



JOINT TRANSPORTATION COMMITTEE

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January 15, 2014

TO: Members of the House and Senate Transportation Committees

SUBJECT: Joint Transportation Committee Activity Update

In the 2013 Supplemental Transportation Budget (ESSB 5024), the Legislature directed the Joint Transportation Committee (JTC) to undertake five studies; four have been completed, and one is still underway. One study included an appropriation of \$325,000 to hire consultants; this study has not yet been accepted by the JTC. The other four are staff studies, with staff from the JTC and the House and the Senate Transportation Committees conducting the study within existing resources, and with significant assistance from state agency personnel and others.

Attached are updated summaries of the five 2013 studies:

- Transportation project efficiencies and cost drivers (p. 3)
- Columbia River Crossing Oversight Subcommittee (p. 5)
- Requirement for unexpired Washington driver's license to register a motor vehicle (p. 7)
- Internal refinance opportunities for the Tacoma Narrows Bridge (p. 9)
- WSDOT surplus property to fund facility replacements (p. 11)

In addition to meetings associated with specific studies, the JTC has met six times this interim:

- July 24th in Centralia
- September 11th in Seattle
- October 9th in Tacoma
- November 19th in Vancouver, in conjunction with the Washington State Association of Counties annual meeting
- December 12th in Olympia
- January 8th in Olympia

Due to the June special session, we had to cancel a June 27 and 28th meeting in the Tri-Cities, which included a freight-focused bus tour. However, approximately 40 legislators, legislative staff, WSDOT staff and City of Seattle officials were able to participate in our September 11th tour of the SR 99 tunnel project, and see "Bertha" the world's largest tunnel boring machine.

Thanks to the thirty-five members of the House and Senate who have participated in one or more JTC meetings and tours this interim. Your participation is invaluable, and contributes to the richness of discussion and the thoroughness of our work.

The JTC website provides links to all current and past studies, including meeting presentations and reports. <http://www.leg.wa.gov/JTC/Meetings/Pages/default.aspx>.

If you have any questions, please contact the JTC staff:

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Senator Curtis King
Co-Chair



Representative Judy Clibborn
Co-Chair



Senator Tracey Eide
Co-Chair



Representative Ed Orcutt

Enclosures: JTC Studies

Summaries of 2013 Joint Transportation Committee Studies

January 15, 2014

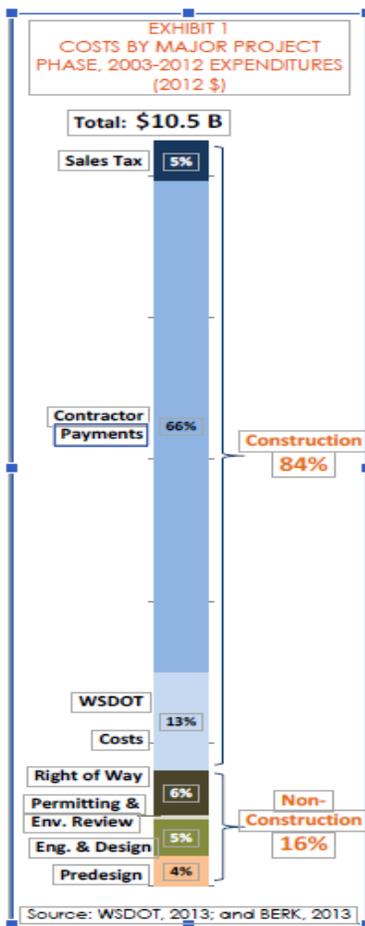
Transportation Project Efficiencies and Cost Drivers

The 2013 Legislature provided \$325,000 for a study of transportation project cost drivers and potential efficiencies (ESSB 5024 Section 204(1)). The goal is to construct projects more efficiently, while ensuring appropriate environmental and regulatory protections are maintained and a quality project delivered. The project scope was limited to state-level policies and practices related to the planning, design, permitting, construction, financing and operation of WSDOT road and bridge projects.

The consulting team selected to conduct the study was led by BERK, and also included Scanlan Consulting and Lund Consulting. They began work on June 24, 2013.

