



## Washington State Transportation Commission

Regular Meeting Summary  
April 17 & 18, 2018

Chairman Jerry Litt opened the meeting at 9:00 am with introductions by Commissioners.

### **WSF LONG-RANGE PLAN AND OPERATIONAL STRATEGIES**

Washington State ferries (WSF) is updating its 20-year system plan. Ray Deardorf, Planning Director, WSF, WSDOT, briefed the Commission on the process and the legislative criteria for the Long Range Plan update and begin the Commission's review of WSF operational strategies.

The 2009 Long Range Plan presented a vision for the future of the ferry system.

Accomplishments:

- Studied and implemented vehicle reservation systems
- Improved customer web experience for easier trip planning
- Building Mukilteo and Colman Dock ferry terminals
- Implemented pricing strategies to maximize use of vehicles space
- Built new vessels

Legislative proviso in 2017 transportation budget:

- Consider changes in demographics
- Propose adjustments to ferry routes
- Identify most appropriate replacement vessels
- Review dry dock needs
- Assess seismic vulnerability
- Evaluate strategies to spread peak demand
- Identify cost reduction opportunities

ESHB 2358, Session Law 2007, guides WSF's planning efforts. RCW 47.60.327 includes:

- "The department shall develop, and the commission shall review, operational strategies to ensure that existing assets are fully utilized and to guide future investment decisions"
- "After the commission reviews recommendations by the department, the commission and department shall make joint recommendations to the legislature for the improvement of operational strategies"
- "Operational strategies must be reevaluated periodically and, at a minimum, before developing a new capital [long range] plan"

The required report from WSF and the Commission to the legislature will address:

- Vehicle reservations
- Transit enhancements
- Fuel conservation
- Pricing strategies, including differentiate vehicle and passenger fares, reservation system pricing, and the fuel surcharge

Between now and 2040, 13 vessels will be at or near the end of their lifespan. To replace them requires brining a new vessel on line about every 18 months.

Key findings from the 2018 Ridership Forecast:

- Over the last 15 years, yearly ferry ridership growth varied between -4 and +2.9%
- Annual growth forecasts by 2040:
  - Population: 1 percent
  - Households: 1.2 percent
  - Employment: 1.3 percent
  - Ferry ridership: 1.3 percent
- Overall ferry ridership growth by 2040: 30 + %

How can growth be addressed?

- What is capacity now? Plenty of room for more passengers on most routes at most times
- Need to carefully consider how to accommodate more vehicles, spread traffic, impact of autonomous vehicles

The Long Range Plan will identify moving ahead with some operational strategies. After the plan completion in January 2019, there will be the opportunity for WSF/WSDOT and Commission to review the Operational Strategies in greater depth and potentially develop joint recommendations to the legislature.

Commissioner Batra suggested WSF provide the Legislature a base plan with options to expand and improve the system. Mr. Metcalf noted that growth is exceeding WSDOT capacity to meet demand in many places around the state. With the number of vessels that need to be replaced to keep the system we have today, it will be difficult to add more boats to the fleet.

### [WSF Ferries 2040 Long-Range Plan](#)

**Action:** None

**Follow-Up:** *Continue to monitor WSF long-range plan development and collaborate on operational strategies.*

### **PUBLIC COMMENT**

Adam Brockus, speaking for himself, commented on the WSF Plan. He emphasized the need for ongoing maintenance for a vessel to last 60 years. Some of the current vessels will not last that long, in his opinion, unless maintenance is improved. More boats are needed and hybrid-electric vessels will require dockside improvements as well, necessitating time and money.

Mr. Brockus emphasized the need to mesh transit and ferry operations to encourage passenger trips. He also urged the need for better communication with passengers, citing the recent example of toilet seats removed with no explanation.

### **CROSS SOUND TUNNEL**

Bob Ortblad, P.E., talked about how Norway, Japan, and other nations have successfully pioneered deep tunnels that allow vehicles to traverse large bodies of water. He talked about how a tunnel might connect Seattle and Bainbridge Island.

Mr. Ortblad noted that the Lake Washington Bridge that opened in 1940 replaced three ferry routes across Lake Washington. A cross-sound tunnel could replace three routes across Puget Sound. It could move 6,000 cars per hour, compared to 1,000 per hour on ferries.

