WASHINGTON STATE TRANSPORTATION COMMISSION
Meeting Summary
April 16 & 17, 2013

COMMISSION BUSINESS

Commissioner Haley moved adoption of the March meeting summary. Commissioner Tortorelli seconded the motion and it was adopted.

Commissioner O'Neal read the draft resolution honoring Aubrey Davis. Commissioner Parker moved adoption of the resolution. Commissioner Haley seconded the motion and it was adopted.

Chairman O'Neal suggested the Commission schedule a guided tour of a ferry in operation. Due to the challenges of scheduling all Commissioners at one time, it also may be possible for members to schedule tours on their own.

Commissioners discussed last night's Tacoma Narrows Bridge public input meeting- and look at ways to improve the process and respond to accusations that the Commission operates in secret. At future toll rate meetings and hearings, Commission and WSDOT presentations will emphasize the lengthy public process used to develop toll rate proposals.

The Commission indicated its desire that Chairman Dan O'Neal and Vice-Chairman Tom Cowan continue as officers for another year.

Commissioner Cowan moved that the Commission appoint Commissioners Philip Parker and Anne Haley as members of the Columbia River Crossing Bi-State Committee. Commissioner Litt seconded the motion and it was adopted.

The Commission also discussed the possibility of scheduling a joint meeting with the Oregon Transportation Commission in late September or early October.

Commissioners reported on their meetings and activities:

> Commissioner Litt reported that the WTP Team will be meeting with the MPO/RTPO/WSDOT Coordinating Committee on May 21.
>
> Commissioners Cowan and Haley reported on the April 4 Road Usage Charge Steering Committee meeting. Both thought that it was a very productive meeting and that the Steering Committee is highly engaged and eager to move forward.
>
> Commissioner Tortorelli reported that he meets monthly with the WSDOT Region Administrator. Next month he is meeting with the Colville Tribe.
>
> Chairman O'Neal and the Executive Director attended the Governor's news conference last Friday promoting the Puget Sound Gateway and a transportation package.
>
> Commissioner Litt noted that the preservation budget is so minimal that for the first time in 26 years, there is no chip-sealing scheduled in the North Central Region. He also noted that

the Colville Confederated Tribes are building a gas station in Omak. They are collecting gas tax from all customers but tribal members.

FOLLOW-UP/ACTION:

(1) Staff will look into scheduling one or more guided tours of a ferry in operation for Commissioners.
(2) Staff will pursue scheduling a joint meeting with the Oregon Transportation Commission in late September or early October.

NEW DIRECTIONS IN FREIGHT

Professor Jeremy Sage, Washington State University (WSU) talked about freight trends and modal shares. By value and by tonnage, most freight is moved by truck. Although truck travel accounts for only a 7% share of vehicle travel, it accounts for 22% of congestion cost by vehicle type.

The WSU Study reveals that freight congestion statewide costs $14.4 billion. While there are positive impacts, the negative impacts outweigh the benefits. WSU estimates that congestion accounts for a net loss of 27,257 jobs and $3.3 billion of industry output.

Lessons learned:

- Washington's economic vitality and livability depends on reliable, responsible and sustainable transportation.
- Congestion causes increased direct transportation costs to freight-dependent industries – which translate to increased costs of goods and services to consumers in Washington State.
- These demonstrated economic impacts suggest that WSDOT should prioritize investments that enhance mobility for trucks and freight industries as a way to support the State's goals of a strong economy.

Russ Blount, Co-Chair, Freight Action STrategy (FAST) Corridor and Public Works Director of Fife, briefed the Commission on the FAST Partnership that has operated since 1998 as a collaboration of public and private partners to improve freight movement in the Everett-Seattle-Tacoma corridor. Most of the 25 freight mobility projects identified have been completed. The private contribution to FAST projects has averaged about 10%. FAST continues to identify regional freight priorities for Puget Sound Regional Council (PSRC).

Barb Ivanov, Co-Director, Freight Systems, WSDOT briefed the Commission on development of the State Freight Plan. RCW 47.06.045 requires the Washington State Department of Transportation to develop a state freight mobility plan. The Washington State Freight Mobility Plan is scheduled to be finished by Early 2014.

