



Waiting for Green

2013 Reflections and Recommendations



Washington State
Transportation Commission

Message from the Chairman:

Transportation in Transition



Transportation keeps changing. One hundred years ago, there was no air travel, few cars and few paved roads outside cities. Horses, trains, steamships and barges dominated movement of people and goods. Through most of the 20th Century, this country built a network of highways, sprawling suburbs dependent on those highways and an air transportation system, while dismantling much of the urban light rail and intercity passenger rail system.

Having built an auto and truck dependent society, we have, in recent years reduced the financial support needed to maintain it. The collapse of the Skagit River Bridge on May 23, 2013 is but one of many examples we could cite of transportation infrastructure that has not kept pace with our current needs. We pay sooner or later: WSDOT estimates the 26-day closure of I-5 in Skagit County cost \$8.3 million in freight delay.

We also pay – sooner or later – for past investments built without adequate attention to impacts on the natural environment or the existing built environment. For example, the estimated bill for replacing state highway culverts that impede fish passage is over \$2 billion.

At the federal level, the Highway Trust Fund is projected to be insolvent by fall 2014. Congress has transferred over \$53 billion from the General Fund to the Highway Trust Fund and Mass Transit Fund since 2008. This cannot continue.

At the state level, the Legislature has spent the past year working toward a transportation revenue package and reforms. We applaud that. But as 2014 begins, we are at a dead stop, waiting for green. While tax increases are not popular, the public has told us in statewide transportation surveys in 2011, 2012, and 2013 that it recognizes the need for additional transportation funding. There have been numerous examples across the State of voter support for transportation. In that connection it is worth noting that not a single legislator who supported the 2003 or 2005 gas tax increases was defeated because of that vote.

Locally, cities, counties and transit agencies all struggle to keep existing streets and roads in good condition, and buses operating. The local portion of the transportation system also is waiting for green.

A year ago, this Commission recommended both revenue and reforms to reduce costs and stretch dollars further. Our three themes were:

- Maintain what we have.
- Finish what we started.
- Keep a new revenue program simple and achievable.

Green isn't only a metaphor for money and growth, it also stands for fresh, new ideas. It is time to examine some of our past assumptions about transportation needs and make adjustments for the future. Smartphones and other technology are changing when and how people travel. Technology also has changed the movement of freight and goods.

We need more coordinated and targeted efforts to meet a variety of transit needs, from commute trips to helping the elderly age in place. We need seaports, road, rail and air networks that are flexible and robust to accommodate global customers. We need to go green and take the future head on.

Dan O'Neal, Chairman

Table of Contents

The Past	2
The Present	3
The Future	4
Recommendations	5
Partners in Transportation	9
▪ Local Partners in Transportation	9
▪ Bothell	9
▪ Port Townsend	10
▪ Seattle	11
▪ Spokane/Colville	12
▪ Walla Walla	13
▪ Partnerships for Community and Prosperity	14
Overview of 2013 Work and Activities	16
▪ Tolling and Fare-Setting	16
▪ Public Preferences and Opinions	19
▪ Road Usage Charge Assessment	21
▪ Naming Transportation Facilities	22
Commission Facts	23
Commissioners	24



The Past



Tolls paid for construction of the SR 520 bridge.

During the 1950s, 60s and 70s, the federal government paid 90% of the construction cost of the interstate system. States were responsible for the remaining 10% of interstate construction and all costs associated with operation and maintenance.



The M/V Leschi was one of several ferries the state acquired from the Black Ball Line. She operated on the Vashon-Fauntleroy route.

Where federal money was not available, all the major bridges in Washington were built with tolls. The first (1940) and second (1950) Tacoma Narrows Bridges, the two Lake Washington floating bridges (1940 and 1963), and the I-5 bridges between Vancouver and Portland (1917 and 1960) were toll bridges.

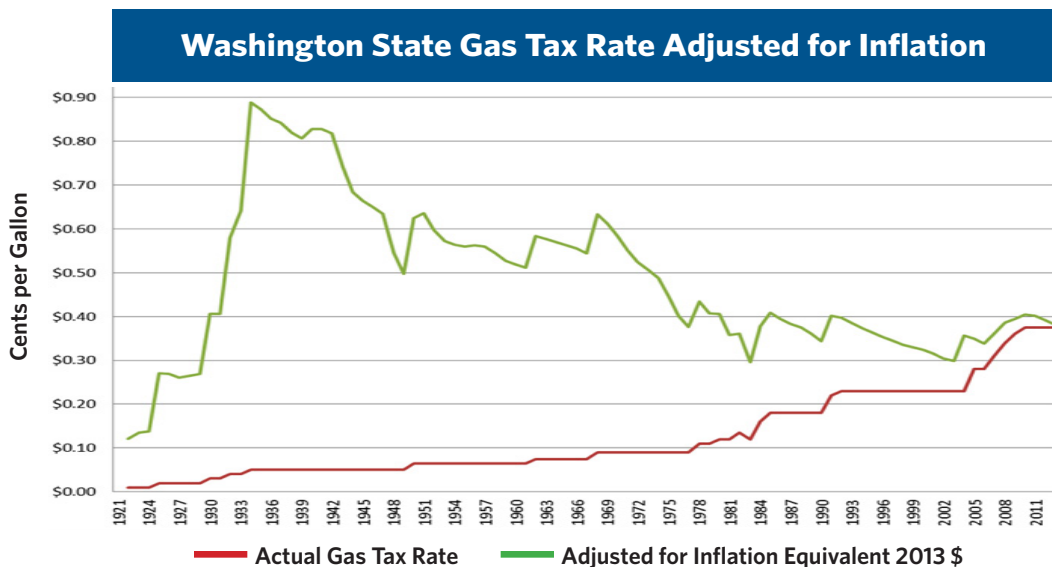


Our road system was built in less than 100 years.

Washington State began operating ferries in Puget Sound on June 1, 1951, after buying 16 boats and 20 terminals belonging to the Black Ball Line from Captain Alexander Peabody, for a total of about \$5 million.

The revenue stream from the state gas tax was increased in 2003 and 2005. It was bonded to build capital projects before the revenue could be realized. The state set aside none of the additional 13.5 cents per gallon for maintenance or preservation, or for operation of state ferries.

The real value of the state gas tax, as a percent of the retail price of gas, has steadily declined from about 25% in the 1940s, 50s and 60s, to 10% today. (See graph below.)



The Present

The federal gas tax of 18.4 cents per gallon and diesel tax of 24.4 cents per gallon has not increased since 1993.

Sales tax and property tax revenues, which go into city general fund accounts, are the primary funding source for city streets. Cities receive 2.96 cents of the 37.5 cent per gallon gas tax.

A dedicated property tax levy is the primary funding source for county roads. Counties receive 4.92 cents of the 37.5 cent per gallon gas tax.

Most transit systems in Washington rely on local sales tax revenue as their primary funding source.

The current biennial state transportation budget is \$8.956 billion, which accounts for about 11% of the total \$82 billion state general fund, capital and transportation budgets.

Counties, cities and transit agencies statewide invest about \$3 billion annually from local sources.

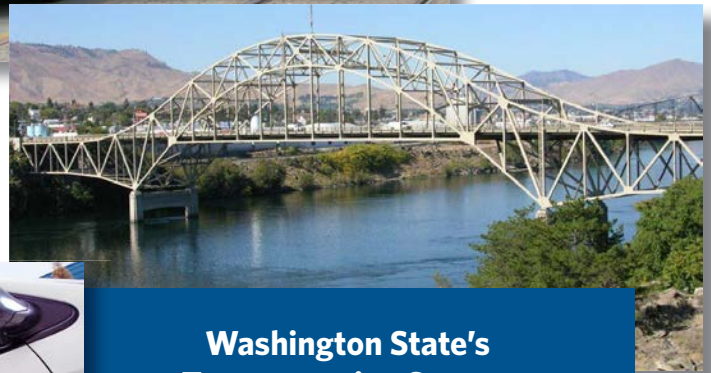
Toll revenue pays for the \$735 million construction cost of the new, eastbound Tacoma Narrows Bridge and will generate \$1 billion of the \$4.2 billion cost of the SR 520 bridge replacement and corridor improvements. Express toll lanes on I-405 are expected to reduce congestion and generate revenue to continue to improve the I-405 corridor.

Data from the Voice of Washington State Survey indicates that 86% of state residents think it is urgent to make sure Washington's transportation system works effectively today and into the future, and 60% are willing to consider raising some transportation taxes and fees to meet future transportation needs. For over 50%, the three most important benefits of long-term investments in the transportation system are:

- Preserve existing infrastructure.
- Invest in public transportation.
- Reduce congestion.



A growing number of bicycle commuters use transit to expand their reach.



Preserving basic infrastructure is the public's top priority.



Washington supports more vanpools than any other state.

Washington State's Transportation System

- 18,046 miles of city streets.
- 39,748 miles of county roads and four county ferries.
- Over 7,000 miles of state highways and 22 state ferries.
- 465 miles of Columbia-Snake River barge transport.
- 32 transit agencies.
- 75 port districts in 33 of 39 counties.
- Over 5.5 million licensed passenger vehicles, trucks and motorcycles.
- Reservation roads and Forest Service roads.
- Sidewalks and bike paths.
- Amtrak, Sounder, Link light rail, streetcars.
- Freight trains and trucking companies.
- Airlines, maritime shipping lines, and river barge lines.
- One of the most bicycle-friendly states in the nation.

The Future



Flying cars are not a likely part of any near-term transportation future, but other dramatic changes – such as autonomous vehicles and personalized transit – are already underway.

Washington State is at a transportation funding crossroads. Our transportation infrastructure is aging and in need of repair or replacement. As cars become more fuel efficient, gas tax revenue is not only less reliable but a less equitable revenue source for maintaining our network of streets, roads and highways. The current statewide long-range transportation plan, WTP 2030, estimates that meeting statewide transportation needs, including state, city, county and transit needs, will require \$175 to \$200 billion between 2010 and 2030.

State population is projected to grow by 22% during the next two decades, from 6.9 million people today to a projected 8.4 million in 2030. With this anticipated population growth, demand for roadway space will continue to outpace our investments in transportation infrastructure. As population increases, demand for bus, rail and air service also will grow. Other changes enabled by technology, such as autonomous vehicles and personalized transit, are on the horizon and may impact transportation in ways we cannot foresee.

