

**MINUTES OF THE REGULAR MEETING OF THE
WASHINGTON STATE TRANSPORTATION COMMISSION
February 17 & 18, 2009**

The regular meeting of the Washington State Transportation Commission was called to order at 9 A.M., on February 17, 2009, in Room 1D2 of the Transportation Building in Olympia, Washington.

Commissioners present at the meeting were: Chair O'Neal, Bob Distler, Dick Ford, Latisha Hill, Carol Moser and Philip Parker.

MINUTES APPROVAL

It was moved by Commissioner Ford and seconded by Commissioner Hill to approve the minutes of the November 18 & 19, 2009 and December 16 & 17, 2009 meetings. The motion passed unanimously.

520 TOLLING IMPLEMENTATION COMMITTEE FINAL REPORT

David Hopkins, Director, Government Relations and Communications, Urban Corridors Office, WSDOT, explained that he has served as one of the staff members of the Tolling Implementation Committee along with Commissioner Ford, Paula Hammond and Bob Drewel.

The Committee has been engaged in a legislatively mandated process over the last few months engaging the public, local jurisdictions and businesses to hold discussion about tolling on the SR 520 Bridge and potentially I-90. Today's presentation will provide a wrap up of the final report.

There were 10 scenarios selected for the survey with each having criteria of impacts to be considered. When the 520 Bridge is tolled it would increase speeds up to 40 percent and the only time speeds decreased on I-90 by more than 5 mph is under the highest toll scenario for 520. With the two-bridge scenario both bridge speeds increased during peak and off-peak times. People may change their travel route, but the net effect is distributed across the system. Others may make different choices, such as shifting time of day travel or take transit. Overall the one-bridge scenarios indicate up to a 15 percent change in travel destination and the two-bridge scenario indicates that 5-10 percent change in travel destination. When tolls are at their highest, changing destination is also at its highest at 15-20 percent at off-peak. Local jurisdictions expressed concerns about potential 520 traffic diversions and mitigation issues.

Commissioners discussed the various scenarios that were surveyed and how those might create traffic diversion and how it might impact I-90 and other routes. They also discussed the replacement cost of the 520 Bridge and the uses of the toll revenue.

Mr. Hopkins explained that a portion of the funding comes from federal and state gas tax, with the balance funded with tolls. The Department is currently working on more detailed funding scenarios. This project includes not only the bridge, but its approaches and other structures.

Chair O'Neal emphasized that there have been issues with how the toll revenue is being spent from the Tacoma Narrows Bridge toll account, so this needs to be established very clearly on the 520 Bridge.

Mr. Hopkins wrapped up the presentation providing an overview of several mitigation actions that the Committee thought should be considered, such as advanced traffic management, transit service expansion, park & ride improvements and timely expansion of alternate routes. Also recommended is that a joint state and local process be developed to decide what projects should be implemented.

WASHINGTON STATE FERRIES (WSF) WORK SESSION

Ray Deardorf, Planning Director, Finance, WSF, WSDOT, explained that today's presentation will include the elements of the Draft Long-Range Plan and the WSF/WSTC review and recommendation of the tariff schedule for the 2009 fare proposal.

He explained that the revised Draft Long-Range Plan was built around several important proposed changes in how WSF does business. These are a result of ESHB 2358's requirement to manage demand and operate as efficiently as possible. Vehicle reservations as part of this change will spread peak demand and offer high quality services with the smallest practical terminal holding areas.

Mr. Deardorf explained that even though ridership has dropped over the last 10 years it hasn't been stable within that timeframe. Ridership began to stabilize around 2005-06, and then dip again in 2008. If the downward trend continues, then WSF would revise forecasts accordingly.

Michael Hodgins, Principal, Berk & Associates, explained that ESHB 2358 calls for WSF and the Commission to make a joint recommendation regarding the proposed adaptive management strategies in the plan. Over the last year as part of developing the plan WSF has been extensively looking at operational and pricing strategy options. The joint recommendation packet combines all the items that were determined to be effective in all the evaluations that were performed leading up to the plan. The plan is premised upon the most effective highest priority strategies.

Commissioner Distler requested that action on this item be deferred until the Long-Term Ferry Funding Study is presented to the Commission.