The goal of the State Freight Plan is to make a strong case for funding Washington State's freight priority improvements, and to guide state and federal investments and policies that affect the state's freight systems. The State Freight Plan is also based on state policies adopted in the 2030 Washington Transportation Plan (WTP) including:

- Continue the evolution to performance-based programs.
- Improve Washington's economic competitiveness
- Support the coordinated and efficient movement of freight and goods.

Moving Ahead for Progress in the 21st Century Act (MAP-21) recommends 11 sections in State Freight Plans:

1. Strategic Goals
2. Economic context
3. Freight policies and institutions, including:
   - State grant and loan programs available to pay for freight-related infrastructure, such as the Freight Mobility Strategic Investment Board (FMSIB) grant program and the WSDOT Freight Rail Bank Grant and Loan programs;
   - An explanation of the governance structures, funding mechanisms and constraints in state institutions such as WSDOT that own and regulate freight infrastructure;
   - Private infrastructure owners such as the railroads, and regional freight infrastructure owners such as ports; and
   - Multi-state freight planning activities in which the State participates such as the Northwest Passage Corridor Coalition (I-90) and the Great Northern Rail Corridor Coalition.
4. Inventory of State Freight Assets and Freight mobility issues
5. Condition and Performance of the State's Freight Economic Corridors

   Reducing:
   - Truck travel time
   - Direct truck operating costs
   - Truck engine emissions

   Improving:
   - Economic output
   - Network resiliency
   - Reliability
   - Freight Demand Forecast
   - Strengths
   - Weaknesses
   - Decision Making Process
6. Freight Improvement Strategies. The State Freight Plan will:
   - Present the state's high-priority multi-modal freight improvement strategies;
   - Provide an analysis of how large-scale freight improvements will affect the state's industries and supply chains;
   - Discuss programs that may impede deterioration on Agricultural and Timber highway routes;
   - Include local and Tribal freight improvement strategies if they are (1) located on the State's Freight Economic Corridors, (2) identified in Tribal or Metropolitan Planning Organizations (MPOs) and Regional Transportation Planning Organizations (RTPOs) Transportation Improvement Plans and/or Long-range Plans, and (3) address freight performance goals found in MAP-21 and/or the State Freight Plan; and
   - Include the current Freight Mobility Strategic Investment Board (FMSIB) list of projects.
7. Implementation Plan

Based on customer and expert interviews, some of the freight trends affecting Washington State are:

- Overcapacity and intense competition in Asia to U.S. trade lanes;

- Shortage of skilled truck drivers;
- Increasing percentage of urban deliveries made from 1:00 to 5:00 am;
- Rapid increase of transload activities in the warehouse districts near the west coast ports;
- Shorter average full truck load routes, driven by national retailers' focus on regional distribution centers and mainline rail competition;
- Pressure on the current drayage trucking business model as green requirements increase;
- Agricultural shippers need to meet mainline railroads' shuttle train requirements on short-line railroads to receive favorable pricing;
- Economic importance of over-dimensional multi-state truck corridors;
- Changing demand for energy commodities and equipment;
- Development of more automated trucks in the near-term and fully automated vehicles in the long-term;
- Abundant and cheap natural gas, compared to diesel fuel.

Karen Schmidt, Executive Director, FMSIB, characterized MAP-21 as a precursor to the next federal authorization. The current MAP-21 expires - September 30, 2014 and Congress will begin work on next MAP-21 in summer 2013. MAP-21 features include:

- Strong Freight emphasis;
- Sections 1115 -1118 mandate freight planning;
- State, MPO, RTPO & Stakeholders all have a role; and
- States that are organized will benefit in the next authorization.

Ms. Schmidt noted deficiencies in work to date defining the National Freight Network. She recommended that the Initial designation of a full National Freight Network in December 2013 include the primary freight network, the rest of the Interstate system, and critical rural freight corridors. She provided the Commission a copy of a letter sent to USDOT by the Southern California National Freight Gateway Collaboration and suggested that Washington may wish to send similar correspondence on the National Freight Network designation.

FMSIB's freight advisory committee will identify emerging freight delivery issues for the many faces of freight: Truck, port, rail, air, maritime, river, labor, agricultural, environmental, manufacturing, assembly, and shippers. It also will identify state and federal policies impacting freight.

