Regional Transportation Commission

Draft Report
November 15, 2006

Regional Transportation Commission
PO Box 53010 · Bellevue, WA 98015-3010 · (425) 458-5917 · 1-800-606-9161 · fax (425) 458-5999 · www.psrtc.wa.gov

Table of Contents

Appendices

Chapter 1

Findings, Conclusions and Questions to Date

This is a draft report of the Regional Transportation Commission that reflects three months of listening, research and discussion. The primary purpose of this report is to meet our statutory requirement to describe the Commission's progress, including what we have learned and concluded, and to give the public and stakeholders the opportunity to comment. Our final report will be delivered at the end of the 2066 and will include specific recommendations.

The Regional Transportation Commission was established for the purpose of providing citizen input on the vexing issues surrounding transportation in the Puget Sound region. While individual members were appointed from each of four counties and were experts on different issues affecting transportation and governance, we have worked hard to function as a regional body, bringing together our ideas and insights to address this important issue.

In our view, we have a transportation governance system that delivers inadequate results. The system consists of over a hundred agencies that employ thousands of people. We have found those people to be hard working, dedicated public servants. The issue is not the people. The issue is the structure that has evolved incrementally over decades with new agencies and new legislation added as solutions to problems as they emerged. No one agency we have heard from in the region has the ability to meet the overall transportation needs of the region. In order to meet *regional* needs, the system has to be structurally "re-knit" at the *regional* level.

The basic purpose of transportation is to support our economy and serve the citizens. The flaws in our transportation system are slowing down our economy and frustrating our citizens. Increased transportation activity is the inevitable consequence of economic success and population expansion and density. Creating a system that accommodates and ideally anticipates and facilitates growth and success is the challenge facing this region.

This section of the report attempts to simply and clearly illuminate the initial findings and conclusions of the Regional Transportation Commission. In addition, the RTC has posed two issues in this draft report as questions. On some topics, we will reach conclusions and make

recommendations in the final report. On other topics, we will not have time to adequately address topics (or in some instances, an issue is at least partly beyond our scope) and we will likely identify those areas in our final report as items for further consideration and study.

- ***RTC Finding:*** *The Puget Sound region has a transportation crisis.*

- Commuter congestion and delay are increasing.
  - Growth and demographic trends exacerbate the problem.
  - Delays in freight/rail/port traffic, involving both global trade and the local delivery of goods, are increasing costs and adversely affect the regional economy. Further delays may limit our global competitiveness.
  - Quality of life issues are becoming more acute, including everything from missed family and cultural events to road rage to worsening pollution.
  - Although recently approved revenue packages are addressing immediate needs, more resources are needed to continue improving needed infrastructure.
  - There remains an ongoing unmet need for more options to single occupancy vehicles (SOV), including transit, high occupancy vehicle/high occupancy toll (HOV/HOT) lanes and carpools.

- ***RTC Finding:*** *The crisis is caused by two primary factors: a history of under-funding transportation and the absence of a unified regional transportation governance system.*

  - We have under-funded major transportation infrastructure in the Puget Sound region for the past 30 years despite steady population and economic growth.
  - The under-funding has meant delays in constructing facilities while construction costs have risen rapidly, resulting in increased transportation costs.
  - Transportation infrastructure has deteriorated during this period of under-investment, while road trips have increased materially.
  - The public perception of the inability of government to spend tax dollars wisely and the perceived lack of public accountability has led to inconsistent public support for taxes which pay for transportation investment.
  - We have an inconsistent and unclear system for governing transportation for the region.
  - Disagreements among jurisdictions, particularly on certain large and multi-jurisdictional projects, have also caused costly delays in constructing new transit and highway systems.

- There is an inadequate connection between demand for transportation, land use, and transportation planning and permitting which causes still further delays and legal challenges.

RTC Finding: *The present transportation governance system is broken and must be improved.*

- The present problems are the consequence of having too many well meaning cooks in the kitchen with no one empowered as a overall decision maker. No entity views the needs of the region or the entire transportation system as their primary responsibility.
- Numerous government entities have become involved in planning and prioritizing transportation projects and operations over time, and each has partial decision making responsibility. Overall decision making responsibility has never been unified and is not well coordinated.
- Our focus group research confirmed that the public feels that "no one is in charge" of transportation (see Appendix 1-1). The public bickering over the Alaskan Way Viaduct and other projects has reinforced the popular belief that the system is broken.
- The Puget Sound Regional Council (PSRC), Washington State Department of Transportation (WSDOT), Sound Transit (ST) and the Regional Transportation Investment District (RTID) have cooperated recently in part as a result of the forced combined 2007 ballot but their structures and institutional incentives create inherent, permanent divisions over prioritization and conflicts about funding.
- The perceived problems with responsibility and accountability produce voter discontent. This discontent has been evident in voter rejection of several transportation initiatives in the last three and a half decades that, if implemented at the time, would have substantially reduced the problems today.

RTC Finding: *The absence of a comprehensive regional approach to transportation demand and use results in inefficient use of the present road and transit systems.*

- Congestion is caused by a combination of factors including too much crowding of roads and bottleneck or "choke" points during traditional rush hour periods and under-use of transit, particularly during busy hours.
- Required transportation capacity is determined by measuring demand during peak use periods. Because roads are a "free good" for vehicles, demand for the roads is relatively

unaffected by the cost of constructing and maintaining those roads. Based on very recent studies, demand on key corridors is rising precipitously. More research is required to determine transportation user needs and patterns during peak periods.

- Transit systems provide some congestion relief on some routes during the busy hours, but transit agencies do not cooperate sufficiently to "incentivize" usage in such a way as to meaningfully shift demand.
- There is no effective, coordinated regional transportation demand management system and very little operating coordination between roads and transit operators or amongst transit operators.
- The region should examine demand shifting approaches such as dynamic use of tolling, faring and parking fees, and more work with large employers and institutions to shift user demand away from peak usage periods.
- Transit agencies should significantly increase cooperation on pricing, demand and capacity management, and route issues so that transit serves a significantly larger portion of peak time users.
- Parking fees or taxes could be used as a tool to shift demand, but are not viewed as a tool in transportation management.

RTC Finding: *There is no regional authority to prioritize regional transportation projects.*

- Numerous agencies and governments attempt to achieve what they individually consider to be their priorities. These priorities are at times in conflict.
- PSRC is charged with planning regionally, but it is an association of 83 local governments with very limited authority. Although it articulates a regional vision and attempts to plan for the region, the PSRC has limited power to approve or reject projects, and its governance structure precludes it from effectively prioritizing projects for the region.
- Sound Transit prioritizes regional transit projects, but has no authority over projects or operations of the five local transit agencies.
- The RTID Planning Committee is attempting to prioritize regional roads projects, but has been required to fund significant portions of state roads projects and has no authority over some other roads projects.
- The Washington State Legislature has taken an active role in prioritizing projects in the last decade through the unsuccessful R-51, the successful Nickel and TPA packages.

The Legislature has in effect become the primary regional decision maker for transportation projects.

- WSDOT has a thorough statewide prioritization process that advises the Legislature and improves the quality of legislative decision making.
- Local and county governments compete for prioritization of funding over limited state funding sources.

RTC Finding: *The policy of sub-regional equity introduces a sense of fairness, but is inconsistent with prioritizing regionally.*

- The concept of sub-regional (or sub-area) equity is a statutory requirement for RTID expenditures and a board policy for Sound Transit. Sub-regional equity was created as a fairness tool, at least in part, to gain voter support for transportation funding initiatives.
- For historic reasons, road and transit funds are segregated, and to a large degree have separate funding sources.
- The present system of subdividing transportation money geographically and by mode results in dollars being distributed into relatively small geographic and modal "silos" based generally on the ratio of revenue raised by that mode or area.
- A "silo" system cannot effectively meet the long term needs for transportation in the region, in part because many projects that reside in a sub-region have broad regional significance. Dollars would be allocated differently if sub-regional equity was not required and instead all projects were prioritized regionally.
- Because RTID and Sound Transit taxes are levied uniformly across their respective territories (which are significantly different from one another), and yet money is divided by sub-region, revenue generated does not match up with the project needs of the sub-regions. As a result, either some sub-regions receive more money (and presumably projects) than they require or other regions do not receive enough, or both.
- If geographic and/or sub-regional equity policies are changed, it is vital that users and voters perceive that decisions on transportation expenditures are fair and that projects benefit the entire region.

RTC Finding: *Identifiable transportation funding sources for future projects is inadequate for the needs of the region.*

- PSRC has identified $134 billion in planned investments in transportation to support the Destination 2030 Plan, and $72 billion in available funding sources, leaving a funding gap of $62 billion.[1]
- Over the next 24 years, revenue generated by state tax sources will only provide a limited amount of the funding for regional projects. As a consequence, PSRC estimates that the bulk of the funding for regional projects will have to come from regional taxes.
- We examined alternative financing strategies in Chapter 8 and believe that some additional revenue could be available from new regional taxes. If all possible new sources, including increases in sales, property, fuel and excise taxes, were enacted at maximum levels, the total revenue generated would still be less than 60% of the shortfall.
- Because of the shortfall and the absence of adequate incremental revenue from state sources, there is a vital need for a regional approach - new regional, non-tax sources, including, but not limited to tolling, fare adjustments, and parking fees that would be used as both a source of revenue and as tools for managing demand.

RTC Finding: *The six transit agencies in the region represent $66 billion in transportation funding requirements over the next 24 years, and yet they operate relatively independently.*

- The five local transit systems and Sound Transit are largely financed by existing committed sales tax sources. This type of funding is insufficient and unsustainable in the long-term and unable to fulfill long-term transit needs.
- Transit pricing is largely uncoordinated. Transit agencies compete with one another and in some cases unintentionally encourage commuters to travel during peak periods, thereby increasing congestion and driving up capital costs. In some cases, capacity is wasted by running multiple partially filled buses on the same routes.
- The boards of transit agencies make pricing decisions, which causes those decisions to be subject to politics and not necessarily based on regional or local priorities.
- Transit ridership is in some cases discouraged by mixing regional and local routes. There is no clear regional scheduling system such as a hub-and-spoke system involving all six transit providers.
- A systemic, regional approach to transit and transportation will require viewing all of the components of the transportation network on a coordinated basis.

[1] PSRC numbers are preliminary and provided in Chapter 5. Our report does not include Washington State Ferries because they operate a part of a state wide system. If included, they would add $1.7 billion to the funding shortfall.

RTC Conclusion: *We conclude that the Washington State Legislature should create a regional transportation governance entity which is empowered to, at a minimum, prioritize, plan and finance regional projects.*

- In order to effectively prioritize and plan, regional transportation decision-making should be shifted to the region.
- Regional governance should be based on regional goals and objectives and should stitch together existing agencies rather than create a new layer of bureaucracy.
- The body should have the authority to address the critical needs in planning and finance, including responsibility for certain elements of growth management and land use.
- A regional governance structure should be able to address all tax and usage based revenue sources as a part of a systemic financing strategy.
- The specifics of role, scope, powers, and manner of selection are the subject of the choices and alternative models included in Chapter 9.

We have two additional topics that represent questions at this stage on which we would like public input. We suspect that we will not be able to reach definitive conclusions, but believe the topics at a minimum deserve further study.

Question: *What would be the implications of combining the six transit systems into a single organization?*

- The local transit agencies are expected to expend $30 billion on basic needs and system expansion over the next 24 years, and Sound Transit is expected to spend $36 billion for those purposes. The total $66 billion represents approximately half of our expected transportation expenditures.
- There is a lack of planning and coordination on pricing, capacity utilization, and economic integration, which we suspect materially increases the costs of the system**.**
- We believe it is worthwhile to thoroughly analyze the benefits and costs or merging or otherwise combining the six transit agencies into a single regional transit organization. We believe that a regional governance structure should play a significant role in determining a regional fare structure, scheduling, and routes, with local transit agencies in control of local service.
- We will not have the time or resources to adequately evaluate the pros and cons of a complete merger of all operating transit agencies.

Question: *What are efficiency implications of the presently-fragmented transportation system?*

- There is ongoing work by the state auditor and other agencies to determine opportunities for additional efficiency amongst agencies. We believe it is important to examine these studies when completed.
- An early mission for the new regional transportation governance entity should be to investigate and, if empowered, to implement a national "best practices" study to identify areas in which regional transportation operational efficiency can be accomplished.
- If our recommendations are not implemented, we believe that work should be done to identify systemic inefficiencies which may be inherent in the current fragmented organizational network.

We hope that these observations and questions are useful in stimulating additional thinking and comments prior to the RTC's development of its final recommendations. We look forward to suggestions from the public and from various transportation entities at the RTC's upcoming public hearings, listed at the back of Chapter 9. All suggestions will be carefully considered as we move forward to a final report to the state's elected policymakers.

