



Washington State Transportation Commission

Regular Meeting Summary
December 13 & 14, 2016

Chairman Jerry Litt called the meeting to order at 9:00 am with introductions by Commissioners and staff.

GEORGIA'S COMMUTER TOLL CREDIT PROGRAM

The Georgia Regional Toll Authority (GRTA) has tested several incentives to encourage transit use on crowded tolled highways. Chris Tomlinson, Executive Director, State Road and Tollway Authority and the Georgia Regional Transportation Authority, will highlight successes and lessons learned in his briefing.

Georgia's State Road and Tollway Authority is currently operating I-85 Express Lanes. Three additional toll facilities are under construction. The agency's Peach Pass administers more than 300,000 accounts and has over 500,000 transponders in use.

GRTA operates Regional Commuter Transit Service, including *Xpress* Commuter Coach Service and vanpools.

The 15.5 mile-long I-85 toll facility has five general purpose lanes and one high occupancy toll lane in each direction. The corridor had so much congestion that there was no claim that the Express Toll Lane (ETL) would reduce congestion. Because the HOV lane was underutilized, except in peak travel hours, the purpose was to create a more predictable and faster trip.

ETL users must register prior to using the lanes. The following are exempt from tolls on I-85:

- Transit
- 3+ carpools
- Motorcycles
- Alternative fuel vehicles (with a special license plate)
- Emergency vehicles (first responders)

The challenges:

- Daily ETL count has increased from 7,500 to 29,000; this has compromised reliable trip times
- As dynamic pricing increases in response to congestion, customers are showing a willingness to pay higher toll rates and are inherently less price sensitive

- Lower gas prices are increasing single occupant vehicles (SOVs) and decreasing transit ridership

The agencies are now working to coordinate the ETLs and Xpress Transit Service. The idea is to unleash the potential of public transit and express toll lanes. Although express buses comprise less than 2% of vehicles during the morning commute, they move 26% of the commuters traveling through the lane.

The goals of the Commuter Credits Pilot Project:

- Promote alternative modes for Peach Pass users traveling by ETLs
- Provide an incentive for Peach Pass users to change their driving behavior and shift some SOV usage away from peak periods
- Increase use of express transit service in the I-85 corridor
- Offer options that offset the cost of increasing tolls due to increasing demand
- Reinforce the 4Ts Strategies of congestion reduction: transit, tolling, technology, and telework

Three pilot programs were tried, with the chance to earn toll credits as the carrot:

- *Shift Commute* – To reduce southbound congestion between 7:00 and 8:00 a.m., Peach Pass drivers who use the I-85 Express Lanes southbound between 7:00 -8:00 a.m., 4 -5 weekdays per week, are eligible for \$3 per week in toll credits if they travel three times or less times or less in a week. A total of up to \$50 in toll credits over 6 months was offered.
- *Start a Carpool* – To attract more 2+ person carpools to use the Express Lanes. Carpools with at least one Peach Pass Customer who lives or works in any of the 22 Regional MPO counties, are eligible for toll credits of \$3/day (up to \$100), in addition the standard commute options cash payment of \$3 (also up to \$100 thru the regional Air Quality Program) and \$25 toll credits via random monthly drawing to eligible carpooling Peach Pass customers.
- *Ride Transit* – To entice SOV Peach Pass drivers to try transit, Peach Pass customers who ride *Xpress* and GCT buses along the I-85 Express Lanes (8 routes) received toll credits of up to \$10 per month (\$2 per trip up to 5 trips) and up to \$60 over six months.

The *Shift Commute* pilot had 243 eligible participants and a 14% participation rate. It has had a lasting effect. Some people have chosen to schedule a telecommute day. The *Start a Carpool* pilot didn't work. *Ride Transit* was positively received; 10% of the participants used transit for the first time.

Conclusions and observations:

- Pay It Forward is demand management
- Demand management can and should be multi-layered
- Marketing is an essential factor for success
- Understand the financial implications of your program
- Potential partnerships exist with local businesses and the private sector
 - LA Metro Credit Program
 - Universal Transportation Account and Mobility as a Service
 - Ridesharing services

Ultimately, GRTA may consider offering free transit at peak hours to reduce congestion. It can't offer a free ride to all, but in a random way each day so everyone benefits sometimes. Georgia's toll revenue is very flexible. At this point, they are not using toll dollars to buy transit, but they are thinking about it.