He identified the many environmental consequences of ferries including:

- Parking
- Emissions
- Traffic jams shore-side
- Underwater noise

A tunnel from Smith Cove in Seattle to Bainbridge Island would be six miles long and 800 feet deep. The Hvalfjord Tunnel was a Design-Build-Own-Operate venture built in Iceland in 1998. It is now paid for and being transferred to Iceland. Norway has built 35 subsea tunnels covering 100 miles. Using Scandinavian deep subsea tunnels as a benchmark, Mr. Ortblad estimated a Puget Sound Tunnel should cost \$400 million. That seems excessively cheap and tunnels often go over budget. So let's double our estimate. Moving the six ferries currently on the route would save \$1 billion in ferry construction costs.

Building a tunnel will:

- Save \$7.2 billion in opportunity costs and millions of commuter hours
- Save \$3.6 billion in ferry operations and new construction
- Increase tolls revenues by \$1.6 billion
- Reduce seismic risk. Tunnels are less vulnerable to earthquakes. Like an ocean wave, seismic waves are felt mostly on the surface

Mr. Metcalf indicated that the tunnel cost estimates seem very low and expressed concern that a tunnel would increase vehicle traffic into Seattle.

### **Cross Sound Tunnel**

**Action:** None

**Follow-Up:** None at this time

### **COMMISSION BUSINESS**

Commissioner Tortorelli moved and Commissioner Young seconded the motion approving the March 14, 2018 meeting summary. The motion was approved unanimously.

The Commission considered the draft letter supporting Ballard Locks funding. Commissioner Batra said that seismic vulnerability should also be emphasized and that the importance to the nation should be stressed.

The \$30-60 million proposed does not include the cost for seismic improvements. By consensus, this need will be added to the letter, which will be revised and sent with electronic signatures. Commissioners reported on their recent activities:

- Commissioner Batra attended a Lake Washington water taxi meeting in Renton
- Commissioner Serebrin reported that the PSRC Transportation Planning Board passed the PSRC Transportation Plan update. PSRC passed the regional centers framework. She attended a conference in Chicago last week on transportation equity. There is a lot of concern with ADA accessibility with privatization. Fines and fees can escalate and punish the poor
- Commissioner Tortorelli was the MC for the Commission's news conference on the Road Usage Charge Pilot. He participated in some charrettes for the North Spokane Corridor The Children of the Sun Trail will connect with the Centennial Trail
- Commissioner Jennings attended a meeting in Vancouver about tolling on I-5 and/or I-205 in Oregon. He also attended the WSDOT Worker's Memorial with Reema and Cece
- Commissioner Young attended the North Sound Transportation Alliance meeting, which was totally focused on ferries
- Commissioner Litt stated the Commission needs to talk about the Commission workload and attendance at public meetings that are not Commission meetings. He offered to stay on as Chairman for another year. Commissioner Litt also, reminded Commissioners not to engage in substantive discussions on email. The safest practice is to avoid using "reply all" on email

***Action: Commissioner Young moved and Commissioner Tortorelli seconded the motion to keep the same officers in place for the 2018 – 19 year. The motion was approved unanimously.***

**Follow-Up:** None at this time

### **PERFORMANCE MEASUREMENT REVIEW**

In 2016, the Legislature directed Office of Financial Management to consult with the Commission on transportation performance measures that ensure progress toward accomplishment of the transportation policy goals in RCW 47.04.280. WSDOT staff asked that any new performance measurements sought by the Commission be provided by June or July 2018.

Dean Carlson, Senior Budget Analyst, Office of Financial Management, stated anything added at this time would have to be done in coordination with the Department.

Commissioner Tortorelli said that he doesn't think the right things are being measured in safety and economic vitality. Need to examine root causes of fatalities and serious injuries. Need to look at economic vitality statewide.

Staff asked that Commissioners email ideas and suggestions to them.

