

## Joint Transportation Committee

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Washington State Legislature

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### REQUEST FOR PROPOSALS

MAY 20, 2009



#### SENATORS

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# RFP Work Program

## “Implementing Alternative Transportation Funding Methods”

### I. Background

The 2007 Joint Transportation Committee (JTC) study on long-term transportation financing, the National Surface Transportation Infrastructure Financing Commission study, and other studies have concluded that many existing sources of state and national transportation funding are not sustainable in the long-term. The studies recommend the enhanced use of tolling and other funding methods to serve as interim transitions leading to conversion to long-term funding sources which may include use-based and / or vehicle characteristic-based fees.

The existing motor fuel tax and vehicle based fees have been a long accepted indirect user fee to fund highway capital and operation needs. Transitioning to alternative transportation funding methods will be technically, economically, and institutionally challenging. Further research and analysis to identify and implement alternative funding methods are needed to assist the legislature in developing mid-term and long-term transportation finance policy and approaches.

### II. GENERAL SCOPE OF WORK

The Joint Transportation Committee (JTC) will conduct a comprehensive research effort analyzing the feasibility and practicality of implementing funding methodologies identified in the 2007 Long-Term Transportation Financing Study, as well as other approaches identified by the committee, staff, and the consultant. The research and analysis must take into account existing and emerging funding, energy, environmental, and mobility policy objectives. ***The principle objective of this project is to identify specific implementation steps for the legislature and agencies to begin implementing viable mid-term and long-term transportation funding approaches.*** The primary focus of this effort is to examine state imposed and collected transportation taxes and fees.

This study has several components including the following:

- Analyzing policy initiatives and existing/alternative transportation revenue sources,
- Identifying new data needs ,

- Evaluating current and possible future funding sources based upon a selection of objectives and criteria,
- Develop strategies for implementing selected alternative funding options,

This project will be supported by a JTC staff working group composed of staff from the JTC, House and Senate Transportation Committees, the executive branch, and representatives of local jurisdictions.

### III. CONSULTANT SCOPE OF WORK

#### Task 1 Analyze Policy Initiatives (Phase 1)

The consultant will identify and analyze research on how policy initiatives might influence the nature of the transportation system and implementation of funding methods and transportation financing strategies. Using the 2007 Long-Term Transportation Financing Study and other appropriate sources, the consultant will identify emerging state and federal policy initiatives with regard to funding, energy, the environment, and mobility which may influence or alter the assumptions of the 2007 study. The work will identify how the policy initiatives like those shown below could influence the nature of the transportation system and implementation of transportation financing strategies.

##### 1.1 Funding Policies and Initiatives:

- What are the existing state transportation revenue sources and emerging state and federal revenue alternatives being considered?
  - Mid-term options
  - Long-term options
- What is the forecast of current revenue sources?
- What elements of operations, maintenance, and preservations constitute the “base case” financial need?
- How much capital and operations funding is needed?
- What are the governmental relationships and obligations for funding?
- Other

##### 1.2 Energy Policies and Initiatives: How will energy policies impact the type and use of fuels in transportation and transportation funding approaches with regard to the following factors?

*Changes and trends in energy uses:*

- Consumption of conventional and non-conventional liquid fuels, electrification, hydrogen, and others,
- The volatility of energy supplies and prices,
- Vehicle characteristics and how they affect transportation funding methods,
- Demands for alternative fuels, and
- Other factors

- 1.3 Environmental Policies and Initiatives:
- Climate change,
  - Land use,
  - Social justice,
  - Equity,
  - What are the potential "green demands" on existing and alternative revenue sources for transportation funding, and
  - Other.
- 1.4 Mobility Policies and Initiatives: On a strategic level, how will the nature and the scope of future changes to the transportation system (incremental, evolutionary, or fundamental) influence funding methods?
- Personal transportation alternatives,
  - Goods movement,
  - Relative modal demands, and
  - Other factors
- 1.5 Local Transportation:
- How will transportation needs change?
  - How effective are existing local funding options and what are their constraints?
  - What are the actual and perceived barriers that hinder or prevent the effective use of existing local funding options?
  - What other alternative funding methods are available?
- 1.6 For each potential policy objective identify the potential first and second order influences to the transportation system and funding methods.

**Deliverables:**

- White paper and presentation.

**Task 2 Collecting and Analyzing Data (Phase 1)**

The consultant will review and analyze applicable transportation data trends and changes that might influence the nature of the transportation system and implementation of transportation funding methods. It is intended that this task shall utilize and update existing state and national research where available and practical, and conduct original data analysis where existing data is not adequate. The staff working group will assist the consultant in ascertaining the data and updating data as necessary.

- 2.1 Update and analyze relevant transportation funding data from the 2007 Long-Term Transportation Financing Study. Data analysis shall include evaluating the most relevant alternative funding options and their associated impacts on revenue, energy, environment, and mobility.
- 2.2 Collect data
- Work with state and national agencies to collect data. If original research is necessary, develop a methodology and conduct the data research.
- 2.3 Analyze Alternative Transportation Funding Methods. In the analysis, include the impact of the alternative funding methods on the following variables and factors
- The volatility of both energy availability and energy prices.
  - Energy trends,
  - Vehicle characteristics and fleet trends,

- Environmental initiatives,
- Use characteristics and trends of: State and local transportation systems; rural and urban transportation systems; and modes,
- Revenue forecasting risks,
- Future viability of the existing funding method.