[Georgia's Express Lane Commuter Credits Program](#)

Action: None

Follow-Up: None at this time

COMMISSION BUSINESS

Action: Commissioner Young moved and Commissioner Jennings seconded the motion approving the November 16, 2016 meeting summary. The motion was approved unanimously.

Action: Chairman Litt read into the record Resolution 731, honoring Commissioner Anne Haley. Commissioner Tortorelli moved and Commissioner Jennings seconded the motion adopting Resolution 731. The motion was approved unanimously.

Commissioners reported on their recent Commission activities, including the following:

- Chairman Litt reported on WTP Phase 2 progress. Implementation strategies are being drafted. He also met with the Chelan-Douglas MPO, which is functioning well.
- Commissioner Serebrin attended the Puget Sound Regional Council Financial Working Group. It is considering the financial strategy and planning for the long-range plan update
- Commissioner Tortorelli reported that Kevin Wallace, the Spokane Regional Transportation Council Director, has left. He has worked to organize a priority project list.
- Commissioner Batra attended the Advanced Transportation Technologies Conference. He also has participated in tolling conference calls and Puget Sound Regional Council meetings.
- Commissioner Jennings attended the Regional Transportation Council meeting in Vancouver. C-TRAN is working with WSDOT and ODOT for on-shoulder running to improve commute travel times. Vine BRT will begin January 8, 2017. Jeff Hamm is retiring. He met with Rep. Wylie and Sen. Cleveland, who are working with the Bridge Replacement Group (BRG). Secretary Millar indicated that project leadership must come from the local level and legislators; the Governor and WSDOT will support but not lead.
- Commissioners Young, Jennings, and Batra had a ferry subcommittee meeting with Lynne Griffith and WSF staff. Commissioner Young also attended the ORCA Next Generation meeting to begin development of the next ORCA system.

Staff reported that the Steering Committee for the Gateway Program met to finalize options for the SR 167 and SR 509 projects. The Tacoma Narrows Bridge (TNB) Citizen Advisory Committee met last week and received the financial picture for 2017.

Staff also reported on legislative interest in building partnerships to improve transportation access and mobility. There is interest in moving forward with public-private partnerships (PPP)

for non-toll projects; the Capital Projects Advisory Review Board is looking at opening PPP opportunities to all agencies.

Staff also shared the draft joint letter on seismic funding from the Washington and Oregon Transportation Commissions and asked for comments.

Commissioners also discussed cover options for 2016 Annual Report. Staff will provide their feedback to the graphic designer and send the Commissioners a final cover design.

WASHINGTON STATE ROAD USAGE CHARGE

During 2016, the Commission continued its assessment of Road Usage Charge (RUC) as a replacement for the gas tax. Jeff Doyle, D'Artagnan, and other consultants presented a RUC overview and the implementation plan developed by the Steering Committee for review by the Commission.

A road usage charge is a per mile charge drivers would pay for the use of the roads, rather than paying by the gallon of gas. It is similar to how we pay for utilities, such as electricity or water.

There are different ways to assess the charge: for each mile driven or for use of the road for a certain amount of time.

Basis of the Assessment:

- Identify and develop a sustainable, long-term revenue source for Washington State's transportation system, and transition from the current gas tax system.
- Ensure there is consumer choice on how mileage information can be collected and paid.
- During the transition period of moving from the gas tax to a road usage charge, drivers would pay one or the other, but never both.
- For purposes of assessing the gas tax against a road usage charge, we have assumed revenue neutrality and focused on net revenue potential for both.

The Commission has received federal funding for:

- Year-long, statewide pilot program to test a Washington-designed RUC system for up to 2,000 volunteer test vehicles
- Partners: OReGO, City of Surrey, BC, and Seattle Electric Vehicle Association
- Choices: Time Permit, Odometer Charge, and Automated Mileage Reporting

Unique features include:

- International interoperability test with British Columbia drivers
- Financial interoperability test with Oregon
- Feedback specifically from electric vehicle drivers
- Hackathon event to develop new technology or RUC app for smartphones

The purpose of the pilot is to gather information about and evaluate the performance of a prospective road usage charge (RUC) policy for Washington State use. The RUC Steering Committee suggests 24 evaluation measures across 13 guiding principles:

