WASHINGTON STATE TRANSPORTATION COMMISSION

Regular Meeting Summary
January 21 & 22, 2015

Chairman Haley opened the meeting at 9:00 a.m.

ROAD USAGE CHARGE ASSESSMENT: REPORT ON MODELING OF URBAN AND RURAL EQUITY AND FINANCIAL IMPLICATIONS

Mark Matteson, Staff Director, House Transportation Committee, briefed the Commission on the modeling of urban and rural equity and the financial implications for a road usage charge. Mr. Matteson described the process and methodology for the modeling. A multi-agency staff group oversaw the model development, which took place from April-Nov. 2014. The model is based on:

- Light-duty household-based vehicle records from the Washington Department of Licensing (DOL) central database for vehicles and Washington Department of Transportation (WSDOT) estimates of light-duty vehicle miles of travel statewide.
- Fuel economy ratings for each vehicle were obtained from the Environmental Protection Agency.
- A distribution of vehicle miles of travel was obtained from the 2009 National Household Travel Survey.

Research indicated that the Washington fleet is older than the national average. Analysis revealed that rural counties' drivers would pay less in taxes under a 1.9 cent road usage charge than under the current fuel tax.

However, on the whole, a change from fuel tax to a hypothetical RUC would not impact rural or urban drivers significantly. Some rural and urban counties or areas within the state might endure more pronounced impacts. At the driver/vehicle level, the impact of a change from fuel tax to a hypothetical RUC depends fundamentally on the vehicle driven and how it compares to the "average" vehicle.

Road Usage Charge Assessment

Action/Follow-up: None at this time.

HISTORY AND STATUS OF TRANSPORTATION PUBLIC-PRIVATE PARTNERSHIPS IN WASHINGTON

Jeff Doyle, Principal Consultant, D'Artagnan Consulting LLP, briefed the Commission on the history of transportation public-private partnerships (P3) in Washington. In 1993, the Transportation Commission promoted HB 1006, the Public-Private Initiatives in Transportation Act. Highlights of HB 1006:

- Up to six projects to be developed as public-private partnerships
- Projects must be funded solely from "private investment"
- Repayment from "user fees"
- Projects must be proposed by private investors not by government
- Projects selected and contracts negotiated by WSDOT Secretary, but approved by the Transportation Commission
- Project pricing, lease term (maximum of 50 years), and the rate of return (including reasonable profit) all subject to negotiation

Thus began Washington State's Public-Private Initiatives (PPI) Program:

- 14 submittals representing 12 projects (2 each for SR 520 and Tacoma Narrows Bridge)
- 12 projects evaluated and winnowed to 6, the maximum allowed under PPI law:
    - SR 18 Corridor between I-5 and I-90
    - SR 520 Corridor including the Evergreen Point Bridge
    - Puget Sound Congestion Pricing project (I-5 Express Toll Lanes)
    - SR 522 from Woodinville to Monroe
    - King County Park and Ride lot improvements
    - SR 16/Tacoma Narrows Bridge

Legislators were shocked to discover tolls are the funding source for PPI projects. Some were troubled by six sudden toll projects, with no public discourse, and "radical" concepts such as congestion pricing and ROI (Return on Investment). The PPI Program may have influenced the 1994 state legislative elections.

Subsequently the state enacted cost savings by reversing the financing of TNB mortgage statement. The United Infrastructure Washington (UIW) Preliminary Financing Plan, January 25, 2001, estimated total Principal and Interest over 34 years at $1.908 billion, and total borrowing at $794 million.

The revised Principal and Interest over 24 years was estimated at $1.572 billion, with total borrowing of $711 million. It was estimated that toll-payers will save at least $336 million over 24 years. But there is a price associated with these savings: more risk to statewide taxpayers.