The study was guided by an Advisory Panel made up of the four JTC Executive Committee members, a designee of the WSDOT Secretary, and representatives of business, general contractors, environmental, and labor interests. The Advisory Panel met four times to discuss preliminary study results. In addition, the consultant team hosted a technical workshop for Advisory Panelists and staff work group members.

Major Themes and Findings:



WSDOT spent about \$10.5 billion on highway and bridge construction projected completed between 2003 and 2012.

Construction costs accounted for about 84%:

- 66% in contractor payments
- 13% in WSDOT costs related to construction
- 5% in sales taxes

Non-construction costs accounted for about 16%:

- 6% in right-of-way acquisition
- 10% in WSDOT costs related to predesign, design, permitting and environmental review

Opportunities for cost savings should focus on how WSDOT manages the planning, design, and delivery of large projects.

- Projects over \$25 million accounted for only 3% of projects but 59% of expenditures.

Highway construction costs in Washington State are in line with experience elsewhere.

- Updated analysis of cost/lane mile of a selection of projects from around the country showed WSDOT was not an outlier.
- Comparing final project payments to original engineer cost estimates showed that Washington compared favorably with Oregon and Utah.

More systematic data collection is needed, if policy decision-makers and WSDOT managers want more cost information about mitigation, permitting, prevailing wage, change orders, and right-of-way costs.

Potential actions to increase efficiencies and/or reduce costs

Note: The potential actions identified by the consultant are not recommendations, but a menu of alternatives, generally representing practices in other states.

Project Scale

1. Adopt Practical Design methods to guide project scoping and design decisions

Sales Tax

2. Provide same partial sales tax *exemption* for state projects as is received by federal and local road projects
3. Direct receipts from state sales and use tax collected on state projects to transportation accounts

Prevailing Wage

4. Exempt WSDOT projects from the state prevailing wage act
5. Exempt WSDOT federal-aid projects from the state prevailing wage act
6. Change scope of application of state prevailing wage law to match the federal prevailing wage law
7. Establish a threshold below which WSDOT projects are not subject to the state prevailing wage act
8. Modify how L&I sets the state rate: (a) Use federal rate as state rate or (b) Use collective bargaining agreements as basis for state rate or (c) Require annual survey

Environmental Review and Permitting

9. Allow smaller projects that qualify for a NEPA categorical exclusion but not a SEPA categorical exemption to submit NEPA documentation only
10. Expand SEPA exemptions to match the NEPA categorical exclusions

Project Delivery Methods

11. Grant broad authority to WSDOT to determine construction contracting method
12. For mega-projects, the highest-level executives within WSDOT should consider all possible scenarios before selecting the contracting approach (recommendation from 2013 Mega-Project Assessment)
13. When selecting a contracting method, WSDOT should perform a thorough risk analysis and quantify all project risks; consider risk that should be retained vs. transferred to the contractor; on mega projects, the Chief Engineer should review and approve the delivery strategy. (Mega-Project Assessment)
14. Modify existing WSDOT authority for Design-Build to allow for projects of any size that meet criteria
15. Specifically authorize GC/CM project delivery for WSDOT projects and authorize a separate review process from the Capital Projects Advisory Review Board (CPARB)
16. Apply a rigorous risk assessment process when evaluating changes to the selected contracting method
17. Implement a pavement warranty program and consider contractor warranty opportunities
18. Give Design-Build contractors additional design flexibility to support innovation and cost containment by not restricting them to the Design Manual

Other Potential Actions

19. Improve data collection and management to better inform management and policy choices
20. Focus federal funds in fewer projects to limit the impact of federal aid conditions on WSDOT project costs
21. WSDOT should report to the Legislature its plan for fish passage barrier removals, including methodology, cost estimates, and performance relative to the court order.

Study materials are available at <http://www.leg.wa.gov/JTC/Pages/TransportationProjectEfficiencies.aspx>

Study origin:	2013 Transportation Budget, ESSB 5024, Sec 204(1)
Report:	Draft Final presented to JTC on January 8, 2014
Appropriation:	\$325,000 (contract signed for \$300,000)
Project Manager:	Beth Redfield (360) 786-7327; Mary Fleckenstein, back-up (360) 786-7312
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Columbia River Crossing Oversight Subcommittee

The 2013 Legislature directed the Joint Transportation Committee to reconvene the Columbia River Crossing Oversight Subcommittee to review project and financing information, and to coordinate with the Oregon legislative oversight committee (ESSB 5024, Sec 204(3)).