Beginning this biennium, debt service will obligate about 70% of net incoming gas tax revenue, as the chart to the right shows. That is largely because all of the 2003 and 2005 gas tax increases were bonded to fund construction programs. Only about 8 cents of the gas tax is available to maintain and preserve the state highway system, including the ferry system.

To better prepare for the future, we should assess what we have, determine and prioritize what we need, and chart a plan and develop strategies to get there. The Transportation Commission has taken this step-by-step approach in its current assessment of whether a road usage charge could someday replace the gas tax as a primary revenue source for transportation.

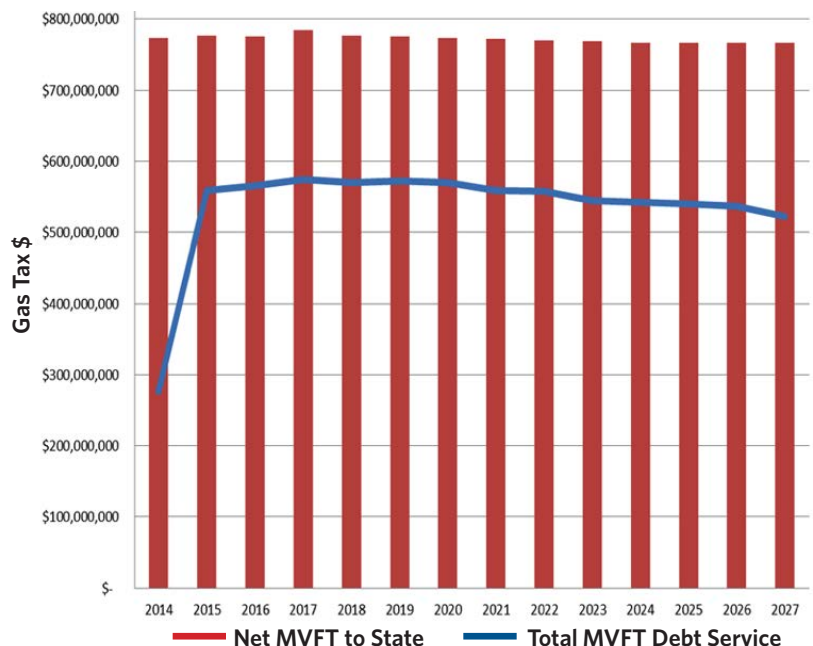
The Commission also is methodically preparing for the future with its update of the Washington Transportation Plan:

- Keep what we have and fix it first.
- Build on WTP 2030 and the current federally compliant state transportation plan.
- Identify sustainable funding and prioritize improvements.
- Emphasize rightsizing and practical design.

Motorists will see more tolling in future years.



Motor Vehicle Fuel Tax General Obligation Debt Service vs. Net Fuel Tax Revenues 2014 - 2027



Recommendations



Studded tires have eaten away the asphalt pavement creating these ruts on I-90 near the Idaho border.

The Commission makes the following recommendations, based on our work over the past two years, including development of our 2013 funding proposal and meetings in communities across the state.

Maintenance and Preservation

All levels of government need to invest more in preserving and maintaining the existing transportation system. With limited resources to spend on transportation infrastructure, residents of our state overwhelmingly prioritize maintenance and preservation as the number one transportation investment. The need is statewide, from streets and roads to ferries and bus service.

From our observation, most counties and cities prioritize investments to keep the current transportation system operating, but the state has not always put maintenance and preservation first. The Commission's 2013 Revenue Proposal recommends dedicating all the proceeds from a 10-cent gas tax increase to maintenance and preservation, allocating 57% of the \$2.55 billion total to WSDOT and the remaining \$1.1 billion to counties and cities.

The state highway system urgently needs investment in maintenance and preservation. By the end of 2015, 1,500 lane miles on the state highway system will need work but lack funding. Without additional investment, the backlog will grow by a minimum of 500 lane miles every 2 years. To stretch dollars further, instead of preserving a few highways "really well," WSDOT has implemented aggressive maintenance and preservation strategies to extend pavement performance. These strategies include:

- Crack sealing of chip seal and asphalt roadways to keep water from seeping in.
- Selective pavement repair to prevent a cracked section from developing into a pothole.

- Tying concrete panels together with dowel bars to add support.
- Replacement of cracked panels and grinding the surface smooth.
- Increasing the use of chip seals on lower volume roadways (less than 10,000 vehicles per day).
- Selective repaving on multilane roadways for only those lanes that have reached unacceptable performance levels.

Employing these strategies, while not a first choice, allows WSDOT to extend the scope of its preservation program. These strategies reduce, but do not eliminate, the need for new revenue.

More than money is needed. The Commission recommends that funding be stable and reliable so that long-term asset preservation plans can be developed and implemented at the state and local level. In addition, transportation expenditures must be transparent and accountable to the public. To best meet the goals of transparency and accountability at the local level, the state should use the grant programs operated by the Transportation Improvement Board and the County Road Administration Board to distribute new local funding.

Efficient and effective commitment of scarce resources also means reducing maintenance and preservation costs when possible. The Commission recommends phasing out the use of studded tires to reduce pavement repair costs for cities, counties and the state. Damage to concrete pavement on state highways from studded tires totals over \$16 million annually; the City of Spokane estimates its annual damage at nearly \$5 million.

The Commission recommends that the Legislature phase out studded tires over a five-year period. One year after enactment, dealers and retailers should no longer sell studded tires. Within five years, studded tires would no longer be allowed on Washington roads, streets or highways.

State Financial Sustainability

The Commission recommends that with future gas tax increases, the state bond less and fund more needs on a cash flow basis. The state has obligated as security the entire revenue stream from the 2003 and 2005 gas tax increases and used the significant revenue generated in the near-term to build highway improvements and ferry vessels. The projects are nearly complete, but a significant long-term debt burden has been incurred for many years into the future. Over the next 13 years approximately 70% of the State's net portion of motor vehicle fuel tax revenue will pay for debt service.

As a flat gas tax fails to keep pace with the rising costs of transportation construction materials, and equity concerns increase, we must plan for different revenue sources.

By 2025, EPA fuel efficiency standards mandate a fleet average 54.5 mpg for new cars. As cars become more fuel efficient, a fixed gas tax rate is less likely to generate the same level of revenues and raises serious equity concerns. People who can afford to purchase and drive more fuel-efficient vehicles will pay a much smaller share of the cost of building, maintaining and operating the highway system.

The Commission recommends the state develop and implement a strategic plan for tolling and pricing statewide.

Over the past six years, our state has initiated tolling to generate revenue and/or manage traffic on three facilities. Two more tolling projects – I-405 Express Toll Lanes and the SR 99 Alaskan Way Viaduct Replacement Tunnel – are scheduled to open in 2015 and 2016, respectively. The decisions to toll and price these five projects were made on a project-by-project basis.

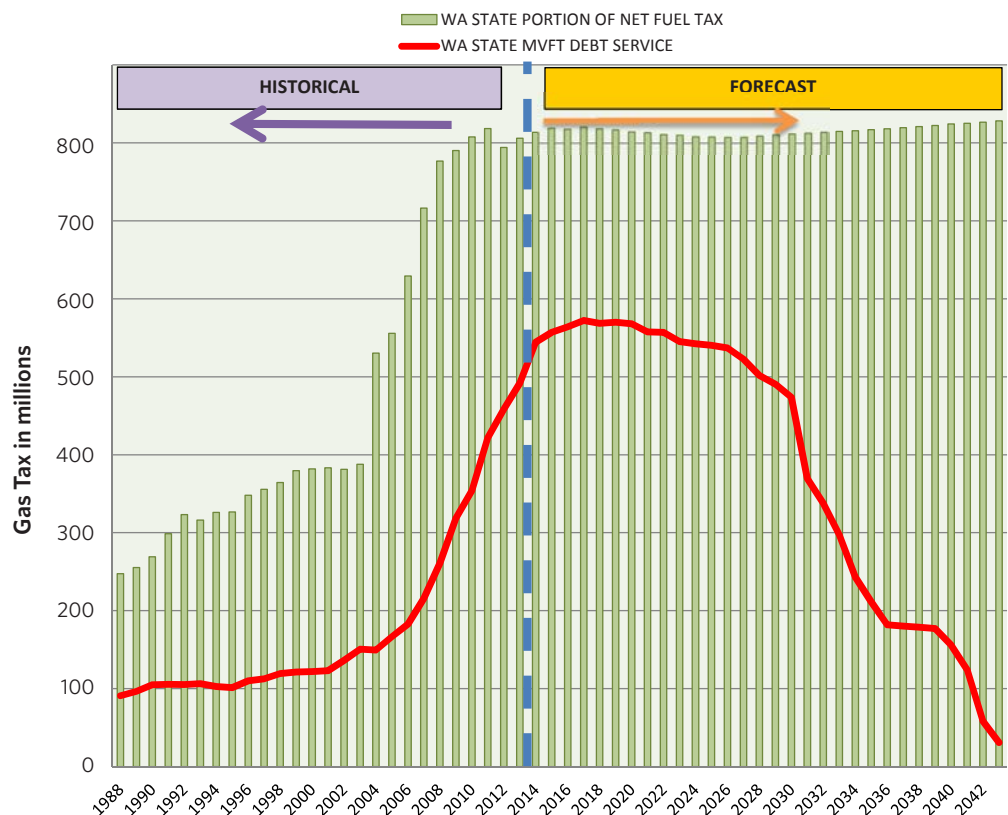
When the Commission suggested the Legislature “consider the impacts of tolling on the entire transportation system” in its 2008 Comprehensive Tolling Study, only the Tacoma Narrows Bridge was tolled and system-wide impacts were not evident. Two years of all-electronic tolling on SR 520, diversion in that corridor to other routes, the lack of collaborative congestion management, the cumulative impacts of project-by-project tolling decisions, and the need for new revenue sources,

compel a thoughtful review and development of a statewide strategic plan for tolling and pricing. As the state expands tolling and pricing to additional corridors, we should see important economies of scale and also more widespread acceptance of tolling as a viable congestion management tool.