Chapter 2

Introduction

The Regional Transportation Commission ("RTC" or the "Commission") is a citizen advisory group created by the Washington State Legislature in House Bill 2871 (A copy of HB 2871 appears as Appendix 2-1) in the 2006 Legislative Session. RTC members are appointed by the Governor. The mission of the RTC is to provide thoughtful recommendations to the Legislature and the Governor that will guide decision makers in their efforts to improve the governance and financing strategy for Central Puget Sound's transportation needs well into the next generation and beyond. The Legislature instructed that:

> "It is therefore the policy of the state of Washington to create a regional transportation Commission to develop a proposal for a regional transportation governing entity more directly accountable to the public, and to develop a comprehensive regional transportation finance plan for the citizens of the Puget Sound metropolitan region."[1]

The Mission of the RTC

The Commission was created to evaluate current regional transportation governance and recommend a long term regional governance structure which will establish a clear, streamlined decision making authority responsible and accountable for planning and financing transportation in the region. In its introduction, HB 2871 spelled out the important goals to which this report responds:

- "Effective transportation planning in urbanized regions require(s) stronger and clearer lines of responsibility and accountability.
- Integrated, multimodal transportation planning will help reduce transportation congestion and improve safety, and [that] streamlined decision making will help reduce political congestion.
- Coordinated planning of, investment in, and operation of transportation systems will have significant benefit for the citizens of Washington, and that it is the will of the people to fund regional transportation solutions, including improving transit service in urbanized areas and among existing fragmented transit agencies in the region.

[1] Washington State Legislature: HB2871 section 1, p1-2, 2006

- Although local considerations must be respected, transportation problems are and deeper than the sum of geographic subareas".[2]

HB 2871 established that our duties were to:

> "Evaluate transportation governance in the central Puget Sound region area within the jurisdiction of the Puget Sound Regional Council (King, Pierce, Snohomish and Kitsap counties). The evaluation must include and assessment of the current roles of regional transportation agencies, including regional transportation and metropolitan planning organizations (Puget Sound Regional Council), the regional transit organization (Sound Transit), the Regional Transportation Investment Districts, county and municipal agencies operating transit services (Community Transit, Everett Transit, Kitsap Transit, Metro and Pierce Transit) and cities, counties and other public agencies providing transportation services or facilities, including the state department of transportation (Washington State Department of Transportation)." [3]

The Governor's office provided a list of 128 entities and indicated that there could be more agencies subject to evaluation by the RTC.

The Commission was asked to evaluate King, Pierce, Snohomish and Kitsap counties as a region, and recommend steps that should be taken to: Consolidate governance among agencies, improve coordination in the planning of transportation investments and services, improve investment strategies, coordinate transportation planning and investments with adopted land use policies, improve coordination between regional investments and federal funds, and state funding, develop a comprehensive financing strategy and recommend revenue options for improving transportation system performance within the region and other aspects of transportation governance.[4] To encourage the Commission to think boldly the legislation specifically required that we evaluate as "an option providing for the formation of a regional transportation governing entity of which all of its members must be directly-elected".[5]

The legislation specifically charged us with a two-step reporting process in which we were to "publicize the Commission's proposal" on governance and "the list of revenue options" by

[2] Washington State Legislature: HB 2871 section 1, p1-2, 2006
[3] Washington State Legislature: HB 2871 section 3, p3, 2006
[4] Washington State Legislature: from statutes in HB 2871 section 3, p4, 2006
[5] Washington State Legislature: HB 2871 section 3.2, p4, 2006

November 15th and then solicit public comment for 15 days. We are required by statute to submit our final report by January 1, 2007. [6]

In her announcement of the Commission, Governor Gregoire urged us to be concerned with the needs of the region well into the future. "This Commission needs to be forward thinking – I want them to consider our transportation needs in 2030, not only 2010."[7] In our preliminary meeting with the Governor, she strongly encouraged us to "be bold" and "think long term". We subsequently received similar advice from legislative leaders, including Senator Haugen in her comments to us at our public hearing on September 21, 2006. We hope our reports reflect that charge.

In summary, our statutory duty is to make recommendations to the Governor and the Legislature to address opportunities to improve governance and financing of regional transportation, including the option of creating a new directly elected regional transportation governing body.

Membership

HB 2871 charged the Governor with appointing nine voting Commissioners "reflecting geographical balance and diversity of populations within the central Puget Sound region and, to the extent possible, include Commissioners with special expertise in relevant fields such as funding, planning, and construction of transportation improvement projects, structural reorganizations, and operation of transportation systems".[8]

The members chosen in consultation with the Legislature were appointed on June 8, 2006. Former Seattle Mayor Norman Rice and retired communications executive John Stanton were appointed to co-chair the Commission. Stanton was selected from the list of names submitted by the House Republican Caucus and Norman Rice was selected from the list of names submitted by the House Democratic Caucus. Both are King County residents.

Former Majority Leader Dan McDonald, from King County, was selected from the list of names submitted by the Senate Republican Caucus and land use planner Reid Shockey, from Snohomish County, was selected from the Senate Democratic Caucus list. Former Federal

[6] Washington State Legislature: HB 2871 section 4, p4, 2006
[7] Governor Gregoire – need cite
[8] Washington State Legislature: HB 2871 section 2, p2, 2006

Way Mayor Mary Gates from King County, labor executive Dave Johnson and Tacoma Port executive Tim Farrell from Pierce County, business leader Gigi Burke from Snohomish County, and former Bainbridge Mayor Dwight Sutton from Kitsap County, were also appointed to the Commission. Washington State Secretary of Transportation Douglas MacDonald participates as a non-voting member.

Process

We met for the first time on June 15, 2006 and divided the process into three phases:(i) the initial investigation and inquiry process which included the first phase of public outreach; (2) deliberation to develop alternatives and to report on them on November 15[i] and (3) solicitation of public comment and the delivery of final recommendations by January 1, 2007. (See Figure 2-1 below for an extended model of the Commission's work.)

Figure 2-1: RTC Work Plan

Phase 1: Investigate	Phase 2	Phase 3
● Hire staff ● Research literature ● Outreach: existing entities	● Investigate other cities ● Develop alternative models ● Preliminary report	● Preliminary report and outreach ● Conclusions and recommendation ● Final report

The initial phase involved hiring staff and researching available information, seeking input from the existing transportation agencies and soliciting input from other metropolitan areas that have addressed similar challenges. We have received numerous comments, letters, and submitted written testimony (over 1,000 pages) which are available on our website, at http://www.psrtc.wa.gov/index.html.

Outreach is an essential aspect of our work. In the first phase, we sought and obtained the input form 42 different transportation agencies through four public hearings in each of the three counties between August 15th and September 21st. The parties that made presentations and all of their presentations are available on our website. In addition, we heard presentations from business, environment and community groups and interested members of the public. We reviewed reports from transportation executives representing Portland, Oregon, Vancouver, BC and Phoenix, Arizona. This draft report is the product of deliberations in six public meetings

held between September 21 and November 9. **We will hold public hearings on November 21 and November 28 to provide the public with an opportunity to comment on our draft report.** Based on that input and our further deliberations, the Commission will release a final report by January 1, 2007.

The timeframe allotted for the Commission has been limited. We were given less than six months to evaluate and comment on a system that has taken generations to create, and, because 128 agencies share responsibly, that system is astonishingly complex. In our inquiry, we identify a series of topics that deserve more study than we are capable of undertaking in six months. We will have a separate series of recommendations in the final report on topics that deserve additional study by the Legislature or another Commission.

Draft Report

This draft report provides background, identifies key issue and three distinct future governance models. While individual Commissioners have preferences, this report is intended to describe discrete alternatives that will be the basis for public discussion. In our final report, we will recommend a model to the Legislature.

We have approached this task with an open mind, and are pleased with the honest and insightful feedback we have received. In her statement announcing our creation, Governor Gregoire expressed the "…hope that everyone, including transit providers, local governments and the Department of Transportation will work with the Commission to reach a solution that helps to fight traffic congestion in the Puget Sound region." That has been the case as every agency with which we have worked has been extremely helpful and supportive of our mission.

Chapter 3

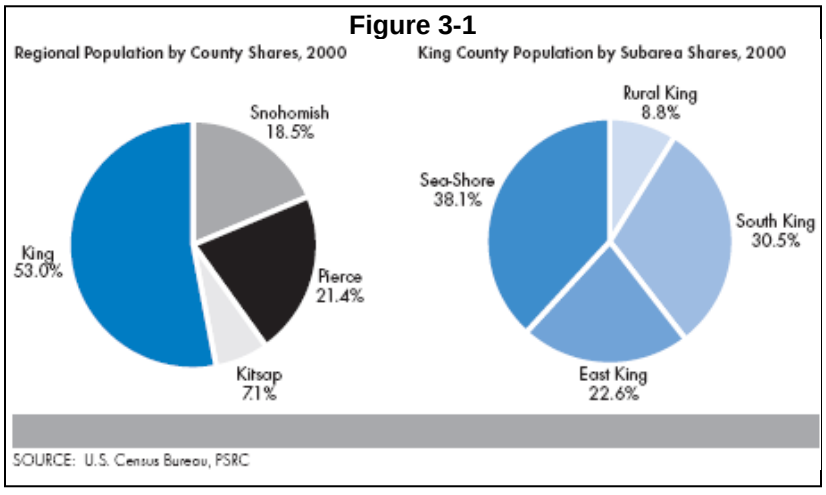
Transportation Trends in the Puget Sound Region

In order to provide a roadmap for regional governance, we must clearly understand why it is needed. This state has an overlapping patchwork of transportation agencies that construct, maintain and operate a complex regional transportation network in a diverse geographic arena. These interconnected layers of infrastructure developed over time in response to demographic, economic and technological changes in our state. This chapter outlines some of these important changes, including our rapid demographic growth, our region's economic role internationally, and changes in transportation modes, including the rise of numerous transit agencies.

Population Growth & Urbanization

Much of the growth in transportation demand can be attributed to the overall growth in our region. The central Puget Sound grew by over 1.3 million people between 1970 and 2000. [1] The region is projected to continue to experience high growth, with estimates projecting an increase of nearly 1.6 million more residents by 2040. Between 1995 and 2000 alone, total population grew by 251,300 (8.3 percent) to nearly 3.3 million. The chart below, (Fig. 3-1) taken from the Puget Sound Regional Council's regional monitoring, shows the proportion of population in specific counties and sub-areas.

Figure 3-1



[1] PSRC, Vision 2020+20, Issue Paper on Regional Demographics and Growth Trends, 8/05, http://www.psrc.org/projects/vision/pubs/demographics.pdf

Figure 3-2 to the right shows population nearly tripling since 1950, with population density remaining comparable for the last three decades as demonstrated in Figure 3-3 below. The distribution of this expanded population has not, in fact, been proportionate amongst the region's four counties. Half of the region's population growth occurred in Snohomish and Pierce counties. Though King County is the region's densest county and is home to more than 1 out of every 2 of the region's residents, the region's other three counties – Kitsap, Pierce and Snohomish – have shown significantly faster rates of growth, a trend that is expected to continue into the future.[2] The chart in Figure 3-2 illustrates the increases by county, with King rising 49.8% during the past three decades while Kitsap, Pierce and Snohomish counties have collectively seen their populations rise by 97.5%. The rate of growth in each of the other counties exceeded the rate in King County in each of the past three decades, as shown in Figure 3-3.

Figure 3-2

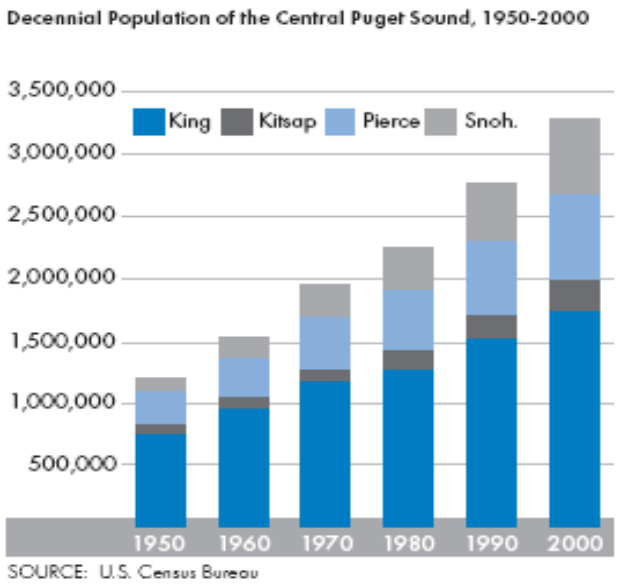


Figure 3-3
Growth of Population and Urbanized Land in the Seattle-Everett & Tacoma Urbanized Areas

Year	Population	Urbanized Land Area - sq. mi.	Population Change - %	Land Area Change - %	Density - Persons/ sq. mi.	Density Change - %
1970	1,570,628	541.8	--	--	2,899	--
1980	1,793,612	672.0	14.2	24.0	2,669	-7.9
1990	2,241,296	820.7	25.0	22.1	2,731	2.3
2000	2,712,205	953.6	21.0	16.2	2,844	4.1
1970-2000	--	--	72.7	76.0	--	-1.9

Prepared by Integrated Transport Research, Inc. from U.S. Census data

[2] PSRC, Vision 2020+20, Issue Paper on Regional Demographics and Growth Trends, 8/05, http://www.psrc.org/projects/vision/pubs/demographics.pdf

Figure 3-4 below shows a table with recent population growth by county and sub-area in the last eight years for which figures are available. It demonstrates the population growth trend has continued, although Kitsap County growth is somewhat slower than King County growth.