**Action:** None

**Follow-Up:** *Staff will work with OFM and WSDOT on transportation performance measurements.*

### **SECRETARY'S REPORT**

Keith Metcalf reported that many senior management are retiring, including Lorena Eng. WSDOT also is working hard to improve its minority recruitment; it has applied to USDOT to repeal the previously granted waiver for non-Hispanic white women owned businesses. There have been closures due to landslides; floods have begun. Cusick is closed near SR 20. WSDOT is beginning its work on the 2019-21 biennial budget proposal.

**Action:** None

**Follow-Up:** None at this time

### **SR 520 BRIDGE CERTIFICATE**

The Office of State Treasurer and WSDOT have certified that current tolls and policies on the SR-520 will generate adequate revenue for FY 2019. Jason Richter, Deputy Treasurer, Debt Management, Office of the State Treasurer, reported the following:

- Modeling indicates a \$121 million decrease in total net revenues available for debt service.
  - Conservative assumptions in the financing model helped mitigate the decrease in revenues
  - To reach coverage and sufficiency requirements, \$84,000 was withdrawn from the Revenue Stabilization Account (RSA) and multiple adjustments were made to Reserve and Replacement (R&R) fund deposits
- No changes to existing Toll Rates are necessary at this time
- However, the \$121 million decrease in net revenues and the deferred R&R deposits leave the system less able to respond to future revenue declines

### [SR-520 Bridge Certificate of the Treasurer's Representative](#)

**Action:** None

**Follow-Up:** None at this time

### **SR 99 TUNNEL FINANCIAL PLANNING**

The deep bore tunnel that will replace the Alaskan Way Viaduct is nearing completion. The Office of State Treasurer, Commission staff, and WSDOT discussed financing criteria and requirements for the tunnel given bonds have been issued to finance the project.

Mr. Richter reported that the State's debt portfolio is very conservative, with obligations typically:

- Structured with level debt service
- Having a final maturity of 25 years or less
- Offered with a 10-year par call
- Issued through a competitive sale

The state has very strong credit ratings.

Approximately 40% of MVFT revenue will be spent on debt service in FY 2018. The percentage was as high as 50% in 2015 and is expected to reach around 55% in 2026. In FY 2018, the State will spend \$337 million on interest costs and \$294 million for principal.

Terminology:

- Coverage Requirement is the multiple by which net revenues available for debt service exceed debt service
- Sufficiency Test ensures that the project generates sufficient revenue to allow full payment of all required obligations. A Debt Service Coverage Requirement of 1.30 is necessary to protect the Transportation Partnership Account (and other transportation projects) from unintended draws due to revenue shortfalls.
- The Sufficiency Test protects the Motor Vehicle Account and ensures compliance with RCW 47.56.830.

Mr. Richter added that SR 99 is exempted from paying Facility Reserve and Replacement (R & R) from tolls through June 30, 2019, but after that date, RCW 47.56.850 requires Facility R&R to be paid from tolls. Level debt service is amortized over 25 years, consistent with OST's approach to financing capital projects. The interest rate is estimated and at risk until bonds are issued.

[SR 99 Discussion](#)  
[Debt 101](#)

**Action:** None

**Follow-Up:** *The financial guidance will be used in setting SR 99 tolls.*

### **SR 99 TOLL SETTING SCENARIOS**

The Commission considered refined SR 99 toll rate options proposed by the Tolling Team that meet requirements in law including raising up to \$200 million towards the project's construction costs.

#### **Option 1a**

- Peak rates: Initially \$0.25-0.50 lower than Scenario IG-0
- Off-peak rates: Initially \$0.25 lower than Scenario IG-0
- Night and weekend tolls: Initially \$1.00, same as Scenario IG-0
- Toll escalation: 3% increase every 3 years, FY 2023 thru FY 2059; includes overnight and weekends

#### **Option 3a**

- Peak rates: Initially \$0.25-0.50 lower than Scenario IG-0
- Off-peak rates: Initially \$0.25-0.50 lower; PM peak shoulder rates same
- Night and weekend tolls: \$1.00, same as Scenario IG-0
- Toll escalation: 3.5% annual increases FY 2021 thru FY 2025 only; excludes overnight and weekends

### **Option 5b**

- Peak rates: Initially \$0.25-0.50 lower than Scenario IG-0
- Off-peak rates: \$0.25 lower (except 6-7 PM \$0.25 higher)
- Night and weekend tolls: Initially \$1.00, same as Scenario IG-0
- Toll escalation: 5% increases in FY 2025 and FY 2030 + Assess w/FY 2035; includes overnight and weekends