The Commission recommends that the state continue to evaluate and plan for a possible transition from the gas tax to a road usage charge. The current gas tax system is based on the number of gallons of gasoline purchased, regardless of how many miles are driven. A road usage charge system is based on the number of miles driven, regardless of how much gasoline or other alternative fuels are used. The Commission has evaluated the feasibility of road usage charging, at the request of the Legislature, and concluded that there are various ways road usage charging could work. Some are as simple as buying a time permit, such as for a year, a quarter, or a month, or annual odometer readings. Another approach uses a technological application to record miles driven.

For further discussion of road usage charging, see pages 22 and 23 of this Report, or <http://waroadusagecharge.wordpress.com/>

How much of the Washington States portion of the net motor vehicle fuel tax (MVFT) goes to debt payments?



Capital Construction and Operating Reforms

The Legislature should return to funding programs, not detailed project lists with specific funding levels. Dedicating a specific dollar amount to a project is inefficient. It limits WSDOT's flexibility to determine the most effective, cost-efficient solution to meet a transportation need and precludes project designers and contractors from finding the best, least expensive and timeliest ways to accomplish what is needed.

The Legislature also should enhance the capital construction tools available to WSDOT. For instance, the Legislature should increase and streamline the use of design-build contracting and enable the general contractor/construction manager delivery method for transportation projects.

Use technology to improve ferry customer service and pricing. Washington State Ferries (WSF) uses three different fare payment systems, including Wave2Go and ORCA accounts. Wave2Go has major software and supplier support issues and limitations. Many ferry riders want to be able to use the *Good to Go!* account-based system to pay ferry fares. Just as the tolling program has relied on technology to improve the customer experience using toll facilities, WSF should aggressively develop an account-based fare collection system and the option to use *Good to Go!* WSF also should transition to pricing strategies based on vehicle length and size, and improve vessel loading and unloading through technology.

Examine and test how public-private partnerships can work for Washington. The commitment by Microsoft to help pay for a pedestrian walkway across SR 520 connecting its campus to the future Overlake light rail stop and Amazon's investment in Seattle's Lake Union Streetcar demonstrate that public-private partnerships have a role in meeting our transportation needs. There are other opportunities to partner. As the Commission has noted in past years, the state can lower capital construction costs for Washington State Ferries' terminal construction and rehabilitation and for other non-highway projects by streamlining the existing public-private partnership law for non-toll facilities. The complete recommendations are found in the Commission's 2011 report to the Legislature titled: *"Best Practices Review of Washington State Public Private Partnership Programs and Laws for Non-Toll Facility Projects"*. For the full report visit the Commission's website: www.wstc.wa.gov

Address congestion in a systematic, corridor-based way

Local, state and private sector leaders in urban areas of Washington need to collaboratively implement corridor-based congestion policies that optimize freeway use during peak hours. Construction workers, little league players, software designers, and drivers with bales of hay for export spend too much time sitting in traffic. The SR 520 Urban

Partnership Agreement, combining variable pricing and additional transit options, has shown that congestion can be reduced without pouring concrete. While more lanes are needed in some places, we cannot build our way out of congestion. Even if the funds were available, new lanes will quickly be filled by the pent-up demand for those roads, negating any new capacity improvements.

WSDOT's Moving Washington investment framework is a good plan, but WSDOT cannot solve congestion on its own. Local governments and the private sector must supply some of the components. In the I-405/SR 167 corridor, WSDOT and communities east of Lake Washington have focused on express toll lanes and changes to the number of people that constitute a "carpool" that can travel toll-free. As the Commission embarks on establishing

variable toll rates and policies for the express toll lanes under construction, the conversation seems incomplete without considering other elements that can maximize person throughput in addition to carpools.



Ramp metering improves traffic flow.

WSDOT's Moving Washington investment framework combines three transportation strategies to align its objectives with those of local partners:

- Operate Efficiently.
- Manage Demand.
- Add Capacity Strategically.

For instance, has the transit system maximized its potential capacity? Data indicates that park-and-ride lots are filled by very early morning hours. By adding parking slots or expanding transit feeder lines, congestion should be decreased, especially as transit trips become shorter and more reliable than driving as a single-occupant. Partnerships with the private sector to build and operate park-and-ride facilities can be another strategy of congestion management. But building park-and-ride lots alone does not increase transit capacity; partnerships with the transit agencies – and with the state – also must be part of an efficient, cost-effective solution.

The state should better integrate transportation planning and land use policy. With growth management policies now in place and working, the state and metropolitan regions must revisit and strengthen incentives for transit oriented development, and require multi-modal concurrency, to stretch scarce dollars for more efficient corridor solutions.



Frequent transit service reduces congestion in the Cross-Lake Washington corridor.



Flash floods ravaged Walla Walla County roads.

Local Transportation Partners

Many cities and counties face transportation challenges. Some are stepping up and raising new revenue locally and others are not for various reasons. In 2013, four cities enacted and funded Transportation Benefit Districts (TBDs), bringing the statewide total to 48 cities, and Okanogan County residents created and funded a public transit authority.

Although counties maintain and preserve nearly half the road miles in the state, every county government faces enormous pressure to shift money from roads to public safety. Not long ago, facing the possibility of bankruptcy, Ferry County shifted its entire road fund to help run county government.

Cities often wrestle with WSDOT over traffic throughput and safety issues when a state highway runs through a city or town. When a state highway fails due to congestion, traffic moves onto local streets and causes local problems. Even when a city or county plans to invest and improve a state highway, as when the City of Woodinville asked the state to contribute \$1 million on \$10 million investment, WSDOT often has little flexibility to respond or participate.

Counties and cities need additional local option revenue sources for transportation and changes to help existing revenue sources work better. As the Commission has traveled the state, communities have recommended the following:

- Authorize creation of a street utility program.
- Change the statutory authorities for TBDs, such as increase to \$40 the allowed councilmanic levy of vehicle excise tax; allow cost-of-living increases to TBD assessments; and reduce TBD administrative requirements.
- Better balance funding resources for maintaining infrastructure versus building new infrastructure.
- Create a state program to enable local agencies to swap federal funds (which may include many costly conditions) for more flexible state funds.

Rural communities also need easier access to funding. The new federal funding formula reduced rural funding by 70%. State bridge funding requires a significant (20%) local match. A single event, such as a flash flood, can deplete county road reserves and demolish long-term plans. A July 2012 flood event caused \$1.7 million in damage to Walla Walla County roads, and only about \$100,000 will be recovered. Walla Walla County recommends there be an emergency-response funding source to help small jurisdictions to recover from isolated, damaging storm events.

Partners in Meeting Transportation Needs

Local Partners in Transportation

In 2013, the Commission met in Bothell, Colville, Port Townsend, Seattle, Spokane and Walla Walla with local governmental and community leaders, and the public, and toured many miles of city streets, county roads, state highways and local trails. Although each community the Commission visits has unique transportation needs, challenges, and successes, the consistent and pervasive need is revenue for basic preservation and maintenance of local streets and roads. Here, we identify (in no priority order) some key findings from each community.

This section also highlights how thriving communities and economies rely on transportation and identifies successes and challenges from across the state.

Bothell

1. The SR 522 Corridor extends from I-5 to Monroe. It is an arterial highway from Seattle to Bothell and a controlled access highway for most of the distance from Bothell east to SR 2.



Traffic has increased on the arterial portion of SR 522 since tolling began on SR 520. More than \$80 million in new construction at the University of Washington-Bothell and Cascadia Community College to accommodate student body growth adds to the SR 522 mobility challenge. Between Bothell and Lake Forest Park the 45,000 vehicles per weekday count is projected to grow to over 62,000 by 2026. Five transit routes on SR 522 carry 3,370 passengers per weekday.

Bothell, Kenmore, and Lake Forest Park have worked together with WSDOT to make \$70 million in improvements on SR 522. The projects include relocating SR 522 from the center to the edge of downtown Bothell and improving multi-modal access, including bus access lanes, transit center/park and rides, and sidewalks. Kenmore's unfunded westernmost segment requires \$10.5 million more to complete.



This aerial view shows the realignment of SR 522 out of the center of downtown Bothell.

2. The City of Kenmore has seen traffic increase on its Juanita Drive bridges over the Sammamish River since SR 520 tolling began. The southbound bridge is rated 2 on a scale of 100 and needs to be replaced.
3. Kenmore Air, an important business in the City of Kenmore, plays a key role in emergency management response, and augments tourism and business travel options.

4. Traffic, like water, finds the path of least resistance. Drivers cut through downtown Woodinville to avoid I-405 congestion. Over 37,000 average daily trips clog a ¼ mile section of road in downtown Woodinville.
5. The 42-mile long Eastside Rail Corridor is a former BNSF rail line between Renton and Snohomish. Still an active freight corridor between Woodinville and Snohomish, the right-of-way is wide enough for a trail to be added next to the rail line. From Snohomish north, the abandoned rail bed is now the Centennial Trail, reaching almost to the Skagit County line. Snohomish County estimates it needs \$25 million to complete the remaining 12-mile portion of the trail to the King County line.
6. In about 10 years, Link light rail service will reach Mountlake Terrace and Snohomish County. The city already is working to connect bicycle commuters from the interurban trail to the transit centers.
7. Snohomish County touts its regional trails in attracting outdoor manufacturers, such as K2 and Outdoor Research. Integral parts of an extensive outdoor recreation system, the North Creek Trail connects with the Burke-Gilman and Sammamish Trails in Bothell and the Interurban Trail that parallels I-5. This trail system also is a key part of the Snohomish County's Tourism Plan.
8. Sportworks Northwest employs 90 people in Woodinville and manufactures 95% of the bus bike racks in North America. Located near the Sammamish River Trail, Sportworks provides showers and bike storage facilities to encourage bicycle commuting.
9. Community Transit has reduced service by 37% since the financial downturn but retained 95% of weekday riders. Its 23 double-decker buses serving Seattle routes carry 77 passengers each. Seventeen more are on order.
10. The Growth Management Act has shaped downtown Bothell's redevelopment. To capitalize on the historic charm of the city's Main Street, Bothell has assembled 25 acres and invested \$94 million to encourage new retail, offices and residential development in its downtown.

Port Townsend

1. Port Townsend streets were not built to handle the size and number of vehicles today. Port Townsend has leveraged \$15 million of improvements with \$4 million from TIB grants.