Figure 3-4

Subarea Population: 1995 and 2000-2003

						Change	Pct Chg
	1995	2000	2001	2002	2003	1995-03	1995-03
King	1,625,200	1,737,034	1,758,300	1,774,300	1,779,300	154,100	9.5%
- Sea-Shore	635,200	661,700	667,000	670,000	671,500	36,300	5.7%
- East King	361,600	392,720	399,800	405,500	406,400	44,800	12.4%
- South King	486,900	530,480	537,000	542,400	540,800	53,900	11.1%
- Rural King	141,600	152,120	154,500	156,300	160,600	19,000	13.4%
Kitsap	218,300	231,969	233,400	234,700	237,000	18,700	8.6%
Pierce	649,300	700,820	713,400	725,000	733,700	84,400	13.0%
Snohomish	531,700	606,024	618,600	628,000	637,500	105,800	19.9%
Region Total	3,024,500	3,275,847	3,323,700	3,362,000	3,387,500	363,000	12.0%

Source: Census Bureau, OFM, PSRC

Mismatch between Residential and Employment Growth

There are greater and greater distances between where people live and where they work. The region has simultaneously experienced a demographic suburbanization and a decentralization of its economy. Between 1980 and 2000 the largest share of job growth occurred in King County, while rapid residential growth occurred in Kitsap, Pierce, and especially Snohomish counties. The trends have accelerated between 1995 and 2000, with 80 percent of the job growth occurring in King County, and 56 percent of the residential population growth occurring occurred outside King County. A key factor is the rapid increase in housing costs in Seattle and King County suburban communities, with many employees working in King County but only finding affordable housing in Pierce, Snohomish or Kitsap counties. As a consequence, demand for transportation on key corridors has grown even faster than the rapid population growth. This produces new congestion and commute patterns that have developed as suburban to suburban travel.[3] The next chart, Figure 3-5, compares patterns in employment per

[3] PSRC, Transportation and the Region's Economy, draft, 6/2005, http://www.psrc.org/projects/mtp/presentations/economy.pdf

county with population changes, showing the uneven development between demographic and job growth. Between 1995 and 2003, King County received 69 percent of the region's employment growth while attaining 42 percent of the population growth.[4] Seattle is most pronounced representing 20.9% of the regions job growth but only 6.7% of the residential population growth.

Figure 3-5

Jobs / Housing Balance:
King County in the Puget Sound Region

	1995	2000	Percent of WA,2000	5 - Year Growth #	5 - Year Growth %	Growth as Percent of WA growth
King County						
Jobs	979,900	1,192,000	44.0%	212,100	21.6%	58.1%
Housing Units	699,200	742,236	30.3%	43,036	6.2%	25.7%
Population	1,613,600	1,737,034	29.5%	123,434	7.6%	26.6%
Snohomish						
Jobs	187,200	215,400	7.9%	28,200	15.1%	7.7%
Housing Units	211,200	236,203	9.6%	25,003	11.8%	14.9%
Population	525,600	606,024	10.3%	80,424	15.3%	17.3%
Pierce						
Jobs	217,500	243,400	9.0%	25,900	11.9%	7.1%
Housing Units	260,700	277,060	11.3%	16,360	6.3%	9.8%
Population	660,200	700,820	11.9%	40,620	6.2%	8.8%

Source: King County[5]

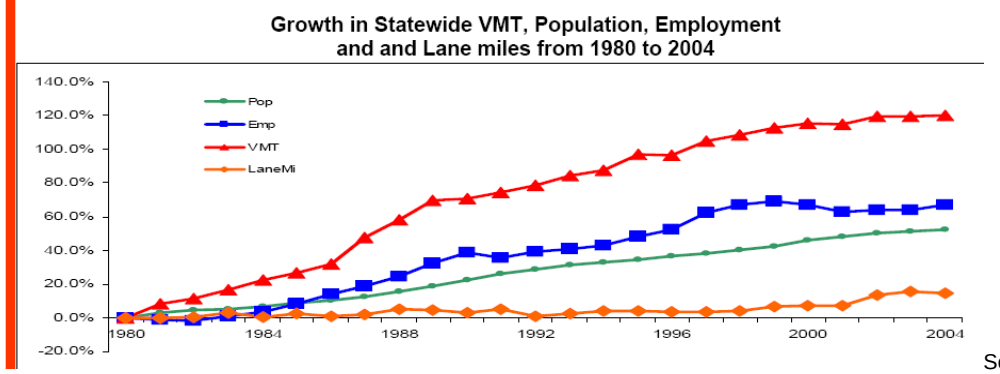
Relationship between demographic growth and travel demand

The future growth rate for travel is projected to remain similar to that of population, as it has since the mid-1990s. While regional population has grown, internal travel demand has grown even faster. The chart below, Figure 3-6, illustrates this phenomenon.

Figure 3-6 demonstrates that while population and employment have steadily increased, vehicle miles traveled, or VMT, has increased at a substantially faster rate. This is even more worrisome given the much smaller rise in road construction, as measured in the percentage increase in lane miles in the region.

[4] PSRC, Vision 2020+20, Issue Paper on Transportation, 1/06, http://www.psrc.org/projects/vision/pubs/transportation.pdf
[5] http://www.metrokc.gov/budget/agr/agr05/AGR05_Ch3-PugetSoundRegion.pdf

Figure 3-6



Source: WSDOT

Beyond the daily grind of the home-to-work commute, our region's population engages in a growing percentage of non-work related trips. Non-work trips now account for nearly 85% of all trips in the central Puget Sound region. Even during rush hour, the majority of automobile trips are for trips other than directly traveling from a residence to a place of work peak hour because "trip chaining" commuters make stops in route to work or home; for example, to day care, school, and shopping destinations.[6] Increased travel is also a function of the increase in two-worker households, more dispersed trip patterns, and growth in areas that are accessible only by private auto. As our population ages, demand for transit may increase as more seniors shift from driving to public transportation.

The capacity requirements of a road or transit network are determined based on the peak period or rush hour demand for that network. Regardless of total highway use, if the roads are clogged at 8:00 am, commuters perceive there is inadequate capacity. Shifting demand to off peak periods can increase the effective capacity and increase the efficient use of the roads network.

Changes in mode travel

Nationally, the private automobile has remained the dominant method of transportation in the region with just over 70 percent of the region's work trips serviced by single-occupancy vehicles ("SOV") based on U.S. Census data[7]. In the Puget Sound, because of increases in the

[6] WSDOT, TDM introduction, "Maintaining Mobility in the Puget Sound Region," http://www.wsdot.wa.gov/mobility/TDM/strategy/intro.html

[7] US Census, 1980, 1990 and 2000

availability of transit through investments in regional bus systems and HOV lanes, commuter patterns by mode during rush hour in urban corridors of the region have changed somewhat.

Commuter patterns are a function of job density and data provided to the Regional Transportation Commission suggests that focusing high capacity solutions on the most heavily traveled routes during peak hours can shift usage and, if sufficient transit capacity is provided, can reduce congestion. While transit still represents less than 10% of total trips, that figure masks an important trend. During peak times, transit and high occupancy vehicles including van pools represent between 23% and 37% of rush hour commuter trips on certain routes. The required capacity for road and transit networks (lane miles and buses or rail) is driven by demand during the busy or peak hour of use.

Figure 3-7

Year 2000 Person Trips on some heavily used highways			
Morning 3hr Commute period in peak direction			
	I-5 @ Southcenter	**I-90 @ Eastgate**	**SR520 @ 140th NE**
Transit	**13%**	**2%**	**7%**
HOV	**24%**	**21%**	**23%**
SOV	**62%**	**77%**	**70%**
	100%	**100%**	**100%**
Source: WSDOT			

We were encouraged by the level of commuting via transit or carpools which has reduced congestion and peak period demand for roads. As Figure 3-7 below illustrates, the percentage of commuters utilizing single-occupancy vehicles during the peak hour is substantially lower than the average.

The freeway network still bears the brunt of the increased travel. The impact of growth, more dispersed travel patterns, lack of transportation investment and heavy reliance on single-occupancy vehicles, has led to large increases in freeway congestion over the past two decades and substantially compounded the complexity and magnitude of our transportation challenges. A large portion of the region's roadway travel needs are met by bottleneck limited access freeways, including local segments of the federal interstate highway system and major state highways, which has contributed to our region's congestion. As those roads become more congested, traffic shifts to arterials.

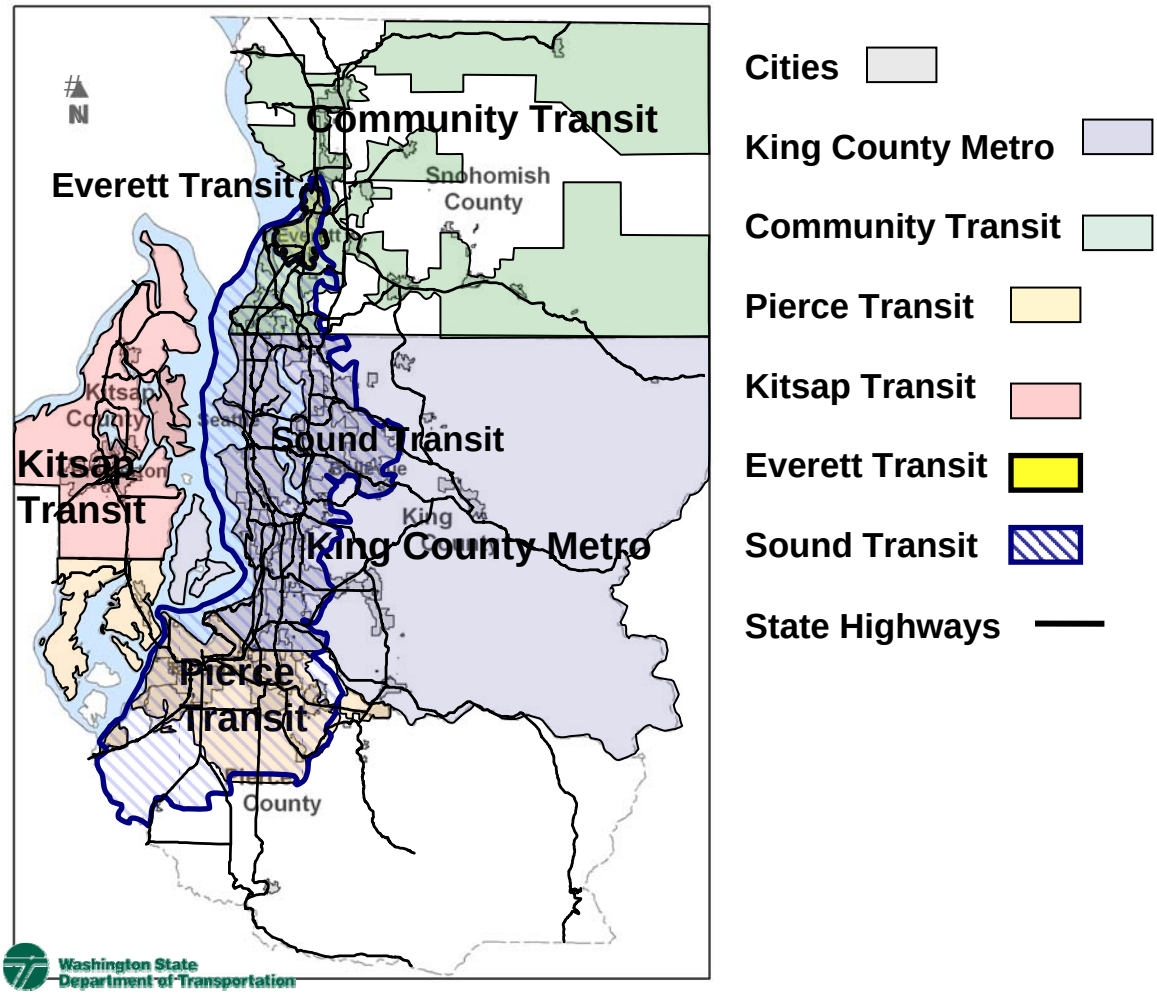
Several Commissioners believe it is important to note that changes that are difficult to predict will affect demand for our transportation system over the next three decades. Fuel prices, environmental issues and further technological innovations will impact total consumption of

transportation services and modal choices. These factors suggest the need for government to be flexible and responsive to the dynamics of transportation, residential and employment factors.

Growth of Transit Agencies

Given the increased population and job growth in urban centers outside of Seattle, it is no surprise that despite it not being the dominant mode, transit agencies over the last three decades have become an increasingly important part of our transportation infrastructure. Figure 3-8 below is a map of the major transit providers and their overlapping areas of service coverage.

Figure 3-8



King County Metro Transit was introduced as a sewage treatment entity in the 1960's and received the support of King County voters through its success in improving water quality. That support persuaded King County voters to grant it additional authority to operate a public transportation system in 1972, despite the fact that in 1962, and again in the 1968 and 1970 Forward Thrust proposals, King County voters had rejected measures that would have given Metro that authority and funded transit through bonds paid by property taxes.

Metro Transit merged the public Seattle Transit System that served the city with the private Metropolitan Transit Corporation that served the suburban areas. The Federal Urban Mass Transportation Act (UMTA) approved an $86 million capital grant to Metro Transit for initial operations that year. Metro was generally viewed as operating an efficient and successful transit system. In 1990, a coalition of parties launched a "one-person one-vote" challenge to Metro's governance, and the resulting "*Cunningham v. Municipality of Metropolitan Seattle"* court decision found the Metro Council to be unconstitutional[8]. After extensive negotiations, county and local government officials agreed to merge Metro into King County government and expand the size of the County Council from nine to 13 members. In 1992, the merger and accompanying charter amendment were approved by voters. Today Metro provides transit service, to an area of 2,134 sq. miles, a population of over 1.8 million, with over 95 million boardings. Its assets include 10 transit centers and over 21,000 park and ride spaces.