Lessons Learned from State's PPI Program:

- Low level of legislative understanding about "private equity" investment
- PPI program was an extremely aggressive program. WSDOT and WSTC paid the penalty for being on the "bleeding edge"
- Public and legislative skepticism about contractor selection and resulting price
- Lack of meaningful public discussion about the need for the projects (unsolicited process) and the need for tolls to pay for them
- Persistent lack of recognition of the financial risks (and opportunities)

The legislation was rewritten in 2005. The four key elements of Washington's 2005 PPP Act: Transportation Innovative Partnership Program (TIPP):

- Public sector owner will decide highest-priority projects for PPP development (project registry)
- Projects can be large or small, any mode and any state---owned property
- State highway toll projects must be financed with state bonds – TNB financing approach is institutionalized
- Legislative approval is (effectively) required for toll projects. RCW 47.29.060 provides: Any debt issued to pay for the transportation project must be issued by the state treasurer.

Any deviation from state-issued debt effectively requires legislative approval to allow for alternate forms of financing, including private financing.

Challenges with Washington's PPP Law:

- The state law and administrative rules create an overly complex, slow and costly approval process – it thwarts smaller, easier PPP projects that don't involve tolls
- The financing restrictions contained in the RCW are very restrictive, assuming state-backed debt is always the best method. There is no mechanism to conduct comparative analysis.
- No incentive for WSDOT to develop projects under Commission's TIP program

In 2011-12, the Legislature conducted an evaluation of PPP's for state transportation projects. Questions it addressed:

- Can a new law be created to ensure that the public interest is always protected?
- Is there an analytical tool that can be used to determine which projects are likely to provide a better value for taxpayers if developed as a P3?
- What is the right balance between legislative oversight and executive power to successfully implement a P3 project?

Washington already utilizes many techniques that capture the value offered by a P3 (e.g., advanced risk management, alternative contracting, and design/build efficiencies). The greatest benefits a P3 can offer in Washington are lower lifecycle costs and more flexible (but not cheaper) project financing.

Common PPP Misperceptions in Washington:

1. We should replicate Canadian P3's – such as the Partnerships BC model. *In the United States, we already have inexpensive public financing. Also, Canada has a long history of delivering infrastructure through a P3 model.*
2. Washington State does not utilize PPP's for major transportation project delivery. *Washington already uses a variety of construction contracting mechanisms frequently used by P3 developers.*
3. Institutional investors (especially local pension funds) would be ideal investors for Washington state PPP projects. *It is true that pension funds invest in infrastructure, but pension fund investors' first obligation is to the pensioners.*

Background of Public/Private Partnerships for Transportation

Action/Follow-up: Seek enactment of legislation to allow non-toll P3 projects to move ahead more quickly.

COMMISSION BUSINESS

Commissioner Tortorelli moved adoption of the December 9 & 10, 2014 meeting summary. Commissioner Jennings seconded the motion and it was adopted unanimously.

Commissioner Tortorelli reported on his visits to eight legislators prior to the beginning of the legislative session. Commissioner Haley reported that she also has been meeting with legislative leadership.

Commissioner Litt attended the Chelan-Douglas Regional Transportation Council.

Commissioner Jennings attended the RTC meeting. The Board of Directors of C-TRAN is being sued by Clark County for a third seat on C-TRAN.

STUDY OF WSDOT'S ASSESSMENT OF PRESERVATION AND MAINTENANCE NEEDS

Eric Thomas, Research Analyst, Mark Fleming, Research Analyst, and Valerie Whitener, Audit Coordinator, Joint Legislative and Audit Review Committee (JLARC) briefed the Commission on the JLARC Study of WSDOT's Assessment of Preservation and Maintenance Needs. The study concluded that WSDOT long-term (10-year) cost estimates are reliable for pavement, but not for bridges.

Pavement: Condition data is accurate and cost estimates can be verified

- Developed using industry best practices

- Viewed as national leader

Bridges: Condition data is accurate but cost estimates cannot be verified

- Not developed using industry best practices
- May be high or low

Involving stakeholders in estimating process improves confidence in long-term cost estimates

JLARC staff found that WSDOT uses a logical process but has limited documentation for preservation. Experts assessed long-term cost estimating practices:

1. Expected asset deterioration.

   Asset deterioration models allow a DOT to:

- Estimate future costs, and
- Use life cycle cost analysis to compare different preservation alternatives.