- Transparency
 - Change in participant understanding of gas tax rate, collection method, and use
 - Change in participant understanding of RUC rate, collection method, and use
- Complementary policy objectives
 - Impact of pilot on driving habits of participants
 - Impact of pilot on stated vehicle purchasing preferences of participants
- Cost-Effectiveness
- Equity
 - Total and per-mile RUC vs. gas tax paid by urban, suburban, vs. rural status of participant
 - Total and per-mile RUC vs. gas tax paid by participant and income
 - Total and per-mile RUC vs. gas tax paid by in-state vs. out-of-state participants
 - Participant expectations before-and-after perceptions of RUC equity relative to gas taxes
- Privacy
 - Participant perception of privacy protection, including any changes in perception during the pilot
 - Relative ability of mileage reporting methods to protect participant privacy
- Data Security
 - Participant perception of data security, including any changes in perception during the pilot
 - Relative ability of mileage reporting methods to provide data security
- Simplicity
 - Time and indirect costs expended by participants to comply with pilot tasks
 - Participant understanding of compliance requirements
- Accountability
 - Description of assignment of responsibility and oversight for Washington State agencies and other entities involved in pilot
 - Accuracy of reported road usage, revenue collected, and revenue distributed
- Enforcement
 - Participant perceptions of relative effectiveness of enforcement methods in maintaining compliance
 - Reasons for non-compliance expressed by participants (e.g., confusion, negligence, fraud)
 - Participant-stated locations of fuel purchases (potentially only for interoperability participants)
- System Flexibility
- User Options
 - Participant overall satisfaction and relative satisfaction with choices available in the pilot project
 - Reason for participant preferences of various mileage reporting methods

- Interoperability and Cooperation
 - Description of assignment of responsibility and oversight for Washington State agencies and other jurisdictional agencies involved in pilot
 - Participant understanding of interoperable RUC
 - Relative ease of compliance for interoperability test participants vs. others
- Phasing

WSDOT Secretary Roger Millar suggested that the Steering Committee begin discussions about the topics that have been parked for future discussion, including rate differentials, how the revenue would be used, etc.

There is much going on in designing and developing a potential RUC system. The Concept of Operations and technical engineering docs are in final review.

The Time Permit provides unlimited driving for a specific period. How it works:

- The driver chooses time permit on the pilot project website or by phone.
- Optionally, the driver may provide their vehicle's current odometer reading.
- The driver is notified of the reminders that will be sent (typically by e-mail).
- While the permit is valid, the driver drives without limitation.
- The driver purchases new permit when reminder comes.
- If drivers fail to purchase new permits, they get further reminders.

The Odometer Charge is based on odometer readings taken from the vehicle. How it works:

- The driver chooses Odometer Charge on the pilot project website or by phone.
- The driver may choose from the mobile phone or Department of License (DOL) subagent options:
- The mobile phone option means the driver takes pictures of the odometer with his/her own phone with a special smartphone app.
- For the subagent option, the subagent provides a smartphone for the driver's use.
- The driver provides an odometer reading and receives an invoice every 3 months.
- Earlier concept was that drivers would pay in advance, based on estimated mileage.
- To simplify, the Odometer Charge option will simply invoice the driver for actual miles driven during the reporting period (quarterly is recommended)

The Automated Mileage Charge automatically records and posts mileage to a driver's RUC account. How it works:

- The driver sets up an account with an account manager.
- Contact info, VIN, and initial odometer reading is required.
- The driver then selects his or her preferred mileage reporting technology:
- OBD-II mileage meter (either with or without GPS chip): driver plugs in device.
- Mobile phone: driver downloads and installs the app.
- The driver automatically receives a RUC statement each month.
- GPS-enabled mileage meters automatically apply credits for gas taxes paid.
- The driver may be offered other value-added services with a GPS-enabled mileage meter.

Since 2012, the Smartphone has been referred to as the “4th Method” for paying RUC. Accurate, reliable smartphone technologies for RUC are extremely limited. The pilot project will sponsor a competition among software and hardware engineering students to develop a new RUC Smartphone option. If successful, the new option will be tested in the pilot.

Based on Steering Committee feedback, three issues must be resolved:

- Since the pilot project cannot collect real money from participants, what can be learned by offering the Time Permit?
- Which manual method will best allow drivers to pay for their expected mileage in the clearest, most easily understood way?
- What are the possible ways in which a driver can use a smartphone to report mileage?

The *Time Permit* is designed for maximum privacy; least possible information is provided to government. RUC payment is not based on actual usage (i.e., miles driven) – instead, based on time: annual permit to drive unlimited miles for the year. In a pilot program that does not collect real money from participants, offering the time permit does not provide much insight into driver behavior or consumer preference.

