

WASHINGTON STATE TRANSPORTATION COMMISSION

Meeting Summary

July 19 & 20, 2011

The regular meeting of the Washington State Transportation Commission was called to order at 9:00 a.m., on Tuesday, July 19, 2011, in Room 1D2 of the Transportation Building in Olympia, Washington.

MINUTES APPROVAL/ADOPTION

Commissioner Litt moved approval of the June 21, 2011 minutes with a correction on the cost of the North Spokane Corridor from “million” to “billion.”; and the June 20, 2011 Special Meeting Minutes re WSF Ferry Fare Proposal; and June 29, 2011. Commissioner Haley seconded the motion, which was approved by unanimous vote.

I-405 STATED PREFERENCE SURVEY

Jeff Buxbaum, Cambridge Systematics and Bill Young, Research Assurance, briefed the Commission on the survey to assess stated preferences and attitudes on the Eastside Corridor. The stated preference survey will get at the issue of “willingness to pay” or “value of time.” The survey will:

- Evaluate existing traffic conditions
- Forecast future corridor growth
- Evaluate choices
- Incorporate risk of alternative outcomes

The tentative sampling plan anticipates 300 responses from employees in the corridor, 700 responses from an online research panel, and 500-1000 generated from a postcard distribution to a random sample of households in the corridor region. In total, a minimum of 1500 online survey responses is needed to achieve specific quotas to model work and non-work, peak and off-peak, north and south of I-90. The key to good data is appropriately weighting the samples.

The attitudinal survey will be short and simple. It will probe attitudes regarding:

- Existing congestion
- Level of agreement with express toll lanes as a solution (compared to no action)
- Level of agreement with moving to HOV 3, instead of HOV 2

The survey will test willingness to pay at 3-5 different toll amounts.

The survey design is underway; results should start to become available by October. Initial findings for the entire study should be available in May 2012, with full findings by July 2012. Although some legislators would like the study to move more quickly, WSDOT has agreed to set August 2012 as the date for a notice to proceed.

[I-405 State Preference Survey](#)

Action/Follow-up: Move forward with the I-405 Stated Preference Survey.

STATEWIDE TRANSPORTATION NEEDS SURVEY

Bill Young, Research Assurance, briefed the Commission on the purpose and method of the statewide transportation survey. The survey will be a market research study covering numerous transportation issues, such as:

- Willingness of citizens to tax/fee/toll themselves
- Public's general priorities
- The balance of state and local projects
- Public perception of how transportation is funded, how the gas tax is used
- Balance between spending on maintenance of existing system and construction of new projects
- Understanding of the magnitude of the funding challenge
- Awareness and attitudes toward ferry funding
- Role of transit
- Role of freight system, Washington's role in international trade

The methodology is mixed online and/or telephone. The average interview length will be 18-22 minutes with 35-45 questions. Age and gender will be balanced within RTPOs; data will be weighted to population density with and across the RTPOs by age and gender. Data will be analyzed by:

- Whole state
- 14 RTPOs
- Legislative District
- Key demographics
- Key attitudinal responses

Asking about the city/county/state split may require some follow-up to identify need and where money comes from. Or, put another way, what is the local obligation vs. the state obligation for the system? The Commission also discussed to what extent the survey should identify specific projects (such as the North Spokane Corridor or the Columbia River Crossing). From meetings with legislators, transportation agencies and stakeholders, there is a lot of interest in what citizens think of the state role in transit, breadth of acceptability of a "user pay" approach, balance between taxes and fees.

It's important to break down the east-west barrier in the survey and get respondents to focus on what is important to them as individuals. How will the Commission report the results back to the different areas? That is part of the reason to break it down by RTPO.

The survey design and pre-test will be complete by the end of August; data collection will occur during September, with an interim presentation to the Governor and Commission in late September. The project will be complete by the end of the year.

EMC was selected as the vendor from 11 submittals. EMC Principal Andrew Thibault and Ian Stewart introduced themselves and explained the need to frame and focus every question.

From this point on, most of the work will be done by the Survey Team. EMC will move from a laundry list to a focused questionnaire that zeros in on "what you will wear tomorrow."

[Attitudes Towards Statewide Transportation Issues, Projects and Funding](#)

Action/Follow-up: Finalize the Survey instrument and proceed with the survey in September.

