

**MINUTES OF THE REGULAR MEETING OF THE
WASHINGTON STATE TRANSPORTATION COMMISSION
October 20 & 21, 2004**

The regular meeting of the Washington State Transportation Commission was called to order at 9:00 a.m., on October 20, 2004 in Room 1D2 of the Transportation Building in Olympia, Washington.

Commissioners present at the meeting were: Chair Stedman, Ed Barnes, Ruth Fisher, Dick Ford, Elmira Forner, A. Michèle Maher, and Dan O'Neal.

APPROVAL OF MINUTES

Approval of Commission meeting minutes for June 23, 2004 Local Commission meeting and July 14 & 15, 2004 Regular Commission meeting.

It was moved by Commissioner Maher, and seconded by Commissioner Barnes to approve meeting minutes for June 23, 2004 Local Commission meeting and July 14 & 15, 2004 Regular Commission meeting. The motion passed unanimously.

SECRETARY'S REPORT

Secretary MacDonald expressed his appreciation to Department staff for their dedication in putting together the Washington Transportation Plan (WTP). He noted that the WTP meeting was very successful, but it will be a challenge for the Department to pull all of the information together. This will also present a challenge for the Commission. At the end of the update he mentioned how transportation fits into average household budgets. He referred to a U.S. Bureau of Labor Statistic chart that pulls together consumer expenditure data in western states. He explained that it's clear that it's not because our society does not spend money on transportation that we do have not all the transportation facilities that are needed. A lot of money is spent on transportation, it's a huge priority in our lives, and somehow there has to be a way to fit it into people's transportation expenditures, with a financial and program provision, so that we can provide all modes of transportation to the system. The issue is how to slice the "green pie". He suggested that Commissioners let Department staff know if they or the public have comments. Chair Stedman commented that the chart does not indicate how much of transportation dollars are tax dollars. Secretary MacDonald agreed that the chart shows consumer expenditures divided into lumps. Chair Stedman stated that transportation funding is critical and it's hidden in the lump. Commissioner O'Neal commented that the University of Washington might have broken down the lump. Commissioner Maher commented that as the public moves to hybrid vehicles there would be less gas tax dollars, which has a trickle down effect. Chair Stedman indicated that a public handout showing how much of the gas tax dollar is actually spent on roadways would be very valuable. Secretary MacDonald stated that the average citizen is more concerned about the city arterial and county roads versus state highways. It has to be lumped together in order

for people to see how the system works. The Department has worked with cities and counties to put the data together, but the data is soft, and depending on where you are in the state the solution differs.

The Department does not plan to make a WTP recommendation to the Commission, but plans to provide emerging direction as a touchstone for discussion. The Commission will then have the opportunity to convey choices and priorities tied to the money.

Secretary MacDonald indicated that there's a need for more discussion regarding how rail and road will look 15 or 20 years from now as freight forecasts grow. The Department should figure out a way to deal with the integration of rail and roads. This is one of the most difficult problems in the WTP, because freight rail decisions will not be at the state level. The future is uncertain when others are playing the main part of the planning.

Commissioner O'Neal commented that there is a debate at the national level as to what the future of the railroads.

Commissioner Fisher suggested that the Department seek advice from Sound Transit.

Secretary MacDonald commented on his attendance at the Tribal Conference. He shared that the conference was very useful to both the Department and the tribes. The purpose of the conference is to bring together the Department and the tribes. He referenced the Centennial Accord, explaining its purpose and usefulness in government-to-government relationships. The document has become a valuable tool for both the Department and tribes. Commissioner Forner commented that she would like to have a better understanding of all the legalities of the Centennial Accord. Secretary MacDonald suggested that the Department's Tribal Liaison's Office treat this as an ongoing matter, and provide updates to the Commission on consultation policies.

Secretary MacDonald shared that the Department has played an active role in watching the activity of Mount Saint Helens. He also shared information regarding a recent Nickel Package and other funded ribbon cutting events.

The Department held its annual meeting with the Washington State Patrol. The purpose of the meeting was for the two agencies to continue to be supportive of each other. In attendance at the meeting were Senator Horn and Representative Murray.

Secretary MacDonald and Chair Stedman shared that they met with the Association of Counties in Spokane. Chair Stedman stated that these types of meetings result in better relationships with cities and counties.

Secretary MacDonald shared that he has an upcoming meeting with the Transportation Performance Audit Board (TPAB). TPAB's agenda is focusing on performance measure reporting. Dye Management will present a first draft of the performance management report it performed to TPAB for review. The Department will provide a briefing to the

Commission regarding the report findings. There are two other reports on project delivery and environmental permitting that are still being worked on by Dye Management.

John Conrad, Assistant Secretary, WSDOT, shared that he is Chairman of the American Association of State Highway and Transportation Officials (AASHTO), Highway Subcommittee on Systems Operation and Management. The Subcommittee's efforts are focused on how we can better optimize the operations of the transportation system.

There is a new emerging effort called Vehicle Infrastructure Integration (VII). VII actually works with how vehicles interact with the roadway setting up a wireless communication system between the vehicle and electronic sensors along the roadway. This can lead to improved intersection safety, such as warning vehicles of another vehicle approaching and road surface conditions. This is an exciting future concept that a number of states are working with the auto industry to develop. The Department is working on scheduling meetings with representatives from other DOTs and auto executives to look at VII. He moved on to provide a briefing on the status of the Hood Canal Bridge graving dock site. The project is currently involved in ongoing archeological and burial recovery. The Department is trying to complete construction around the archeological work. The project is not moving along as quickly as the Department would like, and is close to losing another year on the expected completion date. The current discussion is evolving around what is called *Area of Potential Effects (APE)*. The graving dock depth is approximately 30 feet and the APE may require that the dig go deeper. The Tribe has invoked the Dispute Resolution Process, which has brought the parties together to discuss the situation. At this time the APE situation is with the Federal Highway Administration for clarification.

Dan Mathis, Division Administrator, Federal Highway Administration (FHWA), explained that the process is unique. The *Memorandum of Agreement (MOA)* states that if there is a dispute, the Federal Highway Administration will consult with the Advisory Council on Historic Preservation. The FHWA can choose to accept the Council's recommendation or not. Mr. Conrad explained that in the interim the project contractor is working around the portion of the site that is considered APE. Because of the condition of the Hood Canal Bridge the work must be completed within a reasonable amount of time. Secretary MacDonald commented that the Department would find it very problematic to continue the project at the current site if the dig were to exceed the MOA. Critical decisions will need to be made once the FHWA reaches a determination.

Chris Christopher, State Maintenance Engineer, WSDOT, provided a briefing regarding an emergency declaration on State Route 101 on the Bogachiel River as a result of a slide. He explained the reconstruction process and associated cost of repairing the highway.

Commissioner Ford asked if a repair as extensive as this is factored into the maintenance budget. Mr. Christopher stated that unstable slope repair funds are factored into the budget.

