

**MINUTES OF THE REGULAR MEETING OF THE
WASHINGTON STATE TRANSPORTATION COMMISSION
May 20 & 21, 2009**

The regular meeting of the Washington State Transportation Commission was called to order at 9 A.M., on May 20, 2009, in Room 1D2 of the Transportation Building in Olympia, Washington.

Commissioners present at the meeting were: Chair O'Neal, Bob Distler, Dick Ford, Elmira Forner, Latisha Hill, Carol Moser and Philip Parker.

MINUTES APPROVAL

It was moved by Commissioner Ford and seconded by Commissioner Moser to approve the meeting minutes of the April 21, 2009 Kent local meeting and April 22, 2009 regular meeting. The motion passed unanimously.

**TRANSPORTATION IMPROVEMENT BOARD (TIB) ROUTE JURISDICTION
TRANSFER PROGRAM BRIEFING**

Steve Gorcester, Executive Director, Transportation Improvement Board, provided an overview of the route jurisdiction transfer process. He explained that statute lists all state highways and provides a brief description of each. From time-to-time there is a change to the statute - for example a city/county could ask that a city street/county road be transferred to the state highway system or vice versa, which is the route jurisdiction transfer process. TIB currently processes these requests, but with the Commission's organizational change TIB requested through legislation that this responsibility be transferred to the Commission in order to maintain neutrality. TIB will provide engineering support to the Commission for technical issues.

Commissioners asked several questions regarding the statute and WAC rules associated with the process as well as how opposition to transfers that may arise would be handled.

SECRETARY'S REPORT – OVERVIEW OF 2009 TOLLING STUDIES

Secretary Hammond, WSDOT, commented on interim tolling work plans and impacts to the Department.

Craig Stone, Director, Tolling Division, WSDOT, explained that the Joint Transportation Committee (JTC) will provide a report on tolling assumptions in September. Leading up to this report there will be a JTC workshop in June, in which the Commission will participate, that will kick off the process. Following up the June meeting the Commission will participate in detailed tolling discussions with the Department.

Commissioners discussed the possibility of moving the TNB over to entirely electronic tolling. Also noted was that tolling policies should be across the board on all toll facilities system wide.

Representative Seaquist pointed out that Tacoma Narrows Bridge (TNB) revenue data provided by the Department is still not adequate. He hopes to setup ground rules in the future for the distribution of toll revenue.

In closing Secretary Hammond shared information on the I-90 Express Lanes Project. She noted that the contractor received four days of incentive pay for completion of the project earlier than anticipated. She provided an update on the status of the Hood Canal Bridge Project. She also shared that the Bremerton Tunnel (ferry dock) is near completion on time and on budget.

SENATE JOINT MEMORIAL 8006 NAMING REQUEST – SR 502/503

Dennis Osborn, City Manager, City of Battle Ground, presented Senate Joint Memorial 8006 requesting the naming of SR 502 to Battle Ground Highway and a portion of SR 503 to Lewisville Highway.

It was moved by Commissioner Ford and seconded by Commissioner Forner to approve Resolution 692 naming SR 502 the Battle Ground Highway and a portion of SR 503 the Lewisville Highway. The motion passed unanimously.

SR 520 HOT/HOV LANE ENFORCEMENT APPROACHES

Bart Cima, Director, IBI Group, provided an overview a report prepared for WSDOT regarding SR 520 tolling and beyond. He explained that it is anticipated that there will be an increased demand for transponders and occupancy based tolling. The report contained several technical considerations such as open road tolling, enforcement, security/privacy, advanced tolling technology and various other considerations. He noted that 5.9 GHz is emerging technology that will be available within the next year or so and will allow for many more applications.

Commissioners expressed concern for public privacy and questioned whether or not multiple fare passes are being considered.

TOLL POLICY PLANNING AND REVIEW

Jim McIntire, Washington State Treasurer, shared his views on using tolls for financing transportation systems not individual projects. He explained that early tolling of projects may provide the state the ability to continue to obtain high bond ratings along with the lowest possible interest rates and thus lower finance costs. It is critical that tolling be delegated to an independent toll-setting authority government body, so that future political decisions do not compromise the financing mechanism. The toll setting authority must set tolls that are sufficient to pay for debt service and a reserve account. As well, it may be most efficient to delegate the specific form of financing to the State Finance Committee so that financing decisions can take into account market conditions at the time of sale. The objective is to provide the toll payer with a set of principles in order to give them the best value per dollar.

Ellen Evans, Deputy Treasurer, Washington State Treasurer's Office, explained that a contractual agreement will be made, at the time of financing, which will state the specifics of the bonding obligation i.e. bond amount, payment requirements and reserve account ratio.

Ms. Evans provided an overview of HB 2211 – Authorizing early tolling on SR 520 and ESSB 1272 – Authorizing issuance of up to \$1.950 billion general obligation bonds.

Mr. McIntire and Ms. Evans wrapped up the presentation providing responses to Commissioner’s concerns regarding bond financing and coverage ratios (reserves)

Representative Seaquist expressed that today’s discussion has been very helpful and lends itself to future legislation.

OFFICE OF FINANCIAL MANAGEMENT (OFM) ATTAINMENT REPORT

Geri Beardsley, Budget Analyst, Office of Financial Management, provided a brief overview of the Transportation Performance Audit Board’s benchmarks that were established in 2007 legislation (SB 5412 –SSB 5412). She distributed the Washington State Transportation goals, Objectives and Performance Measures 2008 Biennial Report that reflects the status of these benchmarks. She noted that issues with these benchmarks are called out in the Attainment Report.