JOINT LEGISLATIVE AUDIT & REVIEW COMMITTEE (JLARC) REPORT – USE OF CAPITAL FUNDS AT STATE FERRY TERMINALS

Keenan Konopaski, Legislative Auditor, and John Woolley, Deputy Legislative Auditor, JLARC briefed the Commission on its audit of WSF terminal preservation efforts. The Legislature directed this work because WSF was requesting capital funds for preservation work and some capital funds were requested for assets that were still in good condition. The Legislature responded by prohibiting the use of capital funds for maintenance and requiring WSF to maintain a life-cycle cost model.

JLARC asserts that asset condition reporting is still a problem. WSF suggests that early replacement is necessary when some components of a system are due for replacement but other closely related components are not. Preservation work is warranted on some structures that are still in good or fair condition because further deterioration could result in a structural or safety concern.

JLARC recommends new procedures for providing more informative capital budget requests for terminal preservation:

- Modify condition categories to explain funding requests for assets in good or fair condition
- Include asset condition ratings with capital budget requests
- Justify exceptions to replace or renovate assets that are not justified solely by asset condition

Both WSDOT and OFM concur with the JLARC recommendations. No statutory changes are necessary.

[Analysis of State Ferry Terminal Preservation](#)

Action/Follow-up: None.

TRADE, TRANSPORTATION AND THE ECONOMY

Professor Ken Casavant, Washington State University, briefed the Commission on three recent studies.

First, Professor Casavant talked about the transportation disruption from the **Columbia-Snake River shutdown** from December 2010- March 2011. Wheat comprises 75% of downriver shipments. There were major challenges and successful efforts communicating to farmers, buyers, and shippers to prepare for the closure.

Prior to the outage, most shippers planned to use rail. During the outage, most products were transported by truck – or a combination of truck and rail. Trucking actually opened new markets.

Petroleum shipments by truck increased from 40% to 60%. Rail shipments did not increase. Forest products were moved in the summer and fall (75% above average) and barge shipments continued from Bingen.

Traffic has returned to the river. Work to be done:

- continue to document the return of traffic
- calculate total costs to shippers and commodity industries

- calculate energy and emissions impacts

Second, Professor Casavant shared information about the relationship between transport and trade. Transportation improvements, along with institutional and political conditions, are critical. Export competitiveness depends on US and competitors' investments. Port efficiencies have the biggest payback. On the down side, a 12% increase in transport costs reduce trade volume by 28%.

The market for PNW grain products is set in Portland. You can see the impact of worldwide weather at the Chicago Board of Trade. Import facilities – that ship to distribution facilities – are another part of the export/import system, as well as ports.

Findings:

- Ill-defined relationship between trade and transportation

Third, Professor Casavant talked about the economic and environmental benefits of private railcars. Less than half the railcars in US are owned by the railroads. Railroads are doing very well; but private railcar owners/investors are surviving with an implied 30-year return rate of 2 – 4%; far less than risk free 20 year T-Rate (4.27%). Rates are down, costs are up. One of the key questions is: who makes the decisions about cost sharing? Generally, committees of the Association of American Railroads.

Branch line abandonment also has shifted costs to shippers.

If the private car fleet diminished, the volume of fuel and pounds of emissions would increase dramatically: 3 – 4 times for fuel, and hundreds of times for emissions.

Overall, the loss of private railcar investments would create dramatic energy, economic and environmental impacts.

[The Relationship between U.S. Transportation Infrastructure Improvements and International Trade](#)
[The Role of Private Ownership of Freight Cars](#)
[Columbia-Snake River Extended Lock Outage](#)
[Columbia-Snake River Reports](#)

Action/Follow-up: Highlight key findings in the Commission's 2011 Annual Report.

FINAL SR 520 ENVIRONMENTAL IMPACT STATEMENT

Julie Meredith, SR 520 Project Director, WSDOT, briefed the Commission on the SR 520 construction effort, including the pontoon construction in Grays Harbor and the new culverts being installed to improve fish passage. The Final EIS issued last week covers the entire project from Redmond to I-5, although the \$2.65 billion Seattle portion remains unfunded.

[SR520 Bridge Replacement and HOV Program](#)

Action/Follow-up: None.

TRANSPORTATION FUNDING

Retired Transportation Commissioner Ed Barnes briefed the Commission on his idea for increasing funding for transportation and maintenance nationwide. He proposes that a \$30 federal vehicle license be collected at the state level. He suggests that the revenue generated in each state be distributed as follows:

- 50% State Department of Transportation
- 44% Cities and counties
- 5% US Dept of Transportation
- 1% State Vehicle Licensing Department

He has met with local, state, and federal leadership and has meetings scheduled with Rep. Herrera Beutler and NACo leader Leo Bowman.