Sidewalks and bike lanes are integral to mobility in Port Townsend. Many downtown and uptown sidewalks, built in the 1910s and 1930s, require ADA upgrades.

2. Port Townsend relies on ferry service, the Hood Canal bridge, SR 20/19 and US 101 for safe and reliable access. The town was isolated several years ago when a landslide blocked US 101, the Hood Canal Bridge was locked open, and the Whidbey Island ferry was not operating.
3. Sequim generates about \$500,000 a year from its Transportation Benefit District and also has enacted transportation impact fees. Improving downtown walkability and mobility are priorities.

4. Port Angeles, the largest city on the north Olympic Peninsula, hosts over 3 million visitors annually. Downtown waterfront redevelopment includes:

- Improved ferry traffic circulation.
- Safer and more efficient multimodal access.
- Better transit connections.

The Port of Port Angeles and Black Ball Ferries have invested \$4 million in their facilities, including replacement of creosote pilings with concrete piers.



This former trestle could carry the Discovery Trail across Discovery Bay.

5. When finished, the Discovery Trail will traverse the Olympic Peninsula for over 100 miles from Port Townsend to La Push. Almost 40 miles of the Discovery Trail is paved in Clallam County and 7 miles are completed in Jefferson County. Trail construction at Discovery Bay poses a major problem. Although the trail could cross on a former rail trestle, the Department of Fish and Wildlife and salmon recovery groups want the trestle removed. Loss of the trestle will move the trail alongside US 101, adding cost, safety and right-of-way challenges.

6. Strong transit systems operate in Clallam and Jefferson Counties. Clallam Transit collects a 0.6% sales tax and moves over 1 million passengers a year. Jefferson Transit serves 300,000 passengers annually. With a higher than median share of state population at poverty level and a broad geographic coverage area, special needs transit takes 22% of the budget. In 2013 Jefferson Transit's average cost for one-way Dial-A-Ride is \$53.

Jefferson Transit partners with Clallam Transit and Kitsap Transit to connect the entire Peninsula including service to the Pacific Coast portion of Jefferson County and connections to Grays Harbor Transit.

7. The Port of Port Townsend includes a shipyard and marine industrial area, an airport and industrial park, and 3 marinas. It owns and operates the largest public boatyard in the state.
8. The Port of Port Angeles has multiple business lines, including 2 airports, one with a 6350' runway with the capacity to support 737s, 2 marinas and 2 boat launches, marine terminal facilities and a ferry terminal.
9. The nine Olympic Peninsula Tribes participate in the Peninsula RTPO and rely on US 101 just as the cities on

the Peninsula do. Tribes are providing data to the state freight plan to help demonstrate the importance of US 101 as a freight corridor.

The Skokomish Tribe has used 3 scenic byway grants for safety improvements on US 101.

The Jamestown S'Klallam Tribe has completed a variety of multi-jurisdictional transportation projects including a pedestrian passage under US 101, and an Olympic Discovery Trail scenic pull-out and restrooms.

10. Olympic National Park (ONP), one of 20 World Heritage Sites in the U.S., attracts 3 million visitors a year and \$115 million in tourism. The Hoh Rainforest is the second most popular destination in ONP with up to 300,000 visitors a year. A county road, the Hoh River Road, provides access to the rainforest and 25 Jefferson County residents. Due to over 125" of rain annually, the road floods frequently. Over a 10-year period, repair costs for the Hoh River Road range from minimal in 2005 to \$1.1 million in 2010. In six of the years the repair cost exceeded \$400,000. By comparison, Jefferson County's annual share of gas tax is \$1.3 million. Jefferson County would like to transfer the route to the state, as SR 110 to La Push and SR 119 were in previous years.



A surveyor sets up his gear near the south end of the SR 99 tunnel on Friday, December 6. Bertha, the SR 99 tunneling machine completed her first 1000 feet of tunneling a day earlier.

Seattle



1. The Puget Sound Regional Council (PSRC) is updating its long-range transportation plan, Transportation 2040 (T-2040). Updated topics include the economic climate, population and employment changes, and new federal emission standards. Fiscally constrained estimated program costs (in 2008 dollars) are \$189 billion and estimated revenues are \$125 billion. T-2040 calls for increased reliance on tolls, phased in over time and linked to the use of those revenues. The plan also assumes a road usage charge beginning in the second decade.
2. T-2040 anticipates 90% more transit service to meet future needs. Planned transit investments of \$100 billion include over \$15 billion in light rail, commuter rail and Bus Rapid Transit. A regional Transit Oriented Development Strategy is focused on cross-jurisdictional transit corridors. PSRC is partnering with the U.S. Department of Housing and Urban Development, U.S. Department of Transportation, EPA, business groups, educational institutions, private and nonprofit developers, and social services agencies to promote transit oriented development.
3. The Washington State Transportation Center (TRAC) assists UW, WSDOT, and WSU with transportation research. UW has researched social equity issues of SR 520 tolling, an improved HOT lane pricing algorithm, and a violation analysis of SR 167 HOT lanes.
4. Sound Transit commuter rail, light rail and 26 regional bus routes now carry about 101,000 passengers daily across the region. University Link will open in 2016, under budget and ahead of schedule. Construction of Northgate Link, planned to open in 2021, is underway. East Link to Bellevue will open in 2023. South 200th Link Extension, extending 1.6 miles south of SeaTac, is under construction. The Federal Way extension is in planning, and a Tacoma Link expansion corridor has been selected.
5. Combined ridership of Sound Transit and Metro is higher than ever at nearly 140 million riders annually. Ridership in the SR 99 corridor has increased 42% since construction of the Alaskan Way Viaduct replacement tunnel began. Tolling and additional bus service has boosted ridership on the SR 520 corridor by 40%. Ridership is up 33% on bus rapid transit routes.
6. The Seattle Metropolitan Chamber of Commerce considers a robust, multi-modal transit system to be intertwined with the region's economic success, today and in the future. For some workers, transit provides their only mobility. Businesses buy passes worth \$750 million a year for 200,000 users.
7. Currently, Metro trips replace 175,000 cars. At a time when Metro should be adding 15% more service to meet demand, it is instead proposing service cuts because it has used its full sales tax authority and has increased fares several times since 2008.
8. One of four King County employers recruits from outside the area. They report a generational shift among young, creative entrepreneurial workers demanding mobility and transportation options. Quality of life is the number one reason why employers move to or stay in King County.
9. The King County Ferry District provides water-taxi service from Colman Dock to West Seattle and Vashon Island. Ridership has increased by over 1/3 to 427,000 annually since King County took over operations in July 2008. Fare box recovery is 28%.
10. King County International Airport (also known as Boeing Field) provides 4,900 direct jobs as a self-sustaining economic engine for King County. It ranks 29th nationally in air cargo, ahead of Boston Logan and San Diego International Airports.

Spokane/Colville

1. WSDOT is increasing capacity to six lanes in the I-90 corridor from Spokane to the Idaho state line with the space to accommodate 8 lanes in the future. The configuration and lane width allows for conversion to HOV lanes if they are needed.



2. The US 395 North Spokane Corridor (NSC) is partially finished with 5.5 miles and 3 interchanges complete. It will take an additional \$750 million to complete the NSC to I-90.

Hillyard, a commercial, industrial and residential area adjacent to the NSC and one of the poorest areas in the state, will benefit from completion of the corridor. Food Services of America is one of many area businesses shifting freight from local streets in the neighborhood to the NSC.



Colville, like many cities, struggles to maintain basic infrastructure.

3. The City of Colville has 45 miles of streets. A unique challenge facing cities is their infrastructure beneath the street as well as the street itself. The condition of the other infrastructure becomes a factor in setting street repair and reconstruction priorities.
4. The presence of state routes keeps the City of Republic (pop. 1097) running. About 60% of Republic's streets are gravel. Its grader dates to 1959. When it rains hard, water and dirt washes from the surrounding hills and accumulates on city streets.
5. In the City of Newport (pop. 2185), the main route to the school is along the state highway. Newport has partnered with TIB on Spruce Street improvements and building a sidewalk connection to the schools.
6. Stevens County successfully defended a lawsuit this year alleging negligence for failure to plow primitive county roads. Although it won the case, the defense was costly and the county urges strengthening RCW 36.375.300 to prevent suits against counties that operate primitive roads.

7. The Northeast Washington (NEW) RTPO is growing much more slowly than the state with a population that is aging quickly. All three counties have unemployment rates over 9.5%. Significant portions of the regional workforce, including 43% of Pend Oreille County residents, leave the county for work. Regional issues include Canadian border crossings, all-weather roads, and public transportation.
8. Five transit operators, two of which are tribal, offer limited service in Northeast Washington providing 90,000 trips during the current biennium. WSDOT supports the service with \$2.3 million in grants along with \$815,000 in local funds. Kalispel Transit (KT) carries 13 - 14,000 passengers a year and connects with most regional transit services. It has a successful partnership with Spokane Transit Authority, contributing about \$180,000 to help to maintain a route into north Spokane and the Kalispel Reservation. KT provides four round trips into Spokane and Saturday service. About 95% of KT trips carry non-tribal members.
9. Of Ferry County's 740 miles of roads, only 150 miles are paved, and most are in need of repair. There are a lot of maintenance needs; the County has made some safety improvements with guard rails and reflectors.
10. The Port of Pend Oreille Valley (POVA) was created in 1979 to operate a railroad when the Milwaukee Railroad pulled out. Relying solely on railroad revenue, the Port levies no property tax. POVA also operates a tour train.

The railroad is struggling. The segment from Usk to Lone needs a \$4 -5 million improvement to haul freight. The locomotive dates to 1959. A tunnel is failing – clearance has dropped from two feet to five inches. If the railroad increases rates to raise the money it needs, shipments will be moved to truck.

Walla Walla

1. The major state and regional needs in Walla Walla are completing the US 12 realignment and a variety of safety and mobility improvements to the SR 125 Corridor.



2. At 150 years old, the City of Walla Walla has aging infrastructure. A 2011 Citizen Survey helped to identify and prioritize the top 25 streets for repair and support creation of a Transportation Benefit District (TBD). Areas that are critically underfunded include:

- Bridge program.
- Off-street structures.
- ADA improvements.
- Pavement preservation.
- Traffic signals - replacement, coordination, upgrades.
- Transportation system planning.



The Port of Walla Walla is working with Alaska Airlines to keep regular air service.

