

WASHINGTON STATE TRANSPORTATION COMMISSION

Local Meeting Summary

Spokane WA

June 16, 2015

Chairman Haley opened the Spokane meeting at 8:00 am with a special item to begin consideration of 2015-17 biennial ferry fare rates.

SPECIAL ITEM: FERRY FARE PROPOSAL

Ray Deardorf, Planning Director, Washington State Ferries (WSF), reviewed the fare setting schedule and issues discussed during the winter and spring with the Ferry Advisory Committee – Tariffs (FAC-T). When the legislature passes the biennial budget, it establishes a fare revenue target for operations. For 2015-2017, that fare revenue target is \$357.2 million. The revenue target is based on a March 2015 forecast scenario that assumes a 2.5% fare increases in October 2015 and October 2016. This target is \$8.1 million more than what is forecast from continuing current fares.

The 2015-17 WSF tariff proposal addresses several operational and policy objectives:

- Continues to gradually increase the vehicle-passenger fare ratio
- Maintains a “base level” 2.5% increase for vehicle fares
- Maintains the Tariff Route Equity relationship among routes
- Eliminates the overheight surcharge for vehicles under 22’
- Reduces the height limit threshold from 7’6” to 7’2” (effective May 2016)
- Clarifies the overheight waiver for disabled travelers

To meet the revenue need, WSF recommends moving up the October 2016 fare increase to May 2016.

The proposal to differentiate between passenger and vehicle fare increases accomplishes several goals:

- Brings the vehicle-passenger fare ratio closer to the ratio experienced in the early part of the 2000’s
- Provides another modest shift toward pricing that favors walk-on and HOV customers
- Encourages more travelers to arrive as passengers, where WSF is much less capacity constrained – a key demand management goal

In addition, the WSF 2015 proposal:

1. Is consistent with policy guidance in WTP 2035 and continues the implementation of near-term pricing strategies
2. Maintains 2.5% increases for vehicle fares while, also improving the Vehicle-Passenger Fare ratio
3. Better aligns pricing with available capacity on most WSF routes

WSF discussed two alternatives with the FAC-T, along with the Draft Proposal:

- A scenario that simply applied the assumptions used for the legislative budget:
 - 2.5% across-the-board increase in October 2015 and 2016
 - No other changes that target policy or operational issues
- A scenario that follows WSF timing, but does not vary the increases for passenger and vehicle fares:
 - General fare increase is reduced from 2.5% to 2.12%

- Overheight-related changes are included

Mr. Deardorf told the Commission that the majority of FAC-T members (7) are not in favor of the WSF Fare Proposal:

- Four favored applying the legislative budget assumptions (2.5% applied equally to vehicles and passengers Oct '15 & Oct '16)
- Three initially favored the WSF proposal timing, but equal fare increases of 2.12% for vehicles and passengers
- Second choice for this group was the legislative budget assumptions

Most FAC-T members support the height threshold reduction to 7'2", although three members would prefer to retain the surcharge for under 22' vehicles.

The greatest disagreement concerned the increase in the vehicle-passenger fare ratio, with those opposed citing these concerns:

- All customers should share the fare increase burden equally
- The change is not sufficient to affect travel behavior
- Not all routes have the transit support to encourage walk-ons
- Supporters cited the following in favor of differentiating the fare increase:
- Vehicle drivers traveling with at least one passenger will benefit from the proposal
- It is relatively cheaper to carry passengers than vehicles

Commissioner Brogan moved that the Commission initiate 2015 - 17 fare setting with the WSF Fare Proposal. Commissioner Jennings seconded the motion and discussion ensued. There remains concern that in some areas there is inadequate transit to accommodate more walk-on traffic. Commissioner Litt also noted there remains a desire to eventually charge vehicles based on their length in feet.

[Ferry Fare Proposal](#)

Action/Follow-Up: *The Commission voted unanimously to move forward the WSF Fare Proposal for public comment and consideration. The Commission also decided to hold three in-person opportunities for public comment and a virtual meeting prior to adopting 2015 – 17 fares on August 4, 2015.*

COMMISSION BUSINESS

State Representative Marcus Riccelli welcomed the Commission to Spokane.

Chud Wendle, District Director of Congresswoman McMorris' office, also welcomed the Commission to Spokane.