Commissioners and Ms. Beardsley discussed highway maintenance goals, freight movement issues and the correlation to level of investment.

PUBLIC COMMENT

Paul Locke, citizen, shared that he has concerns regarding the state’s debt. He expressed that we are to the point where we should not be trying to figure out a way to get more money from the people, but figuring out a way to get the job done with what you have. He also commented on the new train system in Seattle and where the operating money will come from.

COMMISSION BUSINESS WORK SESSION

2009 Agenda Calendar

Reema Griffith, Executive Director, WSTC, presented the Commission’s internal planning calendar for review and comment.

Duke Schuab, on behalf of the Associated General Contractors and the SR 99 Coalition shared that it is abundantly clear that we will need to find a new way to fund transportation. In a few short years our level of funding will become acute. He suggested that members of the Commission and the Chairs of the Transportation Committees and other stakeholders should come together to discuss the future of transportation and how we transition.

Commissioner Ford suggested that Ms. Griffith look at putting together some ideas for a possible retreat.

Platform Assignments

Commissioners and Ms. Griffith discussed the status of Commissioner platform assignments.

Selling of WSF Naming Rights Policy

Ms. Griffith explained that the Commission must establish a set of policies for naming ferries/and or selling naming rights for ferries to present to the legislature. There has not really been a process in place for naming ferries let alone selling naming rights.

Officer Nominating Committee

It was moved by Commissioner Ford and seconded by Commissioner Forner to elect Commissioner Moser as Chair and Commissioner Distler Vice Chair for Fiscal Year 2009 effective July 1, 2009. The motion passed unanimously.

Web Site Proposal

Ms. Griffith presented a quote and timeline for moving the Commission webpage hosting from WSDOT to the Department of Information Services (DIS).

Eralee Sawtell, Administrative Assistant, WSTC, explained that DIS would design a webpage and move current page content to their server. The Commission staff will be responsible for the maintenance of the site content.

It was moved by Commissioner Ford and seconded by Commissioner Forner to move forward with the proposal to move the webpage to DIS for hosting on the condition that the expenditure can be absorbed by the budget. The motion passed unanimously.

OVERVIEW OF THE JOINT TRANSPORTATION COMMITTEE (JTC) LONG-RANGE FINANCES DRAFT REPORT

Kathy Scanlan, Managing Partner, Cedar River Group, noted that a series of studies have been done over the last biennium looking at various aspects of WSF finances and operations. This session the Legislature requested that a finance report be prepared for WSF that looks at expenses, the draft long-range plan and in particular capital finance projections. Recommendations and alternatives will be presented to the Legislature.

Commissioners commented on and shared concerns regarding proposed ferry schedule changes, route alterations, fleet lifecycle and terminal replacement scoping and costs.

Overview of WSF Budget

Jean Baker, Deputy Chief, Administration and Finance, WSF, provided highlights of the 2009-11 Operating and Capital Budget assumptions. She touched on the draft 16-Year Capital and Operating Plan.

Commissioners questioned Ms. Baker about budget assumptions and expressed concerns with various items.

FERRY ADVISORY COMMITTEE WORK SESSION – 2009/10 FARE SETTING PROCESS

Representative Seaquist explained that some of the recommendations from Cedar River Group's report were accepted, but in fact some were explicitly rejected, by the Joint Transportation Committee (JTC). He explained why some recommendations were accepted/rejected and why those decisions were made by the JTC and the Legislature.

Ferry Advisory Committee (FAC) members present:

Joan Dingfield, Chair, Bremerton FAC

Alan Mendel, Chair, Vashon FAC

Walt Elliott, Chair, Kingston FAC
Ed Sutton, Chair, San Juan FAC
Dennis Cziske, Member, Kingston FAC
Dave Hoogerwerf, Chair, Clinton FAC

Ms. Griffith kicked off the work session explaining that the FAC's were invited to today's session to provide input regarding fare setting and structure for this year with a focus on putting together a new Tariff Policy Committee (TPC) for next year.

The session included conversation about the legislature's plan to increase the fare 2.5 percent October 1, 2009. FAC members present expressed concerns about increasing the fare above 2.5 percent at this time. It was suggested that if the fare increase were 2.5 percent across the board it would be perceived as reasonable by the public, where as anything over that amount would probably cause problems. Also discussed were seasonal surcharges, public hearing participation, and the expressed support of the current level of service and concerns with revenue sources. It was expressed that WSDOT must work closely with a Tariff Committee to make this work for all parties involved.

Representative Seaquist expressed his desire to work with the FACs to establish policies for a new Tariff Committee.

Commissioners discussed incorporating ferry financing into the Washington Transportation Plan.

In closing the FACs offered to put together a list of potential members for the new Tariff Committee for the Commission to review.

The Commission meeting adjourned at 4 p.m., on May 21, 2009.

If you would like additional detail on what occurred at any Commission meeting in Olympia, please refer to our web site at www.wstc.wa.gov and click on the link titled "Meeting Audio on TVW" under the 2009 Olympia Meetings section of the home page. There you will be able to access the full audio recording of the meeting. If you have questions please contact our office at 360-705-7070.

WASHINGTON STATE TRANSPORTATION COMMISSION

DAN O'NEAL, Chair

ELMIRA FORNER, Vice-Chair

PHILIP A. PARKER, Member

CAROL MOSER, Member

DICK FORD, Member

ROBERT S. DISTLER, Member

LATISHA HILL, Member

PAULA HAMMOND, Ex-Officio Member
Secretary of Transportation

JENNIFER ZIEGLER, Governor's Office

ATTEST:

REEMA GRIFFITH, Executive Director

DATE OF APPROVAL