[SR 99 Toll Options](#)

[SR 99 Schedule Finance Assumptions](#)

[SR 99 Tunnel Toll Rate Setting](#)

**Action:** None

**Follow-Up:** None at this time

### **SR 99 TOLL SETTING**

Following the briefing and discussion, on the second day of the Commission meeting, the Commission discussed the toll rate options to move forward for public review. Commissioner Serebrin asked if WSDOT and the city are comfortable with the proposed options. Commissioner Litt said that they are. Commissioner Batra suggested highlighting how much total money each of the options raises.

**Action:** *The Commissioners decided to move forward Options 1A, 3A, and 5B for public comment.*

**Follow-Up:** None at this time

The Commission also agreed to the following proposal:

1. Adopt rates by rule (WAC) for first 2 fiscal years (FY 2019 – FY 2020).
2. Include statement in the WAC establishing future rate escalation plan:
  - Including future rate escalation enables initial toll rates to be as low as possible
  - Future rate escalation varies by proposed toll options, as necessary to meet future financial obligations and coverage targets
3. Establish a financial plan in coordination with WSDOT and Office of the State Treasurer (OST) that would:
  - Indicate how key legal and financial requirements will be met, including debt service coverage requirements over the full term of the debt service (through FY 2046), and sum sufficiency coverage requirements through the forecast horizon (currently, FY 2059)
  - Be the basis for WSDOT SR 99 revenue projections, and for OST review/certification of SR 99 toll rates

The Commission proposed the following ideas for outreach:

1. Target meeting dates between the May & June Commission meetings (May 17 – June 18) to ensure input prior to Commission's SR 99 Toll Rate proposal in July
2. Identify locations in Seattle for 2-3 public input meetings. Suggested options:
  - 1 downtown meeting
  - 2 meetings split between neighborhoods to the north and south of the tunnel
3. Coordinate with WSDOT on scheduling and content

Location Criteria:

- Locate within SR 99 travel shed
- Locations with residents and/or businesses likely to use the tunnel
- Available meeting facility
- Alignment of location and time of day
- Areas with expressed interest

Commissioner Jennings likes the idea of three meetings. Commissioner Batra said that meetings north and south of the portals are appropriate and a downtown meeting is good to address concern about downtown traffic.

[SR 99 Public Input Meeting Schedule](#)

**Action:** *The Commissioners decided to move forward Options 1A, 3A, and 5B for public*

**Follow-Up:** None at this time

**STATEWIDE TOLL EXEMPTIONS AND FEES**

The Commission reviewed existing toll exemptions and fees, which vary by facility. A proposal would move toward more uniform exemptions across all tolled facilities.

- Additional high occupancy vehicle exemptions on HOT and express toll lanes to provide for consistent customer expectations and reduced paperwork. Emergency vehicles exempt whenever on duty rather than only when responding to an emergency
- Extends transit and rideshare exemptions to the Tacoma Narrows Bridge
- Exempts both highway and transit service vehicles
- Changes to rule language moves details distinguishing which vehicles are included in each exemption category to a separate definitions section and adds language establishing principles in defining exemptions

WSDOT also assessed whether fee or rate structure changes are needed to implement new customer service center and back office vendor contracts. It concluded that basic cost relationships would not be significantly different.

WSDOT recommends a new account option to allow customers to open an account without prepayment if they provide a valid credit card number. The credit card would be charged weekly or bi-weekly for toll charges. This change would pair with elimination of the Short Term Account discount.

The Zero-balance account is functionally equivalent and allows short-term use. Small wording changes will be needed in several sections of the Commission’s rate-setting rules to reflect zero-balance account type.

[Exemptions and Fees](#)

[TNB Exemptions](#)

**Action:** None

**Follow-Up:** None at this time



## **PUBLIC COMMENT**

Justin Leighton, Executive Director, Washington State Transit Association (WSTA), commented that WSTA wants to see uniform exemptions across tolled facilities. Transit users do not distinguish between transit systems and facilities.