David Moseley, Assistant Secretary, WSF, WSDOT, shared that WSF is concerned about the accumulative affect of changing a number of ways that customers work with the ferry system. He expressed that he would prefer not to impose a lot of changes on customers in a very short time frame. Of most immediate importance is the reservation system while demand management pricing might become less necessary depending on how the reservation system does. It's very important that WSF be very methodical about changing customer's habits.

Commissioner Distler expressed that he is concerned that without some kind of demand management WSF will not achieve the kind of results that they foresee in their strategies. He also emphasized that he feels the reservation system will not provide benefit that WSF expects it will. He emphasized that he does not concur with the recommendations as presented.

Mr. Hodgins explained that looking at both options; a reservation system and congestion pricing, WSF's systems could not support that effectively and holding areas may need to be expanded, whereas a reservation system allows for minimizing holding areas. A reservation system gives WSDOT the greatest flexibility to mitigate some of the negative impacts associated with congestion pricing.

Mr. Deardorf provided an overview of the tariff review schedule noting that the Legislature froze ferry fares in 2007 pending the outcome of the work that is now being concluded. Assuming that a joint recommendation on strategies can be submitted to the Legislature this session the key fare provisions of ESHB 2358 will have been satisfied.

Chair O'Neal noted that action on this item will be deferred until the Long-Term Ferry Funding Study Final Report is presented.

WSDOT NORTHWEST REGION 2009 CONSTRUCTION PLANS

Lorena Eng, Regional Administrator, Northwest Region, WSDOT, shared that the 2009 construction season has started earlier in the region this season and will extend later into the year than usual. She provided an overview of various projects on I-5, I-90 and several state routes. WSDOT is keeping the public involved through community meetings, up to the minute website enhancements and interactive media tools like Twitter, Flickr, email alerts, blogs and YouTube videos.

TACOMA NARROWS BRIDGE TRAFFIC AND REVENUE UPDATE

Ted Trepanier, State Traffic Engineer, Co-Director Maintenance & Operations, WSDOT, distributed the January 2009 Traffic and Revenue report for Commission review. He explained that there was not quite as much of a shift to the ETC as what was forecast, so the cash rate was slightly higher than what was projected.

Kevin Dayton, Regional Administrator, Olympic Region, WSDOT, provided an overview of the remaining work on the project that was either not in the original Tacoma Narrows Constructors contract or was deleted out of the contract for financial reasons.

Mr. Dayton explained that each of the remaining projects are directly related to the construction of the bridge. These are elements of the project although they were not in the original contract the projects would not have resulted if not for the bridge build. He moved on to explain that other projects currently underway include a bicycle/pedestrian path and moveable median barriers at both ends of the bridge. There are other minor projects that need to be completed as well.

Amy Arnis, Assistant Director, Strategic Planning and Finance Division, WSDOT, explained that these are the remaining capital expenditures on the project. The financial plan is conforming to the dollar amounts and there is no plan to issue bond debt. The current debt will cover all expense of the work to be completed.

Mr. Trepanier explained that the completed and remaining work in progress projects are part of the original scope of work and are not add-ons. They are classified as change orders and typically occur on most projects.

Ms. Arnis explained that WSDOT is not anticipating that the Legislature will authorize further bond sale authority. The project is assumed completed when the remaining projects that are within the scope of work are completed.

In closing Mr. Trepanier highlighted that all of the information provided today can be found on the Tolling Operations webpage: <http://www.wsdot.wa.gov/operations/tolling/tnbtolling/>

Reema Griffith, Executive Director, WSTC, provided an overview of the Commission's 2009-10 Tacoma Narrows Bridge toll setting public hearing and WAC filing timeline.

Randy Boss, Citizen, commented that he is heartened that the Commission is continuing to watch traffic and revenue data and not making a hasty decision to raise the toll rates. This makes a lot of sense to the toll payers.

TRANSPORTATION INNOVATIVE PARTNERSHIPS PROGRAM

Jeff Doyle, Director, Public/Private Partnerships Office, WSDOT, shared that today's presentation will essentially focus on the Alternative Fuels Corridor Economic Feasibility Study. He explained that the primary challenge of alternative fuel commercialization is essentially how to build a market simultaneously for new vehicle technology and new fuels and the infrastructure to support them. This analysis narrows that down to whether the state could form a PPP to spur the private infrastructure development of these refueling/recharging stations. Basically this concept (pilot project) will assure drivers of the I-5 corridor (BC to Baja CA) that there will be an adequate supply of renewable fuels (Biofuels, fast charge electric and hydrogen fuel) available for longer distance trips. The states' (WA, OR and CA) have signed a Memorandum of Understanding and will not install the equipment nor be the providers of the fuel, but could provide properties along the I-5 corridor to be used as host sites. Washington and British Columbia have signed a Memorandum of Understanding to cooperate. Land is the single largest capital cost for a typical gas station, so if the state contributes (leases) the use of the land it would reduce the vendor's startup costs. The USDOT has declared this a "Corridor of the Future Designation" and has pledged support.