TRANSPORTATION EQUITY ACT FOR THE 21ST CENTURY – REAUTHORIZATION AND REVIEW

Larry Ehl, Federal Liaison, WSDOT, provided a status review on TEA-21 Reauthorization. Mr. Ehl introduced Aaron Butters, Strategic Planning and Programming, WSDOT, and Evan Schatz, Legislative Director for Congressman Rick Larson. Mr. Schatz explained that Congressman Larson sits on the Transportation Infrastructure Committee, and has worked on TEA-21 Reauthorization for a couple of years.

Mr. Ehl explained that the current reauthorization bill has been extended until May 31, 2005. There is a chance that during the “Lame Duck” session the legislation may be revisited and be passed during the session, but realistically no one expects that to occur.

In order for the legislation to be revisited negotiations would have to be occurring today between leadership because of the contention. Negotiations cannot be at a staff level, but at a Committee Chair leadership level. The bill would carry over until next year when it will be a new congressional session. In that event current legislation will die, and has to be reintroduced. The question is will the bill be introduced as it exists today, or will it be from scratch. He noted that negotiations are focused on the funding level, with the Senate at \$318 billion, the House originally at \$375 billion, the bill that passed in the House was at a much lower level of \$299 billion. Funding splits and other issues are creating divisions between the two chambers, and party members within the chambers. The Highway Trust Fund is declining to the point that if a six-year bill were submitted that was funded on today’s revenues, it would be funded at \$253 billion. Commissioner Maher asked how the revenue stream is fed. Mr. Ehl responded that today’s funds come from an 18.4 cent gas tax, a 24.5 cent tax on diesel, and tire and truck weight fees. He commented that there is conversation regarding on how the use of alternative fuels impact trust fund revenue. At this point he is not aware of any conversation on how this would be handled. Mr. Schatz interjected that the use of garnering more of a tax from the use of ethanol is under discussion, but other alternatives have not yet been looked into.

Mr. Ehl provided an overview of issues that have slowed the progress in obtaining a new bill reauthorization. There are sharp disagreements over funding levels, the distribution of revenue to states, and the “Lame Duck” session that has slowed progress. Another issue that came up after the Senate and House released their bills was whether or not more money be put into formula or discretionary (earmarks). The only distinction is that DOT’s have more discretion in determining how the formula money is spent, what projects and programs the money goes to. Discretionary funds are assigned to specific projects (earmarks).

Chair Stedman asked for clarification of the differences between the contract authority and guaranteed spending. Mr. Ehl responded the contract authority (highest level of authority) is a type of budget authority that is based on estimates of future highway trust fund revenue, and guaranteed spending is just that, when Congress agrees to send that amount of money it’s guaranteed. Commissioner Maher requested a list of programs that are outside the standard

trust fund bill. Chair Stedman inquired where ferry funding fits. Mr. Ehl responded “yes” because there is language in the House and Senate draft bills that directs a certain amount of funding to the top ferry systems. Chair Stedman stated that we need to make certain that the ferry system is in the top listing and not the transit system. Mr. Ehl responded that the Department also receives some transit funding for the entire ferry system. Commissioner Maher asked if security falls within the bill. Mr. Ehl responded that security falls within a different bill. Mr. Schatz responded that for the most part homeland security funds are not associated with these programs, with the exception of the border programs being able to work closely with GSA in the final bill. Ferry funding is within the highway portion of the bill, and the larger highway portion additional money can be allocated to the ferry system. Chair Stedman stated that he was under the impression that passenger only ferries were included in transit funds. Commissioner Maher inquired whether ports would be included in homeland security. Mr. Schatz responded that a portion will go to ports for homeland security, but the majority of the funds will go to intermodal programs to move freight faster. The Committee is trying to stay within its jurisdiction. Commissioner Maher stated that freight is still being viewed as a separate entity and not as a part of a transportation entity.

Mr. Schatz responded that is correct. Mr. Schatz explained that the Senate uses a system called Equity Bonus System when distributing funding to states that is very different from Washington’s. Although, we look forward to an agreement of \$299 billion dollars over six years, ultimately there was not an agreement on how each state is reimbursed. Many states, with political clout, are pushing hard to rebalance the system in a much more fair way. In addition, there was not an agreement on transit. Several Senators pulled out of the agreement because they assumed that highway funding would consume transit, but there have not been any numbers shared, because there is not a way to give everyone equity with \$299 billion dollars. Congressman Larson is focused on several issues within the bill, the first issue that he would point out would be that he wants the highest level of funding possible for Washington State. He will continue to push for the Alaskan Way Viaduct, ferries, and mega project funding for transportation infrastructure. There will be continued focus on freight mobility and protecting the Fast Corridor. In addition, border-crossing security will benefit from this reauthorization bill. Commissioner Maher stated that she would like to encourage Congressman Larson to consider a border crossing east of the mountains. One of the more serious issues facing the Puget Sound area within the reauthorization bill deals with Congestion Mitigation and Air Quality (CMAQ) funding. The current transportation trust fund is not sustaining enough growth to balance out the future. Secretary MacDonald suggested that Washington State should possibly consider looking at interstate tolling as a possible solution to generating transportation revenue.

Cathy Silins, Public Transportation and Rail, WSDOT, provided a summary of Washington State’s TEA-21 funding for transit. She explained that urbanized area formula grants are distributed by population, population density and ridership developed at the federal level. These funds are generally managed and distributed by municipal planning organizations. These funds are used for planning, acquisition, construction, improvement, preventative maintenance, and operation of mass transportation services in urban areas. At times these funds are flexed back and forth between programs. Rural area formula grants differ in that

they go directly to the Department of Transportation, which is the designated recipient of those dollars; the dollars are then distributed to rural areas based upon the state management plan filed with the Federal Transit Administration. At this time Washington's funds are distributed on a competitive bases through a hold for call projects. The projects are reviewed and then funded according to a prioritized list. Projects can be both capital and operating systems. Transit systems have changed the way that the dollars are used. Special transportation for elderly persons and persons with disabilities funding is also administered by the Department. These grants are primarily for non-profit agencies and primarily for capital purchases. Capital investment grants are mostly earmarked funds for new starts, fixed guideway, bus and bus facilities and WSF (terminal facilities). Job access and reverse commute projects have been very successful in Washington State as a result of an established partnership with the Department of Social and Health Services, the Department of Community Trade and Economic Development and Department of Employment Security. Through these partnerships some welfare to work funding was obtained to match federal dollars. Special needs and rural programs have been supplemented with these dollars.

Commissioner Forner inquired if there is any requirement that transit systems make a farebox recovery up to a certain percentage of the cost of operating those systems. Ms. Silins responded that there is not any federal or state requirement. The Board of Directors of transit agencies and local elected officials will establish a policy at the local level.

Dan Mathis, Division Director, Federal Highway Administration (FHWA), explained the Federal Aid Highway Program is a federally assisted, state administered program. The FHWA does not choose projects, the local jurisdictions choose their programs, when federal aid funds are used the FHWA makes certain that the appropriate regulations are met. TEA-21 sets forth streamlining project development and processes, as well as the oversight of those processes between FHWA and state DOTs. The FHWA Stewardship Agreement identifies the DOT's roles and responsibilities with regards to oversight, approval and compliance for administration of federal aid funds and other project delivery activities. Federal law requires that whenever federal funds are used on a highway, the roadway must be designed to current standards, with the exception of appropriate deviations from standards. The FHWA recognizes that funds can best be utilized through targeted safety investments. The Department and the FHWA have entered into an agreement where a proportional amount of funds are applied to safety.