2. Expected effectiveness of maintenance and preservation work.

   By measuring the effectiveness of preservation and maintenance work, a DOT can more accurately estimate the need for and impact of future work.

3. Investment options and predicted conditions for different funding scenarios.

   Allows Legislature to consider data-driven investment alternatives and estimate:

- Cost to bring 95% of state roads to fair or better condition?
- Impact of investing $300 million more on bridge preservation compared to $500 million?

4. Life cycle cost analysis supports long-term, cost effective decisions.

   Evaluates feasibility of incurring a smaller expense (e.g., maintenance) to postpone a bigger expense.

Highway Maintenance and Preservation Needs

Action/Follow-up: Ask WSDOT for comment and response.

WESTERN ROAD USAGE CHARGE CONSORTIUM REPORT ON INTER-JURISDICTIONAL ISSUES

Tonia Buell, Director, WSDOT Office of Innovative Partnerships, briefed the Commission on the Inter-Jurisdictional Travel Study Road Usage Charge Issues. The Study asked how jurisdictions considering or implementing Road Usage Charge can address inter-jurisdictional travel:

- What are the unique issues facing jurisdictions participating in this study?
- What are the policy options for a jurisdiction with Road Usage Charge to address inter-jurisdictional travel, and how could such policies be operationalized?
- In what ways can jurisdictions collaborate to deal with inter-jurisdictional travel effectively, and how might private sector service providers participate?

Policy alternatives and operational concepts from two perspectives:

- **Individual motorists** adopting automated and manual approaches to Road Usage Charge reporting and payment
- **Jurisdictions** adopting approaches in reporting visitor data, collection of charges, reconciliation of revenue

It is presumed that light vehicles travel freely across jurisdiction lines without reconciling fuel taxes or registration fees to jurisdictions where travel actually occurred.

- Presumably revenues gained or lost from this approach is trivial.
- The cost of performing such reconciliation could be an unnecessary and costly burden on motorists and on state agencies.

Heavy vehicles reconcile highway user fees to U.S. states and Canadian provinces based on actual mileage traveled in each jurisdiction:

- International Registration Plan (IRP) for registration fees.
- International Fuel Tax Agreement (IFTA) for fuel taxes.
- Oregon, Washington, and Montana provide web-based, self-issued trip permits for heavy vehicles. A permit system could be useful should a state adopt a similar approach for light vehicles.

Existing programs are not well suited for inter-jurisdictional RUC

- Registration typically required for residents only
- Nonresident registration required in rare cases
- Fuel tax collected upstream

Washington has 38 jurisdictional crossings with neighbors:

- 5 are Interstate highways (1 international)
- 19 are highway crossings (6 international)
- 14 are other roads and local streets
- Limited crossings with Oregon and Canada

Several metro areas straddle jurisdictional borders with unbalanced commuter flows from one direction to the other (e.g., the majority of commuters in Portland, OR-Vancouver-WA that cross the border live in Washington and work in Oregon).

Inter-jurisdictional Road Usage Charging requires consideration of the following:

- Individual circumstances and unique issues for each jurisdiction
- Policy basis for charging visitors and corresponding operational concept(s) to implement the policy.
- Multi-jurisdictional coordination for reconciliation of motorist payments.

Multi-jurisdictional coordination can take many forms:

- Bilateral agreements among on a case-by-case basis.
- Multilateral agreement(s) among jurisdictions, with a clearinghouse that handles:
    - Partial reconciliation (data only).
    - Full reconciliation (data and funds transfers).
- Enforcement can be coordinated across jurisdictions as well.

Possible Next Steps

- Estimate costs and revenue for various approaches.
- Explore specific issues for international crossings.
- Test approaches as part of a multi-state demonstration (e.g., CA-OR-WA).

Inter-Jurisdictional Travel Study
Western Road Usage Charge Consortium Road Usage Charge Issues Final Report

Action/Follow-up: Continue to monitor.