Proposed change: do not include Time Permit in the pilot test, but keep it as a recommendation for a future RUC system. Given the exclusion of the “time permit” in the pilot, a new manual reporting option is recommended to address concerns about needing a more affordable “pay-as-you-go” manual method.

NEW - Mileage Permit: drivers purchase customized mileage amounts based on their own unique driving habits. Paid in advance, in fixed “mileage blocks” (1,000 miles, 5,000 miles, etc. – similar to pre-paid cards for cell phone minutes). A new mileage permit is only required when actual miles driven exceed the amount of the pre-paid miles.

Both the Odometer Charge and a Mileage Permit require periodic mileage reporting based on the vehicle’s odometer.

Can IT engineers and software developers provide a novel solution to mileage reporting by a smartphone? Developers will be given a problem statement, desired outcome, relevant information, and charged with finding a solution. It will be competitive, with finalists earning a cash stipend for final development and, if warranted, beta testing in the pilot. Tentative schedule:

- development in Spring/Summer 2017
- beta testing in Fall 2017/
- deployment Winter 2017/2018.

Recommended geographic regions for the Pilot Project support the four key pilot features and reflect the geographic, economic, and demographic diversity of the state. Volunteer recruitment will focus on five regions to ensure a sufficiently large and diverse pool of prospective participants:

- Central Puget Sound. This region has the majority of the state’s population and will provide perspectives from primarily urban and suburban drivers regarding RUC. It also includes the largest concentration of PEV drivers in the state.

- Eastern Washington. This region includes Spokane and the Palouse. Region features a fair amount of cross-border travel to Idaho. It includes a mixture of urban, suburban, and rural residents, and important agricultural communities.
- Northwest Washington. Recruiting from this region will include a large number of rural residents but will have a special focus on the international interoperability aspects.
- South-Central Washington. This region will provide a mixture of urban (Tri-Cities) and rural drivers from surrounding areas.
- Southwest Washington. This region will provide a mixture of suburban and rural drivers in a region with a high volume of cross-border travel with Oregon.

Other geographic and recruitment notes:

- City of Surrey, B.C. is a key partner. Recruit up to 200 British Columbia residents to participate in the test of international interoperability.
- Oregon Department of Transportation (ODOT) is a key partner. Tests technological and financial interoperability with ODOT's OreGO system. Recruit OReGO customers to participate in test of interstate interoperability.
- Central Puget Sound. RUC as an electric vehicle alternative. Seattle EV Association has over 3,000 members and has been a leader in EV technology and policy in Pacific North West for over 20 years.
- Washington Department of Licensing (DOL) is a key partner. The pilot will utilize DOL's network of licensing service offices (County Auditors and subagents) to support the manual odometer read option

The RUC Communications Plan has five goals:

- Inform and educate the public.
- Recruit participants from across the state.
- Generate broad understanding of the pilot project.
- Cultivate balanced and accurate media coverage.
- Assess public opinion before and throughout the course of the pilot.

Website review and discussion. Secretary Millar expressed concern that the tagline "Test Drive the Road Ahead" may imply the decision to implement RUC has been made. Commissioner Serebrin is concerned that website language implies the revenue would be directed only to roads.

[Washington State Road Usage Charge](#)

Action: Commissioner Jennings moved approval of the pilot design with the following modifications:

- 1. Remove Time Permit from the Pilot test, but affirm that option for any future RUC system in Washington;***
- 2. Adding a Mileage Permit as a new low-tech option to allow drivers to choose how many miles;***
- 3. Simplifying the presentation of the RUC options by describing the Smartphone as a supporting technology that could be used for any of the other three options;***
- 4. delegation of review and edits to the Final Implementation Plan report to the Commission's RUC subcommittee.***

Commissioner Tortorelli seconded the motion with specified modifications. The motion was approved unanimously.

Follow-Up: None at this time.

TRANSPORTATION IMPROVEMENT BOARD COMPLETE STREETS AWARD

Thirty-nine cities and counties have applied for a Complete Streets Award from the Transportation Improvement Board (TIB). This unique new grant is available to any city or county with an adopted complete streets ordinance which has an ethic of planning and building streets using context sensitive solutions to accommodate all users. The Legislature created the program to encourage cities and counties to adopt complete streets ordinances. TIB also wanted to spread the Complete Streets ethic.

Chris Workman, Transportation Improvement Board, reported that after the legislature provided funding, there was a significant spike in adoption. A total of 84 cities and counties were eligible. Eligible agencies must be nominated.

