



JOINT TRANSPORTATION COMMITTEE

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September 23, 2011

TO: Members of the House and Senate Transportation Committees
SUBJECT: Joint Transportation Committee, Activity Update

The 2011 Joint Transportation Committee interim workplan is well underway. The Legislature directed us to undertake five studies, and all are moving forward. In addition, we have planned a number of tours to highlight state and local transportation needs, including projects funded from the 2003 and 2005 revenue packages, and projects still seeking funding.

Attached are summaries of the five 2011 studies. They include the following:

- Public-private partnerships (P3s) in transportation (p. 3)
- Stormwater management on state highways in cities (p. 4)
- The use of liquefied natural gas (LNG) in Washington State ferries (p. 5)
- Evaluating fare media for Washington State ferries (p. 6)
- Evaluating the management organization structure of Washington State Ferries (p. 7)

In addition to meetings associated with specific studies, the JTC has met twice this interim – April 21 in Olympia and July 13 in Seattle. Four more meetings are planned before the 2012 legislative session begins:

- October 19 in Aberdeen
- November 16 in Bellevue, in conjunction with the Washington State Association of Counties annual meeting
- December 7th in Olympia, and
- January 4th Olympia.

In June, JTC undertook a two-day tour of state, regional and local priority transportation projects in Yakima, the Tri Cities and Walla Walla. We just completed another two-day tour on September 21 and 22, this time viewing priority projects in northern King County, Monroe, Wenatchee and Moses Lake.

Thanks to the thirty-three members of the House and Senate who have participated in one or more JTC meetings and tours already 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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Representative Judy Clibborn
Co-Chair



Senator Mary Margaret Haugen
Co-Chair



Representative Mike Armstrong



Senator Curtis King

Enclosures: JTC Studies

Summaries of 2011 Joint Transportation Committee Studies

September 23, 2011

Public-Private Partnerships (P3s) in Transportation

The Legislature directed the JTC to study public-private partnerships in transportation. The P3 study is primarily one of education, intended to educate legislators, members of the executive branch, and stakeholders about this alternative method of developing projects where the public and private sector share the risks and rewards of projects and services traditionally delivered by the public sector. The study will evaluate five transportation projects, using screening tools and a comparative finance model developed in the course of the study. It will also develop a conceptual P3 implementation plan for Washington.

The consulting team selected to conduct the study is headed by AECOM, and also includes the financial advisory firm KPMG, and the Nossaman law firm in Los Angeles, one of the nation's leading public sector advisors on P3s. They began work on July 1, 2011.

The purpose of the study is as follows:

- To educate members of the Legislature, the executive branch and transportation stakeholders about P3s
- To identify the public interest in the financing, construction, operation and ownership of projects
- To identify barriers to implementation of P3s in Washington State, and alternatives to overcome them
- To develop a screening tool to identify potential P3 project candidates, and a comparative financial model
- To evaluate five projects: I-405, SR 509, SR 167, the Columbia River Crossing, and the Monroe bypass; and
- To develop a conceptual P3 implementation plan for the State of Washington.

The study is guided by a Policy Workgroup of legislators, the Office of the State Treasurer, the Secretary of Transportation, the chair of the Transportation Commission, and representatives from the construction trades and an association representing general contractors.

A two-day educational workshop was held on August 2 and 3 at Highline Community College in Des Moines focusing on various aspects of P3s, including a history of their use, federal funding and financing, typical screening processes, risk allocation, how the public sector can assess the overall costs and benefits of a P3 proposal and whether it makes sense to pursue it (aka *value for money*), and lessons learned from a number of case studies of P3 projects that went well, and others that didn't go well.

Upcoming meetings include a September 29th meeting in Olympia, to further discuss value for money, and to review the draft screening tool and comparative finance model; October 24th in Olympia for a table-top exercise where the five projects will be evaluated with the screening tool and comparative finance model; and a final meeting on November 9th to review preliminary findings and recommendations.

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

Study origin:	2011 Transportation Budget, ESHB 1175, Sec. 204(4)
Report:	Draft final report due December 16, 2011
Appropriation:	\$425,000; contract is for \$399,994
Project Manager:	Mary Fleckenstein (360) 786-7312; Gene Baxstrom, back-up (360) 786-7398
HTC Staff:	Beth Redfield (360) 786-7347
STC Staff:	Kim Johnson (360) 786-7472; and Kelly Simpson (360) 786-7403

Stormwater: Management Efficiencies, and Improved Cost-Recovery for Cities

The Legislature directed the JTC to identify ways to improve the process by which cities are reimbursed by WSDOT for managing stormwater runoff from state highways within city boundaries, and to make stormwater management of these facilities more efficient. This study will

- analyze the cost recovery framework that municipalities use to charge WSDOT for stormwater management expenses related to highway runoff, and make recommendations for improvements;
- make recommendations for cost efficiencies between WSDOT and municipalities; and
- develop a model municipal stormwater fee ordinance.

On July 8, a consultant team led by the FCS Group began work. The team held a kick-off meeting on July 25 with the Staff Workgroup consisting of JTC and legislative staff, WSDOT, Ecology, Association of Washington Cities, and Washington State Association of Counties. The Staff Workgroup will provide input and guidance to the consultant team.

During the early stages of the study, the consultant team has analyzed federal and state laws and regulatory processes, and has drafted a "Stormwater 101" guide. The team collected data and created an inventory of state highways regulated by the federal Clean Water Act. Additionally, a survey of municipalities has been conducted and results are being analyzed. The survey asked questions to determine what issues exist for cost reimbursement under existing law.