Subcommittee members included Rep. Judy Clibborn, Subcommittee Chair; Rep. Ed Orcutt, Rep. Jim Moeller, Rep. Paul Harris, Sen. Curtis King, Sen. Tracey Eide, Sen. Ann Rivers, Sen. Annette Cleveland, citizen representative Rhonda Boni-Burden, and Secretary of Transportation Lynn Peterson. Others participating in the 2013 Subcommittee included Rep. Linda Kochmar, Rep. Luis Moscoso, and Rep. Dean Takko.

The Subcommittee met once at Vancouver City Hall on October 8, 2013.

Secretary Lynn Peterson provided a summary of the project shut-down in Washington, which began at 10:00 AM on July 1, 2013, after the Governor vetoed \$81.7 million appropriated for the project in May, saying he saw “no wisdom in expending these funds if the state of Washington does not contribute its share of funding necessary to complete the project”. In subsequent 2013 special sessions, the Legislature did not appropriate additional project funds. WSDOT spent \$1.3 million on the shut-down, which was completed by the end of 2013.

Dan Mathis, Washington Division Administrator of the Federal Highways Administration, discussed the likelihood of Washington and Oregon being required to reimburse the federal government for federal funds expended on preliminary engineering for the project. No reimbursement will be expected before April, 2014, a date that represents 10 years since the first federal funds were obligated on the project. It’s unclear whether any reimbursement will be required; however, if the project moves forward as an Oregon-led project, no reimbursement would be required.

Washington’s Legislative Auditor Keenan Konopaski updated the Subcommittee on the forensic accounting audit the Joint Legislative Audit and Review Committee (JLARC) was directed to undertake in the 2013-15 Transportation Budget. The audit will be conducted by the State Auditor’s Office under a contract with JLARC, and is expected to be completed by April, 2014.

Kris Strickler, Oregon DOT’s Columbia River Crossing Project Director, updated the Subcommittee on Oregon efforts to contemplate constructing the project in a phased approach, with Oregon taking the lead. Doing so would require a number of intergovernmental agreements with Washington state and local agencies. Oregon would construct the project, issue the debt, and be responsible for tolling implementation. Oregon’s \$450 million equity contribution to the project has lapsed, and therefore additional legislative action is needed to appropriate the funds. It is unclear at this point whether Oregon will move forward with the project.

Strickler also reported that the US Coast Guard has approved the General Bridge Permit and mitigation agreements have been signed with all three metal fabricators located upstream from the bridge.

Assistant Attorneys General Bryce Brown (Washington) and Ethan Hasenstein (Oregon) described their legal analysis of potential fatal flaws in the Oregon-led phased project implementation. In summary, Brown concluded that WSDOT has existing authority to authorize Oregon to construct, operate, and maintain a bridge over the Columbia River and on Washington lands, and he sees no fatal flaws that would preclude Oregon’s lead on the project. Hasenstein concluded that a viable legal pathway exists for the Oregon-led project to be constructed, but that it relies on a joint endeavor of both states; that Oregon has authority to toll the project, but that toll enforcement issues still require resolution with Washington to prevent toll revenue leakage. Hasenstein also concluded that Oregon has the legal authority to enter into agreements with Washington to construct an Oregon-financed initial phases of the CRC in Washington and that toll revenue and other state highway funds

may be expended on Washington highway improvements that directly facilitate the use of the Oregon highway system.

The Subcommittee also received a September 26, 2013, letter from Oregon State Treasurer Ted Wheeler to Oregon legislative leaders in which he states “It is premature to conclude that the (Oregon-led) project can work, financially. The answer will ultimately depend on required negotiations and agreements that are not completed.”

Strickler also spoke about the \$850 million Federal Transit Administration New Starts Grant anticipated to fund the light rail construction component of the project. The project is still in line to receive the funds, but TriMet is now the grant recipient rather than WSDOT. C-TRAN Board Vice-Chair and Clark County Commissioner Steve Stuart spoke about an agreement C-TRAN has entered into with TriMet to fund light rail operations.

WSDOT staff worked with ODOT and FHWA staff to answer a number of questions that remained at the conclusion of the October 8th meeting, including the extent to which work already completed on the project may be usable if the project moves forward in the future.