In conclusion a PPP for an Alternative Fuels Corridor is economically feasible with Biofuels being the most viable immediate option. Electricity is inexpensive to provide and appears economically viable because it requires low capital investment, while Hydrogen demand is not expected to be strong enough in the near-term to be economically viable. This partnership would ensure that host sites are not in competition with existing businesses offering the same fuels/technology and will provide for right of first refusal to any business wanting to offer these services in the same geographic area. This will not provide services for commercial trucks and truck stop operators will be provided marketing information. Once the host site enterprise reaches a target of 15 percent IRR the state will eliminate the state land subsidy. Other issues that will need to be resolved include federal authorization, labor negotiations, WSDOT operational needs and the overall business climate for investors.

He moved on to distribute and provide a brief summary of the Analysis of Joint Development Opportunities at Washington State Ferry Terminals final report. The report explores the potential benefits of joint development at ferry terminal properties owed by WSDOT that are adjacent to ferry terminals throughout the system.

Commissioners discussed the potential of adding a new revenue stream to the WSF capital program. It was questioned why this is not being opened for unsolicited proposals.

In response Mr. Doyle explained that most states' are appealing their unsolicited proposal process because it has not been very successful. Processing these proposals is cumbersome, require a lot of administrative resources to review and generally do not include public input.

WSDOT HIGHWAY PROJECT PRIORITIZATION PROCESS

Jay Alexander, Manager (acting), Program Development Office, WSDOT, provided an overview of program development, policy planning and prioritization. Prioritization is determined by investment guidelines. The first step is to establish a prioritization methodology focusing on anticipated change in performance. Secondly is to select the appropriate design level for scoping followed by a development of the priority lists for programming. These steps require that the project needs be ranked and that the greatest value per dollar invested is obtained. These components' include highway preservation, bridge and highway facilities and other features. Projects are prioritized within each of these areas followed by project solutions and/or cost benefit analysis.

Pat Morin, Manager, Systems Analysis and Priority Development, WSDOT, provided an overview of low-cost safety and environmental retrofitting strategies.

LONG-TERM FERRY FUNDING STUDY – FINAL REPORT

Steve Pickrell, P.E., Principal and Senior Vice President, Cambridge Systematics, explained that today's presentation includes the findings and final recommendations of the study. He briefly summarized the study background touching on the technical aspects of the scope of work. He explained that funding is a long-term challenge and requires leadership to address not only the current budget crisis, but the long-term needs in a fiscally responsible manner. A viable funding solution must be identified to address the long-term funding needs of WSF while recognizing the need to constrain costs. Capital preservation and replacement costs in particular must be met through a major, sustainable revenue source.

He provided an overview of the WSF Long-Range Plan funding needs Scenarios A and B and an illustrative sample of three possible fare increases and a revenue target. He noted that fare increases are logistically simpler than local jurisdiction taxation, although taxes should not be overlooked entirely. The two in concert with one another would be the ideal to close the operating gap. A 2.5 percent fare increase plus a fuel surcharge per year leaves an operating deficit that is pretty heavy between the first 5-8 years. A modified Scenario A with 4 percent fare increase until operating costs are met, then 2.5 percent thereafter, plus a fuel surcharge and a peak summer super surcharge, is one alternative. But the increase would be 6 percent, albeit for a fewer number of years. A 6 percent increase is the same as the 4 percent, but the increase is capped at 6 percent. WSF's Scenario B represents a downsized system with service reductions on domestic routes and elimination of the Sidney route. A significant funding gap remains with this scenario. By looking at a Scenario B alternative a statewide vehicle tax could be added that would close the gap.

Commissioners discussed fare elasticity and ridership issues. Commissioner Distler noted that ridership estimates are subject to huge variations even if the growth rate is ignored. Local funding scenarios and political impediments were briefly discussed along with a possible super summer peak surcharge for infrequent users and summer travelers. Commissioners also discussed at length the viability of local funding options and the chances of it providing an adequate yield.