Considerations for nomination:

- Strong complete streets policy
- Comprehensive Plan integration
- Modal plans
- ADA Transition Plan
- Bicycle Plan
- Community engagement on street design
- History of building complete streets projects
- Future plans for well-designed streets

Some misperceptions about complete streets are that it is:

- A design prescription (e.g. sidewalks on all streets)
- A mandate for immediate retrofit
- Always more expensive

About \$10 million will be awarded this winter. Funds must be used within 3 years. The Transportation Improvement Board (TIB) Award program recognizes different levels of adoption:

- Initiators: \$125K - \$250K
- Implementers: up to \$500 K

Use of awarded funds is self-directed and may include improvements for walking, biking, access to transit, and/or aesthetics. The awardee proposes a Complete Streets work plan to TIB for approval, TIB confirms eligibility and the project value, and the actual award value is based on adopted work plan.

John Donahue, WSDOT talked about the relationship between complete streets and practical solutions: understand the project need, consider the context, evaluate design controls, formulate and evaluate alternatives that meet the need, to develop consent-based decisions. WSDOT is

making a major effort at training staff in the Practical Solutions approach. The new Highway Safety Manual is another important addition to how WSDOT does things.

[Complete Streets Award](#)
[WSDOT Design Policy](#)

Action: None

Follow-Up: None at this time

WSDOT SECRETARY'S REPORT

Roger Millar, WSDOT, reported that passage of Sound Transit 3 adds a lot of work for joint intergovernmental efforts.

Lynne Griffith, WSDOT, announced her retirement from Washington State Ferries (WSF). Elizabeth Kosa is now leading WSF. She will continue the direction set, and will continue to integrate WSF into WSDOT.

Over 500 people attended WSDOT Innovations Conference earlier in December.

The Tunnel Boring Machine Bertha is at the 70% completion mark. WSDOT is engaging in Challenge Seattle's effort to apply smart technology to incident response. WSDOT also is starting an active transportation division in the Community and Economic Development Division. The latest round of Fast Lane grants is underway; WSDOT is submitting for the Gateway Project.

Action: None

Follow-Up: None at this time

CITY PRESERVATION RATINGS (RCW 46.68.113)

Cities are required to provide to the Transportation Commission preservation rating information on at least 75 percent of the city and town arterial network. The Association of Washington Cities and the TIB shared the information they have collected from cities.

Gloria Bennett, Transportation Improvement Board, reported that TIB does pavement rating on a four-year cycle. There are a variety of pavement rating methods:

- Nondestructive testing
- Destructive testing
- Ride quality
- Roughness (International Roughness Index)
- Skid resistance
- Pavement serviceability index

TIB Baseline Analysis
2008 – 173 Small Cities

2016 – 164 Small Cities

Poor	32 – 19%	8 – 5%
Fair	47 - 27%	46 - 27%
Good	59 - 34%	72 - 43%
Excellent	35 - 20%	38 - 23%

TIB’s Small City Preservation Program provides funding for chip seal, overlay and full depth reclamation of existing hard surfaced streets for 164 eligible cities and towns under 5,000 populations. The goal is to bring small city pavement rating average above 70 PCR.

Dave Catterson, Association of Washington Cities, reported that more and more cities have made pavement management a priority and are raising local revenues to pay for it. Over 90 cities have enacted Transportation Benefit Districts (TBD). Seattle voters in 2015 enacted a 9-year property tax levy that will cost median Seattle household \$275 per year. It includes funding to repave up to 180 lane-miles of arterial streets, maintaining and modernizing 35% of Seattle’s busiest streets.

In 2014, the Spokane Streets Levy was approved to support \$25 million in street improvements annually. Funding will allow Spokane to upgrade all 266 miles of arterials to a good condition and maintain them there throughout the 20 years. Work will include everything from major reconstruction to sealing cracks. Other dollars, including those generated through the vehicle license tab fee, will be dedicated to repairs on residential and other non-arterial streets.

Tacoma voters in 2015 approved a 10-year increase in property tax, utility tax and a sales tax. It is projected to generate \$175 million of new revenue and leverage an estimated \$120 million in grants and matching funds. The City will commit an additional \$30 million for a total of \$325 million for Tacoma’s streets over 10 years, more than doubling the street maintenance budget.

The Vancouver City Council in 2015 enacted a \$20 Vehicle license fee (increases to \$40 in 2018), \$10 increase in business license fees (increases to \$20 in 2018), and a 1.5% increase of utility tax. This will generate \$7.6 million per year by 2019, allowing for the improvement of pavement condition from Fair to Good citywide (1800 lane miles) by 2034.