Subcommittee materials are available at <http://www.leg.wa.gov/JTC/Pages/CRCOversight.aspx>

Update on Oregon-lead CRC phased project

On October 25, 2013, the Oregon Legislature appointed a 24-member Joint interim Committee on the Interstate 5 Bridge Replacement Project. While it was originally expected to meet in October or November, no meetings took place in 2013; the committee is scheduled to meet on January 14, 2014, in advance of the Oregon legislative session which begins on February 3, 2014.

The Columbian newspaper reported on November 19, 2013, that the Oregon Department of Transportation said planners are now looking at a possible 2015 construction date, not the 2014 construction start date originally contemplated in an Oregon-led phased project.

An important factor in the delayed start-date is the issue of toll enforcement. Buyers of any toll-backed bonds sold by Oregon to finance the project would need assurances that sufficient toll enforcement capacity existed to require Washington drivers to pay their tolls. Oregon does not have full authority to enforce tolls on Washington drivers, who comprise most of the traffic on the existing bridge. Oregon Treasurer Ted Wheeler said in a September 25, 2013, letter to Oregon legislative leaders that “if the project is to proceed to the state of financing, you will need ... (a) toll collection reciprocity agreement that ensures tolls, surcharges and any associated late payment fees and penalties incurred by Washington drivers who use the new bridge will be collected in full on Oregon’s behalf by the State of Washington.” Such an agreement currently does not exist.

ODOT reports that enforcement discussions are underway with both states’ legal counsel, and are expected to be finalized before the sale of toll-backed bonds.

Subcommittee materials are available at <http://www.leg.wa.gov/JTC/Pages/CRCOversight.aspx>

Study origin:	2013 Transportation Budget, ESSB 5024, Sec. 204(3)
Appropriation:	Within existing funds
Project Manager:	Mary Fleckenstein (360) 786-7312; Beth Redfield, back-up (360) 786-7327
HTC staff:	Alyssa Ball (360) 786-7140; David Munnecke (360) 786-7315
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Requirement for Unexpired Washington Driver's License to Register a Motor Vehicle

The 2013-15 Transportation Budget (ESSB 5024, Section 204(2)) directs the Joint Transportation Committee to coordinate a Work Group "to identify possible issues relating to the administration of, compliance with, and enforcement of state law requiring a person to provide an unexpired (Washington) driver's license when registering a motor vehicle".

The requirement to present an unexpired Washington driver's license was enacted in 2005 largely to ensure that state residents not retain driver's licenses from other states which would enable them to claim an exemption from the Washington state sales and use tax. The sales tax avoidance occurs throughout the state but is most pronounced along the Oregon border since Oregon has no sales tax. The effectiveness of the requirement in preventing the tax avoidance is not clear, and the requirement for presentation of a driver's license affects members of the public licensing a vehicle, and licensing agents (county auditors and subagents). The requirement applied to 6.3 million motor vehicle registrations in 2012, which are done over the Internet, by mail, or by visiting a County Auditor or Subagent office.

A study Work Group was appointed, comprised of representatives from the Department of Licensing, and Department of Revenue, and county auditors and vehicle license subagents from throughout the state. Study staff interviewed groups of Subagents, County Auditors and their staff, Department of Licensing and Revenue staff, and personnel from the License Fraud Unit of the Washington State Patrol in June and July. The Work Group met on August 15, 2013, to discuss the effectiveness of the current licensing process, compliance with the law, and options to improve the process; they also participated in report development.

The report includes the following observations and policy options for the Legislature to consider. The principal options provide a wide-range of alternatives. The additional options can stand alone; however, many were discussed in the context of complementing some or all of the principal options in a multi-faceted approach to address the challenges of reducing tax fraud. The report explains each option, and identifies advantages and disadvantage of associated with each option.

Study observations

- The 2005 law requiring presentation of an unexpired Washington State driver's license (WSDL) was enacted to address sales tax evasion. It was meant to ensure that new state residents paid vehicle registration taxes and did not continue to use an out-of-state driver's license to claim a nonresident sales tax exemption.
- Today, most vehicle registrations are processed regardless of whether an unexpired WSDL is presented. Often the law is not enforced because of the nature of the transactions or a person claiming exemptions, or a desire by the County Auditor or Subagent to avoid transaction delays.
- For many transactions, technological inadequacies do not permit verification of WSDL information.
- It is difficult to assess to what extent the law has reduced sales tax evasion.