Chairman Haley asked the Commissioners and staff to introduce themselves to begin the Spokane portion of the June 16 Transportation Commission meeting.

Commissioner Litt moved adoption of the May 19 & 20, 2015 meeting summary. Commissioner Tortorelli seconded the motion and it was adopted unanimously.

Commissioner Litt moved adoption of the verbatim minutes of the March 18, 2015, I-405 Express Toll Lane Final Hearing. Commissioner Tortorelli seconded the motion and it was adopted unanimously.

Commissioner O’Neal reported from the nominating committee and moved that Anne Haley and Joe Tortorelli be re-elected as Chair and Vice-Chair of the Commission for the 2016 fiscal year. Commissioner Jennings seconded the motion and it was adopted unanimously.

Staff reviewed the Petition to Amend WAC 468-270-070 that the Commission received on April 21, 2015 and resubmitted as amended on May 20, 2015. Staff then summarized a draft response denying the petition prepared by the Commission’s Attorney General.

Commissioner Litt moved the Commission send the response denying the petition to amend. Commissioner Brogan seconded the motion, which was adopted unanimously. After adoption, Commissioners O’Neal and Tortorelli both stated that the petition is without merit.

The Commission then considered Resolution 723 honoring Commissioner A. Daniel O’Neal for his service on the Commission. Commissioner Jennings moved adoption of Resolution 723, Commissioner Brogan seconded the motion, which was adopted unanimously.

COUNTY TRANSPORTATION ISSUES, CHALLENGES AND SUCCESSES

Todd Mielke, Spokane County Commissioner, and Chad Coles, Assistant County Engineer, stressed the importance of county roads in the transportation network. Nationally, counties own about 45% of the transportation system.

Spokane County has the most road miles in the state, 2527 centerline miles. Of those 693 miles are rural arterials and 123 miles are urban arterials. Spokane County also has 113 bridges.

The anticipated county road fund revenue for 2015 is projected to total \$38,748,681.

- Property Tax \$19,730,000 (51%)
- Motor Vehicle Fuel Tax \$9,046,395 (23%)
- Grant Revenue \$8,157,386
- Misc. Revenue \$1,814,900

Because gas tax and property tax revenue is declining, Spokane County has a \$35 million backlog on arterials and \$42 million backlog on local access roads. Using the construction cost index, purchasing power for transportation projects is down by over 50% since 1996. Commissioner Mielke emphasized that sales tax base has been involved in every one of the annexations.

Across the state, the transportation challenges faced by county government are:

- Scope of the work. Counties construct, operate, maintain and preserve 48% of the centerline miles of roadway in the State.
- Fewer funding sources are available for rural roadways. TIB is urban only. Federal programs are weighted toward urban routes (historically 11% rural in this region).
- Incorporations and annexations target the highest value properties at the lowest infrastructure liability.

Commissioner Mielke suggested that maybe the legislature should create a separate revenue fund for cities, as it has for counties. Because county roads are used differently from city streets, serving farm to market needs and connecting communities, counties feel strongly that a distribution formula equally divide dollars between cities and counties.

Successes in Spokane County include:

- Spokane County has worked with the state, BNSF, Fairchild and local business to relocate the Geiger Spur. Where the rail line once supported 300 jobs, it now supports 500 jobs. The County is participating in a joint land use study to identify appropriate land uses adjacent to the airports.
- Bridge program replaced Bruce Road Bridge and Cheney Plaza Bridge last year and is on track to keep this pace for this year, with the goal of zero bridge load restrictions.
- Maintenance and operations improved 218 miles of truck routes last year.

Legislative and regulatory changes he would suggest:

- Regional TBD option needs more work from the Legislature to prevent a single jurisdiction veto.
- Flexibility in designing TBD boundaries.
- Counties need additional revenue tools – the same ones as cities. Counties have no utility tax authority, the sales tax declines due to annexations and incorporations, and need better access to REET for infrastructure.

[Spokane County Transportation](#)

Action/Follow-Up: None

CITY TRANSPORTATION ISSUES, CHALLENGES AND SUCCESSES

Mayor David Condon briefed the Commission on the collaborative approach Spokane is taking to rebuilding its infrastructure. The City is committed to 20-year, long-term organizational planning, including integration across traditional government units and integration of projects across disciplines. The City is integrating utility improvements with road improvements and is using LEAN management techniques and new construction delivery models to lower costs, improve service and be greener.