TACOMA NARROWS BRIDGE 2015 SETTING

Craig Stone, Assistant Secretary, Toll Division, WSDOT and Rob Fellows, Policy & Planning Manager, Toll Division, WSDOT joined Commission staff in providing an overview of 2015 Tacoma Narrows Bridge toll setting issues:

What Rates Are Required?

- RCW 47.46.100 states the toll charges must be imposed in amount sufficient to:
  –Provide for annual operating and maintenance expenses, except as provided in RCW 47.56.245;
  –Make payments required under RCW 47.56.165 and 47.46.140, including insurance costs and the payment of principal and interest on bonds issued for any particular toll bridge or toll bridges; and
  –Repay the motor vehicle fund under RCW 47.46.110, 47.56.165, and 47.46.140.
- Transportation Commission policy states that the sufficient minimum balance shall not be less than 12.5 percent of annual Tacoma Narrows Bridge costs (equivalent to 45 days of working capital year round), measured on a retrospective three month rolling average fund balance

2015 revenue results reflect changes in accounting to match what experience suggests will be received

–Toll revenues not expected to be received within 80 days will be considered civil penalty revenue rather than toll revenue
–Civil penalties revenues have been reduced to reflect what is likely to be collected
–While traffic levels met forecast, revenue is below forecast because the forecasting was done prior to the accounting changes

WSDOT has contracted with a new statewide traffic and revenue forecasting consultant

–Previous forecasts were based on the original investment analysis
–New model will be used to run toll rate scenarios
–Updated data will reflect recession and changed conditions
-- Forecast baseline traffic and revenue increases 2% each year

FY 2015 Supplemental Budget includes expenses to prepare for reprocurement of customer service vendor

– Customer Service Center (CSC) vendor contract expires in 2016 with possible extension to 2018
– Contingency in case existing contractor is unable to meet requirements
– Includes salary and consultant expenses in 2015 and 2016

Governor's proposed FY 2015-17 budget directs the Toll Division to become self-sufficient. Administrative positions and consultant expenses currently paid from capital funds to be funded from toll operating budget

–SR 16 Tacoma Narrows Bridge, SR 520 Bridge, and SR 167 HOT Lanes will each pay a share of these central administrative expenses
–Development of new toll systems is a capital expense funded by capital projects, but expenses transition to toll operating budget at opening

Facility maintenance and preservation cost changes

–Maintenance costs higher as new bridge warranties expire
–Bridge resurfacing in two phases

Personal Services Contracts

- Personal services contracts include: forecasting activities, operations support, CSC reprocurement costs and the transition of costs currently paid from capital funds to the toll operating budget
- Higher costs in FY 2015 and FY 2016 are primarily driven by reprocurement costs
- Costs are also attributable to the TNB share of the transition from capital funds to the toll operating budget
- Savings are realized in FY 2018 and FY 2019 with the addition of two facilities

Tacoma Narrows Bridge Rate Setting
Tacoma Narrows Bridge Draft Financial Plan

Action/Follow-up: Continue with 2015 TNB toll setting.

2015 TOLL SETTING

Craig Stone, Assistant Secretary, Toll Division, WSDOT and Rob Fellows, Policy & Planning Manager, Toll Division, WSDOT joined Commission staff in providing an overview and update on I-405 rate setting.

- Nov 20, 2013: I-405 rate setting began with the Commission
- Dec-Feb 2014: Continued work with the Commission to explore policies, including the minimum and maximum rates, exemptions
- Mar-Nov 2014: Continued work with the Tolling Subcommittee to explore policy options and develop recommendations
- Oct 14, 2014: Report from the Tolling Subcommittee to the full Commission on progress regarding policy recommendations
- Jan 21, 2015: Briefing on Tolling Subcommittee policy recommendations
- Feb 2015: Commission proposes final recommendations for I-405 rate setting policies
- Formal proposal filed (CR-102)
- Spring 2015: Formal adoption filed (CR-103)

The I-405 Corridor has one of the worst commutes

- Bad traffic. Drivers on I-405 experience some of the worst traffic in the state, up to eight hours of congestion each day. By 2030, employment will grow by 50% and the area will see 25% more residents.
- Crowded HOV lanes. I-405 HOV lanes are not meeting state and federal requirements to operate at 45 miles per hour 90 percent of the time. HOV lanes are often just as congested as the regular lanes.
- Transit suffers. Congested lanes severely delay transit trips and reduce reliability, requiring more buses and increasing the costs.