Next Steps:

- Information shared with WSDOT and Transportation Commission
- Inventory part of state freight plans including maintaining data on FMSIB freight deficiency list
- Data compiled into a Freight Portfolio as a resource for federal & state policymakers
- Trends & emerging change updated with biannual Freight Advisory Committee meetings
- Letter to USDOT that FAF not accurate measurement of freight network
  Density use not a network map
- HPMS – not complete but better than FAF
  Includes factors like truck volumes

- State plans hold the key to freight network
  - Intermodal
  - First/last mile

Conclusion:

- Freight movement has been elevated
- Freight community needs to help define
- State freight plans will be more important
- Washington is ahead of other states in understanding our own freight needs

National and Regional Trends
State Freight Plan Update
MAP 21 – Freight Planning and Performance

Follow-Up/Action: Continue to monitor development of the Freight Plan and performance measures for inclusion in the Washington Transportation Plan.

PUGET SOUND GATEWAY

Craig Stone, Assistant Secretary, Toll Division, WSDOT and John White, Director, Tolled Corridors Development, WSDOT briefed the Commission on the benefits and challenges of improving SR 167 and SR 509.

The local and regional benefits:

- Provide direct link to Green River Valley, the second largest distribution center on the West Coast. 44 percent of regional truck trips from the ports of Seattle and Tacoma travel to the Kent and Puyallup river valleys.
- Complete SR 509 and SR 167 connections to I-5 to improve mobility and connectivity in the Puget Sound region.
- Improve freight connections between the state's largest ports and import/export centers.
- Provide improved transportation access to city and employment centers.

State benefits:

- Provide new distribution connections for agriculture products grown in eastern Washington.
- Enhance state's economic competitiveness both nationally and globally.

The funding need for Phase 1 is $1.6 to $1.8 billion. Complete build out is estimated at $2.7 to $3 billion. By tolling both projects, they can be built incrementally and enlarged as demand increases. The proposal also adds capacity to I-5 with potential express toll lanes, reducing congestion and travel times between Seattle and Tacoma. Combining the projects into one system provides the opportunity for revenue sharing and helps build a unified support coalition benefitting both international seaports and the Sea-Tac Airport.

Why have a phased approach to corridor completion?

- Washington State's largest corridors are built in phases.
- Traffic forecasts show that tolling both the SR 509 and SR 167 corridors will not only contribute to construction funding but will also help manage traffic volumes.

- Lower initial traffic volumes provide the opportunity for phased construction of the project, allowing capacity to be added strategically over time to meet the needs of corridor users.
- Addresses freight mobility and the most critical connections first.
- The ultimate goal within the Gateway proposal is to build two lanes in each direction on both the SR 509 and SR 167 corridors while completing all planned interchanges.

Commissioners expressed concern about the capacity of the WSDOT and the citizenry to take on another project that lacks full funding. Mr. Stone said that the two ports and WSDOT are talking about contributions from the Ports; the City of Sea-Tac has offered to contribute to the SR 509 connection. Private investors also have expressed interest in the projects.

Next steps:
Puget Sound Gateway Project Funding and Phasing Study

- Design refinement
- Traffic and revenue results April/May 2013
- Study complete June 2013

Post study completion

- Environmental approvals
- Design updates
- Complete right of way acquisition
- Delivery methods

Puget Sound Gateway

Follow-Up/Action:None.

LEGISLATIVE UPDATE

Paul Parker, Senior Policy Analyst, WSTC provided a current legislative update.

Follow-Up/Action:None.

REPORT ON WASHINGTON STATE FERRIES (WSF) VEHICLE RESERVATION SYSTEM

George Capacci, Deputy Chief, Ferries Construction & Operations, WSF briefed the Commission on implementation of the WSF vehicle reservation system. The goals of the system are:

- The system must work for WSF Customers, being easy to use and offering an adequate degree of predictability, spontaneity, and flexibility.
- The system must work for Ferry Communities, reducing the negative impacts of queuing outside the terminal and allowing WSF customers and local residents to access local businesses and reduce congestion in residential neighborhoods.
- The system must work for WSF, recognizing the unique circumstances of its different routes, helping the agency manage demand, improving asset utilization, and responding to legislative direction.