Walla Walla's biggest success is the delivery of improvements funded by the TBD, including the rebuild of Rose Street.

3. College Place has transportation needs well beyond its capabilities. The city has about 40 miles of streets. Its main arterial, College Avenue, is an 80-year old street that was once a state highway and now needs a full rebuild. The College Avenue Rose Street (CARS) project will include 10-foot sidewalks and street trees to improve walkability in College Place.
4. The Touchet River Bridge in Waitsburg - built in 1925 - has a lower rating than the Skagit River Bridge that collapsed. The city estimates that a pour-in-place bridge will cost \$2 million dollars or more. A prefabricated bridge could cut the price tag in half.

Waitsburg has six bridges on the state and local system. Because only structurally deficient bridges are eligible for state replacement funds, the city recommends a change in state project selection criteria.

5. In Walla Walla County, with 1000 miles of county roads and over 200 bridges, the cost to chip-seal roads has almost doubled since 2007, from \$14,000 to \$26,000 per mile.

6. The AARP visited Walla Walla to learn and share with its membership how a small community responds to the mobility needs of seniors. Valley Transit is one of many transit partners, including the Grape Line, that provides connections between communities from the Tri-Cities to the Pendleton, Oregon area.
7. Walla Walla is the smallest market served by Alaska Airlines. To help keep service to Walla Walla, the Port Commission reduced airline fees by \$80,000 and is spending \$2.2 million to repave a portion of the airport runway.

8. The Port of Walla Walla is currently adding \$2.1 million dollars of track to accommodate expansion of Railx, a coast-to-coast, rapid refrigerated rail car service serving over 500 Pacific Northwest customers. Now in its sixth year, Railx carries more than produce: dairy, cheese, seafood, and pharmaceuticals. About 20% of the return trains carry products, such as imported wine.

The Port of Walla Walla owns the track at the refrigerated indoor loading shipping facility. Railx operates in partnership with Union Pacific Railroad and CSX Transportation. A 500,000 square foot wine warehouse and distribution facility opened in spring 2013.

9. The Port of Walla Walla owns 18 grain cars, first placed in service in 2000. They can be used anywhere in Eastern Washington but don't travel out of state. The grain cars bring in \$22,000 a year in profit.
10. The Walla Walla Valley Metropolitan Planning Organization (MPO) was an unexpected creation necessitated by the 2010 census. The census categorized the cities of Walla Walla and College Place, Washington and Milton-Freewater, Oregon as an urban area that requires an MPO for transportation planning. While creating the MPO has been a challenge, the region will benefit from its communities working together more as a team.



Partnerships for Community and Prosperity: Statewide Challenges and Successes

Hauling fruit in the Yakima valley.

Agriculture Depends on Transportation

Washington agriculture currently generates about \$8 billion in value, and exports \$10 billion of product, due to value added and production from other states. In 2012, soybeans grown in the Midwest were Washington's most important agricultural export by value, followed by wheat. Growth crops are fresh or processed horticultural products such as cherries and potatoes, both of which have limited storage life and need rapid delivery.

- Apples are the number one crop in Washington. The market is expanding domestically and internationally.
- Wheat is the largest crop by area and export oriented. Value varies due to international markets.
- Potato acreage is relatively constant, but yield is up. Potato products grew by 300% from 2001 to 2011.
- Cherry production is expanding and value is increasing significantly. Exports drive the market.



Barges carry wheat for export.

The 14-week Columbia-Snake River system lock outage in 2010 - 11 demonstrated how transportation cost and availability impacts agriculture. Before the closure, truck rates increased by 4% and rail by 2%. Wheat farmers shipped early or held back shipments to avoid alternatives to the river, but production was 20% higher than in a normal year. After the outage, shipping returned to barges in more than average quantity.

Downtown Revitalization and Main Street Cities

The Main Street program helps grow downtown economies across the state. Port Townsend and Walla Walla, different in so many ways, both take pride in robust, friendly and walkable downtowns that are true community centers. After the opening of a mall in 1991, downtown Walla Walla property owners petitioned the city to create a Local Improvement District (LID). A \$2.2 million investment in downtown was completed in 1993. LID property assessments ranged from \$137 to \$96,000.

The Bon Marche (now Macy's) expansion into the Liberty Theater, the renovation of the Marcus Whitman Hotel, and wine tourism helped revitalize downtown Walla Walla.

Not content with its success, Walla Walla continues to improve its downtown. Sidewalk cafes can now be installed without city council approval. A Downtown Master Plan promotes a sustainable business environment that is pedestrian friendly, including tree lighting, flower baskets, street light banners, an information center, downtown parks, public art, and a transit center. The future may involve other improvements, including angle parking which provides 60 more parking spaces, way-finding signage, and downtown second-story living quarters.



Downtown Walla Walla.

In Port Townsend, the ferry reservation system has eliminated downtown congestion due to ferry traffic.

New sidewalks also improve the pedestrian experience in Washington's Victorian seaport.

Economic Development depends on transportation

Aerospace. The aerospace cluster, which includes 1300 businesses, accounts for 250,000 jobs statewide, in 35 counties. Aerospace accounts for half of the international trade exports from the state – \$37 billion in 2012.

Without port access and better reliability from the road system, Washington will not be as competitive for aerospace as in the past. Key transportation improvements needed by the aerospace cluster include:

- Completing the west side of SR 520.
- Improving SR 526 in Everett.
- Connecting SR 509 and SR 167 to I-5 through the Puget Sound gateway project.
- Improving I-405 help to move parts between Frederickson, Renton and Everett plant sites.
- Public transportation.
- Completing the US 395 North Spokane Corridor.
- Completing I-90 improvements to Snoqualmie Pass.



Congestion stalls economic development.

Northeast Washington. Economic development in Northeast Washington relies on transportation. As the resource-based economy declines, small, home-grown businesses demand reliable deliveries. Scenic byways draw tourists, but narrow curves and bridges hinder freight movement.

Olympic Peninsula. Ferry service is critical to the Port Townsend economy. Several local businesses failed after the steel electric ferries were taken out of service. Six years later, the Port Townsend economy is still in recovery. The business community wants to keep the transportation system that is in place and asks for more notice and time to prepare if a part of the system is to be reduced.



Recreational aviation is part of Washington's culture. This plane landed on the beach at Copalis State Airport.

Regional Air Service. Airports impact 248,500 jobs and generate \$15.3 billion in labor income. Although public airports generate \$792 million in tax revenue, Washington spends less money on public aviation than comparable states.

Because small airports are capital intensive and not self-supporting, they need state assistance. In 2012, \$4 million in airport capital grants were requested from WSDOT but only \$1 million was available. By comparison, Colorado provides \$22 million a year in public grants.

The WSDOT Airport Investment Study that is underway will:

- Evaluate current funding levels for airport preservation and safety projects.
- Assess short-term (0-5 years) and long-term (5-20 years) airport improvement needs.
- Determine consequences of doing nothing in terms of economic and aviation system needs.
- Develop and recommend funding options for the 2015 legislative session.

Transit Information

As increasing numbers of seniors are seeking mobility choices, more can be done to educate people about transit options. Google Transit offers a helpful source for transit directions and connections, but not all transit providers or WSDOT post information there.

Jefferson Transit employs a mobility coordinator who helps veterans and special needs customers navigate the transportation network. Their experience suggests:

- A one-call assistance system. Transit agencies and human services agencies may not be coordinated.
- Funding transit information, such as smart phone applications showing real time bus service.

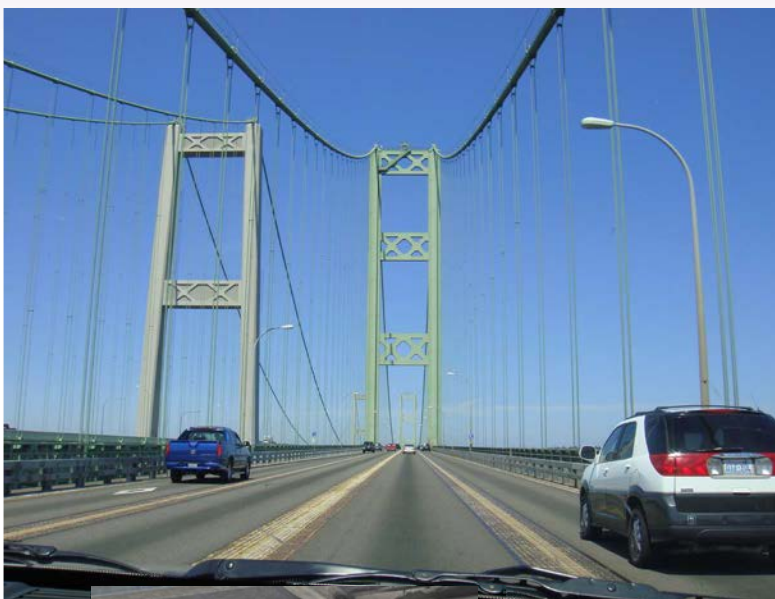
Overview of 2013 Work and Activities

Tolling Policy, Toll Setting and Ferry Tariffs

The Commission must provide the Legislature a detailed report each year regarding changes in toll rates (RCW 47.56.855). This section of our Report satisfies that requirement and summarizes the Commission's activities in setting tolls and ferry fares.

Tacoma Narrows Bridge

The Transportation Commission raised Tacoma Narrows Bridge (TNB) toll rates for the first time since the spring of 2008 at the start of FY2013. Due to flat traffic counts and increasing debt payments, in calendar year 2013, the Transportation Commission approved an additional 25 cent increase in all toll rates beginning July 1, 2013 for FY2014, and another 25 cent increase beginning July 1, 2014 for FY2015. Toll revenue, generated from tolls on eastbound travel only, is currently estimated to raise \$65 million for FY 2014 based on the current rate structure and is anticipated to raise \$70 million in FY2015.