Aaron Butters, Strategic Planning and Programming, WSDOT, provided a briefing regarding TEA-21 funding totals for Washington State from FFY 1998-2003. During this timeframe the state of Washington received funds by formula program totaling \$2,938 million. Within the annual appropriation bills the state received an additional \$254 million through congressional delegation. He explained that one of the misconceptions of federal funds is who makes the decision where it is spent. The state has responsibility for deciding how portions of the funds are spent within formula programs. He provided an overview of the high priority and earmarked projects funding and status. National Highway System Funds (NHSF) are divided among the states nationally based on a federal formula. The NHS funds are used for preserving and improving the interstate system and other nationally significant routes. TEA-21 allows states to select projects. Local agencies are entitled to three percent

of the NHS funds. The Department's practice is to provide an equal amount of Surface Transportation Program (STP) funds in lieu of local agency NHS funds to simplify funds management. States are allowed to transfer 50 percent of their NHS funds to other federal fund categories such as STP in order to help fund legislatively designated projects. Bridge funds are divided among states based on a federal formula and the condition of the bridges. The Department, cities and counties agreed to split the bridge funds: 60 percent WSDOT owned bridges and 40 percent for local agency owned bridges. The Bridge Advisory Committee recommends the 40 percent share of local agency bridges. Bridges are prioritized based on bridge condition. Commissioner Forner asked if the Omak Bridge qualified for sufficiency funding. Mr. Butters responded that the bridge does not qualify within the sufficiency rating. Commissioner Fisher commented regarding the Murray Morgan Bridge. She requested a member list of the Bridge Replacement Advisory Committee.

Kathleen Davis, Director, Highways and Local Programs, WSDOT, explained the function of Congestion Mitigation/Air Quality (CMAQ) programs. CMAQ funds are directed to areas in the state that have air quality issues. At this time Puget Sound and Vancouver are meeting the National Ambient Air Quality Standards, where Spokane and Yakima are non-attainment areas that are not meeting the standards. This is in part due to dust and carbon monoxide. Ms. Davis explained that TEA-21 was broadened to include maintenance areas such as the Puget Sound and Vancouver. Commissioner Ford expressed concern that economic development could push the Puget Sound area back into non-attainment.

He would like to see investment sustained in Puget Sound that will not push it out of attainment. Secretary MacDonald explained that if a state is not conforming it jeopardizes the entire federal program. In order to receive federal funding it must be proven that there is a plan in place to come into conformity. Generally speaking, at this time, the region is not likely to go into non-compliance. Ms. Davis moved on to explain the Surface Transportation Fund (STP) programs. These funds are broken into a variety of programs. Funds are distributed by population (regional STP funds), state flexible and a safety and enhancement program. These monies are allocated directly to the MPOs and RTPOs and county lead agencies. The program is also subdivided into three categories of over 200 thousand population (Seattle, Everett, Tacoma, Vancouver and Spokane), less than 200 thousand population, and less than five thousand population. A statewide steering committee determines how the state flexible funds are distributed through a competitive process. The purpose of the program is to develop, improve and/or preserve an integrated transportation system that encourages multimodal choices to the public. Commissioner Ford suggested that before the Legislature gets too far into the session the Commission in conjunction with the steering committee might want to make comments to the Legislature about how funds might be distributed. Ms. Davis shared that the purpose of the statewide competitive program is to fund mobility projects, with a key emphasis on multi-modal. Ms. Davis explained that the Rural Economic Vitality Program was created out of the Governor's Economic Initiative. The Community Economic Revitalization Board (CERB) was created to determine project selection. The key to the program was to spur economic development in local communities. STP safety funds are split into two statewide grant programs, Hazard Elimination Safety Program and Hazardous Railroad Crossing Program. The programs identify and correct high

accident locations and potential hazards through low-cost spot improvements. STP Enhancement Program funds are non-traditional types of transportation projects. Over the life of the program the majority of the funds go to bicycle/pedestrian types of improvements. The second highest category is Scenic Historic Programs. The program provides target allocations to MPOs and RTPOs, who then submit priorities to the state. The state determines a final project selection.

PUBLIC AND LEGISLATOR COMMENT PERIOD

Paul Locke, citizen, addressed the Commission concerning the Alaskan Way Viaduct. Mr. Locke expressed his concern that the viaduct will not be built unless it's a tunnel. He shared that it is essential that the viaduct be built using option 3. A tunnel would be a waste of money. Construction of the viaduct should be reduced to months rather than years.

Sharon Nasset, Economic Transportation Alliance (ETA), shared that in the near future ETA will be making an unsolicited proposal to Oregon Department of Transportation. This proposal will be a public/private partnership to build a new bridge across the Columbia and Willamette Rivers that will support heavy rail, truck lanes, bicycle/pedestrian, car and possibly light rail.

Del Knauss, Citizens Against the Tunnel (CAT), Bremerton, expressed his concerns regarding the proposed Bremerton ferry exit tunnel through downtown Bremerton. He requested that Citizens Against the Tunnel be provided notice of all meetings concerning the project, and be given the opportunity to address the issues. Secretary MacDonald responded that there is controversy in Bremerton regarding the improvement and management of local street traffic. The City of Bremerton has made a large investment in improvements to the downtown area. Downtown streets are impacted by traffic going to and from the ferry terminal. As a result of the ferry exit tunnel connecting to State Route 304, the Department determined that the planning study would be conducted by in house by the Department. The study is federally funded. There has not been a proposal that state funds would be used to build the tunnel. The Olympic Region is currently performing the Environmental Impact Study. There will be an opportunity for the public to participate. The final decision will be approved by all parties involved.

Commissioner Ford commented that the proposed tunnel is an attempt to get the cars off of the downtown streets. Secretary MacDonald responded that the City of Bremerton's possible objective is to make the downtown area more pedestrian friendly.

Louis Soriano, citizen, Bremerton, expressed his concerns regarding the proposed ferry exit tunnel. He urged that the Commission make its decision based on what the citizens want.

E.L. Sturdivant, citizen, Bremerton, explained that the proposed ferry tunnel exit has citizens upset. If the ferry tunnel exit is absolutely necessary then it should be a surface street.

Roy Runyon, citizen, Bremerton, expressed his concerns regarding the proposed ferry tunnel exit. There are other solutions that would be cost effective. He stated that CAT has a petition with over 3,000 signatures that he would like to see incorporated into the public testimony record regarding the tunnel versus surface alternative.

Secretary MacDonald suggested that the petition be sent to the Department along with a letter.

Chair Stedman stated that this is the first time that the Commission has been made aware of citizens concerns regarding the ferry exit tunnel.

WINTER TIRE CAMPAIGN

Chris Christopher, State Maintenance Engineer, introduced Lisa Murdock, Communications Director, Maintenance and Operations, and Gene Schlatter, Les Schwab Tire.