Commissioner Distler and Commissioner Ford expressed that they can not support Scenario B.

In conclusion Mr. Pickrell explained that the recommendation to meet the operating needs would be to increase the fares plus add a fuel surcharge, seasonal super-surcharge and ongoing inflation adjustments as the more logistically simple means of raising the money to meet the operational needs. To preserve the ferry system at the Scenario A level a statewide tax or vehicle tax is recommended to fund the large capital needs and removal of the “build it in Washington” requirement to reduce vessel expenditures and increase the opportunity for federal funding.

Commissioners discussed the subcommittee’s recommendation of a combination 6 percent fare increase for five years, a fuel surcharge and super summer surcharge and other adjustments. Chair O’Neal opened public comment before a motion was made.

The study background materials and final report can be viewed on the Commission’s webpage at: <http://wstc.wa.gov/LongTermFerryFinance/default.htm>

PUBLIC COMMENT

Ed Sutton, Chair, San Juan County Ferry Advisory Committee, explained that the FAC’s have been waiting for this report. Speaking for him self, he is comfortable with the capital needs recommendation; however the operating needs are another thing. It is troubling because a 6 percent fare increase yearly is about a 50 percent increase in 6 years. This doesn’t even include surcharges. This would create a dramatic economic impact in the San Juan Islands. He suggested that there are ways that the 6 percent fare increase could be bought down locally by perhaps some type of sales tax or local MVET. Any kind of surcharge on commercial users will severely impact the economy of the islands. Residents are vulnerable and dependant on the ferry system.

Paul Locke, citizen, emphasized that labor costs need to be reduced. Some of the ferry runs like; Port Townsend/Keystone, Bremerton and Southworth routes should be cut to save on capital expense. Taxpayers can not continuously be asked for more money.

Paul Lundy, member, Kingston Ferry Advisory Committee, shared that daily ferry riders are price sensitive. Riders will be shocked and dismayed by a 6 percent fare increase and ridership will drop. He requested that the Commission think about protecting the everyday wage earner who ride the ferries every day.

Jane Bedinger, member, Southworth Ferry Advisory Committee, speaking on her own behalf expressed that neither Scenario A or B are a long-term plan. Scenario A is expedient but by no means is a long-term plan because it assumes that nothing will change over the next 22 years. The write Plan C group has had discussion about support of a license tab fee and the MVET. It would not be an impossible sell. A 6 percent fare increase will be impossible to sell as well as being politically unsound if it’s not statewide. This is business as usual with tweaks and not thinking outside the box.

Alan Mendel, Chair, Vashon Ferry Advisory Committee, speaking on his own behalf, expressed that he approves of the capital side of the plan, but the operational side has issues. He agrees with the other speakers regarding a 6 percent fare increase. The ferry system is a marine highway and as part of the state highway system there has to be a sense of fairness

between other highway users and the ferry users. The ferry system's highways are limited and some are totally inadequate. Where is the equity!

Walt Elliott, Chair, Kingston Ferry Advisory Committee, speaking on his own behalf, agrees with the other speakers. Riders feel that they should pay operating, labor and fuel. Why is gas tax paid on the fuel for ferries when it doesn't go back into the ferry system? Why should administrative overhead be included for the ferry system, when it's not included for WSDOT. We need to focus on a statewide solution and avoid the divisiveness and balkanization.

Commissioners commented on the various public remarks expressing that local taxes could help fill the gap, but are not very well supported.

It was moved by Commissioner Distler and seconded by Commissioner Parker to accept the recommendations as presented in the final report, which specifically includes a statewide MVET, a fare structure that includes a fuel surcharge and a super summer surcharge and a nominal rate increase of 6 percent until the operating side breaks even and then a reversion to 2.5 percent.

Commissioners further discussed the elements of the study and the recommendation. They also discussed the possibilities and complications of a local tax and/or a local MVET.

It was moved by Commissioner Moser to amend the motion to encourage local jurisdictions to pursue options to offset increases in ridership fares in their jurisdictions. Commissioner Moser's motion to amend the original motion passed unanimously.

It was moved by Chair O'Neal and seconded by Commissioner Hill to approve the original motion with the inclusion of Commissioner Moser's amendment. The motion passed unanimously.