Principal options addressing the requirement to present a WSDL when registering a vehicle

Principle Options 1 through 3 were preferred in ranked order by the Auditor and Subagent members of the Work Group commenting on a report draft. Principle Option 4 is provided by the Work Group if the Legislature chooses to retain the current requirement.

1. Repeal the current requirement to present an unexpired WSDL when registering a motor vehicle.
2. Amend the law to apply only to original vehicle registrations (applies to about 8 percent of registrations).
3. Amend the law to apply to original vehicle registrations and to vehicle ownership changes (applies to about 18 percent of registrations).
4. Maintain the current requirement, but only with other changes to the law, and investments in the licensing system.

Additional options

The Work Group also identified eight additional options to help achieve the objectives of the 2005 law. Option 9 was developed in response to a lively discussion with the JTC at its November meeting. Options 5 through 13 are intended to complement one or more of the four principal options and provide a menu of legislative options.

5. Accept a driver's license from another state having a sales tax of 3% or greater when registering a motor vehicle.
6. Increase enforcement efforts
7. Increase education efforts
8. Adjust fines for failure to register a vehicle to encourage enforcement (currently a mandatory \$1122 fine)
9. Increase and modify fines for persons failing to obtain a Washington State driver's license and for failing to surrender another jurisdiction's driver's license (currently \$124 fine)
10. Work with retailers to identify ways to limit nonresident sales tax fraud
11. Require tax exemption certificates
12. Require an application for a refund of sales tax on purchases by out-of-state residents
13. Extend the 30-day vehicle registration requirement for new residents to 60 days.

A draft report was presented to the JTC at its November 19th meeting in Vancouver; the draft final report was accepted by the JTC on January 8, 2014.

Study materials are available at <http://www.leg.wa.gov/JTC/Pages/SubagentsWorkgroupStudy.aspx>

Study origin:	2013 Transportation Budget, ESSB 5024, Sec. 204(2)
Report:	Accepted by JTC on January 8, 2014
Appropriation:	Within existing funds
Project Manager:	Gene Baxstrom (360) 786-7398; Mary Fleckenstein, back-up (360) 786-7312
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Internal Refinance Opportunities for the Tacoma Narrows Bridge

The Legislature directed the JTC to convene a work group to identify and evaluate internal refinance opportunities for the Tacoma Narrows Bridge (TNB) (ESSB 5024, Sec 204(4)). The work group includes staff from the Office of Financial Management, the Transportation Commission, WSDOT, the Office of the State Treasurer, and the legislative transportation committees.

The work group met several times, providing materials and feedback related to the history of the bridge, its financing, toll rates, expenses, traffic and other related topics, and evaluated study work products.

Staff made an initial presentation to the JTC on July 9, 2013, focusing on project history. The new TNB originally was to have been a public-private partnership, with the private sector financing the project and imposing tolls on the existing bridge to finance construction of the new bridge. A Washington Supreme Court decision declared tolls on the existing bridge illegal. A subsequent legislative decision to provide no gas tax funding to finance debt service during construction led to the State Finance Committee's decision to finance the new bridge with zero coupon bonds. These instruments require no debt service payments until maturity, allowing the bridge to be constructed without a revenue stream. However, the bonds were non-callable (could not be refinanced), and stair-stepped. Debt service payments were lower at the beginning, allowing for lower tolls; debt service escalates throughout the life of the debt, as do the projected tolls to pay that debt service.

According to the bridge's 2005 finance plan, tolls were to grow from \$3 in 2008 to \$4 in 2010, \$5 in 2013, and max out at \$6 from 2016 – 2030, when debt service is paid off and tolls end. Those toll levels were assumed sufficient to pay required costs, given the traffic estimates projected at that time. However, since the bridge opened, bridge expenditures, traffic levels and tolls have all been lower than expected. The lower traffic has especially concerned some people, fearing it would continue to drop and drive unaffordably high tolls.