Kitsap, Pierce and Snohomish Local Transit Agencies: Recognizing the need for localities to provide transit services to fit their local areas, the State Legislature granted local governments authority to create Public Transportation Benefit Areas to provide transit services in 1975. Pierce County and Kitsap County transit agencies provide county wide services. In Snohomish County, Everett Transit and a Snohomish county-based Community Transit both operate transit services that overlap to some degree. Everett Transit, along with Metro, is a part of their respective city and county governments while Pierce Transit, Kitsap Transit and Community Transit are operated by independent public transportation entities.

Sound Transit: In the early 1990s, the Washington Legislature authorized King, Pierce and Snohomish counties to create a single regional transit agency – The Central Puget Sound Regional Transit Authority (Sound Transit) -- to plan, build and operate a high-capacity transit

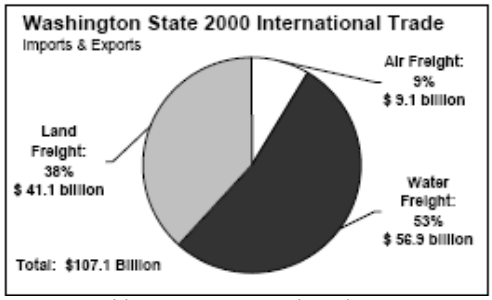
[8] *Cunningham v. Municipality of Metropolitan Seattle*, 751 F.Supp. 885, 887 (W.D.Wash. 1990).

system within the region's most heavily used travel corridors. Initially voters were skeptical, and plans for mass transit were turned down by the voters worried about costs and scope of the new authority. In May 1996, the Sound Transit Board adopted the *Sound Move* plan, which describes connections between urban and suburban areas for the rest of the region. Sound Move is a comprehensive regional transit plan made up of almost 100 separate but interrelated capital and service projects.[9] In November 1996, voters within the Sound Transit district approved the agency's plan, as well as the .4% regional sales tax and .3% motor vehicle excise taxes (MVET or license tab) needed to build and operate regional transit systems and services to improve mobility for the Puget Sound region. The system includes: high-occupancy vehicle (HOV) lane access improvements; ST Express bus routes; Sounder commuter rail; Link light rail; and new park-and-ride lots and transit centers. ST Express regional buses connect Seattle, Bellevue, Everett, and Tacoma, the largest urban centers in the region. The Tacoma Link light rail line began operating in August 2003.

A funding crisis and subsequent redesign reduced the system to a 14-mile light rail system to be built between Seattle airport and downtown Seattle. These light-rail trains are expected to begin carrying passengers in 2009, stopping at 12 stations and running 4.4 miles on elevated tracks, 2.5 miles in tunnels and seven miles at grade. To support that line, Sound Transit is retrofitting the Downtown Seattle Transit Tunnel and its existing stations for joint use by both light rail trains and buses. Once this initial segment of the light rail line opens, Sound Transit will extend the line another 1.7 miles to the Seattle-Tacoma International Airport as a thirteenth station. Sound Transit also operates the Sounder commuter heavy rail train, and a system of express buses. The current $4.67 billion investment raises revenue from a combination of Federal grants, state bonds and voter-approved taxes.

Increased Importance of Transportation to our Economy

Figure 3-9



Source: Washington Transportation Plan, 2002-2022, WSDOT

From an economic perspective, Washington State is in many ways a small nation whose commerce is driven by global companies with an enormous role in international trade. Like any nation, it depends on the extent and quality of infrastructure to support and perpetuate its economy and the lives of its citizens.

In a global economy, transportation infrastructure is one of the most important competitive factors in determining our share of international trade. In addition, an effective transportation system is a vital element of that infrastructure, providing veins and arteries for the people to traverse the Puget Sound region and to connect the state's goods with port, rail and air transport hubs that connect us to the rest of the country and the rest of the world.

Transportation investment has fundamental economic benefits beyond those that accrue from the multiplier effects of transportation project construction itself. Economic benefits at the macroeconomic level accrue through productivity increases; benefits can also be seen at the microeconomic level through better access to land, goods and services. For instance, freight movement in the Puget Sound region helps fulfill the region's role as a gateway for international trade, and it similarly provides for the needs of our own manufacturers and our local delivery system.[10] Yet our dominant economic clusters like aerospace, international trade, military, agriculture and wood products, and even tourism will require more from the transportation system due to rising costs in gathering, shipping and distributing products and transporting people.[11]

Labor productivity and the quality of our workforce increased also during the 1990s, as our region succeeded in attracting a net gain of young, well-educated workers into our workforce. The presence of these young, highly-skilled workers, coined the "creative class," was found to have played a key role in the development of new technologies and industries, the creation of startup firms, and associated job growth during the technology boom of the late 90s. Perhaps most important of all, quality of life for all of us is served by short commute times, smooth roads and attractive transit services. In Sections 5 and 6, we discuss congestion and the region's substantially under-invested in infrastructure. But in this section we focus on the role of transportation, history and institutions responsible for funding transportation.

The Importance of Freight

Washington has built on its natural advantages: deepwater ports, proximity to fast-growing Asian and Canadian economies, and a short all-water route to Alaska, to create an enormously valuable multi-modal freight infrastructure. This infrastructure has three main components–

[10] PSRC, Vision 2020+20, Issue Paper on Transportation, 1/06, http://www.psrc.org/projects/vision/pubs/transportation.pdf

[11] PSRC, Vision 2020+20, Issue Paper on Transportation, 1/06, http://www.psrc.org/projects/vision/pubs/transportation.pdf

international gateways, transportation serving Washington's producers and manufacturers, and the retail and wholesale distribution systems. This system is vital to our regional and state economies, directly and indirectly sustaining hundreds of thousands of jobs.

International gateway: About 70 percent of international goods entering Washington gateways continue on to the larger U.S. market. The remaining thirty percent becomes part of Washington's manufactured output or are distributed in our retail system. In 2002, almost $96 billion of goods entered or departed the U.S. About 76 percent of all international containers arriving at our ports are transferred to rail and delivered to the Midwest and/or the East Coast. The annual volume of containers through Puget Sound seaports is expected to more than double from 2002 to 2025, much of it in international freight.

U.S. agricultural products produced in rural Washington exports also depend upon the reliability of Washington's transportation system. In 2002, food and food products totaling almost 20 million tons were, by volume, the largest commodities leaving our seaports including wheat, corn, and soybeans. With its long history as a significant U.S. trading partner, Canadian trade is big business in our state. In 2002, $16 billion in U.S. - Canadian trade was imported or exported through Washington, the majority of it transported by truck along the I-5 corridor. Cross-border truck volumes in Western Washington have nearly doubled over the past 11 years. For example, Washington links Alaska to the lower 48 States through the 25 million tons of crude petroleum that was carried to Washington State from Alaska, using the inland waterways and landing at Puget Sound refineries.

Finally, our airports are critical for the fast shipment of goods to and from national and international markets. High-value, time-sensitive products from computer chips to fresh fish and perishable fruits travel through Seattle-Tacoma International Airport.

State-to-state trade: Our own state's manufacturers and farmers rely on the freight system to ship Washington-made products to the big U.S. markets in California and on the east coast, and worldwide. Our state's regions have built strong and distinct economies based on industry and agriculture. Regional manufacturing, agriculture, construction, and forestry depend on an effective and efficient freight transportation system. Agriculture is big business in our state and supports the family farm as well as agri-business. In 2002, Washington State farmers and ranchers produced $5.6 billion in food and agricultural products. Transportation is especially important for Washington agriculture because the state produces about three times as much

food – and for some commodities up to twenty times as much – as it consumes, and is separated by long distances from the majority of the nation.

Domestic: Washington's freight distribution system is vital in distributing the necessities of life to every resident of the state everyday. Without it our citizens would have nothing to eat, nothing to wear, nothing to read, no spare parts, no fuel for their cars, and no heat for their homes. In other words, the economy of the region would no longer function. Up to 80 percent of all truck trips operate in the local distribution system. An enormous variety of goods are handled on this system; food and groceries, fuel, pharmaceuticals and medical supplies, retail stock, office supplies and documents, trash and garbage, construction materials and equipment. Final distribution of goods is almost 100 percent by truck and thus entirely dependent on state highways and county and city roads.

Conclusion

The population, geography, density and growth of the Puget Sound region make transportation both vital and challenging to provide. Population growth, suburbanization of residential population and decentralization of the business sector have changed the commuting patterns and thus transportation needs of the workers and employers. The state's position as a 'small nation' creates has intensified the freight needs of the region and the transportation system has not responded effectively. Attempts at planning to address these changes have been attempted by the Puget Sound Regional Council. As will be addressed in the next chapter, that agency has an outstanding planning function but its governance structure restricts its ability to make decisions.

Chapter 4

Our Region's Transportation Challenges

On the eve of the new millennium, the Blue Ribbon Commission on Transportation stated: "Washington's transportation system is on a collision course with reality."[1] Unfortunately, despite both increased public awareness of the problem, and new funding from the Legislature, the central Puget Sound region continues to be saddled with complex transportation problems. A primary concern is that the region's transportation systems continue to lag behind the pace in economic and population growth. Steady job growth within the region has fueled rapid increases in population, personal-vehicle travel, and freight movement. Freeway congestion in the region has not improved, which is in turn overburdening local roads as commuters seek an escape from clogged highways. Despite the commitment to light rail service and the addition of both buses and other forms of transit, due to low population density over a large area, much of the region's growing population has little or no practical access to any form of transportation other than the personal automobile.

Increasing Congestion

In Chapter 3, we described the continuing population growth and the effect on the region. During the last two decades, the growth in the number of vehicles has consistently outpaced the growth in population. Between 1980 and 2000, the state's population increased by 42.6% while the number of vehicle miles driven increased by 88%.[2] The number of registered vehicles has exceeded the number of state residents since 1990. This increase in driving has resulted in higher gasoline consumption and increased gas tax revenues. Yet still revenues have not kept pace with the funding needs addressed in Chapter 5. The result is massive congestion, with an average of approximately 825 vehicle hours of delay per lane mile per day.[3] This lost freeway productivity increases travel time for automobiles and transit and encourages the diversion of traffic onto already crowded arterials and local streets. Total system delay now runs at 285,000 hours per day.

[1] Blue Ribbon Commission on Transportation, "Transportation Action; Final Recommendations to the Governor and Legislature, pg. 1, 12/00

[2] PSRC, Destination 2030

As a result, congestion effectively consumes or reduces road capacity. When traffic volumes cause highway speeds to fall below 45 mph, the throughput drops dramatically. Freeway lanes are designed to carry 2,100 cars per hour and when more cars crowd onto a freeway than it was designed for, traffic flow slows to 800 cars per lane per hour. On I-405 near Renton, vehicle capacity is regularly reduced by at least 50% during the peak period. This congestion in the morning and evening commuting hours effectively reduces the throughput of two lanes in Renton down to the capacity level of one free-flowing lane.[3]

Congestion has increased throughout the region. Comparisons of transportation congestion levels between 1982 and 2003 demonstrate that, regardless of population, congestion lasts longer and affects more of the transportation network. One study has shown that the average annual delay for every person using motorized travel in the peak periods in the 85 urban areas studied climbed from 16 hours in 1982 to 47 hours in 2003.[4] Overall in 2003, WSDOT estimates that Puget Sound region congestion accounts for about 45.4 million annual person hours, with 49 million gallons of fuel wasted.[5]

Under-investment results in an insufficient network of arterial roadways. Compared to other major metropolitan areas, the central Puget Sound region has a relatively sparse arterial network, placing additional demands on the freeway system.[6] As congestion builds on highways, traffic moves to the arterials. The increase of additional vehicle trips on arterial roadways causes significant traffic congestion problems throughout the region. The three former mayors on our Commission observed that this phenomenon has shifted costs to municipalities in the form of increased maintenance and law enforcement costs and reduced safety and quality of life.