## **WTP UPDATE**

The Washington Transportation Plan (WTP) establishes a 20-year vision for development of the statewide transportation system. Thera Black, Transportation Planning Manager, SCJ Alliance, provided a progress report on the WTP update, which will be adopted in December 2018.

Next steps:

- Finalize style guide for document and website
- Release internal working draft for review and edit in mid-May
- Upcoming Engagement Activities
  - Late April – WSDOT Planning Managers Meeting
  - Late May – Advisory Group Work Session
  - WTP Steering Committee Meetings
  - Commission Leadership Team Meetings

The print document will use an Executive Summary/handout to orient people to the website. Commissioners suggested aligning transportation performance measures with the Plan.

## **WTP Update**

**Action:** None

**Follow-Up:** None at this time

## **COMMISSION 2018 - 19 WORK-PLAN**

Staff reported on the research, reports, rate setting, and meetings that will occupy the Commission and staff for the remainder of the 2018 – 19 biennium. Commissioner Litt would like to have at least one Commissioner from each team at Outreach meetings on specific tasks and topics. The Commissioners created a team to follow PPPs: Commissioner Jennings and Commissioner Batra. The Commission also consolidated the survey team into the ferry team, since the only ongoing surveys are FROG surveys.

The critical unknown with the tolling team right now is when the SR 99 tolling will begin.

**Action:** None

**Follow-Up:** *Staff was directed to further develop the work-plan to indicate milestones. Commissioners would like team meetings scheduled when Commissioners are in town, as much as possible.*

## **AUTONOMOUS VEHICLE WORKGROUP**

Reema Griffith, Executive Director, WSTC, briefed the Commission on the proposed structure and membership of the Autonomous Vehicle (AV) Workgroup. It will have an Executive Committee comprised of the Executive Branch and Legislators from each caucus in the House and Senate. We expect the Executive Committee will choose its own chair.

The first meeting may take place in Olympia in June. The second probably will take place in the fall to decide what to propose as a work plan and budget for the next biennium. It will be up to the agencies and subcommittees how often they want to meet.

UW Law School students are doing a scan of how the legal issues are being looked at in other locations around the country.

Commissioners are not expected to be on subcommittees, but those who want to should volunteer.

Commissioner Serebrin commented that the chart indicates the topics involved with AVs, but the framework also should address how AVs fit into the community. She also suggested having modal reps in the Safety Subcommittee. Commissioner Young agrees that we do not want to lose the big picture in the details.

**Action:** *Commissioner Jennings moved to have the Chair approve selection of a consultant. Commissioner Tortorelli seconded the motion, which was adopted unanimously.*

**Follow-Up:** None at this time

### **ROAD USAGE CHARGE PILOT UPDATE**

The Road Usage Charge Pilot Project is now in its second month. Jeff Doyle reported on how the pilot is running, the make-up of the participants across the state, the mileage reporting options that they have chosen, and the assessment by participants.

Survey is a two-step process:

1. Participants receive Survey #1 after completing the setup of their WA RUC accounts, including adding a vehicle and selecting a mileage reporting method. By April 12, 1,907, participants had received the first survey. Thru April 12, 1,493 had completed it and received a \$10 gift card (78.4% response rate). The April 12 survey issuance remains open (166 surveys still incomplete as of April 13)
2. Participants that successfully complete this research task will receive a \$10 gift card

WARUC invoices have multiple objectives:

- Demonstrate how a RUC billing process might work (varies by mileage reporting method)
- Provide customized RUC invoices based on actual mileage reported by participants
- Clearly display how test drivers' per-mile charges compare to the per-gallon state gas tax
- Provide contextual information to better enable test drivers to assess how a RUC system might affect their transportation costs, choices and preferences

### [Road Usage Charge Pilot Update](#)

**Action:** None

**Follow-Up:** *Continue to monitor the RUC Pilot.*

**TRANSPORTATION COMMISSION**

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JERRY LITT, Chairman

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ROY JENNINGS, Vice-Chairman

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SHIV BATRA, Member

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HESTER SEREBRIN, Member

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JOE TORTORELLI, Member

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DEBBIE YOUNG, Member

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VACANT

ATTEST:

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REEMA GRIFFITH, Executive Director

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DATE OF APPROVAL