The I-405 Master Program includes:

Regional Consensus. EIS Record of Decision, 2002
Roadways.
Transit & Transportation Choices
Environmental Enhancements

Most of the projects in the Master Plan have been completed. Express Toll Lanes from Bellevue to Lynnwood is the next step of the 40-mile system.

- Improve traffic performance.
- Adds capacity between NE 6th Street in Bellevue and SR 522 in Bothell
- Builds noise walls
- Constructs northbound braided ramps at NE 160th Street
- Two lane express toll lane system from NE 6th Street in Bellevue to SR 522
- One lane express toll lane system from SR 522 to I-5 in Lynnwood
- Executive Advisory Group recommended 3+ Carpool Free Peak/2+ Carpool Free Off-peak

In Express Toll Lanes:

- **Toll rates adjust based on demand**

–Keeps lanes moving at 45mph+
–Signs display toll rates based on your destination
–Non-carpool drivers pay rate posted upon entry – even if rate changes during trip

- **Transit, vanpools, motorcycles and carpools are free**

–Carpoolers must use new Flex Pass in HOV mode to ride free

Summary of Proposed Policy Decisions

- **Minimum Toll Rate: $ 0.75**
- **Maximum Toll Rate: $ 10.00**
- **Pay By Mail Toll Increment: $ 2.00**
- **Exemptions:**

–Transit
–Vanpools
–HOV's including carpools, motorcycles and 16-passenger buses
–In-service emergency vehicles, maintenance, enforcement, and incident management vehicles, including private tow-trucks when directed by WSP

- **Carpool Policy**

–3+ HOV exempt at all times
–2+ HOV exempt except 5-9 a.m. and 3-7 p.m. on weekdays

I-405 Toll Setting
I-405 Preliminary Financial Plan

Action/Follow-up: The Commission will draft a proposed rule based on the tolling team recommendations. The Commission and WSDOT will monitor the speed and utilization of the ETL and take expeditious action if the lane is not functioning well.

OFFICE OF STATE TREASURER; REPORT ON FISCAL IMPLICATIONS OF A POTENTIAL TRANSITION TO A ROAD USAGE CHARGE SYSTEM

Ellen Evans, Debt Management Deputy Treasurer, Office of State Treasurer, reported on the fiscal implications of a potential transition to a road usage charge system. The 2014 Legislature directed the Office of the State Treasurer to:

> "…explore the fiscal implications with respect to outstanding motor vehicle fuel transportation bonds and to future transportation bond sales, relating to any reduction, refunding, crediting, or repeal of the motor vehicle fuel tax, in whole or in part, that may occur in a transition to a potential

road usage charge by which transportation activities may be funded in the future. The exploration of fiscal implications must examine possible effects on the state credit rating, interest rates, and other factors that affect the cost of financing transportation projects..."

There are currently $7.5 billion outstanding MVFT GO bonds with the longest maturities extending beyond 25 years.

1. It will not be possible to significantly reduce MVFT revenues until all of the obligations on MVFT GO bonds have been met.

- Outstanding MVFT GO bonds can only be repaid with MVFT revenues.
- MVFT revenues must be maintained at levels sufficient to meet all obligations over the life of the bonds.
- Repealing the gas tax would be an unconstitutional impairment of the state's bond contract with owners of outstanding MVFT-GO bonds and violate the legislative commitment to provide MVFT revenues at all times to pay the debt service on those bonds.
- Significant reductions or refunds of MVFT revenues could be seen by the market as a threat to the state's ability to consistently pay debt service on outstanding MVFT GO bonds. This could negatively impact the state's credit ratings and increase borrowing costs across the board.

2. It may be possible to leverage road usage charges to fund transportation projects at the state's lowest borrowing costs within the current constitutional framework.