Mr. Christopher provided background history on studded tire issues. This has been an ongoing issue for a number of years. There has been a lot of effort to ban studded tires or impose a use fee, by both the Department and the tire industry. The effort has not been very successful. The key issue is that legislation to ban studded tires may not ever be passed by the voters. There are tires on the market that work better than studded tires. A possible solution to this problem would be for both the Department and the tire industry to focus on public education. Ms. Murdock briefed the Commission regarding the Department's public outreach campaign. She explained that part of the campaign is based on radio ads. There are four key messages: "Winter Driving is a Challenge and Conditions Vary"; "There is an Array of Tires available-It's not one size fits all"; "Go See Your Tire Dealer and Chose the Best Tire for the Conditions that you will face". All of these messages will be played through radio ads right after traffic reports. Other parts of the campaign are "You are in the Drivers Seat". The campaign includes a winter driving brochure and the Department's website has current winter driving condition information. Mr. Christopher shared that the Department is working with the tire industry to monitor sales of studded tires this year in order to determine if the "Key messages campaign" has been effective.

Commissioner Ford commented that safety versus impact to highways is the trade off for the motorist using studded tires. Are studded tires saving lives under certain road conditions, or are there other safety issues as well. Secretary MacDonald responded that there are two questions that need to answered, one is, are there safety benefits to using studded tires; and to what extent do studs damage the road surface. There is some data on both issues, but whether or not there is accident data related to tires versus ruts is still to be answered. Industry data demonstrates under what conditions studded tires provide better performance as opposed to a high-grade winter tire. The Department is performing an extensive study on the cost of damages to roadways as a result of studded tires. Commissioner Forner shared that she feels that public attitude towards the need to use studded tires has changed somewhat over the last few years. Commissioner Fisher questioned whether or not detailed data has been collected since the implementation of light studs. Commissioner Barnes

commented that tire dealerships should remind consumers when their studs need to be removed.

Mr. Schlatter shared that Les Schwab Tire is committed to informing the public of their winter tire safety options. He believes that studded tire usage will decline dramatically as the public becomes aware of options. Commissioner Maher commented that she understands why elderly people would choose studded tires on roads that are not plowed.

Mr. Christopher stated that he hoped for Commission consensus that the Department would not pursue banning studded tire legislation this session. Chair Stedman confirmed that the Commission would not request banning studded tire legislation during this session.

BRIEFING ON THE WSDOT PROCESS FOR SELECTING A DESIGN-BUILD TEAM

John Conrad, Assistant Secretary, Engineering and Regional Operations, and Rick Smith, Director, Innovative Project Delivery, provided a briefing regarding the difference between design-bid-build contracting and design build contracting. The Department is currently involved in two request-for-qualifications from design build firms for projects on the Everett HOV on I-5 and Kirkland on I-405. The process is different from the traditional design-bid build. The Department wants to be very transparent in the selection process. Design build contracting differs from the standard design-bid build approach in that the Department retains a firm or group of firms to design and build a project. Contractors can perform design and build projects concurrently. An example of an advantage to this is faster project delivery and less risk for the Department in project delivery/delays. There are some limitations to design build such as funding availability and less control over project details. State Route 500/Thurston Way project in Vancouver was the Department's first design build project. The Tacoma Narrows Bridge project is another example of design build. The Alaska Way Viaduct and the State Route 520 floating bridge are other examples of where design build would be utilized. Design build is part of the Department's tool kit, and is used on selected applications. There are internal criteria that must be met, such as, does the project require an unusually short time to design and construct, is the project complex, with an unusual number of primary features, or unusual staging or site preparation needs, is the project larger than a typical WSDOT project, and is funding certain for the entire project.

The primary reason for selecting design build are time savings and faster delivery. Conflicts are reduced with single point of responsibility. Mr. Smith explained that design-builders are not always selected based on a low bid. The design-builder would be chosen based on other qualifications such as the project design, experience, and past records with environmental compliance. The Department selects a contractor based on a best value system and a technical score. The first step in the process is the Department sending out a Request for Qualifications (RFQ). The receiving parties then send back a Statement of Qualifications (SOQ). The final step is the Request for Proposal (RFP). At this point the Department's scoring team reviews the SOQ, and makes a selection of three to five teams, who are asked to prepare a project proposal. It takes approximately three to five months for the teams to submit their proposals. The next step is a public bid opening. The Department then

combines the technical score and the bid amount. The team with the highest score is then notified with a contact award and a notice to proceed. Commissioner Ford requested more information on risk transfer. Specifically, how is the Department protected from budget over-runs. Mr. Conrad responded that change conditions up to specific limits are outlined in the contract. Commissioner O'Neal inquired about the ferry systems approach to ferry procurement. Mr. Conrad responded that the ferry system's process is handled differently than highways. Commissioner Stedman asked what the negative side of design build is. Mr. Conrad responded that one downside is increased cost, but the completion time for the project is quicker. The industry is accepting the design build process all across the country. Commissioner Forner asked who does the design build permitting. Mr. Smith responded that the Department attempts to have the permits in hand, so that the proposals include permit requirements. Commissioner Barnes stated that team building is a big part of putting together the design build partnership.

WASHINGTON STATE FERRIES UPDATE

Secretary MacDonald introduced Mike Anderson, Director of Marine Operations, Tracy Brewer-Rogstad, Assistant Director of Marine Operations, and Mark Nitchman, Director of Maintenance, Washington State Ferries, to the Commission. He explained that John Sibold, Director, Aviation Division, will act as Director of Human Resources for WSF on a part-time temporary basis.

Mr. Anderson shared that Sound Foods is providing food service on the three vessels that serve the Fauntleroy/Vashon/Southworth ferry route. He shared that the service has allowed for rehire of some of the galley workers. The service has been very successful for both Sound Foods and the Department.

Mr. Anderson provided a Ferry Advisory Committee (FAC) update to the Commission. He explained that the FAC is made up of groups that the ferry system serves. There are five separate regions that are serviced by the ferry system. Within each of these regions there are groups that have representation on the Committee. Each member is appointed by their County Commissioner, and serves between four and eight years. The FAC and the Department meet three times a year to exchange information and ferry issues. This year's meetings went very well, for the most part, and had an above average attendance. Security issues were highlighted at each meeting, and depending on which location, there were various other issues. Commissioner Forner inquired if preferential loading and freight rate issues have been resolved. Ms. Brewer-Rogstad stated that there are space allocation issues especially during the fall and winter schedules. Large trucks need tall space that is very limited on ferries. WSF understands that there are business commerce issues, and attempts to accommodate commercial traffic if at all possible. Commissioner Barnes shared that he has attended several of the FAC meetings. He enjoyed meeting with the ferry system workers and the communities that the ferry system serves.