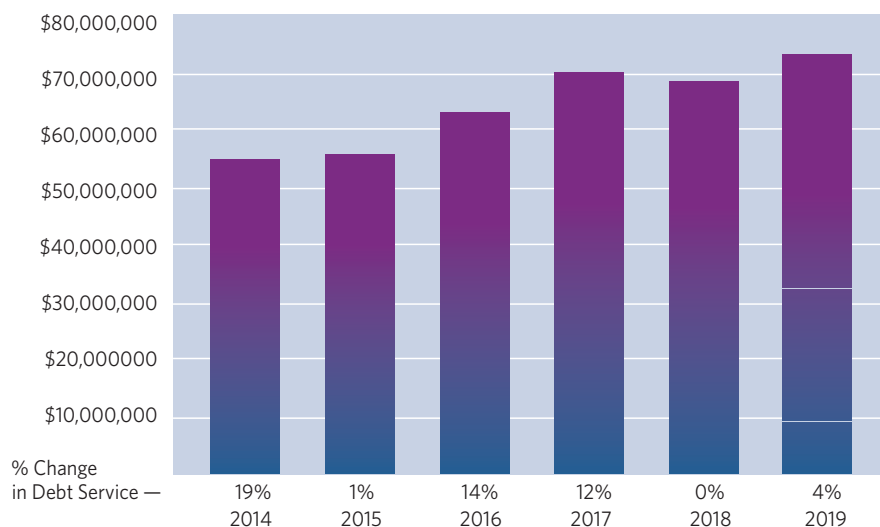
Cameras snap license plate photos for pay-by-mail tolling.

For FY2014, the cash toll is \$5.25. Drivers who equip their vehicles with transponders for electronic tolling pay \$4.25 per trip. Drivers without transponders stop at the tollbooth to pay \$5.25 or use Pay-By-Mail to pay \$6.25. For FY2015, the transponder *GoodtoGo!* toll is expected to be \$4.50, the cash toll; at the tollbooth will be \$5.50, and the Pay-By-Mail rate will be \$6.50. For all payment methods, the toll charge increases with each additional axle.

Based upon current forecasts, toll revenue for FY2014 and FY 2015 is expected to meet all TNB obligations including maintaining a sufficient minimum balance.

The Commission, and the TNB Citizens' Advisory Committee, will review FY2014 traffic and revenue data during the winter of 2014 and adjust toll rates, if necessary, to address future funding needs. Due to the back-loaded debt service schedule on the bonds issued to finance the construction of the bridge, TNB toll rates will need to continue to generate additional revenue in the coming years.

Tacoma Narrows Bridge Debt Service by Fiscal Year 2014-19



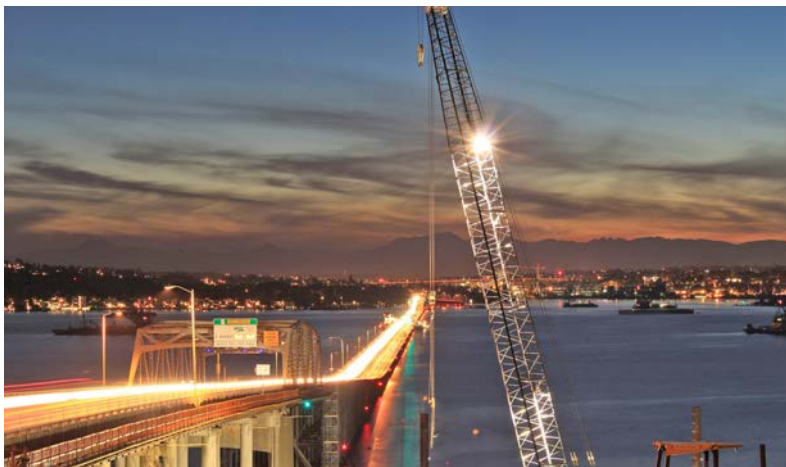
SR 520 Tolling

Tolling is required to raise \$1 billion in revenue to help fund the new SR 520 floating bridge. The overall project cost will be lower by tolling the existing bridge while building the pontoons on which the new roadway will rest. Although traffic fell significantly when tolling began, it has increased as congestion grows on other facilities.

In 2011, the Commission adopted a variable toll schedule (rates vary by day of week and time of day) on the SR 520 Bridge to maximize revenue and minimize diversion to other routes. The goal is a free flow of traffic at 45 mph or more during 90% of peak travel hours.

Vehicles currently exempt from tolls include public and private transit buses, registered ride sharing vans, emergency response vehicles, Washington State Patrol vehicles providing enforcement services on the SR 520 corridor, tow trucks responding to a request to remove a blocking vehicle from the bridge, WSDOT maintenance vehicles engaged in SR 520 bridge maintenance, and vehicles owned by foreign governments and international organizations (as required by federal law). The Commission plans to review all toll exemptions when the new bridge opens.

The SR 520 finance plan assumes toll rates will be increased 2.5% annually. This adjustment began July 1, 2012, subject to review and potential adjustment by the Commission. After completion of the bridge, the finance plan assumes a 15% increase in FY 2017 with no further toll rate increases planned to meet the financing obligations.



Early tolling during construction decreases long-term borrowing for the new SR 520 bridge.

In the spring of 2013, the Commission reviewed traffic and revenue data and for a second year elected to allow the anticipated 2.5% rate increase to take effect as planned. The current toll rates are:

- Peak period weekday rates – \$3.70 each way (7 a.m. - 9 a.m.; 3 p.m. - 6 p.m.).
- Off-peak rates (including weekends and specified holidays) range from \$0 - \$2.95.
- No toll charged between 11 p.m. and 5 a.m.

The Commission will review traffic and revenue data in the spring of 2014 and

decide whether to allow the projected 2.5% increase to take effect or whether additional adjustments to the toll rate schedule are necessary to satisfy the financial plan and maintain traffic flow.

Financing the SR 520 Bridge

The SR 520 financing plan is based on a series of bonds. The debt service is structured with the goal of level toll rates by FY 2017. The first series of bonds were triple-pledge bonds issued in October 2011 (Series 2012C). It provided project proceeds of \$550 million at an all-in interest cost rate of 4.317% financed over 30 years.

The second series of bonds was a Federal Highway Grant Anticipation Revenue Bond (GARVEE) issued May 2012, pledging anticipated federal funds (Series 2012F). This sale provided project proceeds of \$600 million for an all-in true interest cost rate of 2.246% financed over 12 years.

The third series of funding was secured in October 2012 under the Transportation Infrastructure Finance and Innovation Act (TIFIA) as a secured direct loan (Series 2013C). This loan provided project proceeds of \$300 million for an interest rate of 2.99% financed with a final maturity date of June 1, 2051.

The fourth series of bonds was another GARVEE bond issued in September 2013 (Series 2014C). This sale provided project proceeds of \$323 million for an all-in true interest cost rate of 2.84% financed over 11 years.

A fifth series of bonds is anticipated to be issued in 2014. These will be toll revenue bonds.

This financial structure builds in amounts for reserves and begins to move future transportation megaprojects away from General Obligation-backed bonds that burden the state General Fund. Bond covenants require net revenues from 130% to 200% of debt service in each fiscal year.

SR 167 High Occupancy/Toll Lanes

A pilot project begun in 2008 allows drivers of single-occupant vehicles equipped with a transponder to “buy into” the High Occupancy Vehicle (HOV) lanes on SR 167. The toll rate is posted on electronic signs and varies based on the traffic flow. During 2013, the Commission did not alter the toll rate currently set at a minimum of 50 cents and a maximum of \$9.00.



HOT Lane prices rise and fall with congestion.

Use of the High Occupancy/Toll (HOT) Lanes continues to increase and the Legislature has extended the pilot project through the 2013-2015 biennium. The Commission supports the continuation of operating the HOT lanes as a way to reduce congestion and maintain free-flow traffic conditions in the SR 167 corridor.

- Increases for fares on the Anacortes-Sidney, BC route:
 - 4.1 percent increase on Anacortes-Sidney vehicle and passenger fares effective October 1, 2013.
 - 2.5 percent increase on Anacortes-Sidney vehicle and passenger fares effective May 1, 2014.
- A round-trip fare option for travelers to and from Friday Harbor and Sidney, B.C.
- Final implementation of a three-phase plan begun in 2011, providing reduced fares for smaller vehicles. In this phase, the vehicle fare for cars fewer than 14 feet will be charged 70 percent of the vehicle fare charged for standard vehicles (14 to 22 feet).
- Elimination of the motorcycle oversize surcharge. Vehicles will pay either the fare for vehicles fewer than 14 feet or the motorcycle fare depending on their size.
- Increases the youth discount from 20 percent to 50 percent off the full fare.

Oregon-Washington Tolling Agreement

During 2012, the Oregon and Washington Transportation Commissions agreed on a tolling process and administration for the Columbia River Crossing project. The Washington State Transportation Commission continued to work with WSDOT from January through June 2013 furthering the investment grade traffic and revenue work for the Columbia River Crossing project. After the Washington State Legislature chose to stop funding the project, the Commission stopped its work with WSDOT and its collaboration with the Oregon Transportation Commission.

Ferry Fares

The Commission adopted changes to current ferry fares and policies on July 30, 2013. This was the first step toward meeting an overall revenue target of \$328 million that must be raised by ferry fares between July 1, 2013 and June 30, 2015.

The Commission action included:

- Increases across-the-board for general fares:
 - 2 percent increase on passenger fares and 3 percent increase on vehicle fares effective October 1, 2013.
 - 2 percent increase on passenger fares and 2.5 percent increase on vehicle fares effective May 1, 2014.



Fares pay for 75% of the cost of ferry operations.



The freeway along Seattle's waterfront will soon be gone.

SR 99 – Alaskan Way Viaduct Replacement Tunnel

Established by WSDOT and the City of Seattle, the Advisory Committee on Tolling and Traffic Management (ACTT) has been working to identify ways to structure tolling for the tunnel and other actions to minimize diversion and traffic impacts to city streets. The Commission has reviewed and commented on multiple tolling scenarios developed by the ACTT.

Public Preferences and Opinions



The Commission provides a public forum for transportation policy development. Since 2007, the Commission has engaged over 40,000 members of the public in transportation policy by using on-line surveying and survey panels in addition to convening traditional public meetings.

Voice of Washington State Survey Panel

The Voice of Washington State survey (VOWS) utilizes a multi-layered recruiting strategy, including mail, phone, email, word of mouth, and social media, to engage the broadest possible number of residents statewide. All survey results are statistically valid and projectable to the full population of Washington. About 33,000 residents have joined the panel and 5,765 people completed the fall 2013 statewide survey.