- If the road usage charges can be structured as motor vehicle license fees, the state could authorize a new series of bonds pledging both road usage charges and MVFT revenues, with an overall pledge of the state's full faith and credit, outside the state's debt limit.
    - o The state's capacity to issue transportation bonds would increase to the extent that new road usage charges exceed any declines in MVFT revenues.
- This transition envisions maintaining MVFT revenues to pay existing obligations and to support new bonds backed by both revenue streams.

3. Under current law, road usage charges which are not structured as motor vehicle license fees, could be leveraged – outside of the debt limit – but only in the form of revenue bonds.

- Revenue bonds, particularly those leveraging a new untested revenue stream, typically have
    - o higher borrowing costs,
    - o higher coverage requirements and
    - o credit enhancements.

Transition to a Road Usage Charge System
Treasurer letter on road usage charge

Action/Follow-up: None at this time.

SR 520 TRAFFIC AND REVENUE FORECAST

Craig Stone, Assistant Secretary, Toll Division, WSDOT, Brent Baker, Parsons Brinkerhoff, and Ellen Evans, Debt Management Deputy Treasurer, Office of State Treasurer, briefed the Commission on the November 2014 Forecast.

Key Changes in the Traffic and Gross Toll Revenue Potential Forecasts

- Updated assumptions
    - – Traffic growth performance review

– *Good To Go!* share of transactions revised upward from 86% to 88%)
– Truck share of transactions reduced (down to 0.7% from 1.1% near term)
– Incorporated 16 additional construction closure days
– Updated socio-economic projections have little impact on cross-lake traffic

• Forecasted toll transactions are slightly lower through FY 2025 and higher thereafter through FY 2056
• Forecasted gross toll revenue potential is 1.2% lower over the forecast horizon

Summary of November 2014 Forecast Changes

• Gross Toll Revenue Potential is 1.2% lower than the October 2013 Forecast over the FY 2015-56 forecast period
• Net Toll Revenues before R&R are 1.7% lower
• Net Toll Revenues after R&R / deferred sales tax are 1.8% lower

The November 2014 Toll Revenue Forecast meets Master Resolution Sufficiency Requirements

• The Office of the State Treasurer has reviewed the November 2014 forecasts for traffic, gross toll revenue potential, and net toll revenue
• Financial modeling indicates that forecasted toll revenues are sufficient to meet all obligations, including O&M expenditures, debt service, and contributions to required reserve accounts
• However, there are minimal excess net revenues forecasted prior to FY 2030

SR 520 Rate Setting

Action/Follow-up: Continue review of SR 520 traffic and revenue in February.

PRACTICAL SOLUTIONS: LEAST COST PLANNING AND PRACTICAL DESIGN

Pasco Bakotich, State Design Engineer, WSDOT and Kerri Woehler, Director of Multi-Modal Planning, WSDOT briefed the Commission on what practical design is and what it isn't. FHWA is encouraging use of practical design and performance data.

Practical design:

- Focuses on project purpose and performance outcomes
- Engages local stakeholders at the earliest stages of defining scope to ensure their input is included
- Does not compromise safety
- Is not a "new tool" or "new method"

Set goals and performance targets. *What do we want to accomplish?*
Identify strengths and challenges. *In what ways are we achieving our goals? What obstacles are keeping us from getting there?*
Develop options. *What action is needed to maintain what is working well? What strategies are available to address the problems?*
Evaluate and prioritize. *Which strategies will most effectively achieve our goals given our limitations and strengths?*

Context is very important.

- Support decisions that will focus on the need for the project
- Move from a standards-based to performance-based designs
- Empower engineers to make decisions
- Provide tools that support decision making

- Support our staff through training and development

In Union Gap, the problem was no westbound on ramp. The original design cost estimate was $73 million; the practical design solution cost estimate is $34 million.

We still need to look at 20-year solutions, but we cannot do it all today. The State is moving more toward what cities and counties are already doing.

WSDOT Practical Solutions

Action/Follow-up: Continue to monitor.