WSDOT, Local Programs last compiled city preservation data in 2010. Major challenges in compiling and reporting meaningful statewide pavement data include:

- It’s a lot of data, and there are no dedicated resources to compile it
- Federal Performance Measures are likely to require a different pavement rating system for principal arterials (all of which are now part of the National Highway System)
- Medium and large cities don’t all use the same rating system.
- The state gas tax is a shrinking share of transportation revenue for many cities
- Cities adopt their own priorities for the condition of their streets

Roger Millar said that new increment of money to the state from the FAST act (other than freight-dedicated) will be dedicated to pavement preservation. The goal is to create a competitive grant program.

[Pavement Management in Medium and Large Cities](#)

Pavement Condition Status in Small Cities

Action: None

Follow-Up: *Association of Washington Cities will seek legislative clarification of RCW 46.68.113.*

TOLLING POLICY: ROLE AND PURPOSE OF THE TACOMA NARROWS BRIDGE SUFFICIENT MINIMUM BALANCE

Since 2010, the Commission has ensured a sufficient minimum balance in the Tacoma Narrows Bridge account to provide rate stability for bridge users and fiscal assurance for taxpayers and bondholders. This briefing will discuss the current status of the policy.

The sufficient minimum balance (SMB) is a target minimum fund balance and a tool to protect the Tacoma Narrows Bridge (TNB) fund balance from going negative. The Commission implemented the policy with input from Office of State Treasurer and the Office of the Attorney General in March 2010, then updated it in February 2013. It is not an expenditure; it is part of the fund balance for the TNB fund and not restricted in use.

The “Sufficiency Test” developed by the Commission is based on the 3-month rolling average fund balance. It excludes the funds from Civil Penalty net revenues. The current SMB, set at 12.5% of working capital (~45 days) is about \$10 million (FY 2017). The SMB is forecast to reach \$10.4 million in FY 2018.

The account balance has fallen below the SMB only once, in February 2012, which the Commission addressed with FY 2013 rate setting.

SMB is one of several tools to maintain or recover fund balance, providing the Commission time to coordinate and implement action to raise toll rates. It provides insurance for unanticipated loss of revenue. The state’s insurance policy for the Tacoma Narrows Bridge (TNB) provides no coverage for loss of revenue from recessions. The policy requires loss of revenue from physical damage to or near bridge (within 5 miles).

Commission staff tested TNB fund balance with alternative transaction growth rates to assess the likelihood of the fund balance remaining above SMB. Most alternatives relate to the possibility of economic recession. Options tested include +/- 2.5% annual growth and flat growth, consistent with sensitivity tests used for prior toll rate settings. Traffic and revenue forecasts taper from 2.8% growth (FY 2017) to 1% in out years.

Lower Sufficient Minimum Balance: Rate Impacts

- Lower or deferred rate increase possible for initial rate-setting
- Assumes greater use of existing fund balance to pay costs during FY(s) of rate cycle
- Helps address concern that TNB fund balance too high
- Does not change costs necessary to be paid by TNB fund
- Increases likelihood that loss of revenue event will result in: future rate increase or need for other revenues

- Possible interest costs from loan for a negative balance
- Carrying lower fund balance may require higher toll rates than otherwise necessary at end of debt service commitment (FY 2030)

An additional consideration is that the SMB Policy is not aligned with current insurance coverage. The Policy references a 10-day waiting period deductible, which was removed in FY 2015.

Sufficient Minimum Balance Policy Recommendations:

- Set SMB at \$10 million which ensures coverage for insurance deductible
- Covers largest expected monthly use of fund balance
- Maintains SMB at current value

Alternatives to \$10 million SMB:

Alt. 1: Set at 10% of working capital. SMB value would grow to nearly \$10 million by FY 2021.

Alt. 2: Set at \$8 million and accept risk of potentially relying on \$2 million from alternative source, or toll rate increase.