**Deliverables:**

- White paper and presentation.

**Task 3 Objectives and Criteria (Phase 2)**

The consultant will develop an analysis framework to support the selection of objectives and criteria to be used to evaluate implementation strategies. The analysis of objectives and criteria must take into account existing and emerging policy objectives regarding funding, energy, the environment, and mobility. The consultant shall facilitate Committee discussion and acceptance of the evaluation objectives and criteria.

The criteria analysis should consider, but is not limited to:

- Relationship of funding, energy, environment, and mobility policy initiatives;
- Relationship of users and general population;
- Equity;
- Efficiency;
- Simplicity and transparency;
- Sustainability, revenue adequacy, and administration costs;
- Institutional requirements and governmental roles;
- Constraints on use of funds, including the state's 18th amendment;
- Technology; and
- Privacy.

**Deliverables:**

- Facilitation of selection process.
- Evaluation framework, objectives, and criteria working paper and presentation.

**Task 4 Implementation Strategies (Phase 2)**

The 2007 Joint Transportation Committee (JTC) study on long-term transportation financing, the National Surface Transportation Infrastructure Financing Commission study, and other studies have concluded that existing sources of local, state and national transportation funding may not be sustainable in the long-term. The studies recommend the enhanced use of tolling and other funding methods to serve as interim transitions leading to conversion to long-term funding sources which may include use-based and / or vehicle characteristic-based fees.

The existing motor fuel tax and vehicle based fees have been a long accepted indirect user fee to funding highway capital and operation needs. Transitioning to alternative transportation funding methods will be institutionally challenging. Further research and analysis to identify and implement alternative funding methods are needed to assist the legislature in developing mid-term and long-term transportation funding policy.

This task will identify and develop implementation strategies for selected financial methods identified in the 2007 Long-Term Transportation Financing Study, as well as other methods identified by committee, staff, and consultant. In selecting the alternatives to be developed, the consultant will take into account potential evolutionary and incremental transition strategies as well as combinations of strategies to achieve the identified objectives and criteria.

**It is anticipated that the consultant will commit the majority of effort to this task.** Where practical, and at the discretion of the JTC, the study will utilize the large body of emerging user fee studies that have and are under development within the state, as well as studies and efforts in other states and in other countries.

- 4.1 Analytical Framework. Develop an analytical framework based on the objectives and criteria as well as practicality and feasibility to support evaluation of the implementation strategies.
- 4.2 Implementation Strategy Development. In coordination with the working group, identify and develop strategies to implement the funding methods. The strategies will be continually screened during the development process with two key screening points: Initial screening will select the strategies, or combinations of strategies, that will be developed to a “planning level”. The final screening will select the strategies, or combination of strategies, that will be developed to an “operational level” for implementation or scaled testing as part of Phase 3.
- 4.3 Analysis. Evaluate the strategies in accordance with the analytical framework identified in Task 4.1. Two screening points will be used in this task. The first screening point will be conducted early on to identify which strategies will be developed and analyzed in Phase 1 and 2. The second screening will be conducted in the later part of this task to select which projects will go onto Phase 3 strategy development.
- 4.4 Phase 3 Scoping. Develop a work program, schedule, and budget to further develop the selected implementation strategies into “operational level” plan for implementation or scaled testing. It is intended that Phase 3 will recommend specific actions to develop, test, or possibly implement the identified financial approaches for mid-term and long-term transportation funding.

**Deliverables:**

- Those items set forth in 4.1-4.3
- Draft work program identified in 4.4.
- Working paper and presentation.

**Project Management**

The consultant Project Manager shall have, at a minimum, bi-monthly scheduled conference calls with the JTC Project Manager. Full or partial consultant team conference calls may be scheduled as needed, to include at a minimum a project kick off meeting and coordination meetings prior to JTC briefings.

In-state research and interviews are anticipated and, if practical, may be scheduled in coordination with the briefings to the JTC. The Committee also wishes to take into consideration comments from parties whose interests would be affected by alternative funding methods and approaches.

The project will require close coordination with staff of the JTC, House Transportation Committee, and the Senate Transportation Committee. The consultant will also coordinate with staff of the Washington State Forecast Council, the Department of Transportation, the Transportation Commission, the Department of Ecology, and the Department of Commerce, Trade and Economic Development, and other agencies as appropriate.

## **IV. Contract Deliverables**

1. Three to five briefings to the JTC on project activities, findings, and results. Meetings to be held in the Olympia or Seattle area between August 2009 and January 2010.
2. Draft report on findings, and recommendations by November 6, 2009. Electronic version distribution to JTC. The consultant shall work with the JTC on review of the draft report.
3. Draft Final report of process documentation, findings, and recommendations by November 25, 2009.
4. Final report by December 31, 2009. The consultant shall provide:
  - “Free standing” Executive Summary document (20 color and 40 black and white hard copies);
  - Final Report (25 printed and appropriately bound hard copies);
  - Electronic version suitable as printing “master” (word and PDF); and
  - Electronic version suitable for web-based distribution (PDF).
5. Coordination with JTC and identified agencies.
6. The consultant shall work with the JTC project manager for review and finalization of the presentations prior to the meeting, allowing sufficient time to review and finalize presentations. The consultant shall provide an electronic version and 20 color and 40 black and white hard copies of the presentation each meeting.