Some of the key findings from the Fall 2013 statewide survey include:

- 78 percent said preserving the infrastructure is an important benefit that justifies additional taxes for our transportation system.
- 61 percent said reducing congestion is an important benefit that justifies additional taxes.
- 56 percent said expanding transit is an important benefit that justifies additional taxes.

20 percent of the respondents rate Washington's transportation system as better than average. This is a 6 percent decline from the 2012 survey. On average, residents give Washington's statewide transportation system a C minus grade.

When asked to rate the importance of specific transportation improvements:

- 84 percent consider maintaining and repairing existing roads, highways, and bridges is important.
- 49 percent consider expanding public transit services to be important.
- 46 percent consider it important to add or increase inter-city passenger rail service.

**You can sign up and participate at
www.VoiceOfWashingtonSurvey.org**

The Commission also utilizes short opinion polls to recruit new panel members. Questions are sent via email to people statewide who are not currently VOWS members as a way of encouraging them to join the panel. Unlike the statewide survey, these short opinion poll results may not be statistically valid by region. This year, these short opinion polls asked views on adding sales tax to gas, tolling on mountain passes to pay for plowing and maintenance, and funding public transportation with gas tax revenue.

Ferry Riders' Opinion Group (FROG)

Every two years the Commission surveys ferry riders to collect data and opinions that help inform the level of service, pricing, planning and operational decisions for Washington State Ferries. Past survey results have persuaded the Legislature to create a surcharge on all ferry tickets which funds a capital replacement program. Other results inform ferry operations, particularly regarding customer service.

Over 7,000 riders actively participate in the FROG surveys. During 2014, a spring survey will focus on ferry commuters and a summer survey will focus on ferry recreational ridership.

You can sign up and participate at:
<http://www.ferryridersopiniongroup.com/>



M/V Walla Walla at the dock.

Transportation Priorities identified in 2013 Voice of Washington Survey

Our transportation system is designed to meet a number of objectives. If you had 100 points to divide between the five objectives below, how many points would you assign to each objective?

Maintaining the system: Preserving and extending the life of our current transportation system through ongoing maintenance of our roads, bridges, transit systems, ferries, sidewalks and bike lanes.

29

Increasing capacity: Improving the movement of goods and people through capacity upgrades like widening existing roads and building new roads and bridges to accommodate our growing population and connect remote communities.

22

Expanding travel options: Giving people more options for getting around by investing in public transit, passenger rail, HOV lanes, and bike, pedestrian and other improvements.

20

Improving safety: Making our roads, bridges, transit systems, airports, ferries, sidewalks and bike lanes safer through improved design and increased enforcement.

16

Protecting the environment: Promoting transportation investments that help reduce air and water pollution, conserve energy and minimize impacts on the environment.

13

Maintenance is seen as a top focus for state transportation, followed closely by increasing capacity and expanding travel options/transit.

Road Usage Charge Assessment

The gas tax has been the primary revenue source for roads and bridges for over 90 years. For most of that time, cars have averaged 12 to 20 miles per gallon (mpg). The average fuel economy of all cars on the road today is 19.5 mpg. New Federal EPA CAFE standards require that the average fuel economy for new model cars and light duty trucks reach 54.5 mpg by 2025. As cars become more fuel efficient and gas tax revenues flatten or decline, the state will need to regularly raise the gas tax or find new revenue sources to meet basic transportation needs.

The Legislature directed the Commission to establish a broad-based Steering Committee and assess the feasibility of transitioning from the gas tax to a road usage charge. After concluding in 2012 that a road usage charge is feasible in Washington State, the Legislature directed the Commission to evaluate the business case for a road usage charge. To do so, the Commission, through the Road Usage Charge Steering Committee, developed preliminary road usage charge policies and preferred operational concepts necessary to evaluate the business case.

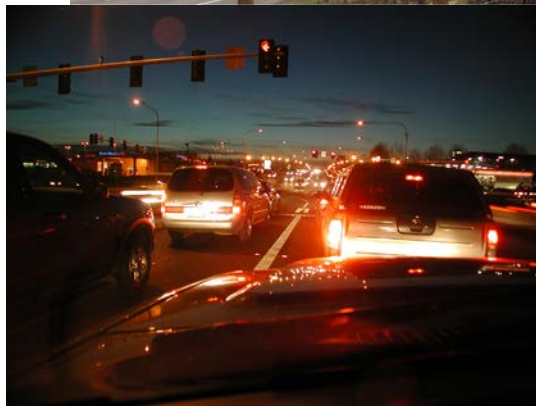
To begin the evaluation of the business case, a road usage charge was assumed to yield the same gross revenue as the gas tax in 2015. Over the full 2015 – 2040 period, in all

concepts modeled and using a variety of assumptions, including different adoption rates of more fuel efficient cars, road usage charging yielded higher net revenues than the gas tax. A road usage charge system could raise \$2.1 to \$3.1 billion more than the gas tax during this 25 year period.

Although the cost to collect a road usage charge is much greater than the cost of collecting the gas tax, and

there are considerable differences in the estimated collection costs for the three different concepts evaluated, none of the sensitivity tests led to better financial performance for the gas tax. Fundamentally, the business case rests on the pace of fuel economy improvements.

When considering the non-financial evaluation criteria set out by the Steering Committee, none of the three concepts clearly outperforms the others.



The Road Usage Charge Steering Committee used 13 guiding principles to winnow eight operational concepts down to three to be used to analyze the business case. The three operational concepts appear below:



A: Time Permit. A flat fee to drive a vehicle an unlimited number of miles for a given period of time (e.g. a month or a year).



B: Odometer Charge. A per-mile charge measured by odometer readings.



C: Automated Distance Charge. A per-mile charge measured by in-vehicle technology that can distinguish between in-state and out-of-state travel with periodic billing

Combinations of the three concepts above also were evaluated: A&B; A&C; B&C; A+B+C.

The Road Usage Charge Steering Committee developed these guiding principles:

Transparency. A road usage charge system should provide transparency in how the transportation system is paid for.

Complementary policy objectives. A road usage charge system should, to the extent possible, be aligned with Washington's energy, environmental, and congestion management goals.

Cost-effectiveness. The administration of a road usage charge system should be cost effective and cost efficient.

Equity. All road users should pay a fair share with a road usage charge.

Privacy. A road usage charge system should respect an individual's right to privacy.

Data security. A road usage charge system should meet applicable standards for data security and access to data should be restricted to authorized people.

Simplicity. A road usage charge system should be simple, convenient, transparent to the user, and compliance should not create an undue burden.

Accountability. A system should have clear assignment of responsibility and oversight, and provide accurate reporting of usage and distribution of revenue collected.

Enforcement. A road usage charge system should be costly to evade and easy to enforce.

System flexibility. A road usage charge system should be adaptive, open to competing vendors, and able to evolve over time.

User options. A road usage charge system should consider consumer choice wherever possible.

Interoperability and cooperation. A Washington road usage charge system should strive for interoperability with systems in other states, nationally, and internationally, as well as with other systems in Washington. Washington should cooperate and collaborate with other entities that are investigating road usage charges.

Phasing. Consider phasing in deployment of a road usage charge system.

The conclusions to date include:

- The road usage charge systems that we evaluated will cost more to collect than the gas tax, but will have greater and more stable net revenues over 25 years.
- Providing drivers with a choice as to how they pay a road usage charge will help improve public acceptance and mitigate privacy concerns.
- Gas tax increases can raise more net revenue in the short term than the road usage charges we evaluated, but over the long term the gas tax will continue to erode in value, thus requiring frequent increases.
- A road usage charge system ensures that everyone pays a more fair share for using the roads, regardless of fuel source or miles per gallon.

The Commission recommends that these investigations continue so that Washington has options developed when action to replace the gas tax may be needed in the future. Specifically, the preliminary road usage charge concepts must be refined to address the policy, technical, and public acceptance issues.

For more information, see
<http://waroadusagecharge.wordpress.com/>

Naming Transportation Facilities

In May, the Commission adopted a resolution that was initiated by the Legislature to name SR 117 in Port Angeles the POW/MIA Memorial Highway.

In July, the Commission acted on two naming requests. It adopted a resolution that was initiated by the Legislature to honor veterans wounded in action by naming Interstate 5 the Purple Heart Trail.

In July, the Commission also adopted a resolution requested by the Chief of the Washington State Patrol, Senator Kevin Ranker, Mt. Vernon Mayor Jill Boudreau and Mayor Sexton of Burlington, to name the new Skagit River Bridge in memory of Trooper Sean M. O'Connell, Jr. He died while engaged in traffic management following the collapse of the Skagit River Bridge.

In December, the Commission adopted a resolution that was requested by the Port of Walla Walla and Walla Walla County to name the new overpass at the US 12/SR 124 interchange in Burbank for former Walla Walla Deputy Sheriff Michael Estes. He died in the line of duty while responding to a 911 call.



Commission Facts

Roles and Responsibilities

Key Facts

The Washington State Transportation Commission is a seven member body of citizens appointed by the Governor for six-year terms. The Secretary of the Washington State Department of Transportation and a representative from the Governor's Office are ex officio members of the Commission.



The Washington State Transportation Commission provides a public forum for transportation policy development. It reviews and assesses how the transportation system works across the state and develops and issues a comprehensive and balanced 20-year statewide transportation plan. As the State Tolling Authority, it adopts all state highway and bridge tolls and sets fares for Washington State Ferries (WSF).

Current Responsibilities in Detail

Washington Transportation Plan

Every four years, the Commission recommends to the Legislature a comprehensive and balanced statewide transportation plan. The plan must be consistent with the state's growth management goals and be based upon transportation policy goals adopted by the Legislature. It is required to reflect the priorities of government and address local, regional and statewide needs, including multimodal transportation planning. The next plan is due December 2014.

State Ferry Fare and State Highway Toll Responsibilities

The Commission is the state's tolling authority, adopting tolls for the SR 520 Bridge, the Tacoma Narrows Bridge, the SR 167 HOT Lanes, and any future authorized toll facilities.

The Commission reviews and adjusts the WSF fare schedule and adopts fare and pricing policies. The Commission also reviews the WSF long-range capital plan and operational strategies.

Ferry Customer Survey

The Commission is required to conduct a ferry customer survey every two years. Data gathered is used to help inform the level of service, operational, pricing, planning, and investment decisions for the state ferry system.