Further update SMB policy language: Align with current insurance deductible and clarify the rate adjustment trigger

Other Recommendations:

- Consider including Civil Penalty net revenue when calculating SMB sufficiency
 - Reduces pressure for rate increase
- Work with Legislature on toll rate relief
 - Options to reduce costs paid by TNB fund
 - Options to reduce reliance on SMB for maintaining/recovering fund balance
- Consider no FY 2018 toll rate increase; explore option of increase for FY 2019
 - Fund balance below SMB at current toll rates in FY 2019 & FY 2020
 - Projected negative balance in FY 2021

Proposed Decision Timeline

- Dec 2016: Commission selects preferred SMB option(s). No change to policy at this time
- Dec 2016/Jan 2017: Submit to Legislature for input & engage CAC. Support informed discussion of financing options with Legislature.
- TBD 2017/2018: Date for Potential Change to Commission's SMB Policy. Enables decision with stakeholder input and more updated traffic trends and costs.

Action:.. Commissioners Batra and Tortorelli see no need to act this year. Address this the next time we look at rate increases.

Commissioner Haley suggests the \$10 million level is reasonable; it covers the insurance deductible. To have a lower SMB and assume the differential is covered by other resources is not responsible. She suggests consultation with the TNB CAC and legislative leadership.

Chairman Litt agrees. Commissioner Young leans toward the Haley recommendation, but wants time to consider more thoroughly.

Tacoma Narrows Bridge Sufficient Minimum Balance

Action: None

Follow-Up: *Commissioners will discuss further. Bruce Beckett, TNB Citizens Advisory Committee (CAC) Chair, thanked the Commission for having the conversation. He suggests reducing the fund balance and sharing the risk with the state.*

WSDOT TOLLING REPORT

Patty Rubstello, WSDOT, addressed tolling needs for several facilities.

Tacoma Narrows Bridge:

- In 2015 the Transportation Commission decided to raise toll rates for all payment methods in two 50 cent steps in July 2015 and 2016;
- The 2016 Legislature granted \$2.5 million from gas tax revenues to provide sufficient balance in the Tacoma Narrows Bridge fund to avoid the planned FY 2017 increase, so rates were not raised in July 2016;
- The Transportation Commission told the CAC they would reconsider the sufficient minimum balance policy over the coming year;
- Normally the Commission would aim to set toll rates for two years this year, but if no rate increase is needed for FY 2018, rate-setting would not occur until next year.

Tacoma Narrows Bridge Traffic and Revenue Highlights

- Strong underlying economics continue to drive transaction growth
- As a percentage of overall transactions, Pay By Mail and Pay by Plate transactions continue to increase slightly while cash transactions remain constant
- November 2016 forecast assumes no July 2017 toll increase
- A new fiscal year maximum number of transactions was reached in FY 2016: 14.8 million
- A new monthly maximum number of transactions was reached in August 2016: 1.37 million

Tacoma Narrows Bridge Cost Highlights

Changes from previous year's budget include:

- Higher procurement costs for the new Customer Service Center vendor(s) resulted from accelerating the project by a biennium and increased cost estimates
- Existing Toll CSC contract expires in June 2018. Costs are increased in FY 2019 as a conservative approach in anticipation of contract extension negotiations.
- The proportion of Pay By Mail transactions have increased, leading to increased printing and postage costs
- Personal services costs are declining beginning in FY 2017 as WSDOT fills positions
- Lower infrastructure maintenance due to refinements in estimates based on actual experience and the reclassification of some personnel costs

Looking out to 2021:

- Repair and replacement of toll equipment such as cameras and toll readers are needed at the mid-point of toll collection on the bridge
- CSC Vendors Procurement was added as a new line item on this year's financial plan,. The previous year's forecast included procurement costs, some of which was included as repair and replacement costs.
- Increased procurement costs were the result of accelerating the project by a biennium and increased cost estimates
- In the November 2015 forecast, I-405 express toll lanes were not included in the cost allocation until FY 2018. I-405 is now part of FY 2017 vendor allocation and beyond.
- SR 99 Tunnel is included in cost distribution beginning in FY 2020

Use of Funds: Preservation Repair and Replacement

- Bridge deck resurfacing and lighting upgrades at \$0.96 million planned for FY 2017
- Toll equipment replacement at almost \$5 million per year in FY 2020 and 2021
- Roadway resurfacing at \$2.3 million in FY 2021
- A portion of CSC procurement costs were included in the November 2015 forecast as part of preservation repair and replacement

SR 520 Traffic and Revenue:

- Weekday traffic was forecast to grow significantly in FY 2017, but actuals since the new bridge span opened have not met expectations. Gross revenue has increased, but is still short of the prior forecasted expectations.
- Peak volumes are lower than originally forecasted since the west end constraint remains. Mid-day traffic share is higher than expected, resulting in a lower than average toll and lower revenue forecast for the near term.
- In the long-term transactions and gross revenue become higher as the full capacity of the new bridge is completed.
- The economic forecast indicates about the same or slightly lower employment growth in 2016-2020, but higher growth after FY 2020.
- The impact of I-90 closures are incorporated in the new forecast

Bridge usage is consistent with pre-tolling 2009 bridge user's origin-destination survey.