Action/Follow-up: None.

PUBLIC COMMENT

Paul W. Locke commented on his car license fee. It looks like \$30 pays for road construction and the rest goes to transit. With the other increases under discussion, licensing for his car would be nearly \$200 a year.

He complained that too much money is being wasted and too much is going to transit.

COMMISSION BUSINESS

Commissioner Litt moved adoption of the Centennial Accord Plan. Commissioner Cowan seconded the motion. The Commission adopted it unanimously.

Staff briefed the Commission on a proposal for the 2011 Annual Report. In the past, it has been a primary means of communication to the Governor and Legislature on transportation priorities.

The Commission discussed the need to talk about priorities and also the smaller improvements that can make a difference in people's lives. It wants to emphasize funding, public engagement, and explaining transportation needs and issues.

Paul Parker, Senior Policy Analyst, WSTC, will meet with each Commissioner to further discuss the 2011 Annual Report.

Commissioner Ford reported on the first meeting of the Governor's Transportation Advisory Group (TAG) yesterday. They were very eager to get the output from the Transportation Survey the Commission will be doing later this summer and fall. Commissioner Ford said it appears that the TAG understands that there are two parts to the problem: need to preserve and maintain existing system and the need to add critical new infrastructure.

Action/Follow-up:

- 1. Share adopted Centennial Accord Plan with tribal governments.**
- 2. Begin drafting 2011 Annual Report.**
- 3. Continue to work with the Governor's Transportation Advisory Group, "Connecting Washington."**

TOLLING EXPERT REVIEW PANEL – WASHINGTON STATE TOLLING OPERATIONS ASSESSMENT

JJ Eden and Jim Crawford, , reported on the work of the Tolling Expert Review Panel (ERP) in assessing Washington's tolling work. They began with reviewing the recommendations the ERP made in 2009, prior to expanding tolling from TNB and SR 167.

Again, they emphasized the importance of having customers use the appropriate technology. (Not everyone should use a transponder.

WSDOT should use the right technology. Recommendations:

- Use dual optical character recognition (OCR) system. Reduces manual look-up.
- Fingerprinting improves reliability. Infrared cameras cannot read red on plates at night.
- Consultants need access to the proprietary system. The software is still in development and will be in escrow when it is complete.

Washington is implementing and changing systems at a time when the tolling industry is changing rapidly.

- Societal payment characteristics
 - More customers don't carry cash
- Demand for new systems that provide more financial control
 - Transition from cash systems to accounts receivable systems
- Transponder technology: active vs. passive
 - WSDOT is leading the pack with 6c technology
 - Video system technology; the cameras on TNB are old and WSDOT is evaluating how to proceed when the contract expires in 2012
 - Monitoring
 - Enforcement
 - Billing
- Open standards are now emerging
 - Vendors resistance
 - Proprietary systems are proven
- Interoperability across toll systems is being sought
 - Congress
 - Customers
 - Commercial Interests
 - Trucking, fleets, rental cars, independent truckers
- All Electronic Tolling makes a number of changes
 - Reduced capital costs
 - Cameras feed toll system, not violations system
 - Former violators are now customers
 - Changes focus from gross revenue to maximizing net revenue
 - Reduces operations and collection costs
 - Allows for flexibility of system management, time of day pricing
 - Tolling technologies: OCR, optical plate recognition and vehicle fingerprinting

WSDOT is contracting with five toll related vendors at this time.

It is very important for the agency operating the system to control costs because the higher the collection/operating cost, the higher the toll. Financial reporting and accounting standards requires new systems; more of a private accounting model, but must fit into a governmental system.

Principles for moving forward. Two-phase approach;

- Keep the customer first in all decisions
 - Customers need to feel secure
 - System must earn and keep public trust
- Remember the reasons for tolling
 - Raise revenue to pay for capital improvements
 - Ensure efficient operations of facilities
 - Improve peak hour traffic flows

Critical success factors

- Statewide interoperability
 - All transponders valid on all facilities, current and future
- Start tolling on SR 520 as soon as possible
 - Resolve TNB issues ASAP; ERP has recommendations
 - Presumed vendors would easily modify their systems to meet requirements
- Promoting competition among vendors
 - Resulted in managing cooperation

Business Rules

- Develop with customer in mind
 - Treat everyone fairly
 - Minimize inconvenience
- Implemented systems need to work together to
 - Work together and with existing WSDOT systems
 - Collect tolls effectively
 - Allocate revenue and costs to individual facilities

Mr. Crawford: It is better to start tolling on SR 520 when it is ready to go, than to wait until confidence levels with TNB tolling system improve

The useful life of this proprietary software/system is 7-10 years. Look at these systems as similar to a new software release from Microsoft. They keep making fixes and changes as glitches in the system emerge through use. Need to continue with contingency planning and update plans even once the system is up and running.