As part of this study, staff worked with WSDOT to develop a "scenario estimating tool" to estimate the potential effect on toll rates of different traffic and expenditure levels, and the potential effect of non-toll revenues paying for various elements of facility costs. The results of the various scenarios are rough estimates, suggesting general trends but requiring further expert analysis to make informed decisions.

Three traffic scenarios were evaluated; traffic is a major driver of toll revenues, and traffic has typically been below the forecast. The scenarios were the current official traffic forecast, a zero growth scenario, and a pessimistic scenario (assuming traffic would fall 0.8% every year through 2030). Toll rates are described as the blended rate – the weighted average toll paid by all bridge users (higher than the *Good To Go!* toll).

In a "base case" scenario where tolls pay all costs as required in current law, and costs are inflated by the full inflation rate, tolls max out at \$6 in the current traffic forecast, about \$7.70 in the flat traffic scenario, and about \$8.60 in the pessimistic traffic scenario.

Staff evaluated seven scenarios of differing expenditure and revenue options. The results are described in the table below. The loan scenarios assume toll payers will repay the loan in the years following 2030, when the debt service is paid off, by extending the length of time tolls are paid. Below are shown 5-year repayment tolls (repayment from 2031 – 2035). If repaid over 10 years, the tolls would be lower than what's shown below.

In each case, it would be up to the Transportation Commission to set the tolls for the facility. It's likely that if the Legislature adopts one of these scenarios to affect TNB tolls, users of other tolled facilities will want similar treatment; and if the funding source for these scenarios is the motor vehicle account, other programs and projects funded by the gas tax will be affected. The Office of the State Treasurer has stated concerns that if it looks like the Legislature is setting tolls, bond markets will not react well and that could drive up future interest rates for toll-backed bonds.

Scenario		Potential impact on tolls (reduction from base case)	Potential impact on motor vehicle account	Other considerations
1	The \$58 million deferred sales tax is repaid by non-toll revenues, FY 2019-2028	35 – 45 cents	\$58 million, or about \$11 million a biennium	SR 520 deferred sales tax is \$144 million, FY 2022 – FY 2031. If also repaid by motor vehicle account, costs \$201 million, or \$30 - \$40 m/biennium
2	5% cut in toll vendor and toll operations budget	5 cents		Already enacted in FY 2013-15 budget
3	Non-toll revenues pay preservation costs of \$26 million through 2030	10 - 15 cents on average	\$26 million	Users of other tolled facilities will want similar treatment.
4 “gift”	Tolls only pay debt service – gift from motor vehicle account pays all other costs	\$1.10 - \$1.45 on average, FY 2016 - 2030	\$276 million FY 2016 – 2030, averaging \$30 - \$42 million/biennium	<ul style="list-style-type: none"> • Users of other tolled facilities will want similar treatment. • Impact on other projects and programs funded from the motor vehicle account
4 “loan”	Tolls only pay debt service; loan from motor vehicle account pays other costs; repayment toll paid 2031-2035	Same savings as above; repayment toll averages \$3.70 - \$5.75	\$276 million FY 2016 – 2030, avg \$30 - \$42 million/biennium repaid beginning 2031	<ul style="list-style-type: none"> • Users of other tolled facilities will want similar treatment • Impact on other projects and programs funded from the motor vehicle account
5 “loan”	Maximum \$6.00 toll; loan from motor vehicle account; repayment toll paid 2031 - 2035	80 cents - \$1.30 average savings; repayment toll averages \$3.05 - \$5.00	\$161 - \$242 million Repaid beginning 2031	<ul style="list-style-type: none"> • Affects only zero growth and pessimistic traffic scenarios because tolls don’t exceed \$6.00 in current traffic forecast • Users of other tolled facilities will want similar treatment • Impact on other projects and programs funded from the motor vehicle account
6 “loan”	Level debt service beginning in FY 2016; loan from motor vehicle account; repayment toll paid 2031 - 2035	\$1.00 - \$1.30 average savings; repayment toll averages \$3.10 - \$4.75	\$231 million Repaid beginning 2031	<ul style="list-style-type: none"> • Loan from motor vehicle account would offset the effect of escalating debt service • Impact on other projects and programs funded from the motor vehicle account
7	Likelihood of double digit tolls	Not likely to reach double digit tolls	NA	Extremely unlikely scenarios may result in blended toll slightly above \$10 in the last 1-3 years of debt service payment: <ul style="list-style-type: none"> • traffic falling 2% every year; or • 9% annual inflation; or • 1.5% annual traffic decline plus 5% annual inflation

