



JOINT TRANSPORTATION COMMITTEE

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October 1, 2009

TO: Members of the House and Senate Transportation Committees

SUBJECT: Joint Transportation Committee, Activity Update

The Joint Transportation Committee has met seven times in the 2009 interim, and three more meetings are planned before the start of the 2010 legislative session. Meetings included a day-long tolling workshop in June in Renton, and will include a November meeting in conjunction with the Washington State Association of Counties annual meeting in SeaTac.

Three major studies are under contract, with one almost completed. A fourth contract has been issued regarding ferry issues. Summaries of the following are attached.

- Implementation strategies for alternative transportation funding methods
- Analysis of methodologies to value the I-90 center lanes to be used for high capacity transit
- Toll operations costs expert review panel
- Ferry reservations, monitoring implementation of 2006-09 study recommendations, legislative staff support

The JTC will receive agency reports on several topics in upcoming meetings, including

- Washington State Ferry reservation system pre-design
- Consolidation of licensing service offices (Dept. of Licensing)
- WSDOT operational efficiencies directed in the 2009 legislative budget

In addition to regular study updates, members have received reports on the Hood Canal Bridge project, the opening of Link Light Rail between downtown Seattle and Tukwila, the issuance of enhanced drivers licenses, the closure of licensing service offices, the ferry system's final long-range plan, a multimodal concurrency pilot project, and the Puget Sound Regional Council's 2040 regional transportation plan.

Thanks to the twenty-five members of the House and Senate who have participated in one or more JTC meetings 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 feel free to contact the JTC staff as follows:

- Mary Fleckenstein, Committee Coordinator, 360-786-7312, fleckenstein.mary@leg.wa.gov
- Gene Baxstrom, Senior Policy Analyst, 360-785-7398, baxstrom.gene@leg.wa.gov
- Paul Neal, Senior Counsel, 360-786-7327, neal.paul@leg.wa.gov
- Sonia Plasencia, Accountant/Committee Assistant, 360- 786-7329, plasencia.sonia@leg.wa.gov



Representative Judy Clibborn
Co-Chair



Senator Mary Margaret Haugen
Co-Chair



Representative Dan Roach



Senator Dan Swecker

Enclosures:
JTC studies

Summaries of 2009 Joint Transportation Committee Studies

October 1, 2009

Implementation strategies for alternative transportation funding methods

The JTC contracted with the Cedar River Group and Berk & Associates to identify viable mid-term and long-term transportation funding approaches, and to identify steps to begin implementing those approaches. This identification of funding options will include evaluation of funding approaches recommended in the 2007 JTC Long-Term Transportation Funding Study, taking into account emerging funding, energy, environmental and mobility policy objectives. The study is also identifying additional alternative funding methods that should be evaluated.

In the second phase of the current study, the consultant, together with the JTC and a staff working group, is developing criteria for evaluating alternative funding methods. Lastly, the most critical element of the study is to identify implementation strategies for preferred funding methodologies. This will include more detailed scoping to take the preferred strategies to the operation level for implementation or scaled testing.

The 2009-11 Transportation Budget also calls for recommended planning level alternative funding strategies to be completed by December 31, 2010. That study element was not funded, and is not a part of this study contract.

Progress to date

The consulting team has appeared before the JTC at three meetings, with the following materials presented:

- Study objectives, goals and schedule
- Draft white paper on policy initiatives affecting transportation, including an update of funding and expenditures, and the impacts of shifts in energy prices, environmental policies, and mobility policies.
- Review of transportation funding methods.
- Criteria have been developed for evaluating alternative funding options. This criterion broadly includes revenues, benefits/link to use of services, payer equity, and applicability to local programs.
- A matrix comparing revenue options evaluated with evaluation by criteria has been developed.

Materials prepared for the study have been reviewed and analyzed by a Staff Working Group which includes Transportation Committee staffs, and staff from other agencies including Transportation, Licensing, Ecology, Revenue, Commerce and OFM, and other organizations including the Association of

Washington Cities, the Washington Association of Counties, the Washington Public Transit Association, and the Washington Public Ports Association.

Next steps

- The evaluation criteria compared with alternative funding methods will be more fully screened and compared.
- The funding method review and steps for implementation of revenue sources are being prepared. Revenue forecasts, costs, and other evaluation criteria assessment will be set forth.

<p>Study origin: 2009 Transportation Budget, ESSB 5352, Sec. 204(1). Report: Draft report is scheduled for presentation at the December 2nd JTC meeting. Appropriation: \$236,000 Project lead: Gene Baxstrom, (360) 786-7398</p>

Analysis of methodologies to value the I-90 center lanes

The Sound Transit East Link rail project approved by Sound Transit Proposition 1 includes extending light rail from Seattle to the east side of Lake Washington via the I-90 bridge. This requires converting the two reversible center lanes of the I-90 bridge to rail and adding two new vehicle lanes. Transferring the use of the center lanes from WSDOT to Sound Transit requires payment of consideration. The 2009-11 Transportation budget appropriated \$300,000 to JTC to fund a study of methods for valuing the lanes to facilitate transfer. The study was conducted by Sound Transit and WSDOT.

The JTC, WSDOT, and Sound Transit selected a consultant team to analyze legal requirements or restrictions on the valuation process and evaluate different valuation methodologies. The JTC agreed to consider funding the resulting valuations, depending upon the outcome of the analysis.

