

**MINUTES OF THE REGULAR MEETING OF THE
WASHINGTON STATE TRANSPORTATION COMMISSION
December 16 &17, 2008**

The regular meeting of the Washington State Transportation Commission was called to order at 9 A.M., on December 16, 2008, in Room 1D2 of the Transportation Building in Olympia, Washington.

Commissioners present at the meeting were: Chair O'Neal, Bob Distler, Dick Ford (present on December 16th only), Elmira Forner, Latisha Hill and Philip Parker. Commissioner Moser was absent.

MINUTES APPROVAL

It was moved by Commissioner Forner and seconded by Commissioner Ford to adopt the minutes of the September 18, 2008 meeting in Friday Harbor, Washington. The motion passed unanimously.

RURAL ROAD SAFETY

Chief John Batiste, Washington State Patrol, provided an overview of the composition of the Traffic Safety Commission.

Lowell Porter, Executive Director, Washington Traffic Safety Commission, shared that Target Zero is our state's strategic highway safety plan. It sets a very aggressive vision that traffic deaths and serious injuries will be eliminated on Washington highways by the year 2030. He explained that if you look at a trend line overtime since 1980 Washington has a 9.3 percent decrease in traffic fatalities. It continues to be a leader in this particular area. Through the planning process it was realized that there is more that can be done to reach the goal by investing in and building into our system's approach where it can realize a great level of performance.

Matt Enders, Technical Services Manager, Highways and Local Programs, WSDOT, explained that from 2002-06 there were 5,255 fatal or serious injury collisions on rural roadways and 9,240 on urban roadways in a five year period. Breaking the numbers out indicates 36 percent are on rural roadways and 64 percent on urban roadways.

Chair O'Neal expressed interest in the difference in the safe speed and the stated speed.

Chief Batiste responded that either one presents a problem, but the posted speed is the one that WSP enforces proactively. Exceeding a reasonable speed generally results in an accident and a trooper responds to the scene and cites an individual for exceeding reasonable speed.

Chair O'Neal questioned how that judgment is made.

Chief Batiste responded that suggested speeds are posted in the area. He noted that it's easy to discern whether or not someone was exceeding a reasonable speed.

Mr. Porter responded that the speed statute requires that in order to be safe you travel at a reasonable speed within the limit (driving according to conditions). He provided an overview rural road collision data based on conditions, age and time of day/month.

Mr. Enders explained that every office within WSDOT takes some ownership and interest in the safety of our roadways. One of the tasks that the Highway Safety Issues group focused on was rural roads a couple of years ago. Several agencies play an important role in the discussion. The Rural Roads Program for high-risk rural roads doesn't look at the history, but looks at the potential and conditions, so it's based more on risk. The focus will be on run-off the road collisions, because on county roads it's 54 percent of all the fatal and serious injury collisions. Low cost safety improvements are being looked at, such as rumble strips, signing and striping and guide posts that go a long way towards safety.

Pat Morin, Systems Analysis and Priority Development Manager, Office of Systems analysis and Program Development, WSDOT, explained that the goal for the Capital Construction Program is the same as Target Zero. He outlined the basic steps that the program will take as it is being built in order to determine where the problems are and what the effective strategies are. There is not enough funding to go out and do large expensive projects, so low cost strategies will be needed to meet the Target Zero goal. The first step is to identify the performance goal, identify locations of concentrated fatal and serious injuries (corridors), analyze data and contributing circumstances to help identify which types of accidents to analyze and track the effectiveness of each of the strategies that have been implemented. He provided an overview of the methodology used for collision analysis on state highways. Once the locations are determined and rumble strips are put into place collision data is tracked to determine success rates. Preliminary results indicate that fatalities have been reduced by 28 percent. Results of the program show substantial safety benefits.

Chief Batiste explained that Washington State ranks 13th nationally in population, but ranks 40th in number of troopers per 100 K population. There are .82 troopers per 100 lane miles in Washington. The nation as a whole does not have enough police officers on patrol.

TACOMA NARROWS BRIDGE CITIZEN ADVISORY COMMITTEE TOLL RECOMMENDATIONS

Robert Ryan, Chairman, Citizens Advisory Committee on Tolling, explained that the CAC held meetings in October, November and December to revisit tolling policy and prepare for toll recommendation to the Commission. He thanked WSDOT for their support during this process, noting that they were very responsive to requests.

Policies revisited:

Toll exemptions

No exemptions other than emergency vehicles on emergency runs.

Discounts

Good To Go stays in place with no other discounts.

Debt service coverage

Decision of approximately 7-8 percent debt service coverage has been reaffirmed. In the first year of operations the actual traffic counts were less than a .2 percent variance and the revenue variance was about .6 percent. He explained that there were some issues starting in January 2008 where traffic counts and revenue were below projects. Revenue turned around in May 2008 and traffic counts started turning around by September 2008. The CAC believes that this was due to the escalated price of gas. November activity has been received and traffic and revenue amounts are off from the projected amount for the month. The projections take into account the current economic circumstances and he believes that it has more of an impact than what was originally projected. But as gas prices came back down the traffic count variances disappeared.

Commissioner Distler noted that it's interesting that during the summer months where there is a higher proportion of recreational travel the revenue variance is positive while the traffic variance is negative. This suggests that people who take occasional trips are not as sensitive to gas prices. Maybe the forecast didn't take into account enough of the difference in the composition of traffic by month.