Secretary MacDonald referred to "Straight Talk on Transportation" presentations. These presentations cover transportation financial issues in the future. He explained that WSF's

5+5+5 Plan demonstrated five things that need to be done in order to layout a sustainable financial plan for the ferry system. He presented the ten-year Pro Forma for the 2005-07 budget proposal for WSF sources and uses of funds. One of the problems that the Department is facing is the ongoing annual operation for ferries. At the time that the budget was prepared the cost of fuel was substantially lower than today's price. Projecting out, this creates a \$10 million dollar deficit to the budget. The most important issue that faces WSF is the amount of revenues collected. The rate of revenue growth is approximately three and a half percent per year. Without this increase it would be impossible to sustain the future of the ferry system. The financial outlook is tough and there are two problems – can ridership be sustained with fare increases, and secondly can political support be built in the years to come. He explained that the United States Coast Guard, for safe operation of the vessels, requires a certain number of employees on board the ferries performing specific duties, therefore, a reduction in force is not an option. All of the efficiencies that have been achieved have been taken by the price of oil. Commissioner Ford suggested that hedging fuel prices might help on the technical side of budgeting. Secretary MacDonald stated that the Department is continuing to look at the risk of hedging strategy.

Ms. Brewer-Rogstad provided an update regarding the Electronic Fare Collection System. She explained that it is an up-to-date point of sale system that improves the accounting process. At this time the system does not currently accept debt or credit cards, but future plans are to provide the public with the ability to purchase online tickets from their home computer. There will also be kiosks located throughout the system that will allow for point of sale purchases in advance. The tickets will be bar coded to allow for optical reading. There will be turnstiles and self-service gates located at terminals. In the future, as the system becomes more automated, it will allow for the use of smartcards. The implementation of this system is critical to customers and WSF's continued plans for improvements. One of the bigger challenges in making certain that the new collection system is aligned with tariff collections. The timeline for implementation is in the late Spring 2005. The Department is addressing labor challenges with the state auditor's office at this time. Secretary MacDonald cautioned that the expected delivery in late Spring 2005 might not be possible as a result of all of the challenges involved.

Mr. Nitchman provided an overview of vessel engine room system and communication reliability. The vessels operating systems are very reliable as a result of preservation investments over the last few years. These investments have resulted in vessel reliability that has created less loss of revenue. Eagle Harbor has evolved into a full time machine shop that has been very successful in providing repairs to the vessels.

Commissioner Ford commended WSF staff for the exceptional reliability of the vessels.

COMMISSIONER REPORTS

Commissioner Maher shared that she attended several Regional Transportation Planning Organization meetings. She also attended meetings that primarily focused on economic development and light rail.

Commissioner Ford shared that he attended Puget Sound Regional Council's Transportation Policy Committee meeting.

Commissioner Fisher shared that she attended a WASH PIRG briefing.

Commissioner Barnes shared that he attended a SW Regional Transportation Planning Organization meeting.

Commissioner Forner shared that she is continuing to attend TPEAC meetings. She also attended the WSDOT Tribal Conference.

BOND FINANCING FOR CAPITAL PROJECTS

Amy Arnis, Deputy Director, Strategic Planning and Programming, acknowledged Svein Braseth, State Treasurer's Office, Claudia Lindahl, and Jeff Caldwell, WSDOT, for their assistance with preparing today's presentation.

Ms. Arnis defined bonding as a process of borrowing money in order to build projects and pay for them over the life of the investment. At this time about 44 of the 50 states are utilizing bonding to fund transportation projects. Washington State is rated number eight in the country as tax supported debit per capita. The state of Washington has \$10.4 billion dollars in outstanding debt, this equates to approximately \$1,768 billion dollars per capita, about 1.5 percent of personal income and about 1.8 percent of estimated property value in the state. These ratios are above average in the nation, but well within the moderate range. Rating agencies rate the state of Washington as doing a good job in debt management. Operating expenses are almost always paid through taxes not bonding. Typically bonds are used to fund projects that will have a long useful life. The process that Washington State uses to borrow money begins at the legislative level. Bonding authorization requires a sixty percent majority vote of the Legislature or as an alternative a public majority vote. There are currently two active bond authorizations that are in use. One is the R-49 bond issue that was passed by a majority of the state's voters, a \$2.6 million dollar gas tax bond authorization that passed with a sixty percent majority vote in 2003, and also the \$249 million dollar GO (General Obligation) bonds that are paying for some of the multimodal projects.

Commissioner Fisher noted that R-49 bonds were based on Motor Vehicle Excise Tax cash flow that disappeared with the passing of I-695 in 1999. Ms. Arnis explained that in 1998 R-49 was passed by a vote of the people, which included moving some of the existing motor vehicle excise tax from existing uses to transportation, this resulted in a portion of the motor vehicle excise tax being deposited into the Motor Vehicle Account. The bond issue was a gas tax bond issue. The mechanism was that the motor vehicle excise tax that was being deposited into the Motor Vehicle Account was acting as a backfill to the gas tax that would be paying the debt on the R-49 debt. The Legislature determined in the 2001-03 and 2003-05 biennium to continue issuing some of the debt in order to keep projects moving.

At the beginning of each biennium the Department presents to the Commission the bond sale schedule that is reflected in the transportation budget. The Commission then delegates to the Secretary of Transportation the timing and scheduling of the amounts that the State Finance Committee will be requested to sell. There is a cap on the amount based on the budget bill for the biennium. Allan Martin, Deputy State Treasurer, Office of the State Treasurer, explained that the state borrows twice yearly because of the large amount of money that is borrowed. All of the borrowings are combined into one or two sales timed at the same time. The Treasurer's Office works with the Department to identify cash flow needs over specific projects. Ms. Arnis reiterated that during this biennium the Department presently has bond proceed appropriation levels of \$1.13 billion dollars for the current biennium. Of that amount \$567 million dollars is for the Tacoma Narrows Bridge. The balance is for "Nickel" projects, ferry construction projects and emergency projects. At this time the Department is debt financing three capital projects; rail capital projects; ferry terminals and a local programs project. Before the beginning of the biennium the Departments lays out a monthly cash flow plan of the Motor Vehicle Account, Multimodal Account, Special C Account, or any account that is scheduled to receive bond proceeds. All revenues and expenditures are laid out by incoming and outgoing expenditures. This allows for the Department to track the accounts needed for bond proceed deposits in order for it to remain positive. The Department's philosophy is to borrow as it goes and do not borrow more than is necessary as it goes. Mr. Martin explained that the State Finance Committee is set by statute and is comprised of the State Treasurer's Chair, the Governor and Lieutenant Governor. The State Finance Committee will authorize sales with a resolution and follow with an acceptance of the transaction once it has been put together. Commissioner Fisher asked if the state has a deficit how it would impact bond sales. Mr. Martin responded that there is a constitutional debt limit, which is nine percent of the arithmetic of the general state revenue over the previous three years. Bonds are certified under the constitutional debt limit of the state. Commissioner Ford stated that he assumes the first call for the debt will go to the gas tax, and then the state would step up if the gas tax is not adequate to meet the demand. He theorized that this would have a lot of implications for the Commission.