The cost is not just an economic issue. Long commutes reduce time that would be spent together by families. How many children's ballgames or recitals have been missed because of traffic? How many meetings have gone poorly because salesmen arrived late? The stress of fighting (and losing) to traffic everyday feeds into such issues as domestic violence and child

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[3] Cascadia Project, Discovery Institute website, Focus on Transportation, http://www.cascadiaproject.org/transportationWashington/comprehendingCongestion.php

[4] Texas Transportation Institute, 2005 Urban Mobility Report, 5/05

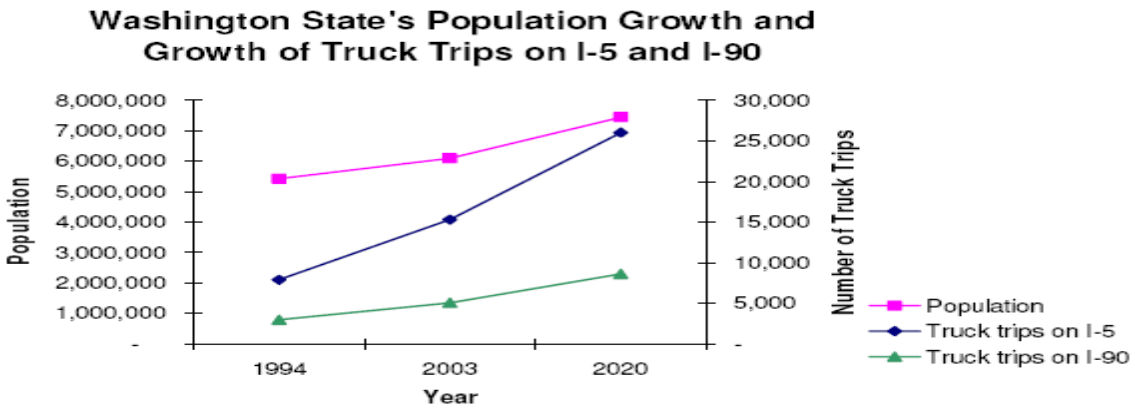
[5] WSDOT estimate, supplied to RTC on request

[6] Cascadia Project, Discovery Institute website, Focus on Transportation, http://www.cascadiaproject.org/transportationWashington/comprehendingCongestion.php

neglect. Road rage, once thought of as a problem in huge urban centers such as Los Angeles, is now spreading to our region's roads part of an unsettling change in a community that used to be known for its style of laid-back living. In addition to other consequences of congestion, cars and trucks stuck in traffic consume more fossil fuels and contribute more emissions to the atmosphere.

Freight Congestion: Congestion has a detrimental effect on our state's economy. With huge foreign trade, Washington's freight industry is rapidly growing. Freight from across the state goes through Puget Sound ports. The WSDOT Office of Freight Strategy & Policy estimated that freight and goods tonnage moved by road in the state has increased 116% since 1980.

Figure 4-1



Source: WSDOT

This has been affected by significant congestion in the north-south freight corridor, including Interstate 5 from Everett to Olympia and the full length of I-405 and Highway 167. The majority of Washington State air cargo moves through Seattle-Tacoma International and King County Airports, and experience further congestion on Interstate 5 in Central Puget Sound, and eastbound on Highway 518 from Sea-Tac to Interstate 5. The primary freight constraint on I-5 is from Central Puget Sound to the south.

Traffic congestion directly impacts reliability and on-time performance of the state's cargo system, contributing to higher business costs. Based on PSRC modeling data for year 2000

there are more than 45,000 hours of truck delay in the four-county region on an average weekday.

Maintenance & Preservation: When we think about infrastructure, we tend to focus on the large projects highlighted in the news, such as the Alaskan Way Viaduct and the SR 520 Bridge. Yet the need for infrastructure maintenance and seismic refit is much more extensive. Of the bridges maintained by the WSDOT in the Puget Sound, over half are between 28 and 45 years old. Over one-third of these 1,500 aging structures have been rated "functionally obsolete," meaning they don't meet standards for roadway width, bridge clearances, or load carrying capacity. Another 152 bridges have been rated "structurally deficient."[7] WSDOT has done an efficient job of keeping our bridges and overpasses maintained. But funding capacity is not keeping up with its needs and our region faces significant safety concerns in the near future without more revenue being made available.

Roads and Highways: Each mile of road requires maintenance efforts, including

- pavement resurfacing and reconstruction
- patching potholes and sealing roadway cracks
- cleaning ditches and culverts
- striping and painting roadway markings
- fixing damaged guardrails or fencing
- controlling noxious weeds
- maintaining lights and traffic signals

In addition, our region's roads require a regular, intensive program of capital investment for preservation, to meet the public's priority of maintaining mobility and safety. These costs represent 45 - 55% of the capital expenditures for highways, leaving little for new construction. In the eighteen years between 1982 to 2000, Washington State made minimal investments to expand the highway system — total lane miles increased by only 6%. During the same period, travel on the state's highways increased by 72%.[8]

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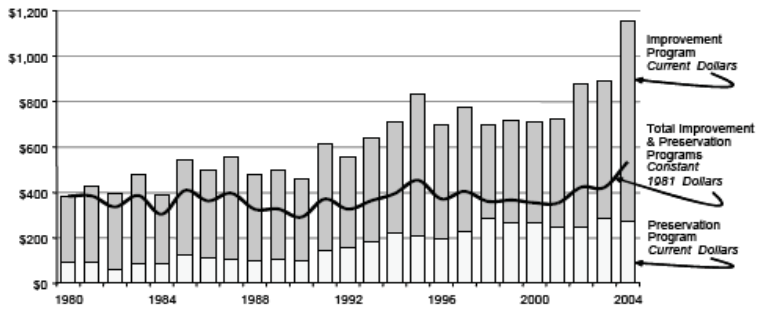
[7] Washington's Transportation Plan, WSDOT, 02/2002, p.30 http://www.wsdot.wa.gov/NR/rdonlyres/52D6A58D-9603-43BB-AA0B-D60EC7F989C6/0/WTP_web.pdf

[8] Ibid, p. 32

Inadequate New Capacity

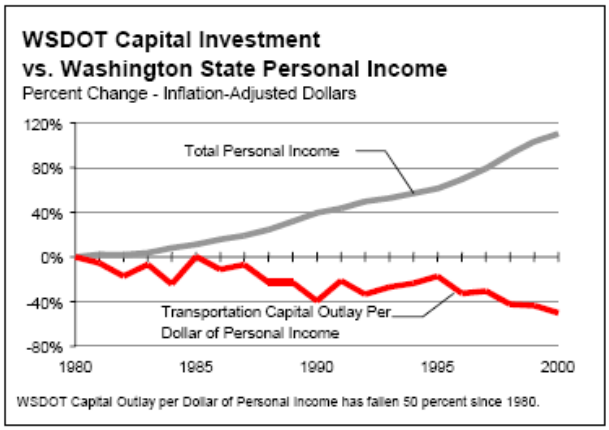
Figure 4-3
Preservation and Improvements Investment
Dollars in millions



Source: WSDOT

In 1980 preservation was approximately 25% of the improvement and preservation budget. By 1998 preservation of the existing system had increased to 41% of the budget. Investing a greater percentage for preservation to protect past investments reduces available funding for highway improvements in safety and congestion relief. With the passage of the nickel gas tax (2003) and the start of the capital construction projects associated with the tax increase, the ratio returned the preservation program to 25% of the budget in 2004.[9]

Figure 4-4



Source: WSDOT

In addition, the annual investment in transportation has fallen in relation to personal income. The region's average income on an inflation adjusted basis has more than doubled since 1980, as shown in Figure 4-4. But while personal income and demand for our transportation system increased the state's transportation capital investment per income dollar declined by nearly 50% over the same period.[10]

As a result of inadequate funding, important have been delayed throughout the region including:

[9] WSDOT, Washington Transportation Plan, Focus on Transportation, p.7

[10] Washington's Transportation Plan, WSDOT, 02/2002, p.45 http://www.wsdot.wa.gov/NR/rdonlyres/52D6A58D-9603-43BB-AA0B-D60EC7F989C6/0/WTP_web.pdf

- Sections of major roads and highways including the Alaska Way Viaduct, SR520, I-405, SR509, and SR99 in King County, SR509, SR522, and US-2 in Snohomish County, the Tacoma Narrows Bridge Expansion, SR167, and SR16, in Pierce County and SR304 & 305 in Kitsap County.
- Completion of the Puget Sound Core High Occupancy Vehicle (HOV) system through Pierce County, South King County, and Snohomish County.
- Completion of Phase 1 of Light Rail and beginning the construction of Phase 2.
- Increasing capital and operational funds for additional transit service is a high regional transportation priority, as we cannot simply build our way out of congestion with more highways and roads.
- Additional rail capacity in strategic areas between Tacoma and Everett to provide capacity for freight and passenger volumes to grow.

Conclusion

Our transportation network is being choked with serious congestion, causing delays in commuting, non-work trips, and freight. We also have two related issues to contend with; deteriorating infrastructure and a need for new capacity in all elements of our system. Although some of these effects are due to population growth and its attendant economic activity, they have been amplified by a transportation system which has not kept up with our state's needs.

Chapter 5

The Financing Challenge

Introduction

Transportation has historically been the largest category of capital investment by the State of Washington. Maintaining our roads and transit system and responding to the needs of our growing population has been complicated by delays in funding transportation projects over the last 30 years. Under funding during that period has effectively postponed major projects while costs have risen dramatically. The Blue Ribbon Commission, WSDOT, and the PSRC all quantified the massive transportation needs in the Puget Sound region. We interviewed 42 parties, including all of the regional agencies, the four county transportation departments, all of the large cities and many of the smaller cities within the region, many of which have documented present and future transportation needs. Based on our discussions, it appears that all agencies participate in planning with the PSRC, and that Destination 2030 is the best single assessment of the needs of the region. We received excellent cooperation from the WSDOT and PSRC staff and were provided with information on funding needs. This led the Commission to address three fundamental questions addressed in this chapter:

- What are transportation funding needs between now and 2030?
- What are the presently authorized sources of funding?
- Is there a shortfall in funding for transportation projects between 2006 and 2030 and, if so, approximately how much?

How much will regional transportation needs between 2006 and 2030 cost?

PSRC provided us with a draft summary representing the combined requirements or PSRC approved requests of all transportation agencies in the region through 2030. This totals $134.5 billion[1] in 2001 dollars, as summarized in Figure 5-1. To put this in perspective, this would cost the average households in the region approximately $100,000. Even paid over 24 years, the cost of this investment is enormous. While the population will grow, so will the cost.

[1] The numbers provided by PSRC are preliminary draft numbers provided by their staff and include $5.8 billion in the regional costs of state ferries and totaled $139.8 billion. We have excluded state ferries from our analysis because their services extend beyond the boundaries of the region.

Expenditures include $45.9 billion of costs for maintaining and supporting the existing system. Of those costs, 60% are transit related and the balance is related to roads projects. Both road and transit costs are the sum of capital expenditures to construct facilities and operating costs associated with maintaining and running them. In the case of transit, because fares cover on average less than 20% of operating expenses, there are substantial operating subsidies included in these costs. State highway projects only add up to $7.7 billion or approximately 17% of the total of basic needs while 23% related to city streets and county roads. The larger amounts of $86.6 billion of expenditures are for system expansion over the next 24 years. Those expenditures include the costs of expanding and offsetting operating deficits in transit for a total of $38.5 billion (44%), and expenditures state highways represent an additional $28.2 billion (36%). In total, transit programs require a total of $66 billion, which is approximately 49% of the total need in the region.

Figure 5-1 (1)

Programmatic Areas	***Basic Needs***	***System Expansion***	***Planned Investments***
2007-2030	millions of year 2006 dollars		
City Streets and County Roads	10,770	18,510	29,280
Percent of total	*23.4%*	*21.37%*	*21.77%*
Public Transit			
Regional Transit	6,020	30,410	36,430
Local Transit	21,500	8,040	29,540
Total Transit	27,520	38,450	65,970
Percent of total	*59.9%*	*44.39%*	*49.04%*
State Highway			
Corridor Projects	2,000	17,890	19,890
Other State Highways	5,650	11,770	17,420
Total Highway	7,650	28,170	37,310
Percent of total	16.7%	32.52%	27.74%
Other Regional needs (2)			1,960
			1.46%
Total (3)	**45,940**	**86,620**	**134,520**
(1) Source: PSRC draft estimates provided to RTC 10/26/06. Chart shows all projects and programs in the Destination 2030.			
(2) Other Regional needs include: Vehicle Trip Reduction/TDM, Regional Bike and Pedestrian Needs, Regional Park-and-Ride Facilities and ITS Applications.			
(3) State Ferries - not included in total	5,400	450	5,850

These numbers suggest implicit priorities for the region. It is instructive to note that the total for local transit represents 22% of total expenditures – which is approximately the same requirement for city streets and county roads. Sound Transit (regional transit) expenditures have represented the largest use of funds of growth in transportation costs (and revenues) over the past 15 years – and over the next 24 years are projected to require more than all roads projects and continue to the largest single category at $30.4 billion – more than projected expenditures for state highways which represent $28.2 billion or 28% of the grand total. The highway cost estimates originate with WSDOT and include the prior lowest cost for replacing the Alaskan Way Viaduct and the SR520 Bridge, and those estimates have not been updated for the decision on those projects which is scheduled to occur this year. As a consequence, it is reasonable to assume that those costs will go up materially. WSDOT will provide the PSRC with updated numbers after the Governor has selected an approach for the Alaskan Way Viaduct. All indications we have been given suggest that the cost will rise.

These cost projections are based primarily on projects included in the Blue Ribbon Commission Report and which in 2001 were estimated to cost $105 billion. The largest reason for the increase between 2001 and 2006 is the significant construction cost inflation during that period. In addition, a few new projects have been added, such as improvements to Highway 167.