Mr. Ryan responded that this issue has been discussed, but there is not a firm answer on what makes up that variance. He moved on to explain that the CAC has been looking at the cost numbers provided by WSDOT, even down to the general ledger account and its activity. Two years ago when this was first discussed there was a \$5.288 million dollar loan made from WSDOT into the TNB account. This loan is scheduled to be repaid in the 2010-11 biennium. The CAC looked into this because some of the original projects showed that it would be split equally between the two years, but it was found that it was not required to be repaid until the second year of the biennium (2011).

Commissioner Distler asked if WSDOT's budget submittal assumptions included the repayment.

Jeff Caldwell, Assistant Director, Financial Planning, WSDOT, responded that the legislative plan is on a biennial basis, so there is no fiscal year assumption.

Mr. Ryan shared that the actual and projected activity for 2008 and projections for 2010 indicates source funds and uses. There is a bond proceed that will be funded in the current fiscal year of \$3.1 million and there is capital expenditures in the project that will be completed in the current fiscal year of \$9.2 million. In the current period it is projected that \$43.8 million will be raised in toll revenues, there is interest earnings including the interest on the accounts of \$573 K, transponder revenues ect. Debit service for the current period is almost \$27 million and fund uses (WSDOT oversight and toll administration, maintenance, preservation, enforcement and insurance) total up to \$14.5 million. This schedule was used for the CAC's project. A number of different scenarios were used where the \$5.88 million was paid back equally throughout the biennium; a scenario was used saying at \$2.75/\$4 which is the current toll rate; a scenario was also used showing \$2.75 to stay the same and to have the cash price float in order to cover the cost; and a scenario where the cash price stays the same and the ETC float in order to cover the cost. What was found was that with no change in the current toll structure and the deferral of the \$5.288 million until the second year of the biennium that in the year 2010 the cost and debt service would be covered with the current toll structure leaving almost \$4.5 million in the account as a reserve, which exceeds

debt service coverage because that gives a debt service reserve at the end of the period of 16.5 percent. It was hoped that someplace in the 7 to 8 percent range would be achieved that would provide a debt service coverage of 16.5 percent. The CAC felt very comfortable with recommending no change to the current toll rates of \$2.75 and \$4 for two axle vehicles be made for the fiscal year beginning July 2009.

Commissioner Forner thanked the CAC for all of their hard work and shared that she is frustrated with the whole process. Putting off the debt to the future is not being financially responsible.

Secretary Hammond noted that she understands why the CAC came up with this conclusion. It's the out years where the increase will take effect. This is the way that it was planned.

Chair O'Neal commented that we either deal with it now or in the out years at a higher rate.

Mr. Ryan responded that it's an issue that the CAC struggled with. A great number of constituents have responded, but no one suggested that raising today's rate in order to cover future increases was a good idea. People argued that today's rates are already too high. The CAC's decision was not unanimous, because at least one of the members believed that a more forward looking approach should be taken.

Secretary Hammond noted that the sales tax payback (around \$5.8 million) will begin in 2013, so that's where that will start showing in the financial plan.

Mr. Ryan emphasized that the CAC believes that the \$5.2 million will be paid back in 2011. Most of the people that have been dealing with this understand that there is going to be an increase in the toll rates in 2011 and future years after that, because the debt service continues to rise and the sales tax repayment has to be paid.

Chair O'Neal commented that recent projections have been good, but if the toll rate is increased by a substantial amount, will those projections hold up. There may be a point where the elasticity takes the recovery down.

Commissioner Distler noted that the elasticity is estimated in the plan. He wondered how people will respond if there's a 45 percent increase proposed in the ETC toll next year.

Mr. Ryan responded that he's not sure a 45 percent increase will be proposed next year; however the response is going to be negative either way no matter what the proposed amount is, because of the economic times.

Commissioner Distler responded that he understands, but his experience with ferries and tolls is that no matter what's going on there's never a good time to raise tolls or fares. It's always let's do it later and give the assumption of the loan, which I think we all agree except perhaps with a few legislative exceptions, we have a moral obligation to pay back. Holding things current for another year based on a forecast and some assumptions, assuming they are true, is still bad policy only because of the fact that the numbers right now suggest that the CAC will be forced to impose something on the order of probably a 35 percent blended toll increase between ETC and cash if it is intended to honor the commitment to pay back the \$5.3 million in FY 11.

That's bad public policy and it doesn't make sense to hold everything back given the anticipated public reaction and then lift the dam all at once next year.

Commissioner Ford questioned that if there is no change in the toll then the traffic data should raise some serious questions when it depends on traffic count alone. There could possibly be negative results, especially when traffic counts have been less than what was anticipated in the past.

Mr. Ryan responded that it's very possible. The numbers are based upon the actual projections and rates for this time period, so it takes into account the elasticity argument. Obviously there is great concern among the CAC as well as the people that are using the bridge on a daily basis or even randomly. He explained that he feels comfortable with this future projection based upon the history and the projections showing such a small variance.

Commissioner Ford questioned if Mr. Ryan feels that we can afford to make the payments with the current mix.

Mr. Ryan responded that's a fair assumption.

Commissioner Ford noted that the cost of principal interest between the current 2009 fiscal year and the 2010 fiscal year is about an \$8 million increase. The following year there is about a \$10 million increase. This set of assumptions indicates a \$15 million increase in the fares to go from about \$45 million to \$60 million in collected revenue. There may be a slight amount of increase in traffic and maybe some change in how people pay, so we may get a few more people paying cash, but fundamentally we are going to have increase tolls by roughly 30 percent.

Mr. Ryan responded that 2011 is based upon \$4/\$4 not \$2.75/\$4. So it actually shows a substantial increase.