The first Citywide Capital Plan totals \$843.7 million. Funding includes the street levy, Riverfront Park Bond, and utilities revenue bonds.

The City successfully passed a street levy (77.6% yes vote) and riverfront bond last November.

- Significant additional work for the same tax cost
- Integrate street and utility work for greater bang for the buck
- The levy is focused on arterials; TBD revenue can be focused on local streets

Clean Water Plan

- Limits utility rate increases to CPI
- 3 years of rates approved
- Wastewater credit program

Utilities and parks also have a synergy that can deliver multiple benefits, including economic development. Stormwater collection and safe bike paths both seek to eliminate trash and sand.

The city economic development strategy also builds on infrastructure improvements around defined centers and corridors in the comprehensive plan.

- East Sprague Avenue
- Downtown work, including Lincoln and Monroe rebuild
- North Monroe Street
- The Yard/Freya corridor
- Francis Ave/MLK – Freight

Projects are prioritized:

- Based on Comprehensive Plan goals
- Maintain what we have: Current pavement conditions
- Ensure safety for all users
- Multi-modal transportation components: Bike lanes, pedestrian improvements, mass transit, freight mobility
- Integrate with utilities: stormwater management, public & private utility infrastructure
- Economic Development opportunities
- Available funding

Mayor Condon said that communication, both with the public, and within parts of city government, has been very important to success.

Legislative and regulatory changes he would suggest:

- Remove funding silos. It took seven funding sources to complete one project we saw on our tour. If you want to manage growth in a comprehensive fashion, you have to search for funds.
- Create a single account for multi-purpose projects.

[City of Spokane](#)

Action/Follow-Up: None

PUBLIC TRANSPORTATION ISSUES, CHALLENGES AND SUCCESSES

Susan Meyer, CEO of Spokane Transit Authority (STA), reported that she has just completed 10 years at Spokane Transit. The agency tightened its belt and reduced service when the recession hit. STA relies on local sales tax for 70% of its revenue.

STA adopted Moving Forward as its long-range plan on December 18, 2014, leading to a ballot measure this spring to increase the local sales tax for STA by 0.3 cents. The measure failed by 572 votes.

Ms. Meyer noted that the biennial transportation budget includes funding for the Central City trolley line and the West Plains Transit Center. There also is significant capital funding in the House and Senate transportation packages for the central city line.

Legislative and regulatory changes she would suggest:

- State assistance. On average, across the US, 22% of funding for transit comes from state government
- Diversify funding. Some transit agencies are funded with a head tax – on employees

Action/Follow-Up: None

REGIONAL TRANSPORTATION ISSUES, CHALLENGES AND SUCCESSES

Kevin Wallace, Executive Director, Spokane Regional Transit Council (SRTC) told the Commission that transportation challenges in the region include:

- Inadequate funding for capital projects
- Inadequate funding for operations and maintenance
 - Aging infrastructure

- Snow climate
- Inadequate data for transportation performance and management
- Uncertainty at the federal level

Horizon 2040 is the SRTC Long-range plan. In summary:

1. Regional priorities include:
 - Finish the North Spokane Corridor
 - Focus on the existing transportation system
 - Provide a balanced transportation system that makes the right investments in the right locations at the right time
2. Demographic shifts will continue to impact travel patterns
 - Projecting 35% population growth between 2010 and 2040
 - Not projecting systemwide congestion; focus is on bottlenecks
3. Federal and state funding will be limited for the foreseeable future

Comparing metro Spokane to other urban areas similar in size, Spokane is ranked 8th of 20 for vehicle operating costs. It is ranked 6th of 20 for roads in poor condition.

Bridges are a costly challenge. In Spokane County, there are 377 bridges. Twenty-one are structurally deficient, 65 are functionally obsolete. The total estimated improvement cost is \$1.9 billion.

SRTC's 2015-18 Transportation Improvement Plan anticipates \$304.5 million investment across modal types. Of the total investment, 62% is planned for roads and bridges, 25% is planned for transit, and 5% for bicycle and pedestrian improvements.