Study materials can be found at <http://www.leg.wa.gov/JTC/Pages/TacomaNarrowsBridgeRefinanceStudy.aspx>

Study origin: 2013 Transportation Budget, ESSB 5024, Sec. 204(4)
Report: Accepted by the JTC on January 8, 2014
Appropriation: Within existing funds
Project Manager: Mary Fleckenstein (360) 786-7312; Beth Redfield, back-up (360) 786-7327
HTC staff: Alyssa Ball (360) 786-7140
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WSDOT Surplus Property

The Legislature directed the Joint Transportation Committee to study and review the use of WSDOT surplus property proceeds to fund facility replacement projects, and the possibility of using the north central region of the Department of Transportation as a pilot project. In conducting the review, the JTC was directed to consult with the Department of Transportation and the Office of Financial Management regarding WSDOT's current process for prioritizing and funding facility improvement and replacement projects.

The study focused on:

- Identification of WSDOT properties, including facilities for agency operation and other properties
- WSDOT property management processes
- The disposal process for surplus properties and how to improve it
- Potential revenue from property sales and use of those revenues
- WSDOT facility needs including future investment
- WSDOT North Central Region and its facility needs
- Legislative alternatives.

Staff from the JTC and the House and Senate Transportation Committees reviewed past studies on WSDOT facility management and discussed current facility inventory efforts. Legislative and OFM staff held three meetings with WSDOT personnel in September, October and December to develop and review this report.

Report observations

1. The number of WSDOT properties continues to grow as new transportation projects are developed. It is likely that the number of surplus properties also continues to grow.
2. WSDOT should sell properties for which it has no future need.
3. For certain properties, the cost of the property sale exceeds the sales price (resulting in a net loss).
4. It may be desirable to take a loss in selling a property in order to reduce on-going costs and liability, thereby resulting in an increase in funds in the motor vehicle account.
5. Certain surplus property legal requirements delay property sales, and changes could improve the process.
6. The December, 2013 WSDOT Facilities and Property Oversight Plan identified 1,989 potentially surplus properties. WSDOT is working to dispose of about 500 of those properties, valued in excess of \$33.5 million.
7. WSDOT's Facilities Capital Program is a very small portion of the agency's \$1.5 billion operating budget. The Capital Facilities Program in the 2011-13 biennium was \$6 million, and \$21.5 million in 2013-2015, which included a new \$13.4 million Traffic Management Center.
8. The WSDOT 2013 Facilities and Property Oversight Plan identifies critical building needs totaling \$2011 million. They estimate the biennial investment need at \$30 - \$40 million.

Options to Improve WSDOT's Surplus Property Processes

1. Shorten notice of property sale requirements to local governments
2. Reduce surplus property auction advertising requirements
 - a. Change requirement for advertising in both the legal and classified newspaper sections; either would be sufficient
 - b. Eliminate or change post-auction advertising requirement for higher-value properties
3. Bundle the sale of low-value property
 - a. Evaluate market values for a specific area and utilize grouping properties
 - b. Combine several properties as a marketable "sale unit" for auction or sale.
4. Incentivize the sale of surplus property by WSDOT regions
 - a. Incentivize the sale of surplus property on a statewide basis
 - b. Incentivize the sale of surplus property by WSDOT region
 - c. Incentivize the sale of surplus property in a WSDOT regional pilot project
5. Increase funding or shift resources for surplus property
6. Amend the requirement that property be sold at fair market value
7. Initiate other steps to expedite surplus property sale

A preliminary draft report was presented to the JTC in December, and an update was presented on January 8, 2014. This study was not intended to be completed prior to the 2014 Legislative Session.

Study materials are available at <http://www.leg.wa.gov/JTC/Pages/SurplusPropertyStudy.aspx>

Study origin:	2013 Transportation Budget, ESSB 5024, Section 204(5)
Appropriation:	Within existing funds
Project Manager:	Gene Baxstrom (360) 786-7398; Mary Fleckenstein, back-up (360) 786-7312
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