CONSULTANT RECOMMENDATIONS

The consultant team issued a draft report on July 20th. Key findings include:

- The 18th amendment to the Washington's Constitution requires that motor vehicle fund moneys be used exclusively for highway purposes. The Supreme Court has ruled that providing transit service is not a highway purpose. To the extent that the I-90 bridge was constructed with state motor vehicle fund money, transfer of a portion of the bridge to a non-highway use, i.e. transit, requires reimbursement of the motor vehicle fund.
- The Bridge was built with approximately 90% federal funds and 10% state funds. The consultant's valuation methodology focuses on recouping 25% (2 out of 8 lanes) of the state's contribution to the I-90 bridge;
- The consultant team recommended using three different recognized appraisal methodologies and arriving at a final valuation by reconciling the results of the three methods. Those methods are:
 - Effect of projected increase or reduction of throughput to income of state and local transportation systems;
 - "Across the fence" methodology of comparable per square foot land values of single family residential property on the east and west sides of Mercer Island; and
 - Cost of state expenditures on bridge inflated by the construction cost index and reduced by a depreciation factor.

VALUATION METHODOLOGY

The principles had different views of the consultant's recommendations and decided to provide two sets of valuation instructions: 1 from Sound Transit and 1 from WSDOT. The appraisers included in the consultant team will perform a valuation using each set of instructions. These valuations will provide a starting point between WSDOT and Sound Transit to negotiate an agreed value to the conversion of the reversible lanes to high capacity transit. The Transportation Budget directed those negotiations to be completed by December 1, 2009.

FEDERAL INPUT

Federal funds paid for approximately 90% of the bridge construction. Any negotiated resolution of the valuation question must, therefore, comply with applicable federal requirements. The consultant team has consulted with the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA) to confirm the substance of those requirements. A final response from the federal agencies is pending.

<p>Study origin: 2009 Transportation Budget, ESSB 5352, Sec. 204(3). Report: Draft completion awaiting resolution of federal issues. Appropriation: \$300,000 Project Lead: Paul Neal, (360) 786-7327</p>

Toll Operations Costs Expert Review Panel

The JTC contracted with AECOM to form an expert review panel (ERP) to review costs and strategies for electronic toll collection (ETC) in Washington. The ERP focused on transaction processing costs; operations and customer service; technology; toll enforcement; and WSDOT administration; with a special emphasis on the two SR 520 RFPs already on the street: the roadside toll collection system (TCS) and the customer service center (CSC) integration for the early tolling of the existing SR 520 bridge. The ERP was asked to make recommendations to WSDOT on changes to the RFPs to create a more competitive procurement process, and to reduce the overall project cost and risk to the state.

Key findings

The ERP identified several factors in the RFPs that would likely lead to high bids, a limited number of vendors submitting bids, increased risk for the state, and a more expensive and potentially unsuccessful contracting environment. These included:

- Blanket distribution of transponders
- Too great a reliance on post-pay toll enforcement rather than pre-paid accounts
- Incomplete business rules
- An extremely aggressive schedule for the statewide CSC

The ERP recommended

- Reserving transponders for frequent customers
- Tolling infrequent customers with video technology (taking a picture of their license plate) and encouraging them to sign up for pre-paid or pre-registered license-plate accounts.
- Implementing a two-phase CSC, first just focusing on SR 520, and later adding all toll collections, including the TNB and SR 167 HOT lane tolls. This would give the vendor time to develop and test the business rules for all toll applications without slowing early tolling on SR 520.

WSDOT's response

- WSDOT amended the RFPs and business rules to highlight pre-paid video accounts; and agreed to focus transponders on the frequent customer.
- WSDOT found the two-phase CSC unworkable, concerned that it would not fully account for all revenue and thereby harm public credibility. As an alternative, they moved the tolling start date from October, 2010 to June, 2011, and provided incentives to the vendor to begin tolling earlier than June, 2011.
- WSDOT has issued several addenda to the RFPs and has issued a greatly expanded set of business rules, which do much to clarify system requirements for the vendor community.

Conclusions

- The ERP believes WSDOT's solution to the two-phase recommendation is effective.

- The ERP believes the shift to fewer transponders and more pre-paid video accounts is effective.
- The ERP believes their partnership with WSDOT has resulted in procurement documents that will provide the state with an efficient, state-of-the-art toll collection system. There will not be unwanted legacy costs for the public as WSDOT expands the use of tolling in the future.

Study origin:	2009 Transportation Budget, ESSB 5352, Sec. 204(2)
Report:	Final draft is currently in final editing; expected to be available by 10/9/09
Appropriation:	\$200,000
Project Manager:	Mary Fleckenstein (360)786-7312

Ferry reservations, monitoring the implementation of 2006-09 study recommendations, legislative staff support

From 2006 through 2009, the JTC conducted an extensive review of the Washington State Ferry (WSF) system and its financing. That review produced a number of recommendations, some of which were adopted in statute. The 2009-11 transportation budget directed the JTC to monitor implementation of those recommendations and directions.

The JTC contracted with Cedar River Group (CRG) to implement the budget proviso. The contract requires CRG to:

- Work with and monitor WSF's progress as it develops the reservation system pre-design report required by ESSB 5352 Section 309 (10). CRG must prepare a report on WSF's reservation system proposal, including integration with the electronic fare system and the smart card, by December 15, 2009;
- Provide quarterly reports on WSF's implementation of legislative direction and study recommendations; and
- Provide assistance to the Senate and House Transportation Committees on ferry issues as needed.

<p>Study origin: 2009-11 Transportation Budget Agency Detail, Report, p. 39. Report: Reservation Proposal Report due December 15, 2009 Appropriation: \$200,000 Project Lead: Paul Neal (360) 786-7327</p>
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