Commissioner Ford noted that he understands, but overall we are going to go to the toll payers and they will certainly be unhappy. This year we can probably slip by if we stay with this recommendation because people are used to what they are paying, but we will have to go to a much higher toll to cover this.

Mr. Ryan responded that a 30 percent toll increase would be approximately \$1 on the ETC and a little more than \$1 on the cash toll. That's looking into the future where we don't have any information, but at this point these numbers would not surprise me at that time period.

Commissioner Distler asked what the Department recommended and what is their reaction to the CAC's recommendation from a financial point of review.

Mr. Ryan responded that he doesn't believe there was a recommendation.

Commissioner Distler responded "so the Department simply provided scenarios that they were asked to give without any recommendation" purely from a financial point of view.

Secretary Hammond commented that extending the price differential between the ETC and cash for this long was not anticipated. Early on it was thought that there should be a price

break for transponders to create the incentive for people to obtain them. This difference in price has been carried forward and it's somehow plaguing the raising prices. She feels that if there is the coverage this year, given the economy, that the Department doesn't see the need to raise the prices, but people will forget quickly that they got a free pass for a year on what might have been an every year increase. The discussion needs to be very open if it's decided to not increase this year, and it should be very clear that the debt service must be kept up with the following year. The financial plan shows that it's not absolutely necessary to raise the toll this year, but it's probably going to happen next year.

Commissioner Ford noted that the toll doesn't need to be increased because reserves have been drawn down by roughly \$2.4 million and the payback has been avoided. The fact is the payback has been spread over time. If we think that we will be out of this recession soon then we are in the dark.

Secretary Hammond noted that it was expected that the toll would be at \$4/\$4 in 2011.

Commissioner Ford emphasized that his could turn and people might decide to pay cash if both tolls are the same. What does that do to the Department's cost?

Secretary Hammond responded that at some point it may be all ETC and no cash.

Commissioner Forner explained that she is very reluctant to expect the funds to come from the highway fund. It's better to be proactive now. What happens if more people ride transit?

Secretary Hammond responded that she trusts the financial data and believes that there is adequate coverage for the next year. Increases are necessary, but it's a matter of when and how much.

Representative Seaquist explained that transit is reducing service because of budget problems with Pierce County Transit and deferring the Gig Harbor rapid transit bus stop addition.

Reema Griffith, Executive Director, WSTC, shared that the Commission will hold a work session in January. The Commission has requested a couple more toll scenarios from the Department. This will also allow a couple more months to track traffic counts and revenue before a decision is made. There will be a discussion with the legislature to clarify its intent on repayment this session. If the Commission decides to increase the toll there will be public outreach.

Chair O'Neal questioned how the state treasurer feels about the recommendation

Mr. Caldwell responded that the state treasure feels that the debt service or reserve might be adequate.

Chair O'Neal iterated that the total for next year would not be covered, but with a cumulative approach using the reserves from prior years the debt service would be covered.

Commissioner Ford expressed that it's the coverage that worries him. Obviously the bond buyers aren't worried, because if the TNB fund doesn't make the payment the money would come out of the Motor Vehicle fund.

The reserves should not be used to meet the debt, because it's there to use in the event there is a drop in traffic. The way this is structured we need to stay ahead of the game not behind it.

Commissioner Distler reminded that there are one or more members of the public who have faulted the CAC, the Department and the Commission for various aspects of their processes. He views that nothing could be further from the truth. He questioned what the original projection was and how it was modified after the idea of a buy down on the ETC discount for FY 2010.

Greg Selstead, Director of Toll Operations, WSDOT, responded that it was one of the common ground items that the CAC used at its meetings starting off with the original debt structure that was provided in the financial plan. There were key milestones where the debt was structured with both the ETC and cash tolls increasing. Originally it was identified that in FY 2010 the toll would increase to \$4/\$4 as based on the original plan.

Commissioner Distler responded that was before the concept of a discount was considered and the legislature extended the loan.

Mr. Selstead responded "yes" that was the original financial plan.

Commissioner Distler questioned if the Department modified the financial plan to take into account both of these two things, and if so what was the assumed toll rate in the FY 2010 financial plan.

Mr. Selstead responded that the baseline is still \$4/\$4, but has been adjusted based on the transportation revenue forecast.

Commissioner Distler explained the he feels the discount should be phased out rather over time rather than cut quickly.

Chair O'Neal emphasized that everyone has their view and the discussion will continue. He thanked the CAC for their assistance.

Representative Seaquist explained that he like other members have been tracking all of this very closely. He recognized the outstanding public service that the CAC has provided. Toll payers have an immediate sense of what's fair and if the accounting is running well. The main thing is the data presented by WSDOT is understandable. We started out with one set of problems and now there are two. The bridge has been a wonderful success, yet there are people in the area that didn't like the bridge to begin with and still resent it. This group has been joined by a growing number of citizens in the area who feel the immediate cost of the bridge. There are changes that have taken place in the community based on the toll. The fact is we are not only on schedule, but running towards the cost effective side. We have brought on this problem with the public, because they can not understand the data that we are seeing. He hopes that the latest round of improvements will be successful. He praised WSDOT staff for their continued efforts. Perhaps someone should request that WSDOT have a reserve band of numbers for the coverage. The sales tax should be forgiven because it looks like the state is making a profit off of our bridge.

WSDOT AGENCY REQUEST LEGISLATION

Dillion Auyoung, Director, Government Relations, WSDOT, shared information on the Department's agency request legislation that has been approved by the Governor.