The Horizon 2040 Implementation Toolkit involves reporting, prioritization, and programming. SRTC is committed to setting goals and measuring performance. SRTC members are concerned that the Spokane region has 5% of state highways rated poor condition – three times the statewide average and a higher percentage than the Puget Sound and Clark County urban areas.

[Spokane Regional Transportation Council](#)

Action/Follow-Up: None

WSDOT TRANSPORTATION ISSUES, CHALLENGES AND SUCCESSES

Mike Frucci, Assistant Regional Administrator for Development, WSDOT Eastern Region briefed the Commission on WSDOT activity in the seven counties comprising the region: Whitman, Adams, Lincoln, Spokane, Ferry, Stevens, and Pend Oreille. The region has 1,567 centerline miles and 3,654 total lane miles. Of the centerline miles, the surface types are:

- Bituminous 867.42 miles
- Asphalt 614.87 miles
- Concrete 84.53 miles

Some recent challenges include a slide on SR 31 near Metaline Falls, repair of the SR 26 Colfax Bridge sidewalk and girders, and a tanker spill May 20, 2015 near Bear Creek Campground in Ferry County.

Partnerships are key to success in the WSDOT Eastern Region. Mr. Frucci described partnerships with Spokane Airport on improved I-90 signage, with Spokane Transit on the West Plains Transit Center, with the City of Spokane on the Division Street Gateway and several others.

The big project in the Eastern Region remains the North Spokane Corridor. Current work involves relocation of the BNSF Railway and extending the Children of the Sun Trail. To complete the five miles to I-90 will require \$750 million and three more interchanges:

- Wellesley
- Trent
- Interstate 90

Practical design work has reduced the completion cost to \$750 million from \$1.3 billion.

[WSDOT Eastern Region Transportation](#)

Action/Follow-Up: None

FREIGHT RAIL

Johan Hellman, BNSF Railway, told the Commission that as the economy improved, rail traffic rebounded. BNSF spent \$3.6 billion on maintenance and expansion in 2014. It also added 613 locomotives and 7000 people, for a total of \$5.5 billion capital investment systemwide. As a result, trains held for lack of locomotives are almost none. BNSF carried a record amount of agricultural product in 2014. BNSF proposes to spend \$6 billion on capital investment in 2015.

In 2014, BNSF invested most of its \$1 billion in improvements on the northern corridor, from Minot, ND westward. This year, the focus will be on Minot, ND, eastward.

Crude oil shipments in 2013 and 2014 were about the same volume. In 2015, shipments are down slightly, probably due to lower global demand. Mr. Hellman noted that there are three types of oil transport rail cars: T-111, T- 1232, and the tank car of the future. He did not know what percent of oil transported in this state is carried by each type of tank car and promised to get back with that information.

Responding to a question on freight rail business practices, Mr. Hellman said that BNSF moves heavy stuff over long distances. There is a role for trucking; there is a role for short lines. The best intermodal yards are already in existence – in places like Seattle, Spokane and Portland.

BNSF is well aware of the growing challenge of grade crossings and delay. Marysville, Edmonds, Ridgefield, Spokane Valley, Lander Street, would be on most lists of grade crossing issues. These projects start out at \$30 million and go up. The best way to address grade crossings is through partnerships like the FAST Corridor. BNSF would be happy to partner with the state on grade crossings.

- Chris Herman, Freight Rail Policy and Program Manager, WSDOT, spoke to the Commission about the new strategic plan for the state-owned PCC Rail System, which is a 297-mile rail system comprised of three separate branch lines spanning four eastern Washington counties. The PCC Rail System was responsible for removing 37,000 truckloads from Washington state roadways in 2013, including 20% of Washington-grown wheat, barley, legumes, crop inputs, liquid propane gas and lumber.

The State invested nearly \$8 million in the PCC Rail System in 2013 – 2015. An additional \$58 million in capital improvements is needed. The PCC Rail Authority and WSDOT developed the PCC

Rail System Strategic Plan because the economics of moving wheat in Eastern Washington is changing:

- BNSF is requiring shippers to achieve greater efficiency and faster loading times.
- Shippers have invested or plan to invest nearly \$100 million in facilities located along PCC Rail lines.
- The combined investment by railroad operators and the state has not kept pace with the PCC system's maintenance and preservation needs. For instance, many of the 157 bridges in the PCC system were constructed between the 1930s and the 1960s. The poor condition of some bridges has resulted in lower operating speeds and a greater need for inspections in order to maintain safe operations. Thirty percent of the PCC rail lines are only operational up to 10 miles per hour. Some of the rail is light weight and some is old enough to have developed defects that may cause breakage and train derailments.