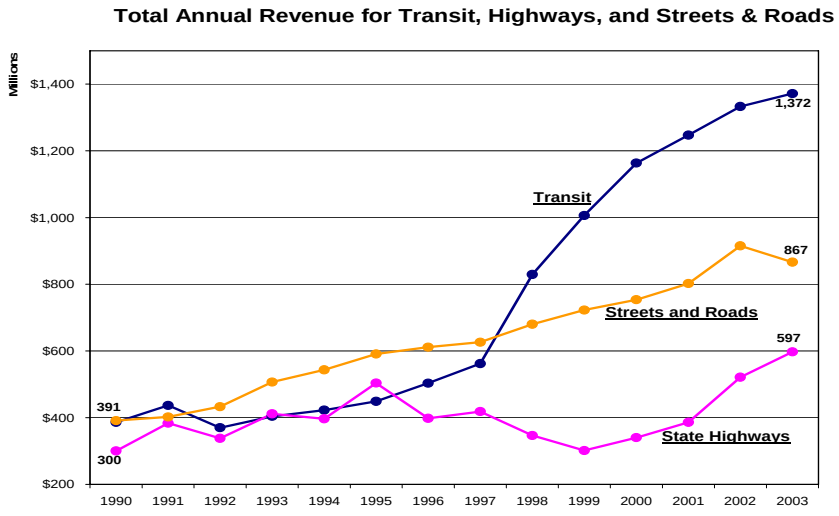
What are the presently authorized sources of funding?

Currently authorized funding provides a total of $72 billion, of which 54% is in regional and local transit and 46% is for roads. Figure 5-2 represents the revenues associated with the package. It is important to note that the five local transit agencies represent the largest single portion of this total, providing $27.8 billion, or 42% of current total. On the November 7th ballot, citizens voted on a Transit Now proposal from King County and Seattle, Tacoma and Pierce County Streets proposal. The passage of Transit Now adds an additional $1.2 billion to revenue total and the Seattle streets proposal adds $800 million.

Figure 5-2 (1)				
Programmatic Areas	**Historic Approved Funding**	**Nickel Package and TPA**	**2006 Ballot measures**	**Currently Mandated Revenue**
2007-2030				
City Streets and County Roads	21,470	300	800	22,570
Percent of total	*33.6%*	*5.0%*	*39.8%*	*31.4%*
Public Transit				-
Regional Transit	10,870	-	-	10,870
Local Transit	26,630	-	1,210	27,840
Total Transit	37,500	-	1,210	38,710
Percent of total	58.7%	0.0%	60.2%	53.8%
State Highway	4,950	5,730	-	10,680
Percent of total	7.7%	95.0%	0.0%	14.8%
Other Regional needs [2]	-	-	-	-
Total	**63,920**	**6,030**	**2,010**	**71,960**
(1) Source: PSRC draft estimates provided to RTC 10/26/06. Chart shows all projects and programs in the Destination 2030.				
(2) Other Regional needs include: Vehicle Trip Reduction/TDM, Regional Bike and Pedestrian Needs, Regional Park-and-Ride Facilities and ITS Applications.				
(3) State Ferries - not included in total	3,790	330		4,120

Most of the growth in revenues (and expenditures) over the past 15 years has occurred in transit. Chart 5-3 demonstrates the degree to which transit revenue growth has outpaced revenues and expenditures for roads. Much of the spike from 1997 can be explained by the fact that we are still building the Sound Transit system, rather than a conscious regional strategy to change the modal balance.

Figure 5-3 (1)



Source: WSDOT

The Legislature has mandated that RTID and Sound Transit seek joint voter approval for both packages in the November 2007 general election. We do not yet know the amounts that will be proposed, but if approved they would add to the currently available funding and reduce the shortfall described in the next section.

Is there a shortfall in funding?

Based on existing funding already approved, the shortfall is currently $54.1 billion for transportation projects between 2006 and 2030. This includes ferries, which our proposed governance structures presented later in this report exclude. We would encourage that the Legislature continue to have those ferries that service the region but also service important island communities and Skagit and Snohomish counties to remain in state hands. By excluding ferries, we reduce the planned investment by $5.9 billion and the expected by $4.1 billion. We have excluded those from our analysis.

Figure 5-4 (1)			
Programmatic Areas	**Current Law Revenue**	***Planned Investments***	**Present Shortfall**
2007-2030		millions of year 2006 dollars	
City Streets and County Roads	22,570	29,280	-6,710
Percent of total	*31.4%*	*21.77%*	*10.73%*
Public Transit	-		
Regional Transit	10,870	36,430	-25,560
Local Transit	27,840	29,540	-1,700
Total Transit	38,710	65,970	-25,890
Percent of total	53.8%	51.20%	41.38%
State Highway			
Corridor Projects		19,890	
Other State Highways		17,420	
Total Highway	10,680	37,310	-26,630
Percent of total	14.8%	28.40%	42.57%
Other Regional needs (2)	-	1,960	-1,960
		1.60%	*3.60%*
Total (3)	**71,960**	**134,520**	**-62,560**
(1) Source: PSRC draft estimates provided to RTC 10/6/06. Chart shows all projects and programs in the Destination 2030; both the financial constrained plan and the "Illustrative List" which currently includes $17.1 billion in ST Long-Range Vision and $5.3 billion in WSDOT long-term program.			
(2) Other Regional needs include: Vehicle Trip Reduction/TDM, Regional Bike and Pedestrian Needs, Regional Park-and-Ride Facilities and ITS Applications.			
(3) State Ferries - not included in total	4,120	5,850	(1,730)

The shortfall is summarized in Figure 5-4. Of the $62.6 billion shortfall, 43% of it is in state highways and 41% in transit. There is also an identified need by PSRC for other costs including vehicle trip reduction, regional Park & Rides, and ITS applications which total $1.9 billion and are not funded.

Disproportionate Transportation Needs in the Puget Sound Region

The central theme of the Blue Ribbon Commission report in 2000 was that the densely populated Puget Sound region has a disproportionate need for transportation services,

compared to the rest of the state. Yet the legislative process tends to distribute state revenue relatively evenly to taxpayers across the state It became apparent to the Blue Ribbon Commission that revenue needs in the central Puget Sound counties were disproportionately larger than the state taxes collected in those counties.

This led the Blue Ribbon Commission to recommend the creation of the Regional Transportation Investment District (RTID) which the Legislature accomplished in 2003. In addition the heavy use of transit, resulting from population density, has caused a substantially greater need for transit support in this region. Transit has always been primarily supported on a regional basis. During the 1950s and 1960s, the lion's share of funding was provided by federal sources, but by the 1970s and 1980s the largest portion was provided by state tax distributions. The PSRC data suggest that over 60% of the total cost of operating transportation systems in the Puget Sound region will be provided by local taxes, fees and bonds. An additional 12% of the costs will be provided by users through transit fares and highway usage fees representing a total payment by local constituents of approximately 73%. This shift in financing responsibility has not been matched by a shift in governance. To a large degree, state voter still make decisions on roads paid for by the region.

Figure 5-5

CURRENT LAW REVENUES - DESTINATION 2030 (2007-2030) (1)

Revenues by Source in constant 2006 $ in millions	City Streets/ County Roads	Local Transit	Sound Transit	State Highway	Total	Percent of total
Operations	-	4,660	1,000	850	6,510	9.0%
Local Taxes, Fees & Bonds	16,740	20,685	9,460	-	46,885	65.2%
State Tax Distributions	4,260	-	-	8,215	12,475	17.3%
Federal Tax Distributions	1,570	2,495	410	1,615	6,090	8.5%
Total in Constant Dollars	22,570	27,840	10,870	10,680	71,960	100.0%
Percent of total	31.4%	38.7%	15.1%	14.8%	100.0%	

(1) Source: PSRC draft estimates provided to RTC 10/6/06. Chart shows all projects and programs in the Destination 2030; both the financial constrained plan and the "Illustrative List" which currently includes $17.1 billion in ST Long-Range Vision and $5.3 billion in WSDOT long-term program.

These sources of transportation funding will come primarily from local taxes and fees. As Figure 5-5 illustrates, the $8.2 billion in state revenues for state highways represent only 22% of the $37.3 billion identified as planned state highway investment in Figure 5-4 of costs and federal sources represent only 8.5% of the total revenues. The largest portion of revenues are generated and distributed within the region with local taxes, fees and bonds representing $46.9 billion in costs and $30 billion for transit alone. Local operations provide $9.4 billion of which $5.7 billion comes from transit.

The shortfall in the state highway system in the region is a central issue for the state and this Commission. While there are needs in the state highway system projected at $37.3 billion, the state is only expected to provide approximately $8.2 billion of the financial support based on current sources.

We have included PSRC's estimates of federal monies. The federal highway trust fund was created to build and operate the interstate highway system. According to Secretary of WSDOT MacDonald, there is a substantial likelihood that the federal system will become insolvent in the next 3 years at which point it would be necessary for the federal government to increase the federal gas tax in order to restore the system to solvency. Most of the monies that are in the fund will be used to maintain and preserve existing road systems. PSRC estimates that only $1.6 billion would be available from the federal government for state highways and additional $1.6 billion would be available for city streets and county roads. The transit systems are separately funded by federal transit programs last and the $2.9 billion PSRC estimates will be available for local and regional transit.

Conclusion

The financial challenge facing the Puget Sound region is that the development of our economy and the growth of our population have increased dramatically the need for transportation services. While highway services were historically predominantly paid for by federal and state government taxes, those revenues are no longer available in sufficient amounts. Transit has historically been funded at the local level with regional and local taxes. The absence of sufficient state money to support highways will force the region to begin collecting taxes and/or user fees within the region. The prospective future funding capacity of the region is addressed in Chapter 8. It is clear that the need for additional transportation services will exceed the total amount of dollars that are available based on our analysis even using the most optimistic

revenue numbers. As a consequence, financing will require an aggressive system of prioritization.

Chapter 6

Prioritization Challenges

Introduction

Transportation services are vital for the region's success, yet the present system of governance is obviously not keeping up with our needs. Congestion affects all of us, commuters and other users, and imposes the burdens of increased delays, economic damage and reduced quality of life. Meeting the region's transportation challenges will require the development of a coordinated system of investments that will provide revenue for present and future needs. Such a system will be required to provide sufficient funds for our multi-modal transportation system's needs.

Given the substantial funding requirements that will be needed for these tasks, it is vital that the region establish clear priorities regarding its transportation needs. This chapter describes our region's transportation planning bodies, agencies and government departments and explains how they work together to prioritize transportation investments. In this chapter we discuss the background and roles of six key players in prioritizing transportation for the Puget Sound region including the Puget Sound Regional Council (PSRC), the Regional Transportation Investment District (RTID), Sound Transit (ST), the Washington State Transportation Commission (WSTC), Washington State Department of Transportation (WSDOT), Washington State Legislature and finally the voters. This chapter outlines the prioritization process both within and between all of these agencies.

While successful leaders and managers play an essential role within these entities, it is the agencies' structural role in transportation prioritization, and how well they interact, that determines the region's progress in addressing its transportation issues. Formal and informal discussions with over 100 individuals from more than 50 agencies reveal the difficulties that these individuals and agencies face when attempting to prioritize regional interests in transportation infrastructure. All of these officials bring hard work, intelligence and insights to their roles. However, many of these officials are charged with advancing the interests of an individual agency, district, city, county, or the state as a whole, or to protecting the interests of a particular mode of transportation, such as roads or transit. The Puget Sound Regional Council

(PSRC) attempts to address these conflicting interests by producing extensive guidelines that integrate federal and state planning statutes, such as Vision 2020 and Destination 2030. Yet these guidelines are essentially confined by PSRC's charter to developing and endorsing broad planning mandates. The absence of a central organization with the authority to prioritize and fund specific regional transportation projects is one of the most fundamental flaws in the present systems, and is intimately interwoven with the other serious problems of explosive and uneven growth, long term revenue declines and under-funding.

Puget Sound Regional Council (PSRC)

The Washington State Legislature established the PSRC under state law on Oct. 1, 1991, as the Regional Transportation Planning Organization (RTPO). The PSRC also serves as the Metropolitan Planning Organization (MPO) in the Puget Sound region for federal planning and funding purposes. As described on its website:

> The Puget Sound Regional Council is an association of cities, towns, counties, ports, and state agencies that serves as a forum for developing policies and making decisions about regional growth and transportation issues in the four-county central Puget Sound region. … The Regional Council is not a regulatory agency; it is a planning agency.[1]

The PSRC distributes approximately $160 million in Federal Highway Administration and Federal Transit Administration funds each year. Through an Inter-local Agreement on transportation, land use and economic development, the PSRC agreed with local municipal authorities to carry out state and Federal planning activities on their behalf. Its primary tool for transportation planning in the region is Destination 2030, the region's long-range transportation plan. The PSRC's primary transportation document, Destination 2030, is an analytical tool that provides:

- A long-range look at the region's transportation needs as identified by cities, counties and other agencies;
- Baseline information on the current performance and projections of future performance of the transportation system;
- Ways to preserve and maintain the existing system and make it more efficient;
- Possible ways to finance future transportation improvements, and;
- An evaluation of the potential impact of improving or not improving the system.[2]

[1] PSRC website: http://www.psrc.org/about/what/faq.htm
[2] Ibid.

The PSRC currently is working with local governments and other interest groups to develop recommendations for six policy areas: Special Needs, Security, Safety, Congestion Management, Environmental Mitigation, and Commute Trip Reduction.

The PSRC is governed by the 115-member General Assembly which includes virtually every public official with a role in transportation in the region. Most of the planning is done through the 32-member Executive Board, the committees on Operations, the Growth Management Planning Board, and the Transportation Policy Planning Board. The 44-member Transportation Policy Board (24 voting, 20 non-voting), which includes representatives of the Regional Council's member jurisdictions and regional business, labor, civic and environmental groups, makes recommendations on key transportation issues to the Executive Board. The agency has a biennial budget of $24.5 million which is primarily used to pay administrative costs. The PSRC has no taxing authority.