- 1) **Concerning bond amounts for WSDOT highway contracts.**
Adjusting performance bonds on the most expensive projects because contractors are finding it more difficult and expensive to obtain performance bonds that are above \$250 million, which may result in higher project bids and restrict the potential for business growth of Washington contractors.
- 2) **Addressing liability for damages to state property resulting from the illegal operation of a vehicle.**
This amendment will facilitate collection of repair costs and will help reduce the burden placed on the state coffers to front repair charges. It will also help expedite completion of necessary repairs.

Bills for agency request pending decision by the Governor's Office.

- 3) **Concerning metal property.**
This legislation will increase law enforcement's ability to prosecute metal property theft by making it easier to identify the thieves and stolen property.
- 3) **Extending the time period for WSDOT to enter into an agreement for a rail line over the Milwaukee Road corridor (Lind Line).**
Extending the current bill for 10-years until July 1, 2019 to allow time for operator negotiations.

Provisos for Budget Bill

- 4) **Capacity Improvements and traffic management on I-405 Corridor.**
Authorizes WSDOT to do a study on I-405 corridor management and the need for capacity improvements and extensive traffic management to ensure safe and efficient operation, including HOT lanes.
- 5) **Authorizing the use of automated traffic safety cameras in state highway work zones.**
This request would continue the pilot project.
- 6) **Addressing the solicitation and review of state highway and bridge projects.**
This change is to postpone the date when any person can submit a proposal for a PPP project.

BRIEFING ON "BETTER PLACE"

Jeff Miller, Global Development, Better Place, noted that Washington State has established itself as a leader in climate issues within North America, and in many ways within the world. This state is endowed with one of the cleanest utility grids in the country

This means that transportation is key if we are going to meet the legislative target set by the 2007 Climate Action bill where Washington State committed to reducing the state's greenhouse gas emissions to 1990 levels by 2020. If Washington wants to meet this goal it must be taken seriously because 50 percent of this state's greenhouse gases are transportation sector related. The Climate Action Team recommended that vehicle electrification is one of the most promising opportunities out there in terms of achieving the goals that have been set forth.

Better Place's solution directly addresses three priorities that were laid out by President Obama. A move towards electric vehicles will in fact dramatically reduce greenhouse gas emissions and our dependence on foreign oil, while stimulating the economy and fostering the creation of green collar jobs. Better Place's mission is to end the world's addiction to oil by redefining the economics and experience of transportation. Better Place is a true mobility operator that delivers transportation as a sustainable service that provides consumers a better solution. The business model buys batteries and sells consumer miles. In between Better Place's infrastructure is deployed to provide plug-in charge, battery exchange stations and a control center that helps route the flow of electricity from the utility grid.

Switching cars from the pump to the plug will drastically reduce the amount of greenhouse gases. Electric vehicles need an electric recharge grid, and that grid needs to be continually primed with power provided by energy companies. This represents a massive new market for electricity providers that will allow them to begin a systematic paradigm shift to renewable energy sources. Sustainable transportation will create green jobs, accelerate the move to renewable energy, reduce greenhouse gases and reduce dependence on foreign oil.

Kimberly Harris, Executive Vice President and Chief Resource Officer, Puget Sound Energy, explained that essentially this discussion boils down to can the electric companies fuel the cars. In addition to hydro in this region they are looking at an extensive amount of wind and solar power. She provided a chart that showed load impacts on the power grid if there were 500 K cars within the next 20 years it would create a 20 percent penetration for PSE's service territory. In 2006 there was about a 1 percent penetration of hybrids. The need for energy over the next 20 years will be relatively minimal. A 2007 study of 10 PSE distribution feeders indicated that 2 vehicles per residential household can be supported at 110 volt smart charging and 1 vehicle per residential household can be supported at 220 volt uncontrolled charging. She explained that capacity would have to be purchased in order to handle 20 percent more vehicles, which is a very robust assumption. PSE has its own plug-in hybrid fleet at this time and is testing the technology and software. It's interesting to note that as we go down this path to note that Better Place brings to the table centralized facilities. There are some interesting dilemmas as well, such as when and where are the vehicles charged, who pays for the charge and how power rate structures will be formulated.

Mr. Miller wrapped up the presentation noting that it's important to have the Governor and Legislature on board with this being a priority. There are a lot of elements and a range of options to put forward.

Chair O'Neal inquired if Better Place will be subsidized.

Mr. Miller responded that private investor capital will be used to build the infrastructure.

BRIEFING ON WSU TRANSPORTATION RESEARCH EFFORTS

Jia Yan, Assistant Professor, Transportation Research Group, School of Economic Sciences at WSU, explained that in the United States road users experience nearly 4 billion hours of annual delay because of congestion. Travelers have options with HOT lanes; those with flexibility to carpool and those with a high value of time can choose the express lanes. Given this value in time HOT lanes are more efficient than HOV lanes in reducing congestion. On the other hand, experiments on California SR 91 HOT lanes suggest that motorists continue to impose high congestion costs on each other because most of the highway is unpriced. The express lanes are still underused because of a big price differential exists between the two roadways in order to achieve required level-of-service on express lanes. A better policy compromise would be to differentiate pricing schemes that cater to travelers' and varying preferences can capture some of the efficiency that HOV and HOT lane policies sacrifice.

Commissioner Ford emphasized that there is going to be a debate because it's one thing to convert an HOV lane to a HOT lane, but taking another lane out of the system that's currently free and making it a HOT lane and raising the number of people that have to be in the vehicle that qualifies it to use the lanes for free. Does data indicate that HOT lanes actually get as good or better utilization than the free lanes?

Mr. Yan responded that all the data between lanes is calculated and different policy scenarios are ranked based on that data. The data indicates that HOT lanes are more efficient than HOV and free lanes.