Findings of the PCC SWOT Analysis:

- **Strengths** – Shippers have proven their commitment to using the PCC by doubling carloads during the first five years of state ownership, and making significant private investments in their facilities along the line. Local support for the system remains high.
- **Weaknesses** – Deferred maintenance and the lack of funding for long-term capital needs is the most significant weakness of the PCC System. Slow speeds result in high operating costs and an inability to transport modern, heavier railcar equipment.
- **Opportunities** – The continued growth of carloads on the PCC represents the brightest opportunity. Emerging plans to develop adjacent property in Spokane County may provide additional carload revenue and help diversify the commodities carried on the PCC.
- **Threats** – The mainline railroads control pricing for PCC system users and operators; their pricing influences the level of investment PCC operators are able to make in maintenance. The growth of mainline rail traffic will impact both the service levels PCC operators can provide and the rates they charge.

Several themes emerged from the public comments:

- Maintenance and upgrading the system is the preferred strategy over rail banking or abandonment.
- Many of the comments related to rail banking and abandonment of under-utilized sections of track on the system. In particular, the section between Colfax and Pullman received mixed opinions.

The Strategic Plan identifies infrastructure, operational and policy strategies and has the following major components:

1. A description of the system inventory and current conditions.
2. Highlights the public benefits to the state of having retained the PCC's rail assets and provides a justification for continued, programmatic investment.
3. Recaps past public investments that have been made in the system.
4. Provides information about the private investments that are being made to improve existing rail loading facilities and to build new facilities along the PCC.
5. Identifies an unconstrained, 10-year list of unfunded capital project priorities for future consideration, as well as operational and policy improvements to pursue.

Infrastructure Strategies

- Advance Priority Projects to Increase 286,000-Pound Railcar Capability
- Rehabilitate Track in the Curves
- Identify and Replace Defective Rail through Rail Integrity Testing

- Inventory, Load Rate, and Prioritize Bridges
- Address Ongoing Maintenance and Preservation Needs
- Repurpose Rail Materials from Other Sources
- Replace Substandard Rail

Operational Strategies

- Improve Terms of the Operating Leases
- Evaluate the Grain Train Program
- Maintain Direct Access to River Terminals
- Strategically Consider Rail Banking and Abandonment
- Pursue Minimum Railcar Orders
- Establish Private Crossing Agreements
- Establish Industrial Track Agreements
- Ensure Access to Major Railroads

Policy Strategies

- Determine Criteria for Private Acquisition
- Update Rail Benefit Methodology
- Pursue Alternative Funding
- Create an Economic Development Strategy
- Prioritize and Preserve Adjacent Land Use
- Develop and Report on Performance Measures

Mayor Tom Trulove, Cheney, told the Commission that the PCC Line from Cheney to the site of the Highline Grain Terminal is in disrepair and should be rebuilt. Current rail operations are infrequent, but greater rail use will cause public safety issues for Cheney. As the West Plains industrial area expands, this impact will worsen.

There are several alternative solutions, all requiring the track be moved to the west side of SR 904, about a mile outside Cheney. WSDOT owns the right of way on both sides of SR 904. Although the track and track bed need to be totally rebuilt, the cost will be about the same on either side of the state highway.

The alternatives remove all in-Cheney crossings and conflicts on SR 904 and thereby eliminate the need for horn blasts. Social costs are held to a minimum. This is a big issue for Cheney citizens, businesses, and industries. They will do whatever they can to stop the social costs.

[Palouse River & Coulee city Rail System Strategic Plan](#)
[2015 Palouse River and Coulee City Rail System Strategic Plan](#)
[Railroad Traffic in Cheney](#)
[Freight Rail Safety in our Communities](#)

Action/Follow-Up: None

AIR TRANSPORTATION ISSUES, CHALLENGES AND SUCCESSES

Larry Krauter, CEO of Spokane International Airport (SIA), briefed the Commission on the aviation issues. He began by noting that the FAA authorization expires September 30, 2015. The FAA reauthorization bill:

- Increases the Passenger Facility Charge to \$8.50 per enplaned passenger and indexes it to inflation from current cap of \$4.50 and no indexing set in 1999 by Congress.
- Protects the Airport Improvement Program which provides grants to fund projects at SIA and Felts Field at 90/10 match.
- Maintains or increases funding for Small Community Air Service Development grant program.
- Regulatory reforms; and
- Funding for Next Gen air traffic modernization programs.