Ms. Arnis outlined the Department's outstanding indebtedness from 2001 to 2030. The debt service schedule indicates what the future brings with regards to future Nickel projects, future multimodal projects, and the Tacoma Narrows Bridge. There is an active borrowing program out in front that has resulted in the debt service climbing. The five-cent gas tax was put in place to take care of this climb. The amount that is borrowed against the gas tax is a matter of policy decision by the Commission in the budget proposal and the Legislature when it passes a budget each biennium. Chair Stedman asked if one cent of the gas tax equals \$32.5 million dollars in revenue per year - what happens in the future. Ms. Arnis responded that the amount of debt service that one cent of gas tax can pay for depends on the interest rate. Multimodal Account Bonds will be paid from revenue deposited in the Multimodal Account. These revenues are generated from rental car tax, sales tax on new and used vehicles and licensing, permits and fees. The Tacoma Narrows Bridge (TNB) toll revenues will be used to pay debt service on the TNB bonds. Commissioner Fisher expressed concern that there is a loss of cash flow as a result of forty three percent of the gas tax being paid into a revenue

stream for bonding interest. Commissioner Barnes remarked that the Department might be at a bonding level where there is need for an increase in revenue stream or no more projects.

Ms. Arnis responded that the Commission should leave a bit of room to take into consideration that if something is occurring that needs to be taken care of on a capital project that would require bonding. Additional bonding may be necessary on some projects. There should be room for discussion as to whether the Commission would request additional bond sales to take care of a situation. When the Commission is considering a new revenue proposal this winter, one question that needs to be asked is; if revenue is enhanced, before turning around and leveraging that revenue increase; is the policy to set aside significant amounts of that new revenue for operating expense or system additions, because of the “Nickel” projects. Commissioner Ford remarked that if too much of the total distribution of gas tax revenue goes to debt service it would start encroaching on the day-to-day expenditure requirements. The maintenance and safety preservation portion of the budget needs to be protected. All of the policy makers should be able to keep the balance where it belongs. The fact may be that the only way projects could be added would be if new revenue streams were made available. It seems as though forty six percent is a high number of the total. If it’s at the expense of maintenance and day-to-day operations it should be studied carefully. Chair Stedman remarked that it is 12-14 years away from forty six percent. Actually this is one of the lowest points in a long time on a growth curve. The Legislature made the decision to spend the five-cent gas tax increase for bonded projects in order to move forward with each of them. The Commission, Department and the Legislature have a shared responsibility in making the decisions.

Ms. Arnis provided a brief history of bonding highlights in Washington State. Washington State first began bonding in 1933. Prior to that it was pay as you go. She explained that Washington State has a very rich history of bridge tolling. She moved on to explain how Grant Anticipation Revenue Vehicles (GARVEES) work. In 1995 the National Highway Systems Act permitted states to pledge future federal aid for debt service. GARVEES can be either state or federal or a combination of both. Washington State has not seen the need to utilize GARVEES. Commissioner Ford suggested that if the Alaskan Way Viaduct moves forward – the Commission might consider looking into GARVEES as an opportunity for funds. Ms. Arnis provided a profile of GARVEES that have been issued across the nation. Each state is different in its constitutional setup. Some states have put in place a state revenue packages to provide a backstop to the debt service. The State of Colorado is at nineteen percent of its federal aid program pledged to paying debt. Some states have set a statutory limit on debt service. All bond sales require legal counsel in order to make certain that the offering meets all of the tests and that it’s a tax free debt issuance.

Ms. Arnis introduced Robert Shelley, Vice President of Public Finance, Seattle-Northwest Securities. Seattle-Northwest Securities provides special offering information and advice to the Department on debt and capital plans. Mr. Shelley commented that he would bring items of interest or concern to the State Treasurer’s Office and the appropriate agency.

Commissioner Barnes asked if there are any projects out front that could be paid as the debt service decreases. Ms. Arnis responded that there would need to be a tax increase or additional participation to pay for the projects.

Commissioner Ford asked that the Commission consider a briefing on infrastructure financing. Commissioner Forner agreed that this would be valuable information.

Chair Stedman asked Mr. Martin and Mr. Shelley if they are comfortable with the level of bonding that Washington State is using. Mr. Shelley responded that from a policy standpoint it is prudent to have a certain amount of debt on the books. From a credit standpoint the amount of debt on the books is not a problem. The coverage levels are well within the guidelines. In effect, the state is borrowing on behalf of taxpayers, other choices would be to raise the gas tax, or keep it at the five-cent rate, let the public keep the money in their pockets and borrow on behalf of them instead. The advantage is that the money can be borrowed on a tax-exempt basis. In summary, it's a balance between policy questions and operation.

Mr. Martin stated that he does not believe that the state of Washington has not gone too far in bonding indebtedness. From the Treasurer's point of view it sees the Legislative, Departmental and public process when it decides to borrow money. This does not happen in a vacuum and the acceptable amount of debt outstanding is constantly revisited.

Commissioner Ford expressed his concern that adding assets brings certain operation costs. He would like to know the impact on the maintenance side. Ms. Arnis responded that the information would be provided.

COLUMBIA CROSSING UPDATE

Don Wagner, Regional Administrator, Southwest Region, provided an update on the Columbia River Crossing. He explained that for many years community leaders on both side of the Columbia River in the Vancouver/Portland area have been concerned about the growing congestion and safety issues related to the highway and rail crossing of the Columbia River. In January 1999, the DOT's working with local elected officials gathered a group of business leaders to take a look at the problems. The question was asked if there was a problem from their point of view. And if so, what should be done. About a year later in January 2000, the group determined that there was a problem. The problem is that in ten to fifteen years the congestion and safety issue would affect the region's economy. The region of primary interest is Portland/Vancouver recognizing that the majority of the freight coming into Oregon and Washington comes through that corridor. The two major rail lines coming into Washington cross one bridge, and this creates future concern. It was determined that a group be put together to prepare a strategic plan for the corridor. The corridor was defined as a fourteen-mile stretch on I-5, from where I-84 and I-5 come together in Portland (seven miles south of the Columbia River) to where I-205 and I-5 come together in Washington (seven miles north of the Columbia River). In January 2001, Governors from both Washington and Oregon created a 28-member task force (Portland/Vancouver I-5 Transportation & Trade Partnership). The task force was to put together a strategic plan for the corridor. The Department is building on the recommendations of that strategic plan today. Commissioner

Maher asked if the Port of Portland was included. Mr. Wagner responded that the Port of Portland was not included in the plan, although it's critical, products generally come from either east/west. After two years the Governor's task force put out a final report that provided a vision for the corridor. There were seven key areas of recommendations; the areas were transit/I-5, environmental justice issues in the corridor; finance issues; added rail capacity; land use and transportation demand and system management. There were several elements to recommendations that include moving forward with enhancement projects, capacity addition projects on I-5 both north and south of the bridge. The best that can be done on the I-5 corridor is to remove the bottlenecks. In order to allow for traffic free flow it would require that additional lanes be added. There is physically no room for additional lanes in the corridor.