Commissioner Ford explained that he's trying to ask if HOT lanes are; in terms of people throughput competitive with free lanes. This is going to be an interesting policy debate.

Chair O'Neal noted that the public is becoming selective in their travel patterns and have very strong arguments on pricing.

Mr. Yan responded that's why there will be options to allow for traveler flexibility.

Commissioner Forner questioned how public transit would factor in?

Mr. Yan responded that public transit was not a consideration in this particular model because it's not available on this particular highway.

Chair O'Neal asked Mr. Yan if he is suggesting that our HOT lane model is no good because the way this one works is on demand. It seems that other variables are being entered into the formula –is that correct?

Mr. Yan responded that these policies could be more efficient than HOT lanes based on traveler preferences. It's about understanding preferences and designing the policy to match the preference. He moved on to share information regarding how the ownership of airports affects efficiency. One hundred airports around the world were classified by ownership into: majority private; mixed enterprise with majority government; U.S. airport authority; Canadian airport authority; public corporation; U.S. city/state and shared multiple government. The findings concluded that countries considering privatization of airports should transfer majority shares to the private sector; mixed ownership of airport with a

government majority should be avoided in favor of even 100 percent government owned public fir.; U.S. airports operated by port authorities should consider to transfer ownership/management to independent airport authorities and privatization of one or more airports in cities with multiple airports would improve the efficiency of all airports.

Commissioner Ford asked how this works.

Mr. Yan responded that it depends on the individual airport cost targets.

NOVEMBER TRANSPORTATION REVENUE FORECAST

Doug Vaughn, Director, Budget and Financial Analysis, Strategic Planning and Finance Division, WSDOT, presented the November 2008 revenue forecast summary. He distributed two charts indicating real personal income and gas prices for November vs September vs June 2008. He noted that since the June revenue forecast a lot has changed. The price of a barrel of oil in June averaged just under \$134 per barrel; the price today is \$44.50. That's a very hard swing over a short period of time. Fuel prices are one of the main drivers of the fuel tax revenue forecast, and that kind of revenue makes forecasting very difficult. In the long-term Global Insight predicts that instead of a decline in the out years fuel prices will actually decline slightly and then come back up and hover right near \$4 per gallon.

Amy Arnis, Assistant Secretary, Strategic Planning and Finance Division, WSDOT, noted that the original supplemental request was on projects that were shown in June 2008 when fuel prices were extraordinarily high. At that time the request was \$45 million for the biennium for WSF, plus fuel and the rest of the agency. Since then gas prices have dropped and the outlook for fuel has come down, so what will actually be reflected in the supplemental budget will be much lower.

Chair O'Neal noted that Global Insight projections seem to vary a lot from actual. He questioned if there are other's that forecast.

Mr. Vaughn noted that Global Insight's projections are compared with federal projections. The Department uses baseline projections. Total revenues collected for licenses, permits and fees have significantly declined since September. The recessionary economy and in particular lower vehicle sales forecast led to a reduction in expected revenue in almost every stream. The November WSF ridership demand forecast reflected lower ridership demand over the forecast horizon due to downward revisions to real personal income, employment rates and population.

Mr. Arnis explained that the Legislative baseline revenue forecast in February 2008 for which the budget was appropriated included assumptions for the price of fuel and personal income over the course of the biennium in the future. Today's forecast is the outlook of revenues collected from various revenue sources because of today's outlook for the price of fuel and personal income. This is only the revenue side of the budget not the expense side of the budget.

Mr. Vaughn explained that revenues are \$163 million less than what was assumed in February 2008.

Commissioner Distler noted that he is concerned that if the fuel cost has dropped one might assume that consumption would go up.

Mr. Vaughn responded that because of the economy that is not necessarily the case.

Ms. Arnis explained that in a forecast to forecast comparison whether it's September compared to November or baseline compared to November the only thing that is changing is the underlying ridership projections, because the 2.5 is constant.

Commissioner Forner asked if all of the promised Nickel and TPA projects will be completed based on this forecast.

Mr. Vaughn responded that will largely depend on the cost of the projects or if the Legislature decides to change the scope of what's being built. It's fair to say that it will be difficult to balance all of the accounts over the next 16 years.

Commissioner Forner asked what happens if there is not enough money to pay off the bonds.

Ms. Arnis explained that Motor Vehicle Fuel Tax bonds are general obligation bonds, which means the full faith and credit of the state stands behind those bonds. The statutes are clear that the Legislature will impose a gas tax sufficient enough to pay the debt service, but should something happen, the full faith and credit stands and the state will pay the bond holder. When the Nickel package was passed in 2003 the Legislature was very clear that the nickel would be sunset, but the nickel is not to be sunset until all the debt service is paid on the bonds that have been sold to pay for Nickel projects. The nickel will be sunset in about 35 years. The nickel plan was about 10 years with payment to be completed 25 years after the last bond is sold. Long-term forecasts do put pressure on expectations of what can be delivered. The Legislature will be grappling with this issue.

WSDOT HIGHWAY PLAN

Pat Morin, Manager, Systems Analysis & Priority Programs, Planning and Program Development, WSDOT, provided a technical update on the 2007-2026 Highway System Plan (HSP). The update focuses on and expands on mobility solutions, development of intermodal connections to ferries and ports, transportation's role in local and regional economic development and expanded performance measures for environmental and non-motorized projects. The HSP recognizes and has identified that there are three major transportation factors driving the state's economic prosperity; freight movement, economic development and tourism/scenic byways. The Department has been working with local partners to further the Commission's policies and related WTP goals of facilitating economic vitality. The Department will be working with local partners to develop specific criteria for identifying a list of projects that will promote the economy, help freight movement and provide tourism.