Phase 1 – Enhance Current System (2009-13)

- System design and testing
- New website for making, changing, and cancelling reservations

- Premier, Executive, and Universal account programs available for frequent users

Phase 2 – San Juan Islands (2013-15)

- Reservations extended to San Juan Islands
- Terminal improvements to San Juan Islands
- System-wide reservations for commercial account customers

Phase 3 – Central Sound (2015-19)

- Reservations extended to Central Sound commuter routes
- New signage at and leading to terminals

In Phase 1, on the Port Townsend/Coupeville route, over 177,000 reservations were made, beginning in June 2012. The show ratio of 60% has increased to 86% due to required deposit. WSF carried 3% more vehicles in 2012 and the number of overloaded sailings decreased by 18%.

Phase 2, in the San Juan Islands, is planned to launch in fall 2014. WSF has established a San Juan Islands Partnership group which has met 4 times. It is currently designing system requirements for software development and our terminal improvements. Development and construction will begin July 1, 2013.

WSF Vehicle Reservation System

Follow-Up/Action: None.

MAP-21 AND THE NEXT WASHINGTON TRANSPORTATION PLAN (WTP): SUBSTANTIVE AND PROCEDURAL REQUIREMENTS FOR A FEDERALLY COMPLIANT PLAN

Brian Smith, Director, Strategic Planning & Programming, WSDOT and Judy Lorenzo, Transportation Planning Manager, WSDOT briefed the Commission on the Process and Plan Requirements for the Long-Range Statewide Transportation Plan. In this effort, we must:

Coordinate with:

- Metropolitan transportation planning organizations
- Statewide trade and economic development, and multistate planning work

Consider:

- Planning activities conducted outside metropolitan planning areas and between states

Consider the concerns of:

- Federal land management agencies
- Non-metropolitan local official transportation officials (RTPOs)
- Indian tribal governments

Coordinate:

- Data collection with public transportation operators
- Development of the State Implementation Plan with air quality agencies

Be consistent, as much as possible, with:

- Regional intelligent transportation systems
- Strategic Highway Safety Plan (Target Zero)
- Preparation of the coordinated public transit-human services transportation plan

Long-Range Statewide Plan Process
State/Federal Policy Goals Comparison

Follow-Up/Action: None.

WSDOT SECRETARY REPORT AND DISCUSSION

Lynn Peterson, Secretary, WSDOT noted that there is bi-partisan support for a conversation on transportation revenue. She also noted the Governor's transportation principles, which he laid out last week when he announced support for the Puget Sound Gateway project.

She talked about the Governor's support for the Columbia River Crossing and his meetings in Vancouver with supporters and opponents, and with the companies that would be impacted by the bridge height. All three firms are willing to move forward -- with mitigation. Secretary LaHood, USDOT visited Olympia to stress the importance of moving forward with the Columbia River Crossing. His message: "Fish or cut bait."

Secretary LaHood committed to:

- $850 million from FTA
- $600-$650 million in TIFIA loans
- Money in the President's transportation budget

The federal court decision on culverts requires the state to repair 817 culverts by 2030. If there is a decision to appeal, it would not affect the obligation, but the sequence and timing of the state response.

Secretary Peterson also reported that she has attended her first meeting of the Sound Transit Board, the PSRC and looks forward to other regional meetings.

Follow-Up/Action: None.

PUBLIC COMMENT

Paul W. Locke told the Commission that there is not enough money to continue all the ferry routes.

THE GRAY NOTEBOOK

Daniela Bremmer, Director, Strategic Assessment, WSDOT and Staff talked about three topics in the most recent Gray Notebook.

WSDOT has developed three new measures for pavement management to better measure long-term pavement sustainability:

- Remaining service life;
- Asset sustainability ratio; and
- Deferred preservation liability.

Conditions are trending downward using all three measures. Pedestrian and bicycle safety is measured against the goals of both the bicycle and pedestrian plan and the highway safety plan. Although fatalities are decreasing for all travel, the fatality rate for bicycle and pedestrian travelers is flat or increasing. As bicycling and walking increase in urban areas – the goal is to double miles in 20 years – the bicycle and pedestrian fatalities also have increased. Although main street

highways account for only 9% of centerline miles, they are the location of 26% of the bike/ped fatalities.