Preliminary Assessments

1. Know where you are
 - a. Freeze software during tests
 - b. Run test from end to end
 - c. Establish prioritization of test results
2. Reinforce project leadership
 - a. One person to direct vendor
 - b. Vendor must have strong controlling leadership
 - c. Quickly address competing team needs
 - d. Redefine internal stakeholder needs
3. Identify Best Practices
 - a. Focus on customer acceptance and collecting tolls

- b. Have a variety of ways for infrequent customers to pay before they go or shortly after they use the facility
4. Clearly establish roles in procurement
 - a. IT, accounting, traffic management, engineering and design
 - b. Effective, thorough and efficient tolling is needed to pay the bills
5. Be realistic with the budget
 - a. Damages will not complete the project
 - b. Efficiency requires all team members to work together
 - c. Uncollectable transactions must be part of the equation – bad debts average 1 – 4%
6. Operations must work
 - a. Standards for operations need not be identical initially
 - b. Clear lines of authority and responsibility
7. Hardware and Software must work together to support operations
 - a. May need a temporary workaround
 - b. Transparent functionality to customer
 - c. Provide all needed reports and data
 - d. Continually assess hardware and software
8. Resolve issues immediately, minimizing impacts on existing system and processes

Contingency Planning

Critical element for agency and vendor:

- Identify and prioritize risks
- Mitigate high priority risks
- Anticipate costs and time to address problems
- Create a float for unanticipated issues into the schedule
- Course-changing decisions
- Observations on vendor performance
- Full access to data

Next Steps

- Further refine ERP analysis
- Make final recommendations
- Complete our full assessment of readiness

David Dye, Chief Operating Officer, WSDOT, said that WSDOT is looking forward to the remaining ERP recommendations.

Representative Larry Seaquist stated his appreciation for the time the Commission has spent with the ERP.

He disagrees with some of the ERP problem descriptions. His view:

1. WSDOT contracting and contract management did not prevent it from getting in this situation.
2. The ETCC software design is inadequate and should be evolving continually
3. WSDOT accounting systems are not receiving full information from contractors
4. We are hearing some signals that the Legislature may need to look at changing some of the legal framework for tolling.

[Washington State Tolling Operations Assessment](#)

Action/Follow-up: Review Final Recommendations of Expert Review Panel when complete.

COST SAVINGS INNOVATIONS AT WSDOT

Monty Mills, Maintenance Operations Branch Manager, WSDOT, explained the benefits of the new snow and ice materials and the events creating the need for it. The Commission commended the Contract Team for its work saving nearly \$6 million over two years and especially for their character in turning down a \$10,000 monetary award to which each was entitled.

[WSDOT Snow and Ice Materials Contract Team](#)
[Cost Savings Results for Deicers](#)
[Snow and Ice Contract Flowchart](#)

Action/Follow-up: None.

JUNE TRANSPORTATION REVENUE FORECAST AND WSDOT 2011/13 BUDGET OVERVIEW

Doug Vaughn, Director, Budget & Financial Analysis, WSDOT and Lizbeth Martin-Mahar, Assistant Director, Economic Analysis, WSDOT, explained that revenue projections in June are nearly identical with the March forecast; forecasted gasoline prices are significantly higher in the short and long-term.

Ferry revenues are down \$5.2 million from the March forecast for the current biennium, and down \$18.4 million for the 10-year period.

[June Transportation Revenue Forecast](#)

Action/Follow-up: Revise Commission presentations to reflect new revenue forecasts.

I-5 EXPRESS TOLL LANES STUDY

Craig Stone, Director, Tolling Division, WSDOT, explained that preservation need for I-5 from Boeing Field to King-Snohomish border estimated at \$2billion for pavement restoration. Could tolling the Express Lanes help generate funding to meet that need?