Commissioner Forner noted that there have been concerns that the WTP and the HSP do not connect with each other. She questioned if it will be possible to make them more integrated in the next plan.

Mr. Morin responded that economic vitality and freight were specific issues that the MPO/RTPO's felt were disconnected.

The Department has committed to them that they will work much closer in the next HSP to address their specific concerns.

Another area of focus was mobility solutions. The 2007 HSP laid out the framework for “Moving Washington” where demand is managed to operate the system efficiently and strategically add capacity. As revenue becomes tighter the Department is looking at ways to implement mobility solutions throughout the state that will be lower in cost and provide improvements in travel time and savings. As part of the 2009 update the Department will begin expanding this work with local planning partners and regional planners to begin looking at all mobility solutions with the end goal of trying to develop more tiered solutions to get more congestion relief for less money.

Commissioner Ford noted that people see pricing as actually reducing their opportunity to use the roadway, but the fact is it might actually open up the opportunity for more people to use the roadway.

Mr. Morin noted that when the Department began looking at the WTP and developing specific criteria to determine what constituted a congestion threshold and putting approximate costs to it, it grew very large very quickly, we began asking ourselves how the Department could recommend to the Commission and the Legislature a different approach. From that discussion evolved the framework methodology that Secretary Hammond has been advocating for, which is to begin to manage the demand and use the system as efficiently as possible, and to begin to build additional capacity. By doing this the Department is able to address more of the identified congestion problems over the next 20 years rather than using just an additional capacity approach. An intermodal connection with ferries and ports was another concern raised by the MPO/RTPO’s. The Department has worked very closely with WSF Division to work with their local planning partners to identify specific strategies that the Department could undertake to help move vehicles off/on the boats through communities. Any changes that might be considered are dependent on the completion of Ferries Long-Range Plan.

Commissioner Distler explained that he sees this approach as moving transit more efficiently, and making more efficient use of the highways on which they travel. He doesn’t believe that this is an intermodal connection.

Mr. Morin explained that the key point is the impact on the highway system when the ferry docks and a large numbers of passengers leave the boat either on foot, bicycle, cars or buses. The highway system planning group is committed to working with the Ferry Division and the communities to ensure that it is clearly understood where the problems are, so that the Department can begin recommending specific solutions for inclusion in the plan on how to solve those problems.

Chair O’Neal noted that the answer is to work with local communities’ transportation providers to coordinate intermodal connections. Part of the input should be the Commission’s Ferry Survey on ridership because it has an impact.

Mr. Moring emphasized that the Department wants to reassure the Commission that the highway system planning community is ready to work with WSF in order to understand what the public needs and how to provide a system that will accommodate those needs.

He moved on to explain that the last area identified was health and the environment. When it was initially included in the plan there was not a clear performance goal for those strategies. He noted that as part of this update WSDOT's Environmental Division and other regulatory agencies have been involved in order to begin establishing performance goals for the HSP and the Highway Construction Program. The categories that were worked on were: fish passage barrier removal; habitat connectivity; chronic environmental deficiencies; storm water management; noise barrier retrofit; bicycle transportation, pedestrian walkways and the environment. In addition other solutions will be included in the HSP.

Commissioner Forner emphasized that our policy of trying to get people out of their cars and ride transit creates a need for more park-in-ride lots where people would be able to access transit. Is it part of the HSP to make sure that people have that accessibility?

Mr. Morin responded that mobility strategy does include park-in-ride lots.

PUBLIC COMMENT

There was no public present wishing to comment.

RESULTS OF SR 520 AND I-90 SURVEYS

Secretary Hammond shared that this has been a great collaboration between PSRC and the Department. Commissioner Ford has been a very good representative of the Commission on the 520 Tolling Implementation Committee in helping the team think more broadly about some of the connections in other tolling projects, such as the Tacoma Narrows Bridge, and how things might relate for future precedence. The public has been greatly involved, although there have been numerous opinions about how to toll or not toll facilities. Today's presentation tee's up what the public had to say.

David Hopkins, Director, Government Relations and Communications, Urban Corridors Office, WSDOT, explained that the Committee undertook a very extensive outreach effort launched on November 10, 2008. This included a web survey that received over 78 hundred responses. There was also a telephone survey that included bridge users (I-90 and 520) and people that lived near the bridges in order to compare people's attitudes towards tolling. There were a total of 10.5 thousand total responses to the surveys. He noted that the committee specifically looked at diversion and what potential mitigation there might be. Diversion is not just people changing routes, but changing time of day travel to take advantage of a lower toll, also changing their mode of travel, such as carpool or transit.

Key findings from Web Survey:

Tolling Issues

- Respondents support tolling to help fund the bridge by a nearly 2:1 margin (59% v 30%)
- Support goes up when they learn about electronic tolling and "no toll booths" (69%)
- Respondents support variable tolling by more than a 2:1 margin (65% to 31%)
- People liked reduced rates on weekends more than reduced rate mid-day, though both are favorable (65% and 55%)

Timing

- Respondents support tolling in 2010 if it results in lower tolls and financing costs by a nearly 3:1 margin (60% v 23%)
- Support for tolling in 2010 goes down if it makes 520 faster, but slows down I-90 (55%)

Both Bridges

- Respondents support tolling both bridges with lower toll rates (61%) and to achieve faster trips (61%), but 39% of respondents opposed these two ideas.