ELECTRIC VEHICLE CHARGING STATIONS NETWORK STUDY

Mary Fleckenstein, Staff Director for the Joint Transportation Committee, briefed the Commission on the JTC Study of EV Charging Stations Network. Not all EV's are alike. Different cars have different charging needs. Washington EV fleet is approximately 70% pure EV's (battery only).

There are three kinds of EV charges:

Level 1: Wall Outlets
Level 2: "AC" Typically found in home garages.. Can charge a Nissan in 7 hours
Level 3: "DC" fast charges are the most expensive.. Can charge a Tesla in 30 minutes

Three business models were investigated:

Business Model 1: Large business provides up-front capital subsidy to owner/operator of charging network. Automakers benefit indirectly by increased EV sales ($7,000 subsidy per DC Fast Charge station; $500 per Level 2 station).

Not financially feasible—no payback period.

Business Model 2: Local businesses provide annual revenue stream to owner/operator of charging network. Hotels, retailers, restaurants, tourism attractions which benefit indirectly by increased sales from new EV customers (10% of attributable EV tourism sales revenue for 10 years)

Financially feasible but too long of a payback period to attract investors.

Business Model 3: Large business and local businesses both contribute (combination of 1 & 2)

Financially feasible but too long of a payback period to attract investors.

Under current market conditions, it is unlikely that business models will be implemented by private sector alone.

- Private businesses that gain indirect value from EV charging station deployment play a critical role in improving financial performance of EV charging station investments
- Difficult to make EV charging investment attractive to private owner/operators (5-year payback) with private sector partners alone
- Public sector can make the business models profitable in near term
- In near term, public sector interventions are needed for owner/operator to reach payback within 5 years for each business model

- If the EV market develops, government role can be scaled back to virtually nothing in 5 years
- Potential funding sources for public interventions include EV registration fee increases, EV sales tax revenues, and state and federal transportation funding sources

Business Models for Financially Sustainable EV Charging Networks

Action/Follow-up: None.

DEPARTMENT OF LICENSING BUDGET AND POLICY UPDATE

Tony Sermonti, Policy & Legislative Director, Department of Licensing briefed the Commission on the Department of Licensing role as the primary revenue collector for the state transportation budget.

Washington has 5.4 million drivers and 6.9 million vehicles. Every working day, DOL:

- Issues about 4,300 new & renewed driver licenses
- Supports more than 26,000 vehicle licensing transactions through county auditors & vehicle/vessel subagents
- Processes over 7,000 driver licenses, ID cards and tab renewals online

DOL collects about $1.8 billion in transportation revenue per year

- 65% Fuel Taxes
- 29% Vehicle Licensing
- 5% Driver Licenses
- 1% Vessel Licenses

More driver transactions are happening online – 25% were completed online or by mail in 2014. In seven years, the percentage has grown from 5% to 25%. DOL is building pages specifically for mobile use as more customers use mobile devices to access the website. But, more modernization is needed:

•Driver and vehicle systems are antiquated, and expensive to modify – two different systems
•Vendor on board; vehicles complete late 2016
•Reduce programming hours by 50 percent, reduce transaction times and provide system flexibility to meet emerging needs

Fuel tax system replacement

•Today's system relies on 13 custom built computer applications and 96 spreadsheets
•Collects about $2.4 billion per biennium
•$7 million project; complete in late 2015/early 2016

DOL Budget and Policy Update

Action/Follow-up: Commissioner Jennings moved that the Commission support the DOL budget request ($60 million over 3 biennia) to modernize the vehicle licensing, drivers' licensing and fuel tax system. Commissioner Tortorelli seconded the motion. Mr. Sermonti indicated that the Department would appreciate the support as partners in transportation. The Commission supported unanimously.

GOVERNOR'S BUDGET AND POLICY PROPOSAL

Charles Knutson, Senior Policy Advisor for Transportation, Office of Financial Management, informed the Commission that it is urgent to invest in transportation infrastructure. It is important for jobs, safety, and mobility.

The Governor released a transportation package to spark discussion.