SECRETARY'S REPORT

Secretary Hammond provided a brief overview of the economic stimulus spending package.

ALASKAN WAY VIADUCT PROJECT PLANS

David Dye, Deputy Secretary, WSDOT, provided an update on the status of the viaduct project. In January 2009 Governor Gregoire, King County Executive Ron Sims and Seattle Mayor Greg Nickels announced that the bored tunnel hybrid alternative was their preferred solution to replace the central waterfront portion of the viaduct. The project will require environmental review and preliminary design work and initiation of a contract.

Ron Paananen, Deputy Administrator, Urban Corridors Office WSDOT, provided an overview of the project design, route overview and projected project costs.

Commissioners discussed the route's alignment and revenue sources.

John White, Project Director, Alaskan Way Viaduct, Urban Corridors Office, WSDOT, shared details on the tunnel design, demolition of the current viaduct and construction mileposts out to a late 2015 completion date. Over the next month the Department will be working on the design and cost analysis. Tolls are being considered as a funding source for the bored tunnel alternative SB 1235.

Mr. Dye noted that the Department will prepare a traffic and revenue study for the SR 99 deep bore tunnel for the purpose of determining the facility's potential to generate toll revenue. During the study the Department will present periodically to the Commission for the purpose of guiding the Commission's toll setting process.

In closing Mr. White shared the differences between the SR 99 bored tunnel and Boston's Bid Dig central artery/tunnel.

Mr. Dye wrapped up the presentation outlining the next steps of the project subject to legislative approval and funding

SR 520 HIGH CAPACITY TRANSIT PLAN REPORT

Ron Paananen, Deputy Administrator, Urban Corridors Office, WSDOT, provide an update on the status of the SR 520 project. There are four environmental processes underway that include environmental assessment, eastside transit and HOV evaluation of improvements, and locating a site to construct the pontoons that will restore the floating section of the SR 520 corridor is underway and should be wrapped up within the next month or so.

Mr. Dye provided a brief overview of the various replacement options that have been considered. Following review of these options the Legislature selected the six-lane option that includes an HOV lane. There is still a lot of work to be done that includes phasing, staging and tolling.

Mr. Paananen moved on to share information on the Lake Washington Urban Partnership grant of \$154.5 million for the project. He noted that only a portion of the grant has been released until the state has authorized tolling on the corridor.

Julie Meredith, Project Director, SR 520, Urban Corridors Office, WSDOT, shared that three sites have been identified as potential candidates in Grays Harbor County to build the bridge pontoons. The preferred alternative site will be identified this spring and the final EIS will be released in 2010. She moved on to provide an overview of the partnership's vision for bus rapid transit.

SR 167 UPDATE – EIGHT MONTH REPORT

Craig Stone, Administrator, Urban Corridors Office, WSDOT, shared that today's presentation is an update of the SR 167 HOT Lanes Pilot Project. After eight months of operation the HOT lane continues to operate efficiently with over 20 k users and no apparent safety impacts.

Users paid an average of \$1.25 to save 9.1 minutes in the NB HOT lane during the peak hours and \$1.25 to save 5.1 minutes in the SB lane during the peak hour. January 2009 Focus groups indicate that there is strong support for extending the SB HOT lanes and that the toll payers feel that the rates are fair. There are complaints regarding the entry/exiting of the HOT lanes and that more signage and project education is needed. The next steps are to provide more education/outreach, implement a user survey in May 2009 and extend the SB HOT lane beginning in Spring 2013.

Commissioners discussed HOT lanes hours of operation and various issues with transponder usage.

COUNTY ROAD ADMINISTRATION BOARD (CRAB) COUNTY FERRY SYSTEMS REPORT

This item deferred to the Commission's March meeting.

COMMISSION BUSINESS

Commissioner Moser, Chair of the Commission's WTP team reported that the team has evolved the document from essentially a project list to an investment guideline (systems' approach). Given this the team has expanded the group of representatives coming to the table to all modes of the transportation system.

Commissioner's discussed various Bills that are moving through the Legislature.

The Commission meeting adjourned at 5 p.m., on February 18, 2009.

WASHINGTON STATE TRANSPORTATION COMMISSION

DAN O'NEAL, Chair

ABSENT
ELMIRA FORNER, Vice-Chair

PHILIP A. PARKER, Member

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