SIA, the second largest commercial airport in the state, uses no local tax dollars and generates over \$750 million in economic activity. SIA hired its first state lobbyist this year to encourage greater state engagement and investment in aviation.

- SB 5324/HB 1526 aircraft excise tax
- Eliminate states sales on construction of hangars
- SB 5756 - Expanding Aerospace Manufacturing Tax Relief (The Boeing Bill Amended to Spread Benefit Throughout the State Act)
- HB 1093 – Drones/UAVs

At SIA, the passenger load is increasing and air freight is growing incrementally each year. But, air service is volatile and unpredictable. Industry-wide, it is extraordinarily competitive to keep and attract air service. Systemwide, carriers will fly 1.8% fewer departures in Q1/Q2 2015 and reduce seats by about 3%. Domestic flights are decreasing as carriers (including Southwest) focus on international flights.

SIA is investing in terminal improvements, safety projects, taxiways, and is working to increase parking and shopping at the airport. Parking is the biggest revenue generator. SIA also is working with the city, county, and business community to attract aerospace and intermodal transportation businesses to the area between SIA and Fairchild. Successes to date include Aero-lite relocation from Kingman, AZ; Alaska Airlines' Q-400 maintenance facility, Exotic Metals expansion from Kent.

At Felts Field, airport investment in taxiways and terminal improvements has led to a \$3 million private investment in hangars and operations facility.

[Spokane Airport Update](#)

Action/Follow-Up: None

MAJOR EMPLOYERS' TRANSPORTATION ISSUES, CHALLENGES AND SUCCESSES

Cheryl Stewart, Executive Director, Inland NW Associated General Contractors, said that the construction industry is hampered by bridge restrictions, overheight limits, and east-west travel constraints in the Spokane area.

Cheryl Kilday, President and CEO of Visit Spokane, emphasized that getting people to Spokane and moving them around is very important to tourism. The Empire Builder arrives in the middle of the night; the region needs to spend more time making passenger service rail work. I-90 works well, but better wayfinding is needed to improve the regional road network. She suggested that there is a need to think about our roads more as corridors, not only for transportation, but as an introduction to Spokane. The Visitors and Convention Bureau avoids using Division Street because it is so unattractive. She added that trails are very important to people in Spokane.

Larry Stone, the employer representative on SRTC, is CEO of Scafco, a manufacturing business. He also invests in industrial parks. He noted that the Spokane area has the highest percentage of state roads in poor condition and recommended that the state should emphasize maintenance and preservation. He suggested WSDOT invest in an education campaign to steer people away from studded tires. Scafco uses about 400 railcars a year to bring in product. WSDOT investment in rail saves roads, reduces congestion and attracts family-wage jobs. He added that WSDOT is doing a good job with planning and design for NSC.

Roger Flint, VP, Spokane Good Roads Association and VP with CH2MHill, told the Commission that the Spokane Good Roads has been around for 112 years. He agreed that improved passenger rail between Seattle and Spokane would be a useful alternative and noted that CH2MHill staff use passenger rail between Seattle and Portland frequently.

Commissioner Litt suggested that the Commission talk with WSDOT about using its communication staff to talk about studded tires and their impacts.

Action/Follow-Up: None

PUBLIC COMMENT

Sonny Putter noted that much of what was heard today is applicable across the state. He is interested in the difference between vehicle and passenger pricing and suggests research into its effectiveness. He also suggests more effort on transit integration with ferry operations. He reported that ferry connections were not discussed at last week's transit integration summit.

TRANSPORTATION COMMISSION

ANNE E. HALEY, Chairman

JOE TORTORELLI, Vice-Chairman

RITA BROGAN, Member

DAN O'NEAL, Member

ABSENT

ROY JENNINGS, Member

MARY RIVELAND, Member

JERRY LITT, Member

ATTEST:

REEMA GRIFFITH, Executive Director

DATE OF APPROVAL