- $12 billion over 12 years is equivalent to a 12 cent gas tax
- Carbon charge
- Four buckets of expenditure
    - maintenance and preservation, fully fund WSF and WSP
    - finish what we started/economic development
    - multi-modal investment
    - local direct distribution and local options, including ST 3 authorization
- Reforms
    - facilitating permitting
    - a portion of sales tax on construction purposed towards transportation

Mr. Knutson pointed out that an Elway poll shows 71% support for a carbon charge.

Action/Follow-up: None.

AMTRAK CASCADES COST AND REVENUE ALTERNATIVES

Ron Pate, Director, Rail and Marine Division, WSDOT, and Jason Biggs, Rail Operations Program Manager, briefed the Commission on WSDOT exploration of new options to reduce costs and improve Amtrak Cascades Intercity Passenger Rail Service.

Under PRIIA of 2009, costs for any route less than 750 miles in length are the responsibility of the state. Two questions:

- What are the costs that Washington is responsible for?
- Are they reasonable costs?

Washington owns three train sets, Oregon owns two and Amtrak owns two. Under PRIIA, Washington must pay for Amtrak Cascades operation and is pursuing ways to lower operating costs.

Amtrak Cascades Cost and Revenue Alternatives

Action/Follow-up: None.

TRANSPORTATION OF OIL STUDY

Dave Byers, Department of Ecology, provided an update on the Transportation of Oil Study headed by the Department of Ecology. The UTC and State EMD are partners in the study.

The key recommendations for the 2015-17 biennium are:

Rail prevention:

- Prevent derailment through track inspection
- Reduce speed
- Safer tank car standards

- Crew/manning standards
- Crossing safety
- Better identification of CBR and hazmat cargo on trains
- Rail safety committee

Marine prevention:

- Prevent vessel casualties and spills by building on previous systems (e.g., VTS and ANT systems, harbor safety committees, rescue/escort tugs)
- Reduce human error/Improve Situational Awareness
- Protective fuel tanks, bunkering, speed
- Enhance VTS, piloting, Facility/Rail/Marine
- Voluntary Best Achievable Practices
- Continue and expand VTRA studies to follow CBR and future changes

Rail Response

- Comprehensive response plans for rail
- Increase emergency response capabilities (for example, equipment, local emergency plans)
- Increase training of responders
- Update geographic response plans

Marine Response

- Enhance response capabilities in target areas where oil will/may be transported by rail
  –Salish Sea (Puget Sound), Grays Harbor, Columbia River, WA Coast
- Response capability for new crude types based on geography/waterway
- Response capability for potential future changes in vessel traffic

Rail Preparedness

- State authority to regulate rails limited, but state can have input to federal rulemaking process and consider potential for higher standards within state.
- Contingency planning related to facility definition.
- Ensure limits of liability are adequate.

Marine Preparedness

- Preparing and update marine geographic response plans to reflect changes in facilities and marine/rail traffic characteristics.
- Ensuring response equipment is appropriate for that operating environment.
- Spill response equipment caches.
- Contingency planning related to facility definition.
- Ensure limits of liability are adequate.

Next steps: Governor's budget addresses many of the recommendations.

Commissioners asked if the state is satisfied with rail cooperation and response. The predominant rail carrier of oil in Washington is BNSF. BNSF has been investing in prevention, preparedness and response, but there is room for improvement. Had BNSF been part of a contingency plan, the Seattle derailment in June would have been handled differently.

Marine & Rail Oil Transportation

Action/Follow-up: Commissioners suggested that the Governor support efforts in Washington, DC, to speed up rulemaking on tank standards and contingency planning.

PUBLIC COMMENT

John Wilson provided the Commissioners information about traffic movement in Thurston County. He told the Commissioners that city and county actions are pushing local traffic off local roads and onto I-5.

TRANSPORTATION COMMISSION

ANNE E. HALEY, Chairman

JOE TORTORELLI, Vice-Chairman

ROY JENNINGS, Member

JERRY LITT, Member

ABSENT

DAN O'NEAL, Member

MARY RIVELAND, Member

VACANT

Member

ATTEST:

REEMA GRIFFITH, Executive Director

DATE OF APPROVAL