The Maintenance Accountability Process (MAP) measures and reports on the performance of highway maintenance activities, as part of asset management. WSDOT uses two metrics, asset condition and task completion. WSDOT missed six maintenance targets in 2012. Four of the activities have been consistently below target at the statewide level since 2009: Structural Bridge Repair, Raised/Recessed Pavement Marker Maintenance, Shoulder Maintenance, and Nuisance Vegetation Control. Two of these activities, Structural Bridge Repair and Raised/Recessed Pavement Marker Maintenance, received additional funding in the 2009-11 biennium.

WSDOT accomplished annual inspection and maintenance of all stormwater permit areas.

Gray Notebook Introduction and Overview
Asset Management: Pavement Conditions

Follow-Up/Action: None.

WSF FARE-SETTING POLICY ISSUES

Ray Deardorf, Director, Finance & Planning, Ferries Division, WSDOT joined by Michael Hodgins of Berk Consulting and Greg Beardsley, Ferry Advisory Committee – Tariffs, briefed the Commission on policy discussions to set the stage for the FY 2014 Fare Proposal.

Potential 2013 tariff topics were first discussed at November 2013 WSF community meetings. The Ferry Advisory Committee – Tariffs met from February through April. On April 17, 2013, the Commission filed the CR 101 notifying the opening of the tariff WAC sections.

Hopefully, the fare revenue target will be established in the regular legislative session. If so, on May 22, WSF will present the FY 2014 fare proposal to the Commission in Port Townsend. No later than June 5, 2013, the Commission will file CR 102 form with Commission fare proposal. The public comment period for Commission fare proposal would occur in late June/early July, with the Commission taking action on July 9, 2013 or later, possibly at the Commission meeting on July 16 – 17. The CR 103 would need to be filed by August 30, 2013.

RCW 47.60.290 directed WSF to, among other things, "consider… options for using pricing to level vehicle peak demand" and "recognize that each travel shed is unique." This guidance potentially relates to the passenger-vehicle fare ratio and fare discount policies that encourage passengers to switch from walk-on to drive-on travel and increase vehicle occupancy either through carpooling, car sharing, or consolidating trips.

At the request of the FAC-T a "Cost of Service Analysis" was conducted.

- This analysis included many assumptions and started with the premise that WSF's initial cost drivers in establishing the size of vessels and terminals was to carry vehicles.
- Passengers create additional costs for vessel crews and terminal staffing.
- The additional revenue that passengers bring to WSF's bottom line, however, is proportionately more than the marginal cost it takes to carry them.

- This conclusion gives latitude to treat passenger fares more generously than vehicles in rate setting to meet transportation demand management goals.

Vehicle/Driver to Passenger Fare Ratio

With the exception of the San Juan Islands, the standard size vehicle/driver to passenger fare ratio is 3.5 to 1. Options are being looked at that would alter this for some or all passenger fare categories:

- Increasing the discount given to 90-day passenger multi-ride/monthly passes and youth (ages 6 through 18) fares from the current 20% discount to something higher.
- Increase the spread between passenger fares and vehicle/driver fares for all passenger categories.
- To make up the revenue difference, it would be necessary to increase other fare categories at a higher rate.
- Phasing options are being looked at as well to lessen the impact of the offsetting fares.

Under 14' Vehicles

To encourage WSF's customers to use smaller cars, vehicles larger than a motorcycle but shorter than 14 feet in length now have a 20% fare reduction relative to a standard car. This was done in two phases: a 10% reduction in October 2011 and a 20% reduction in May 2012. A third phase was envisioned to increase the reduction to 30%, calculated based on the combined vehicle/driver fare. The program is working and having the desired impact of accommodating more cars during peak hours.

Three options are being considered:

1) leaving the price reduction at 20%;
2) moving it to 30% as was discussed in 2011; and
3) recalculating it in a way that's consistent with the way the motorcycle/driver fare is calculated – calculating the fare differential using only the vehicle portion of the vehicle/driver fare.

Issues the FAC-T and WSF are considering regarding the Under 14' fare:

- The increase in the percentage of use of the Under 14' fare between the 10% and 20% fare difference.
- The impact to terminal sales staff of increased attractiveness of the Under 14' fare using current measuring technology.
- The impacts of further discounting of this fare category and its effects on other fares to compensate, especially in light of potential passenger fare adjustments.
- Consistency with motorcycle fares and using the vehicle only portion to make space calculations.