The consultant team and Staff Workgroup have selected seven municipalities representing a cross-section of municipalities across Washington, to use as case studies. The consultant team has begun to work with selected municipalities to profile their experiences with stormwater management practices and cost recovery methods.

A draft report will be presented to the JTC on November 16th. The draft final report will be presented to the JTC on January 4, 2012.

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

Study origin:	2011 Transportation Budget, ESHB 1175, Sec. 204(3)
Report:	Draft final report due December 13, 2011
Appropriation:	\$200,000
Project Manager:	Diane Schwickerath (360) 786-7327; Mary Fleckenstein back-up (360) 786-7312
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Using Liquefied Natural Gas (LNG) in Washington State Ferries

The Legislature directed the JTC to evaluate the use of liquefied natural gas (LNG) in Washington State ferries. The ferry system has already begun investigating its use in existing and new vessels, in order to address the high price and price volatility of diesel fuel, and upcoming emissions-reductions requirements.

The JTC study will evaluate the ferry system's work-to-date on LNG, and address the following three issues:

- **LNG as an energy source for vessel propulsion, and the economics of its use** when compared with diesel. This will include an analysis of fuel supply and delivered cost, as well as the regulatory environment.
- **The costs, opportunities and risks of LNG** vs. diesel fuel. This will address both the retrofit of an existing Issaquah-class vessel, and the redesign of the new 144-car vessel to use LNG. Topics to be evaluated include capital and operating costs, the market to supply diesel and LNG and a projection of future fuel prices; costs to meet regulatory requirements; the return on investment, and related issues.
- **LNG implementation issues** for WSF. These include regulatory requirements, refueling, labor and collective bargaining, safety, any route-specific issues, and timeframe/scheduling issues related to the procurement of the 144-car vessels and the retrofit of an Issaquah-class vessel.

The consulting team headed by Cedar River Group began work on August 12, 2011. The team also includes naval architect John Boylston, and other issue-specific subconsultants.

A staff workgroup is helping to guide the study. It is composed of legislative staff, and staff from Washington State Ferries and the Office of Financial Management.

The consultants will brief JTC on the progress of the study at the October 19th JTC meeting in Aberdeen, and then on December 7th in Olympia.

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

Study origin:	2011 Transportation Budget, ESHB 6381, Sec. 204(5).
Report:	Draft final report due December 31, 2011.
Appropriation:	\$100,000
Project Manager:	Mary Fleckenstein (360) 786-7312; Gene Baxstrom, back-up (360) 786-7398
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Ferry System Fare Media

The Legislature directed the JTC to evaluate the most appropriate fare media to use on Washington State ferries that could accommodate the new reservation system and demand management pricing. The objective includes a simpler fare structure and for the fare media to be interoperable with other regional payment methods.

The study approach includes the following tasks:

- Assessment of system ridership and customer base;
- Examination of current fare media including the regional ORCA pass, Wave2Go, *Good to Go!*, and commercial accounts, and evaluation of the interoperability of fare media between systems;
- Evaluation of fare structure including fare basis, historical context, and new fare initiatives;
- Development of criteria to evaluate alternative fare media approaches;
- Identification and assessment of alternative fare media; and
- Development of report recommendations regarding fare media approaches.

The firms of Cedar River Group/Scanlan Consulting, in conjunction with BERK and the IBI Group began work in August. A Staff Workgroup comprised of staff from the Transportation Committees, the Transportation Commission, OFM, and Washington State Ferries is providing support.

Policy direction for the study is provided by a Policy Workgroup comprised of JTC members, Transportation Commissioners, a member of ferry user groups, and representatives from the Governor's Office and the Washington State Ferries. The first Policy Workgroup meeting will be held in early October and subsequent meetings are planned for early and late November.

The consultants will provide study updates at JTC meetings scheduled for October 19th and December 7th.

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

Study origin:	2011 Transportation Budget, ESHB 6381, Sec. 204(1).
Report:	Draft Final Report, December 16, 2011
Appropriation:	\$200,000
Project Manager:	Gene Baxstrom (360) 786-7398; Mary Fleckenstein, back-up (360) 786-7312
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Ferry System Management Organization Structure

The Legislature directed the JTC to investigate the management organization structure of Washington State Ferries (WSF). The study proviso which passed the Legislature called for a study to recommend changes to the WSF organization structure for more efficient operations and a more balanced structure scaled to the workforce. This study proviso was vetoed by the Governor; however the JTC proceeded with more targeted study objectives related to WSF management and the changing operating environment.

The Matrix Consulting Group from Palo Alto, California, began work on August 26th.

The study will evaluate the current management and staffing structure of WSF and address the following issues:

- Appropriateness of management layers;
- Ensuring effective chain of command and spans of control;
- Efficient and effective allocation of management responsibilities;
- Ensuring appropriate accountability, and that appropriate vessel and terminal performance measures are in place; and
- Clarifying and enhancing the organizational relationship between management and staff.

The JTC Executive Committee is overseeing the study. A Staff Workgroup comprised of staff from the Transportation Committees, the Governor's Office, OFM, and Washington State Ferries, is providing support.

The study began with a Staff Workgroup meeting in August. The consultant team has interviewed over 30 WSF staff and toured WSF facilities and vessels. The consultants are developing a WSF employee survey to inform the study.

The consultants will provide study updates at JTC's October 19th and December 7th meetings.

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

Study origin:	2011 Transportation Budget, ESHB 6381, Sec. 204(2).
Report:	Draft Final Report, December 16, 2011
Appropriation:	\$150,000, contract is for \$109,000
Project Manager:	Gene Baxstrom (360) 786-7398; Mary Fleckenstein, back-up (360) 786-7312
HTC Staff:	Debbie Driver (360) 786-7143
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