Diversion

The top three responses of what people would do when a toll is charged were:

- Pay the toll (30%)
- Take another route (26%) (with 61% of those choosing I-90)
- Take transit (17%)

Key findings from Phone Survey:

Bridge Users

- Usage was divided among
 - **520 users (19%)**
 - **I-90 users (26%)**
 - **users of both bridges (21%)**
 - **those not using either bridge (33%).**

Time of Travel

- Lowest bridge usage was on the weekends (24-29%).
- The afternoon commute, the morning commute and midday travel were all about equally represented (46-48%). Evening use is relatively low (16%).

Mr. Hopkins noted that given the specific issues that the Committee was asked to look at, there's broad based support for tolling the bridge, tolling the bridge early, implementing variable tolling and implementing electronic tolling. There is a split between survey respondents on whether both bridges should be tolled. The Committee has seen significant opposition from residents on Mercer Island as well as concern from corridor residents on this concept.

Secretary Hammond noted that the most interesting thing about tolling is that people get the notion that if you start tolling sooner overall infrastructure costs will be lower. The hope is that if early tolling is to begin the Legislature will give authority this year so that the plan can move forward.

Commissioner Distler asked if it has been decided whether there would be a differential if tolling was west or east of Mercer Island on I-90.

Secretary Hammond responded that the public made it very clear that they would prefer only one collection of tolls on the 520 corridor and Mercer Island's response was to request one free way off the bridge.

One of the scenarios includes a collection point on the west side of the island, that way Mercer Island residents can get to Bellevue and back for free.

In closing Mr. Hopkins distributed a narrative description of public comments.

INTERSTATE TOLLING – OPPORTUNITIES AND CHALLENGES

Dan Mathis, Administrator, Federal Highway Administration (FHWA), shared background information regarding federal-aid highway tolling. He explained that Title 23 USC Section 301 generally prohibits the imposition of tolls on all federal-aid highways not just interstates. In 2005 SAFETEA-LU provided additional flexibility for allowing tolling on federal-aid facilities. This was done to allow for financing construction/reconstruction, promoting efficient use of highways to reduce traffic congestion and improve air quality. In 2006 the USDOT announced a national strategy to reduce congestion with new emphasis on congestion pricing as a key element to reduce urban congestion. A failure to properly price travel on highways is a root cause of congestion. Following this the Urban Partnership Program was announced with tolling as a key component. Four cities around the country were selected for this agreement; Miami, Minneapolis, San Francisco and Seattle (SR 520 & I-90). Other cities are moving towards congestion pricing concepts that include HOV to HOT lane conversion, variable or dynamic lane pricing and cordon or area pricing and region wide charges. These techniques/strategies have been used in other parts of the country and world, and have shown to be successful in relieving congestion on those facilities.

James Colyar, Mobility/ITS Engineer, FHWA, as mentioned by Mr. Mathis the U.S. code really does generally prohibit tolling on federal aid facilities. This application is relatively broad unless it qualifies under one of six programs. Four of the programs were created in 2005 when SAFETEA-LU was passed that creates more flexibility for tolling federal aid facilities.

Commissioner Distler questioned whether any of the six programs deal with parallel routes – specifically SR 205 or I-90?

Mr. Colyar responded that each of the six programs presents a different opportunity with different requirements and restrictions, but overall they provide a great deal of flexibility in giving states' and local agencies the ability to toll their facilities. Each of the programs has a range of different requirements and eligibility to qualify, and there are only so many slots to qualify based on what type of program it is. He provided an overview of the various eligibility requirements/restrictions that the project would need to meet in order to qualify. He noted that one of questions that came up regarding I-90 was whether or not excess toll revenue could be used to fund transit on I-90 or SR 520. If it were an HOV to HOT lane conversion then that program would have a limitation that excess toll revenue could not be used to fund transit operating cost, but it can be used to fund transit capital costs. If the project qualifies for the value pricing program it would qualify for the VPP program where transit operating costs can be funded. He provided an overview of the process which includes an expression of interest and executing a formal tolling agreement. He explained that in September 2008 WSDOT submitted an expression of interest to FHWA to toll I-90. The expression of interest was fairly broad and included three potential scenarios. The response from FHWA was that there are two potential programs that the three scenarios could fall under: 1) converting the HOV lanes to HOT lanes and 2) full road tolling.

SECRETARY'S REPORT

Secretary Hammond requested that Mr. Mathis share with the Commission that WSDOT received two Excellence in Highway Design awards from FHWA (Interstate 5 HOV design build project in Everett and Interstate 405 Corridor-Kirkland Nickel Project Stage 1 widening project).

She provided an overview of the Legislative session noting that policy and budget discussions will dominate the session, while the budget will be a heavy blanket over the entire session. Legislative endorsement will be needed for the Alaskan Way Viaduct design, the SR 520 project design elements and tolling plan, and the WSF Long-Range Plan.

Lloyd Brown and Jeremy Bertrand, WSDOT Communications, shared that on a typical day the WSDOT webpage receives about 800 thousand views. During this past week the webpage has been running over this average because of snow and highway conditions. The Department is looking at ways to maintain the site during high use events.

WSDOT ENVIRONMENTAL MITIGATION EFFORTS

Item deferred to later date.

PUGET SOUND PARTNERSHIP ACTION AGENDA

Item deferred to later date.

NOVEMBER GRAY NOTEBOOK

Laura Cameron, Gray Notebook Production Editor, WSDOT, presented the 31st edition of the Gray Notebook.

