and then the following year we will take a look at it. So every year we look at it.

Bruce Beckett: Yeah, we appreciate that. When the Commission moved to the two-year rate setting, you've always indulged us coming in and making a recommendation on the annual basis and this is a pretty amazing outcome this year. We were close to a different outcome, whether the Legislature had acted or not, I think you had some latitude to do something, so thank you.

Chairman Haley: Thank you very much for coming. We appreciate your work and we appreciate your time today so, and we have a good outcome this year.

Bruce Becket: We do.

Chairman Haley: We do, thank you.

TRANSPORTATION COMMISSION

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ATTEST:

REEMA GRIFFITH, Executive Director

DATE OF APPROVAL