Using the PSRC travel model, the projected toll rates that maximize revenue reach \$4.30 in the am peak, \$5.50 in the pm peak, and \$1.20 off-peak. A toll rate that optimizes throughput would be about $\frac{3}{4}$ as much.

Findings and Costs

Traffic Effects

- Some diversion to mainline
- Mainline traffic would increase by about 4%; express lanes decrease about 21%

Capital Costs= \$16 million

- \$5 million for environmental, outreach, engineering; \$11 million for capital
- Includes toll system and rate signs at each entrance

Operating and Maintenance Costs= \$9.6 million/yr in 2015 dollars

Bonding could generate up to \$185 million for capital improvements in 2015.

This study also helps us consider how to operate the system more efficiently and maximize the capacity we have.

SR 167 and SR 509 Comprehensive Tolling Studies

There are three types of tolling studies:

- Feasibility study
- Comprehensive study
- Investment grade study

2010 Toll Feasibility Study demonstrated tolling can support both projects

- SR 509: \$250 - \$600 million
- SR 167: \$270 - \$540 million

SR 167 Study Scope

- Project phasing and cost estimates
- Tolling options, concept of operations
- 30 year M&O costs estimates
- Traffic and toll modeling
- Gross revenue projections
- Financial capacity analysis
- Stakeholder collaboration
- Public engagement
- Social justice/equity consideration

June 2011 phone survey of 401 residents on extending SR 167 showed

- 17% supported tolling
- 44% opposed tolling
- 35% did not have strong opinions
- Most showed more support for tolling when they understood the toll revenue would exclusively fund the project

SR 509 Study not funded for comprehensive study.

June 2011 phone survey of 401 residents on extending SR 509 showed

- 21% supported tolling
- 38% opposed tolling
- 32% did not have strong opinions
- Conversion of HOV to Express Toll Lanes was viewed favorably. 52% supported conversion of I-5 HOV lanes when they understood the toll revenue would exclusively fund the SR 509 project

WSDOT estimates a 3-year time lag to implement I-90 tolling, once authorized. Has decided to create a workgroup to jump start the review.

What is the vision of a future system? Can this vision be developed within each region? What is the freight system/economic development need?

[SR 167 and SR 509 Comprehensive Tolling Studies](#)

Action/Follow-up: None.

WSDOT TOLLING UPDATE: TACOMA NARROWS BRIDGE; SR 520; INTERNAL TOLLING REVIEW STATUS

David Dye, Chief Operating Officer, WSDOT, reported on TNB transition, TNB traffic and revenue, and next steps for SR 520 tolling. On TNB, the new vendor (ETCC) missed key deadlines, was not adequately prepared for customer service demand, month-end financial reconciliation not up to contractual requirements, backlogged toll transactions and missed Notice of Infractions.

Less than 3% of TNB users received improper infraction notices. 15,000 infractions were converted to tolls; 11,000 infractions dismissed by Pierce County courts at WSDOT request. Notice of infraction process restarted on July 7.

The TNB traffic may be slightly down; revenue may be less than \$1.5 million than projected (hard to know due to ETCC system defects and reconciliation issues); due to savings from vendor change and penalties, WSDOT is projecting that revenue will continue to be adequate for bond payments and maintaining a 12% reserve through the end of the fiscal year.

On SR 520, Secretary Hammond will not open until tolling systems are ready and right, but it will not be January 1. It will be operating in time for the UW-WSU Apple Cup. The Secretary said that she will not wait for the system to be perfect, but will start SR 520 tolling when the system “works with its basic functionality.”

[Tolling Studies Update](#)

[I-5 Express Lanes Toll Feasibility Study](#)

[I-5 Express Lanes Toll Feasibility Report](#)

Action/Follow-up: Further updates in October and December.

SECRETARY’S REPORT

Two good developments on Monday for DBT: King County Superior Court rejected Initiative 101, challenging the project. Hitachi Zosen was chosen to design and build tunnel boring machine.

Removal of southern end of viaduct will begin this fall. Completion of southern end will be six months early. The City of Seattle and Western Building will be vacated by October 1 and remodel will begin.

We have made great progress in building the pontoon facility in Grays Harbor.

Federal transportation reauthorization proposals:

- House proposal is \$250 billion over 6 years;
- House has little focus on freight, no \$\$ for High Speed Rail
- Senate proposes a 2-year program at current funding levels
- Senate has a freight plan

TRANSPORTATION COMMISSION

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ATTEST:

REEMA GRIFFITH, Executive Director

DATE OF APPROVAL