Ted Trepanier, State Traffic Engineer, WSDOT, provided the annual congestion update. He explained that congestion in the central Puget Sound has continued to increase over the last two years, but it actually increased less than in did the previous two years. He shared that congestion or delay imposes a cost for the lost time of travelers, higher vehicle operating costs from wasted fuel and other effects of stop and go driving. Overall, Vehicle Miles Traveled (VMT) has dropped slightly in the central Puget Sound which may be due to rising gas prices. The detailed Travel Time Analysis can be found in the Gray Notebook at <http://www.wsdot.wa.gov/NR/rdonlyres/BE788045-A653-4716-ACB2-5D78B4AA6F59/0/GrayNotebookSep08.pdf>

Shuming Yan, Assistant Manager, Urban Planning Office, WSDOT, explained that the productivity data is produced to remind people that congestion causes delay and makes the system less efficient. There are eight locations on the interstate that have been selected to track throughput at peak times. During 2005-07 gas prices were starting to increase, but not as bad as 2008. As well population grew about 4 percent and jobs grew 7 to 8 percent during that same timeframe. Overall the eight highway locations tracked showed a slight decrease in throughput during the same timeframe. The overall VMT has dropped slightly overall in the central Puget Sound. This is a continuing trend seen in the prior two annual congestion reports.

Increased demand associated with population and job growth from 2005-07 may have been offset by rising gas prices and had the effect of dampening travel demand, while the slight increase in travel delay in absence of obvious VMT increases perhaps can be explained by the impacts of increased construction activities during the time period.

Chair O'Neal questioned if this is a drop in VMT, or does it indicate a drop in VMT that was actually measured.

Mr. Yan responded that the VMT change is not as significant as the delay change that was measured. The change is well within the data fluctuation.

Pat Morin, Manager, Systems Analysis & Priority Development, WSDOT, explained that for several years the Department has been monitoring the performance of its safety projects. Performance has been measured against zero fatalities and zero serious injuries, which has been measured against a reduction in the total number of accidents two years after a project has been built and operational. Most recent feedback has been to measure the before and after performance earlier basis. WSDOT now measures performance every six months for approximately four years. These will be referred to as interim results and after two years the performance will officially be determined. The rationale is to determine whether or not the project is actually making a difference against what the previous history was and also to determine which strategies are the most effective under what conditions. He explained that about a year ago the Department started identifying a subset of Nickel and TPA projects that congestion readings could be taken on before, during and after the project was completed. This has created a partnership between the traffic community, the data office and WSDOT regions. A process was identified a baseline reference point for the selected projects. The Governor requested that an assessment be made on completed projects that presented some challenges. The baseline reference points need to be completed in order to fulfill this request, so a model was created. In the long term the Department is developing a plan where sensors will be placed either in the roadway or along side the roadway to measure speeds and hours of congestion before the project goes to construction, during construction and when it becomes operational in order to determine which are most effective in producing meaningful results.

Ted Trepanier, State Traffic Engineer, WSDOT, provided highlights of the SR 522 signal retiming. The SR 522 corridor is an important route that carries an average of 60 K vehicles per day and connects northeastern King County cities with Seattle. After retiming, peak period travel times generally decreased in both directions, with the exception of westbound morning traffic when travel times increased 25 minutes between 7 a.m. and 8 a.m. He moved on to share that Intelligent Transportation Systems (ITS) is one of the Moving Washington strategies that the Department uses to fight congestion. ITS is a set of technology-based tools for smoothing traffic flows and managing situations such as collisions that constrict traffic as well as provide information to the traveling public. He explained that the mission of WSDOT's Incident Response Program is to safely and quickly clear traffic incidents on state highways. The program's average to date is meeting the goal that the Governor has set for the year. In closing Mr. Trepanier noted that during the last six months of the study gas prices were a big focus. Obviously the economy has an impact travel behavior.

John Jeffreys, Project Control and Reporting, WSDOT, provided an overview of the Department's capital project delivery program.

As of 2003 WSDOT has successfully delivered 167 Nickel and TPA projects on target. Both Nickel and TPA programs are 100 percent on or under their total legislative baseline of \$1.804 billion to date. 89 percent of the projects combined are early or on-time and 87 percent are under or on budget and 77 percent were both on-time and on-budget.

AVIATION PLANNING COUNCIL – POLICIES AND INVESTMENT ALTERNATIVES

John Sibold, Director, Aviation Division, WSDOT, shared that the Aviation Division works very hard on land use issues to try and help locals protect their airports. This is tough and the Department wants to do something to strengthen this legislation. What it comes down to is protecting the facilities, the Department is negotiating, but it does not always prove to be successful. The next steps for the Aviation Planning Council will be to draft its recommendations for the Aviation System Plan due to be release July 1, 2009.

PUBLIC COMMENT

No public present for comment.

COMMISSION BUSINESS

VMT Letter Approval

Ms. Griffith presented the draft three-state letter (Washington, Oregon and California) to congress requesting consideration of the feasibility of VMT.

It was moved by Commissioner Parker and seconded by Commissioner Forner to approve the three-state letter. The motion passed with Commissioner Distler abstaining.

The Commission meeting adjourned at 2 p.m., on December 17, 2008 due to inclement weather.

WASHINGTON STATE TRANSPORTATION COMMISSION

DAN O'NEAL, Chair

ELMIRA FORNER, Vice-Chair

PHILIP A. PARKER, Member

ABSENT
CAROL MOSER, Member

DICK FORD, Member

ROBERT S. DISTLER, Member

LATISHA HILL, Member

PAULA HAMMOND, Ex-Officio Member
Secretary of Transportation

JENNIFER ZIEGLER, Governor's Office

ATTEST:

REEMA GRIFFITH, Executive Director

DATE OF APPROVAL