In addition, parallel work is performed by an Economic Development Board and a series of advisory committees. The advisory committee known as the Regional Transportation Leadership Group acts as the coordinating body between other transportation agencies. The members of this group include all of the key players in transportation, including the Secretary of WSDOT, members of the Washington State Transportation Commission, the Chairs of the RTID and ST, representatives from all four legislative caucuses, and local, business and labor leaders.

The PSRC is in an excellent position to accomplish the mission and goals of regional transportation prioritization but its current organizational charter and governance structure preclude it from carrying out that that role. Today, the PSRC does not have the decision making power to oversee or prioritize projects for the four-county region's transportation plans. This authority would be essential if they are to prioritize the region-wide projects that most efficiently address congestion problems. The $134 billion in expenditures called for in the Destination 2030 plan represent an un-prioritized accumulation of the regions' currently identified needs. PSRC informs us that RTID represents the agency charged with prioritizing roads projects for the region, and that Sound Transit performs that function for regional transit but not local transit agency spending. While all approved transportation projects are supposed to be contained in the PSRC plans, some projects on the November 2006 ballot that had not been approved by the PSRC.

Though the PSRC plays a vital role in planning and coordinating, the absence of centralized prioritization allows transportation projects to be built based on other criteria without recognition that total funds and funding capacity are limited. Because the PSRC's governance structure relies largely on obtaining consensus between diverse regional groups, there is an inherent conflict between its governance structure and the need to make tough regional prioritization decisions. PSRC staff members have provided invaluable help and support throughout this process.

Regional Transportation Investment District (RTID)

The Legislature authorized creation of the RTID in 2002 (ESSSB 6140) as a financing entity charged with raising money to fund the disproportionately large transportation needs of the region. The RTID has not yet been created – what is functioning today is an RTID Planning Committee. The RTID itself will not be formed until the voters approve its creation with a funding package. Once formed RTID will have regional taxing authority that can fund "highways of statewide significance" through taxes imposed in the region, so long as the taxes are voter-approved. This will provide the citizens of most of King, Pierce, and Snohomish counties with a mechanism to make direct investments in the region's transportation system, utilizing elected county representatives and existing local, county, and state transportation agencies.[3] In 2003, ESSB 5247 amended the RTID statute to enable RTID to utilize a Local Option Gas Tax of up to 10% of the state gas tax collected in the region. SB 5769 amended the RTID law to allow RTID to borrow money (approximately $4.5 billion and, with a 60% approval of voters, up to approximately $14 billion) to speed the construction of projects. In 2003, SHB 2033 required that each county receive a proportionate share of tax revenue generated within that county in what is popularly called "sub-area" or county equity.[4] The legislation that created this Regional Transportation Commission (ESHB 2871) also reduced the authorized sales and use tax that the RTID may impose from .5% to .1% and reduced the authorized RTID motor vehicle excise tax is from .5% to 0.1% which will could potentially raise approximately $7.1 billion.

The RTID Planning Committee's main contribution to regional transportation prioritization is the "Blueprint for Progress," a 2006 draft proposal that recommended regional road and bridge investments along key highway corridors in Snohomish, Pierce and King Counties, including SR

[3] RTID website; http://www.rtid.org/legislation.html#2002%20legislation.

[4] Ibid.

522, I-405, SR 520, and SR 167. It describes the corridor investments, funding sources, projects and construction schedules.

> "Recognizing there are more projects needed in the region than can be funded, the RTID Board developed a set of principles to evaluate how projects should be prioritized:
>
> - Focus on corridors to reduce congestion, and improve safety and reliability
> - Finish or leverage the effectiveness of projects which have received state funding in highly traveled traffic corridors
> - Improve travel time for people and freight, especially during peak commute hours
> - Consider construction phasing of highway improvements and regional transit projects to make it practical to 'get around' and finish improvements on time
> - Keep the investment package affordable and cost effective
> - Integrate road investments with regional transit project investments to ensure travel time improvements in all significant transportation corridors in the region."[5]

The RTID Planning Committee has undertaken an outreach process based on those criteria designed to obtain input on the draft Blueprint. That input and the work of the RTID can be valuable in developing prioritization methods and the above may represent the start of objective prioritization guidelines for our proposed regional body.

RTID is governed by a board consisting of the members of the county councils of the three counties within the RTID's boundary. Voting power is weighted based on population. The RTID Executive Board is empowered by the RTID Planning Committee to develop and recommend a three-county transportation and financing plan to the full Planning Committee. Shawn Bunney, Pierce County Council chairman, is the chairman of the RTID Executive Board. The RTID Planning Committee consists of 22 members, each county council member in the three-county area, and the Washington State Secretary of Transportation, who serves as its non-voting chairman.[6]

The legislation that allowed formation of the RTID restricted its ability to perform more than a financing role. It has been limited in staff and the RTID Planning Committee has primarily relied on consultants, as the RTID itself will likely do. The Commission has met with staff

[5] Ibid; see also Blueprint for Progress summary.

[6] Ibid.

members Jim Waldo and Kjris Lund, as well as Pierce County Councilman and RTID Chair Shawn Bunney, all of whom have provided valuable assistance.

Competition for funding between the RTID and ST slowed progress of both organizations until this past year. While there were some discussions between the parties in 2005, the 2006 legislation (ESHB 2871) effectively forced the RTID Planning Committee and ST to work together toward a joint ballot initiative. The RTID has published on its website a schedule that describes the agencies' plans to move forward on funding:

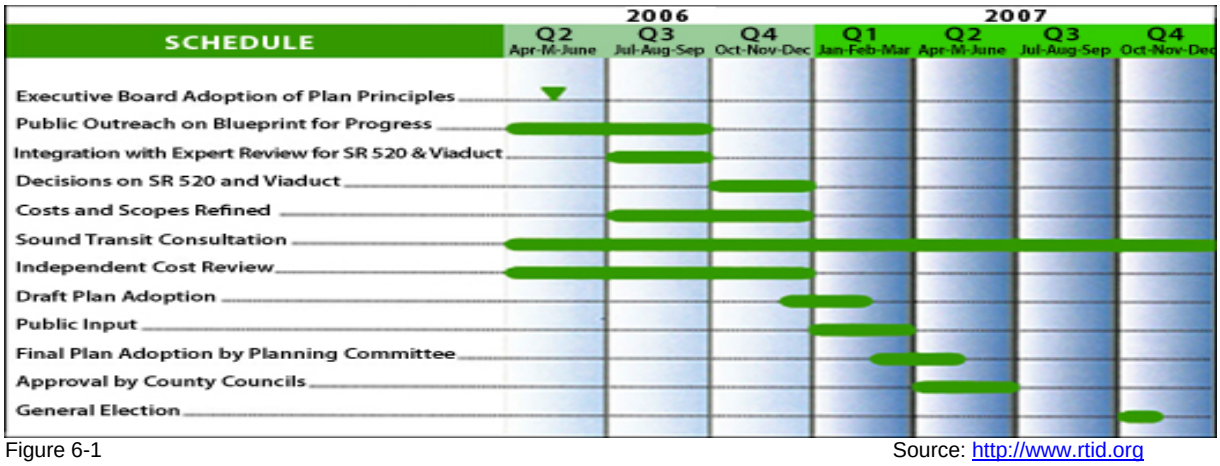


Figure 6-1 Source: http://www.rtid.org

This schedule includes consultation with ST throughout the ballot process. While Intermodal cooperation will benefit from this arrangement, dollars for roads and dollars for transit will not be co-mingled or prioritized. If the electorate rejects either proposal, both entities must start over on their processes. Further, the RTID and ST sub area equity concepts restricts monies to be spent in each county for each mode. This further limits the degree to which dollars can be prioritized.

If formed, the RTID will be an agency with a limited charter and a discrete purpose. As such, its authority and function have been restricted to acting as a central forum where (three of the four) county councils can come together in an attempt to prioritize the spending of roads monies obtained from financing sources that already have been changed three times in five years. The absence of staff has forced the RTID Planning Committee to rely on WSDOT staff, and disagreements between the RTID and the Legislature about the role of WSDOT, stalled progress early in the RTIC Planning Committee's efforts. These disagreements have made its mission more difficult to accomplish. The strength of the RTID is that its board is empowered to make decisions and has to date made some valuable progress. This board prioritizes projects within counties, insuring that monies stay within each county, to insure that all

counties have equitable funding available to them. Unfortunately, that same requirement can make it difficult to assemble large scale financing for regional projects.

Central Puget Sound Regional Transit Authority: Sound Transit (ST)

Central Puget Sound Regional Transit Authority, or Sound Transit as it has become known, was authorized by the state Legislature in the early 1990s to create a mass transit system in the employment and population centers in King, Pierce, and Snohomish counties (but none of Kitsap County). It was authorized to plan, build and operate a high-capacity transit system within the region's most heavily-used travel corridors. The Sound Transit district includes the urban portions of this three-county area, including over one third of the state's population.

The legislation creating ST specifies the manner in which projects may be undertaken. The provisions of this legislation are set forth on ST's website as follows:

- Equitable revenue distribution: Local tax revenues will be used to benefit the five sub areas of the Sound Transit District (Snohomish County, North King County, South King County, East King County and Pierce County) based on the share of revenues each sub area generates.
- Simultaneous work on projects in all sub areas: Work will begin on projects in each of the sub areas so benefits will be realized throughout the region as soon as possible. Projects likely to be implemented in the latter part of the first phase are those requiring extensive engineering and community planning.
- Coordinated services and integrated fares: Regional and local transit services will be coordinated and an integrated fare structure developed.
- System expansion or tax rollback: Any second phase capital program that continues using local taxes for financing will require voter approval, or Sound Transit will roll back the tax rate to a level sufficient to pay off outstanding debt, and operate and maintain the investments made as part of Sound Move.
- Annexations and extensions of service outside the Sound Transit District: Sound Transit may provide services outside taxing district by contracting with local agencies. Areas that would benefit from Sound Transit services may be annexed into the Sound Transit District if citizens within those areas vote for annexation.
- Public accountability: Sound Transit will hire independent auditors and appoint a citizen committee to monitor Sound Transit's performance in carrying out its public commitments.

Citizens will be directly involved in the placement, design and implementation of facilities in their communities.

ST is governed by a Board of Directors. Consistent with state law, that board is made up of 17 locally-elected officials and the Secretary of WSDOT. The county executive in each of the participating counties appoints members from that county, and the county councils must confirm the appointments. By state law, appointments must include an elected city official representing the largest city in the participating county and proportional representation from other cities and unincorporated areas. To help assure coordination between local and regional transit plans, half of the appointments in each county must be elected officials who serve on the local transit agency's governing authority. Local elected officials include mayors, city council members, county executives, and county council members from within the Sound Transit District. Currently, the Sound Transit Board includes three members from Snohomish County, ten from King County, four from Pierce County, and the State Transportation Department secretary. Pierce County Executive John W. Ladenburg currently serves as Chair, and Connie Marshall, City of Bellevue Councilmember, serves as the Vice Chair. The Commission met with Joni Earl, CEO of Sound Transit, and members of her staff, and heard from the Citizens Advisory Board for ST. All provided valuable guidance to our efforts.

As noted above, along with the RTID, ST is required by the 2006 legislation (ESHB 2871) to place its "Sound Transit 2" (ST2) plan on the ballot in November 2007. The conflicting geographic boundaries of RTID and ST present a significant challenge. The population within the ST boundary represents about 80% of the population within the RTID geographic area. Yet major regional projects, including SR9, SR522 and US2 in Snohomish County, lie inside the RTID boundary yet outside of the ST boundary. On July 13, 2006, the Sound Transit Board proposed three investment options for public discussion, including varying investments in light rail, regional buses, park-and-ride lots, HOV access lanes, transit centers and improved Sounder commuter train service. According to ST, "the chief difference between these is to what degree they extend the regional transit system - that is, 'how far do you want to go?' For new tax investments ranging from .3% to .5% sales tax (subject to future voter approval), light rail could be extended north to Northgate, Mountlake Terrace, or Lynnwood, south to Kent-Des Moines Road, Federal Way, or the Port of Tacoma, and east to Bellevue-Overlake Hospital,

Overlake Transit Center, or Redmond."[7] It is precisely this ambiguity which is at the heart of the geographical implications of "regional", as well as with respect to governance of a system serving such region. If the 4 counties comprise a region, then the transportation system must reflect this reality.

Though ST initially experienced a ballot failure and serious management problems in its first five years; in the last six years it has been viewed as well managed and successful. The Board of Directors of ST is the smallest governing board of the three regional entities, and it was appointed in a way that ensures representation but does not necessitate voting formulas such as those required for the RTID. Joni Earl described the benefits of having cities represented on the board as easing the permitting process and providing ST allies in these jurisdictions as it works through its planning process. On the other hand, ST is also influenced by local officials who want to prioritize projects in their communities. There is an inherent conflict for the board members as a result of being elected by local voters and serving on a regional Commission. The result can be that the local interests of local voters can hold greater sway over most officials than do regional forces. ST has made good progress because of the quality of its professional leadership. As with the RTID, investments in transportation are governed by the concept of sub area equity, based on five sub areas which substantially limits prioritization and complicates planning. The Commission has heard presentations representing that the Eastside region has paid 27% of revenues to date and received less than 8% of funding.