Motorcycles and 3-Wheeled Vehicles

Currently, motorcycle fares are calculated based on a ratio of five motorcycles to one standard vehicle space. A surcharge is added if a motorcycle has three wheels. Some three wheeled motorcycles are smaller than some two wheeled motorcycles but pay more – this has raised equity concerns.

Sidney Fares

Passenger car fares on the Anacortes-Sidney route are set higher than they otherwise would be if based solely on distance in order to be more in line with B.C. Ferries and Black Ball Line, the other

operators to Vancouver Island. In recent years fares have gone up lock step with rest of the WSF system.

RV Fares/Commercial Fares Differential
The Anacortes/Sidney, B.C. route has two sets of fares for oversized vehicles – one for commercial and the other a discounted fare for buses and recreational vehicles. As Canada Customs no longer allows commercial vehicles through the Sidney terminal, almost no one is using the higher fare. The FAC-T and WSF are evaluating combining the two sets of oversize fares into a single category, as the JTC's fare media study recommends.

Sidney-Friday Harbor Fares
Currently, the fares between Sidney and the San Juan Islands are greatly different depending upon which direction is traveled. This is because the Sidney/Anacortes fares are collected in both directions, but the Anacortes to San Juan Islands fares are collected as a roundtrip only in the westbound direction. The FAC-T and WSF are evaluating alternatives to this fare structure, including the concept of charging a round trip fare from Friday Harbor to Sidney so this fare can be set independent of the one-way Anacortes to Sidney fare.

Multi-ride card available on ORCA
Recommendation 7 from the JTC's Fare Media Study stated that: "WSF should allow its passenger multi-ride cards, and if operationally feasible its vehicle multi-ride cards, to be purchased and loaded on ORCA cards".

There is FAC-T support for this being applied to passenger multi-ride media. It does not appear to be feasible to apply ORCA to vehicle multi-ride media as it is intended for transit type usage and not vehicles.

Other Tariff Items
The following are minor language changes that are being discussed for the 2013 tariff cycle:

- Reservation fees (as an option where the current deposit approach creates operational challenges).
- Language requiring school groups traveling on the school group rate to notify WSF 72 hours in advance with a count of participants to ensure adequate children's life vests.
- Language to ensure that there is no difference in the applicable fare for a disabled passenger traveling with an attendant regardless of fare type or who is driving the vehicle.

Initial transportation budget proposals from the Senate and House Transportation Committees contain the same assumptions about fares in the 2013-2015 biennium, based on the March 2013 transportation revenue forecasts:

- Across the board 2.5% fare increases, in October 2013 and October 2014.
- Assumes a total of $328 million in fares to operations and $7.6 million to capital (the latter from the 25 cent per fare surcharge) for the biennium.

In 2011, the Commission opted to file a two year tariff for both 2011 and 2012, and moved the implementation of the second year's tariff up to May 2012 from October. This was done to offset declining forecasts in June 2011 that indicated that it would be more difficult to meet the legislature's fare revenue target. Administratively, the two year tariff worked out very successfully

and there was very little customer comment. Doing so again for 2013 and 2014 could increase the revenue to WSF and reduce the need for some fares to be higher if options such as keeping passenger fares low are pursued.
2013 Tariff Review Status Report

Follow-Up/Action: Continue to work with WSF and the FAC-T as they develop the FY 2014 fare proposal.

WSF IN-NEED ORGANIZTION REQUEST (SALVATION ARMY)

Qualified organizations serving in-need clients may provide tickets for transportation on WSF at no cost to clients through a monthly discount to approximate appropriate multi-ride media discount rates. Ray Deardorf, Director, Finance & Planning, Ferries Division, WSDOT presented a request from the Salvation Army for status as an In-Need Organization that can provide reduced fare tickets to clients. ***The Commission certified the designation of the Salvation Army as an In-Need Organization.***

Follow-Up/Action: None.

TRANSPORTATION COMMISSION

DAN O'NEAL, Chairman

TOM COWAN, Vice-Chairman

ANNE HALEY, Member

PHILIP PARKER, Member

JERRY LITT, Member

CHARLES ROYER, Member

JOE TORTORELLI, Member

ATTEST:

REEMA GRIFFITH, Executive Director

5/22/13
DATE OF APPROVAL