Policy Guidance

The Commission offers policy guidance and recommendations to the Governor and the Legislature in key issue areas including but not limited to:

- Transportation finance and funding.
- Preserving, maintaining and operating the statewide transportation system.
- Transportation infrastructure needs.
- Transportation efficiencies that will improve service delivery and intermodal coordination and connectivity.
- Improved planning and coordination among transportation agencies and providers.
- Use of intelligent transportation systems and other technology based solutions.

Public Involvement and Outreach

The Commission conducts its public outreach program through meetings held in Olympia and localities throughout the state each year and through its statewide survey panel, the Voice of Washington State (VOWS). Meetings held outside of Olympia focus on local and regional transportation issues and challenges. The Commission also convenes periodic regional forums to gather citizen input on various transportation issues.

Transportation Innovative Partnerships Program

The Commission may solicit concepts or proposals for eligible public private partnership (PPP) projects. In consultation with the Governor, the Commission may execute, reject or continue negotiations on proposed PPP.

Route Jurisdiction Transfer Program

The Commission is required to consider and act upon possible additions, deletions, or other changes to the state highway system. The Commission receives, reviews, and evaluates petitions from cities, counties, or WSDOT requesting changes to the state highway system. Once the review is done, the Commission makes a final finding and forwards its recommendation to the Legislature for final action in law.

Studies and Projects Completed Recently

- Completed feasibility assessment and business case analysis of road usage charging.
- Completed the Eastside Corridor Independent Traffic and Revenue study.
- Completed three Statewide Transportation Surveys to assess residents' attitudes, perceptions and priorities.
- Conducted comprehensive system-wide ferry customer surveys.

Commissioners



Dan O'Neal, Chairman, Mason County

Dan O'Neal, is on the Board of Directors of Greenbrier Companies (GBX), a publicly traded railroad car leasing and manufacturing company. He has owned and operated transportation and software businesses. Dan has actively participated in efforts to gain private and public sector support for improved freight transportation infrastructure.

He is a member of the Puget Sound Partnership Leadership Council. Prior to joining a law firm in 1980 he was Chairman of the Interstate Commerce Commission. He also served as Transportation Counsel to the Senate Commerce Committee chaired by Senator Warren Magnuson. Dan was appointed by Governor Locke in 2003 and reappointed by Governor Gregoire in 2009. Term expires June 30, 2015.



Tom Cowan, Vice Chairman, San Juan County

Tom Cowan is a public policy consultant and also manages marine resources restoration projects. Tom was formerly the Director of the congressionally authorized Northwest Straits Commission and was a former Assistant Director for the Puget Sound Action Team. Prior to that, Tom was a San Juan County Commissioner for 12 years and served

as President of the Washington State Association of Counties. Tom and his wife owned and operated an electrical contracting firm and the only hardware and building supply store on Lopez Island. Tom is currently the Chair of the San Juan County Land Bank and a Board member of the SeaDoc Society. Tom has lived on Lopez Island for the past 36 years and is a frequent ferry rider. Tom was appointed to the Commission by Governor Gregoire in 2011. Term expires June 30, 2016.



Jerry Litt, Douglas County

Jerry brings the Commission 40 years' experience in planning and community development. He served as the Director of Planning and Community Development for the City of Lacey for 13 years and 10 years with Douglas County. He has mid-management experience in Spokane and Chelan Counties and has done private sector consulting throughout Eastern Washington.

His experience includes responsibility for a full-range of Planning and Community Development services, including public participation in Douglas County's award winning GMA public involvement program and the City of Lacey's "Designing Downtown 2000" program. He has also been involved with state-wide issues through the Washington City Planning Director's Association as an executive board member and Transportation Improvement Board member. As past president of the Washington County and Regional Planning Director's Association he has built a long history and awareness of community infrastructure needs with economic development at the forefront. Jerry is currently the office principal of a consulting firm in Wenatchee. Jerry was appointed by Governor Gregoire in 2011. Term expires June 30, 2017.



Philip Parker, Clark County

Philip brings a varied background to the Commission. He recently retired as a Journeyman Electrician and has taught in the electrical apprenticeship program. Philip has represented the Vancouver community on many boards with a recent focus on workforce development and transportation issues. Philip was appointed by Governor Gregoire in 2007 and reappointed by Governor Inslee in 2013. Term expires June 30, 2019.



Charles Royer, King County

Charles served three terms as Mayor of Seattle from 1978 to 1989, during which time he also served as President of the National League of Cities. Charles served for five years as Director of the Institute of Politics at Harvard University and Lecturer at the John F. Kennedy School of Government. He later directed the Robert Wood Johnson Foundation's Urban Health Initiative, a national program to improve the health and safety of children in cities. Charles is currently co-chair of the Seattle Central Waterfront Committee, overseeing the development of the Alaskan Way Viaduct Replacement Project, construction of a new seawall, and the creation of new public spaces. Charles served as co-chair of the Advisory Committee on Tolling and Traffic Management that is recommending strategies and policies to minimize downtown traffic impacts from the tunnel replacing the viaduct. He also serves as Chairman of the Major League Baseball Stadium Public Facilities District. Charles was appointed to the Commission by Governor Gregoire in 2012 and reappointed by Governor Inslee in 2013. Term expires June 30, 2019.



Anne Haley, Walla Walla County

Anne comes to the Transportation Commission with a breadth of experience on private, public, and non-profit boards and commissions, and 30 years experience of managing public libraries in Washington. She currently is Chairman of the Board of Directors of Brown & Haley, Tacoma. As Chairman of the Washington State Library Commission, she guided the Washington State Library's merger into the Office of Secretary of State in 2002. She was President of the Washington Library Association and Pacific Northwest Library Association, and Counselor-at-Large of the American Library Association. In Walla Walla, she founded Project Read, sat on the Sherwood Trust Advisory Committee, and served on various community organization boards. After retiring from the Yakima Valley Library in 2002, she returned to school and earned a BFA degree. Anne was appointed by Governor Gregoire in 2011 for a partial term and reappointed in 2012. Term expires June 30, 2018.



Joe Tortorelli, Spokane County

Joe is an economic development consultant with over 30 years' experience working with cities, counties and Ports interested in growing their local economy by creating jobs and private sector capital investment. He began his career with Washington Water Power Co., now Avista Corp, after attending Eastern Washington University. He has served as president on numerous boards for economic development and also serves on a variety of local boards such as the Spokane Area Workforce Development Council, the SRTC and the Spokane Area Good Roads Association. Joe has lived in Spokane all of his life and is an avid cyclist and snow skier. Joe was appointed to the Commission by Governor Gregoire in 2011. Term expires June 30, 2014.

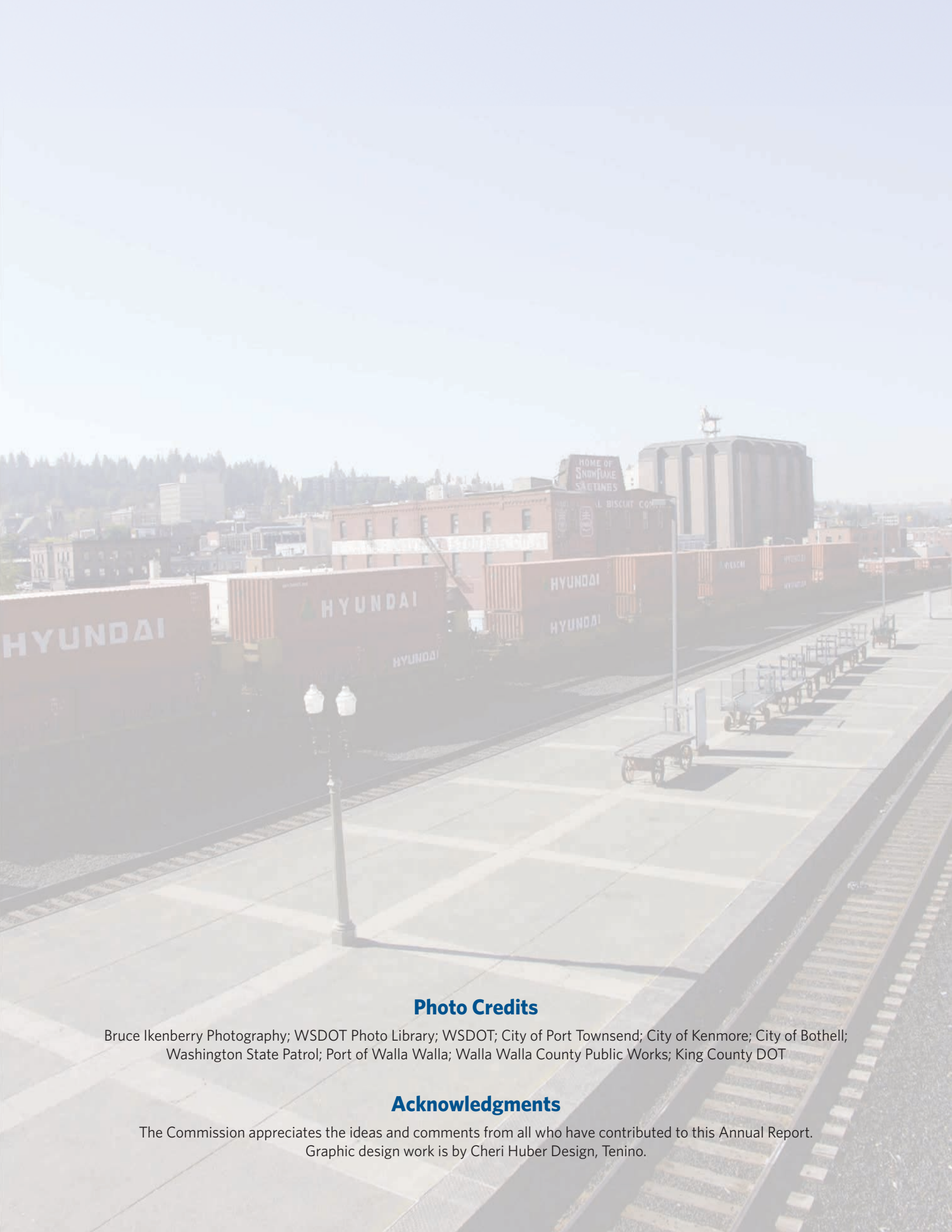


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