The strategic plan recommended that there be three through lanes in each direction and no more than two auxiliary lanes in each direction. That means that the bridge should have no more than ten lanes, which is an addition of four lanes. There is no one solution. It has to be a multimodal approach, to whatever occurs. The task force determined that some of the projects should move forward. The Columbia River Crossing (the bridge) problem is that one of the bridges was built in 1917, and the other was opened in late 1950 early 1960. Both of the bridges are structurally sufficient and meet all of the requirements. Keeping that in mind it may be possible to add four lanes on a new structure. Both of the bridges have lifts and open for barge movement. Projections indicate that there will not be a window of time to open the bridge in the next twenty years because of traffic congestion. There are approximately \$2.5 million dollars worth of contracts out today. The State of Oregon has approximately \$3.9 million dollars (2003 federal earmark-state match dollars) available for the project and Washington State has \$3 million dollars (2004 federal earmark-toll credit match) available. There will be a need for new revenues prior to embarking on an Environmental Impact Statement (EIS). In the House reauthorization, between the two states, there was an additional \$16 million dollars earmarked for the project, if these funds become available with state matches, it would be enough to reach a decision point in the EIS. If this project were to be a toll project, then the State of Oregon would have availability to toll credits. The State of Oregon is very interested in toll credits. There is approximately \$2.5 million dollars out to contract with firms that are gathering data for the project and feasibility of a toll plaza. The two bridges on I-5 and I-205 carry about 250,000 vehicles per day, with about an even split between them. The project is moving forward gathering factual information and data. There will also be a local task force created that will help provide a local vision to the project. The best case scenario, if everything falls into place, would be twelve to fifteen years for completion of the project. One of the committees involved in the project is the Joint Commission Subcommittee, that consists of Dale Stedman, Ed Barnes and Dan O'Neal of the Washington State Transportation Commission and Stuart Foster, Gail Ackerman, Randy Pape from the State of Oregon. There will be a thirty-member local task force committee created as well.

Secretary MacDonald commented that Congress would need to look at changing the rules on interstate tolls, which are very restrictive at this point. He surmised that the Commission might recommend to Congress that Washington State not be constrained by existing law. The Commission should begin to consider “*what would we do if toll laws were different*”.

ADMINISTRATOR’S REPORT

Ms. Ziegler distributed proposed Commission meeting dates for 2005. WAC 468-500-001 will need to be amended to reflect the meeting date change from the third Wednesday and Thursday to the third Tuesday and Wednesday of each month. Chair Stedman suggested that Commissioners might want to reconsider the Christmas week meeting date for December 2005. Commissioners approved of the 2005 schedule.

Commissioner Forner expressed that she would like to have more input on Commission agenda items. Chair Stedman stated that he works closely with Ms. Ziegler on the agenda, and she would be the point of contact for agenda items. Chair Stedman expressed that Commissioners should use discretion when requesting the Administrator to provide research information.

He explained that the information requested should be useful to the entire Commission as opposed to personal need.

Secretary MacDonald commented that he works closely with Ms. Ziegler on the Commission agenda to make certain that Commissioners are provided with necessary information. He also shared that the Department and Commission have made a great deal of progress in communicating.

Commissioner O’Neal asked how agendas are built. Ms. Ziegler responded that she works with the Department when putting together the agenda, keeping in mind appropriate timing of agenda items, based on Commissioner requests. He expressed that it is important the Ms. Ziegler to continue participating in outside meetings, and keep the Commission abreast of those activities. Ms. Ziegler stated that she has heard from Commissioners that the agenda should be kept focused on the Commission’s statutory responsibilities.

Secretary MacDonald stated that it is most important for the Department to put together information for the Commission that will aid in its decision making process.

Commissioner Forner expressed her concerns that the Commission has not had a briefing on tribal relations with the Department.

Ms. Ziegler responded that all Commissioners requests are kept track of for future consideration. She suggested that a Legislative handbook be put together for Commissioners that would also provide key issues and standard background. It’s important that Commissioners have a consistent message when they visit Legislators.

TACOMA NARROWS BRIDGE UPDATE

David Pope, Manager, Tacoma Narrows Bridge Toll Systems, provided an overview of how tolls will be collected for debt repayment. He explained that the Tacoma Narrows Bridge (TNB) tolling would be a reintroduction of tolling to Washington State. The last time that tolls were collected was the Hood Canal Bridge in 1985. Washington State has a long history of toll collection for financing bridges. The reintroduction of tolls is new to this generation, but today's toll collection systems are electronic devices that provide faster service of the payment process. It's important for the Commission to remember that it is the toll setting body, as determined by the Legislature. He distributed the Toll Operations Schedule, which demonstrates the process underway and milestones. The Department started the process in the Fall 2002 when the design builder was given the go ahead to build the bridge, at the same time the Department negotiated and executed a contract with TransCore, the systems developer, to start the process of developing the toll system. A portion of the toll plaza construction has been completed, with TransCore's involvement in determining placement of lanes and electronics. At this point the preliminary/final system design is in the planning stage, how the system will work, how it will account for transactions, how reporting and interfacing with the existing state revenue collection systems will work. One of the milestones completed is the Automatic Vehicle Identification (AVI). The AVI is a transponder that links to the motorist's account. The Department went through an extensive process of selecting a fairly low cost transponder. The goal is that commuters would be able to use a single transponder throughout the entire state.

Electronic toll collection offers not stop payment and faster traffic flow, allowing for a much larger volume of traffic through toll plazas. An open road highway lane allows two thousand or so vehicles through per hour, which in turn will reduce the volume of traffic. Electronic lanes will be useful in moving the majority of traffic. Commissioner Forner expressed concern regarding the collection of cash tolls. Mr. Pope responded that newer toll systems are designed to count vehicles that pass through the plaza. This allows for collected funds to be compared to vehicle count data. There will be a surveillance system at the plaza for record keeping purposes as well as for safety. Attended lanes will collect cash, and possibly credit and debt cards will be accepted in off peak hours in the future. SMART cards will also be usable at toll plazas. Commissioner Maher inquired if SR 16 is a major tourist route, and if so, what percentage of motorists crossing the bridge might be tourists during tourist season. Mr. Pope responded an Origin and Destination Study has been performed, as part of the EIS, that indicates that approximately twenty five percent of the traffic is tourist.

Scott Doering, Vice President, Western Region, TransCore, shared that he is responsible for toll systems operations for the Western United States. Mr. Dearing introduced Dan Toohey, Vice President, Toll Systems and Services, TransCore, and Scott Hooton, Project Manager, Tacoma Narrows Bridge Program, TransCore. Mr. Dearing shared that TransCore has implemented several toll programs throughout the United States. He explained that a focused, strong team between the authority and the system integrator is critical both for the authority and the public. He commended the Department for the composition of the TNB