- Overall higher population and employment forecasted in the four main cities along the corridor – Seattle, Bellevue, Kirkland, and Redmond
- New developments, either underway or planned, have shifted more growth to Seattle, especially in the Central Business District which includes South Lake Union.

Base Year Traffic and Revenue (FY 2016) aligned with actuals

- Average weekday transactions adjusted down by 0.5 percent
- Average weekend transaction adjusted up by 3.8 percent
- Short Term T&R revised forecast (FY 2017 and FY 2018) partly informed by recent growth patterns. FY 2018 increase includes adding night time tolling which is a larger proportion of weekend transactions than weekday proportion

The prior forecast had expected peak hour volumes to grow due to the new bridge opening. However, peak hour traffic remains constrained since the bottleneck moved to the west end. Mid-day traffic is exceeding expectations. The refined forecast weekday transaction profiles lead to an overall decrease in gross toll revenue for FY 2017 compared to the prior forecast, but increases the gross toll revenue in the long range as incremental capacity to the bridge is added.

November 2016 Forecast:

Toll transactions are lower through FY 2025 and higher thereafter

- Pay By Mail shares and transactions slightly higher in all years
- Lower *Good To Go!* shares paired with lower transactions through FY 2025, higher thereafter
- Pay by Plate subset of *Good To Go!* transactions and shares higher in all years

Higher total image-based transactions lead to slightly higher forecasts of uncollectible revenue

- Revenue not recognized due to unreadable plates / unidentified owners
- Unpaid toll revenue after 80 days / 2 invoices

Gross toll revenue potential is lower through FY 2022 and higher beyond FY 2025

- Higher Pay By Mail tolls and transactions yield more gross revenue

The Transportation Commission received a legislative request to consider impacts of making SR 167 HOT Lanes hours of operation consistent with I-405 express toll lanes. This would remove HOT lane tolling on weekends. Two options could be considered:

- HOT lane could be open to all, like express toll lanes
- Could also revert to HOV operation, like I-405 HOV lanes

Issues to consider:

- Policy inconsistencies throughout the I-405/SR 167 corridor
- Differences between express toll lane and HOT lane operation
- Likely impacts of changing SR 167 hours of operation
- Future changes to the SR 167 corridor
- Timing for comprehensive consideration of alternative policies

Primary benefits from HOT lane tolling occur when congestion occurs, mostly on weekdays

- On weekends the HOT lane can help manage traffic when incidents occur (about 4-6 times per month), and people willing to pay to be in the HOT lane help distribute traffic more evenly over all lanes
- Toll rates remain at the minimum toll rate on weekends unless an incident occurs
- WSDOT does not see recurring weekend congestion in the corridor and is not hearing from customers that changes are needed
- If tolling were curtailed on weekends, there would be a revenue loss of approximately \$85,000 annually

In mid-2019 a ramp will open connecting I-405 HOV lanes to the SR 167 HOT lanes

- HOT lanes on SR 167 will connect directly to HOV lanes on I-405.
- Both will have a 2+ HOV definition and both currently have the same hours of operation.

In 2024 completion of the Renton to Bellevue express toll lanes will create a 40-mile express toll system. This will require that SR 167 HOT lanes be removed from pilot status and a consistent HOV definition will be needed.

- Will need to choose whether to adopt the same hours of operation
- By the time the full corridor becomes a continuous express toll facility, the toll system on SR 167 must be upgraded to accommodate photo tolling
- HOV customers will then need a Flex Pass to be exempt from tolls

The SR 167 HOT lanes are in pilot project status, and prior decisions to upgrade to permanent status were deferred. During the 2018 legislative session the I-405 express toll lanes will have had two years of evaluation and the legislature will determine whether to continue.

When the SR 167 HOT lanes become permanent, analysis and decisions will be needed for comprehensive and consistent operations throughout the corridor.

[Tacoma Narrows Bridge – FY 2018 Tolls](#)

[Tacoma Narrows Bridge Financial Plan](#)

[SR 520 Traffic and Revenue Study Update](#)

[Express Toll Lanes and High Occupant Toll Lanes](#)

Action: None

Follow-Up: None at this time

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