team. Mr. Toohey stated that TransCore has been in business for over 65 years, with roots in toll systems as a maintenance provider. The company focuses on providing, improving and delivering toll systems, services and solutions. The company's longevity is based upon mutually beneficial relationships between TransCore and the companies that they contract with. TransCore is located in Harrisburg, Pennsylvania, with over eighty offices in North America. He explained that TransCore's transportation infrastructure-based services provide toll collection and enforcement, traffic information and management, parking and security access and airport ground transportation management. TransCore has the experience, the product line, and can deliver solutions to its customers. There is more to TransCore than tolls, although tolls is one of its major business segments, other business segments include intelligent transportation systems, airport systems, homeland security, radio frequency identification hardware systems, satellite communications and freight services. Intelligent transportation systems provide traffic management, traffic control, signal prioritization and traveler information systems, in addition to traditional transportation consulting services. TransCore provides electronic secure border crossings that expedite the movement of both people and cargo securely across borders. TransCore has deployed the FAST Program in the Northwest Corridor Trade Program. TransCore provides secure cargo container tracking from point of manufacturer to final destination in order to monitor possible container tampering. TransCore also provides bio-metric based access control and identification systems, using not only traditional Radio Frequency Identification (RFID), there is also the ability to use retina scans and thumb print scans to provide the highest level of security. These security measures are being utilized at Ports and other secure locations. TransCore has suite of Amtec branded AVR hardware in addition to sticker tags. Sticker tags are unique in the industry because, it is the first low cost, battery less, full feature read/write transponder that will operate at highway speeds. TransCore also offers a multi protocol reader, which allows the transportation community to take advantage of different transponders. It can read every commercially deployed transportation based transponder deployed in North America. TransCore is also involved in satellite based communication systems with its global wave systems. Satellite based vehicle location and two-way messaging and data transmission are also provided primarily for the trucking industry. TransCore's newest business segment is commercial freight exchange based out of Beaverton, Oregon. This internet-based service essentially matches cargo, drivers and freight brokers to efficiently and effectively move transit across the United States and Canada. This service is essentially an information clearing house that aids in improving the trucking industry. TransCore also has a very robust research and development program that continues to advance state of art hardware and software for the transportation industry to insure customer systems continued improved operations. Other products provided are kiosks that can be located in high traffic areas. In addition, TransCore is leading the consortium within the industry, under a contract with the Federal Highway Administration, to develop the next generation transponder technology. Commissioner Barnes asked if there is a means to identify a percentage of cash loss at the tolling booth. Mr. Toohey responded that cash managing would be worked out with the Department's audit group. Commissioner Ford inquired if there would be system maintenance. Mr. Pope responded that the Department is currently in the process of negotiating an operations contract with TransCore. TransCore will be responsible for maintenance, operations and meeting performance standards. Chair

Stedman asked if the Department has looked into how many employees would be needed for the project. Mr. Pope responded that the Department would bring more information to the Commission in the future. Mr. Pope introduced Tom Sampson, Manager of System Development for WSDOT. Mr. Pope stated that the Department would attempt to make it as easy as possible for the public to obtain a transponder. One of the possibilities is a walk in service center where customers would present their card and sign up for a transponder. There would also be Internet and telephone applications where customers would request and be mailed a transponder. The public has a number of privacy concerns regarding data collection. There will be a minimal amount of information collected such as license plate numbers. Any customer transaction information that is collected will be kept confidential. Chair Stedman asked if there would be a charge for the transponder, and whether or not it can be used for more than one vehicle. Mr. Pope indicated that it has not yet been determined if there will be a deposit fee. Transponders will be assigned to specific license plate numbers. Marketing efforts will include community outreach, so that the public will understand that tolls will be removed after the debt is repaid. There is still quite a bit of work to be done with the Department of Licensing and the Washington State Patrol in order to setup the process. There will be an administrative process for toll collection and enforcement. If a motorist does not pay at the toll plaza they will be sent a letter requesting payment. Refusal of payment may deem it necessary to have a law enforcement citation issued. Failure to pay a citation may result in the inability to renew vehicle tabs. The Department is looking at what the administrative process would be as well as the cost to pursue collection of unpaid tolls. Jennifer Ziegler, Commission Administrator, reminded Commissioners that statutorily the Legislature has delegated the ability to set traffic fines to the Supreme Court. Those fines would have a base amount that would be assessed to a variety of other funds that are factored in that get to the end penalty. Therefore, any consideration of tier fines would require a statutory action by the Legislature. Chair Stedman asked how title transference of vehicle titles would impact motorists. Mr. Pope stated that the Department would mail a form that would allow the owner of a vehicle to indicate whether they still owned the vehicle. The Department is looking at all of the different scenarios that would affect toll payers.

There are currently a number of major efforts that need to be accomplished before the planned opening in April 2008.

Mr. Pope stated that Legislation specifically calls for a Citizens Advisory Committee that will consider toll rates and make recommendation to the Commission. The Committee is composed of nine members appointed by the Governor and are permanent local area residents. The Committee has twenty days to consider toll rates and make recommendation to the Commission. Legislation states that the Commission will give due consideration to the recommendations of the Citizen Advisory Committee. There will be a workshop scheduled fairly close to the bridge opening in order to provide tolling information to the public. The Commission will be provided periodic updates throughout the process.

Paul Marcello, Wilbur Smith & Associates, provided an overview regarding the traffic and revenue portion of the project. The August 2002 study that was used in support of project financing is now being updated. The plan is to reformulate rates and strategies that will be

brought to the Department for review and recommendation. The object of the update is to provide the most accurate review forecast in order to meet the debt service requirements. These due diligence efforts will be to collect recent data on the bridge and alternate routes to look at historical trends. HOV and SOV, employment and population data will also be considered. These efforts will set the frames for rates and tolling strategies. There are several variables that will effect how many toll trips are taken. There is new market research data being collected for branding purposes. A sub-consultant has been hired to look at potential customer preferences with respective pricing strategies. There will be four focus groups that are comprised of potential bridge users along with follow up telephone surveys. When all the due diligence requirements are met a traffic and revenue forecast will be prepared. Providing discount toll rates to electronic participates is a possibility, as opposed to cash, might be a means to foster electronic program participants. Chair Stedman asked when the Commission could expect to review rate setting data. Mr. Pope responded that the majority of the data should be ready by Spring 2005. Chair Stedman asked how the rate per axle would be tolled. Mr. Pope responded that there would be a flat fee per axle i.e. a vehicle with two axles towing a boat would be charged for three axles. Commissioner Maher inquired if there had been any consideration of equity, such as what is used on the ferries. Mr. Pope responded that at this time equity has not been considered because there is not a way to count the number of people in a vehicle.

Chair Stedman commented that revenue is a major issue. He asked that the Department prepare revenue scenarios of what might go to Legislation, for Commission review during the November 16 & 17, 2004 meeting.

Commissioner Fisher stated that this would need to done multi-modally. Perhaps it could be stated that if the Department received the equivalent of the five-cent gas tax *“this amount of gas tax would be spent-so much to counties and cities, so much to TIB and so much to freight mobility”*.

Commissioner Maher stated that she would like to know specifically what the money would buy. This is an education process of how much will your dollar buy you when translated to local areas.

Commissioner Fisher commented that Legislative staff provides the answers to those questions.

Secretary MacDonald iterated that the Department has the ability to run several different scenarios.

Commissioner Fisher stated that it is important to remember that Legislative logic. Fifty votes in the House and twenty five in the Senate must be kept in mind.

Commissioner Forner stated that the plan needs to incorporate specific revenue categories.

Commissioner Barnes agreed that the Department should put together a plan for the Commission to review.

The Commission meeting adjourned at 4:00 p.m., on October 21, 2004.

WASHINGTON STATE TRANSPORTATION COMMISSION

DALE STEDMAN, Chair

DANIEL O'NEAL, Vice-Chair

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ELMIRA FORNER, Member

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Member

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Secretary of Transportation

ATTEST:

JENNIFER ZIEGLER, Administrator

DATE OF APPROVAL