The Commission finds that application of sub area equity is not consistent with a regional approach to prioritization for both RTID and ST. Even among the Commissioners, the notion of sub area equity has more than one meaning, with some of us thinking of equity within a long-term time frame and others focused on a short term concept of equity. Hence, there may be a way to redefine it in way that does not interfere with regional prioritization. Regardless, we feel this is one subject which a new regional body must address early in its tenure.

Washington State Transportation Commission (WSTC)

The WSTC's role has changed substantially in the past several years. Historically, the Secretary of WSDOT reported to the WSTC and transportation projects were approved by, and at times initiated by, the WSTC. With recent legislation, the role of the WTC has been reduced

[7] See http://www.soundtransit.org/x2281.xml.

to an advisory role and it now appears to have played little or no say in prioritization. According to statute (RCW 47.01.071):

> The transportation Commission shall have the following functions, powers, and duties to propose policies to be adopted by the Governor and the Legislature designed to assure the development and maintenance of a comprehensive and balanced statewide transportation system which will meet the needs of the people of this state for safe and efficient transportation services. Wherever appropriate the policies shall provide for the use of integrated, Intermodal transportation systems to implement the social, economic, and environmental policies, goals, and objectives of the people of the state, and especially to conserve nonrenewable natural resources including land and energy. [And,] to prepare a comprehensive and balanced statewide transportation plan which shall be based on the transportation policy adopted by the Governor and the Legislature and applicable state and federal laws. The plan shall be reviewed and revised, and submitted to the Governor and the House of Representatives and Senate standing committees on transportation, prior to each regular session of the Legislature during an even-numbered year thereafter.[8]

The WSTC has worked hard and recently produced an excellent study on tolling. The change in the reporting responsibility for the Secretary appears to have de-emphasized the traditional role of the WTC on transportation policy or prioritization in the region. Moreover it is the prevailing view of the Commission that any tolling decisions for the region should be made by a regional transportation Commission, or a new regional body.

Washington State Department of Transportation (WSDOT)

The mission of WSDOT is clearly described on the www.wsdot.wa.gov website: "to keep people and business moving by operating and improving the state's transportation systems vital to our taxpayers and communities."[9] As noted above, historically, the Secretary reported to the WTC, but in 2002 as a part of reforms proposed by the Blue Ribbon Commission, responsibility for managing the Secretary of Transportation was shifted to the Governor. Doug MacDonald has served as Secretary since April 2001 and reports to Governor Gregoire.

WSDOT is the primary transportation agency for the state and is responsible for some planning, and all construction, operations and maintenance of all state roads and bridges. WSDOT creates and regularly updates the Washington's Transportation Plan (WTP) which is intended to

[8] See **RCW 47.01.071**.

[9] See http://www.wsdot.wa.gov/accountability/mgmtprinciples.htm.

be a blueprint for transportation programs and investment. The plan covers all modes of transportation in Washington: roadways, ferries, public transportation, aviation, freight rail, passenger rail, marine ports and navigation, bicycles and pedestrians. The WTP is required by state and federal law to be regularly updated. The update currently underway will be adopted by the WSTC in 2006, and will cover the period 2007-2026.

WSDOT operates six regional offices whose administrative districts are illustrated in Figure 6-3 plus a regional corridors office in Seattle which is responsible for the Alaska Way Viaduct and SR 520 mega projects, as well as others. These boundaries do not align with any definition of the Puget Sound region.

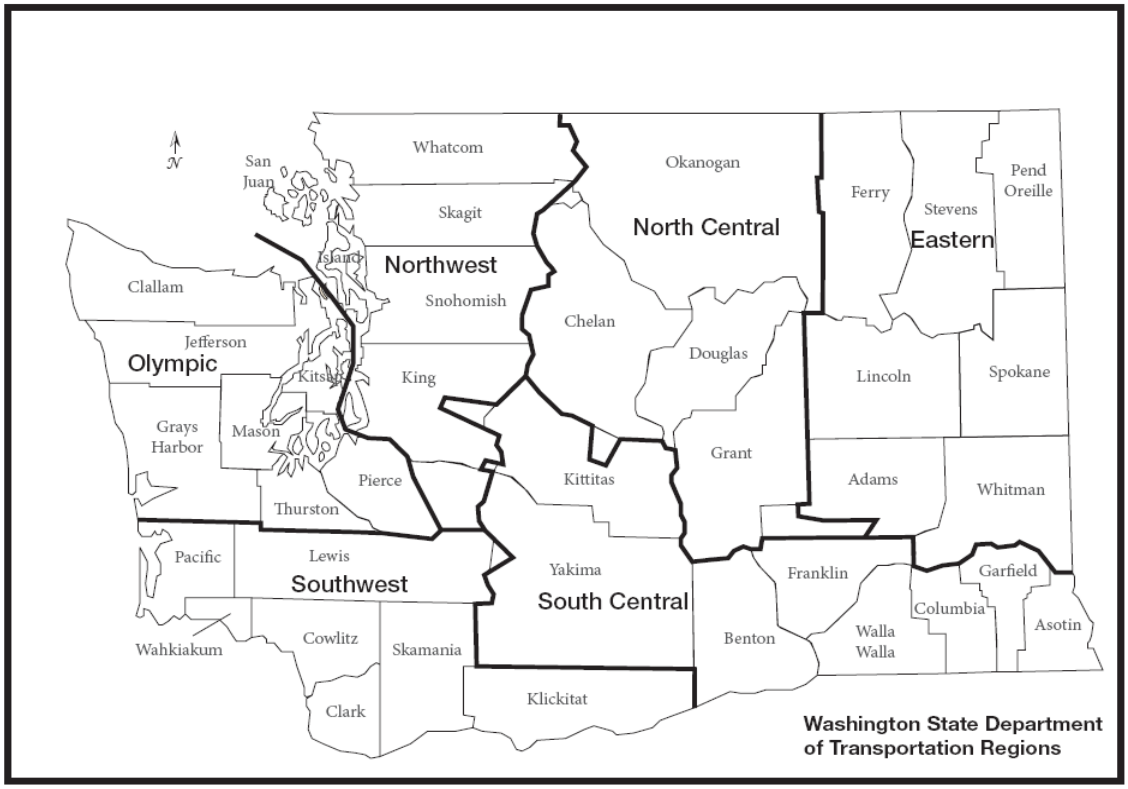


Figure 6-3

http://www.wsdot.wa.gov

At a recent RTC meeting, Secretary MacDonald described the prioritization process in detail. While the Secretary, and indirectly the Governor, manages WSDOT, the prioritization of projects is complicated. In one example, Secretary MacDonald described the prioritization process in detail, outlining criteria including travel time savings, reliability improvement, increases in capacity, increases in transit mode share, impact on traffic and congestion, number of people that would benefit and system continuity. Other projects are driven by the need for bridge

replacement and safety improvement. In sum, it is primarily an engineering driven process with detailed demographic and construction analysis that produces statewide priorities.

There appears to be an implicit "sub area equity" system in state prioritization. Because tax revenues which support WSDOT are generated throughout the state and because project approval is an interactive process with the Legislature, there is a tendency to parcel out money evenly across the state (based on population and tax revenue) to be sure that priorities of the entire state are funded. While understandable politically, this approach has made accumulating money to accomplish some of the mega-projects in the Puget Sound region more difficult. The Commission was impressed by the quality and detail of work, particularly the detailed congestion and bottleneck studies performed by the staff.

Recent TPA projects have been completed on time and on budget. Accountability has improved dramatically and the WSDOT does a good job of communicating, including the enormous amount of information available on their website. Since accountability initiatives were taken up at WSDOT from the Blue Ribbon Commission Report in 2001, WSDOT has gained recognition for national leadership in accounting for project delivery results to the Legislature, citizens and the press. The WSDOT project delivery results for projects identified in the 2003 and 2005 legislative funding packages have also been strong. For example, as of September 30, 2006, WSDOT had completed 56 Nickel and TPA projects across the state. All but four of the projects finished construction on time or early and 93% of the projects met their budget marks for a total construction cost of approximately $310 million. In addition 57 Nickel and TPA projects were in on-going construction at that time, with a total additional dollar value of almost $960 million. These achievements in project delivery and accountability are encouraging and must be continued and even improved upon.[10]

For new project within the region according to MacDonald, "every single project is being selected by the RTID Planning Committee or the Sound Transit Board of Directors". But Secretary MacDonald observed critically, "Many projects that make sense from a system perspective will miss the cut or have already been eliminated from consideration."[11] It is unclear how to reconcile this description of role of the department and RTID and ST with the role of state law and the Legislature. Secretary MacDonald noted the 18 different Washington state

[10] WSDOT submissions to Commission
[11] Slides presented by Secretary MacDonald, Kitsap Outreach meeting, September 15, 2006, p 15

laws that address and in many cases conflict in describing the criteria for prioritizing projects. As noted above, Secretary MacDonald described the role of the Legislature as the decision maker for priorities. In the next section we address the role the state Legislature plays in allocating dollars and deciding on projects.

WSDOT has the most comprehensive and largest transportation organization of any we examined with over 6500 employees. They serve as staff for every other body to some degree. They allocate money to all of the other 127 transportation agencies we examined. Their processes are thorough but are not transparent to other agencies that met with us. Fundamentally however, WSDOT is a state agency that has historically allocated dollars to the region based on the amount of state tax money generated within the region. It appears to the Commission that as a practical matter, WSDOT is making many of the most important prioritization decisions on transportation projects for the region. While there is no evidence that WSDOT is making the wrong decisions on projects, there is ample evidence that they are the wrong body to make those decisions. Absent regional decision making, continuation of the system promises to be neither highly efficient nor highly effective. With prospects of inadequate resources and the state providing a declining percentage of those resources, this situation will not change.

Washington State Legislature

The bicameral Legislature in Washington, through the transportation committees of the two houses has recently taken on an active role in prioritizing expenditures for WSDOT. The Legislature deserves substantial credit for its courageous commitment to increase funding. After the failure of R-51 in 2002, a bipartisan group passed the Nickel package and authorized the creation of RTID. Three years later, the Legislature made a further commitment by passing TPA. But, with those packages, responsibility for prioritizing projects within the region shifted to Olympia. We learned that until approximately a decade ago, prioritizing transportation projects was primarily the role of the WTC and the WSDOT. In a vacuum created by the absence of a regional body, in considering the R-51, Nickel and TPA packages, the Legislature's transportation committees became heavily involved in making project priority determinations. While the staff work is performed by WSDOT, those determinations were at times at variance with, or at least different than, the projects recommended by WSDOT. For example, in both AWV and SR520 the region is expected to shoulder a significant share of the cost, and yet the decisions on the project are made at the state level. While this is necessitated by the absence

of a regional authority, the state can, and we believe should, create a regional authority rather than make the decision on the region's behalf. Secretary MacDonald noted in his presentation:

- At the Legislature, committee staffs review the detailed and summary information in these kinds of evaluations.
- In 2003 and 2005 more than 400 individual projects were selected to receive funding from the Nickel and TPA state transportation revenue packages.
- Projects were selected into the (Nickel and TPA) program and the construction sequence was determined by the state Legislature. Many projects missed the cut!
- Project selections made in the political arena usually (but not always) have good alignment with high-value, high-benefit projects as demonstrated by analysis. This may reflect strong intuitive understanding by decision makers of the strengths and weaknesses of the projects, even if the evaluative material seems to be invisible in the process.

Senate Transportation Committee Chair Haugen and outgoing House Transportation Chair Murray both addressed our committee as did outgoing House Ranking Member Woods. Each of their presentations urged us to focus on the need for regional coordination and prioritization. They were concerned about the historic conflicts between ST and RTID and the delays on major projects such as the Alaska Way Viaduct because of parochial conflicts. The counseled us (along with the Governor) to be bold in our thinking and recommendations.

We conclude that the challenge is that while this Commission is a creation of the Legislature it is our view that the role that the Legislature plays in prioritizing transportation projects is related to the problem we are charged to address. In the last decade it appears that the Legislature has attempted to promote packages that substitute for the lack of objective regional prioritization. As a consequence the Legislature has been selecting projects for the region, such as the Nickel and TPA packages, as well as directing a decision making process for the Alaska Way Viaduct. This was a natural response to the erosion of popular confidence over prioritization and overall accountability. Ironically, though, it may have succeeded in the short-term while contributing to the problem in the long term. By simply assembling ad hoc packages, no matter how well prioritized, it is sending a message to the public that there is no system outside of legislative fiat. Though we understand the Legislature's desire to respond to an increasingly impatient electorate, we feel it is no substitute for a separate body making regional decisions. That is the only long-term solution.

The voters

One of the issues affecting the funding of a comprehensive system of transportation is how willing voters are to pay for it. When asked to do so, there seem to be two important and related recurring questions:

- "Who is in charge?" resulting from an inconsistent and unclear system for prioritizing transportation funding and the statement:
- "Will I get enough bang for my buck?"

Over the last 36 years, voters have often voted against transportation funding, which has led to starving the system of needed revenue. When these two questions are answered well, voters have supported major transportation projects, but if they are not, voters will turn them down.

> *"I'm going to vote against R-51, because I think all my money will go for* ***a bunch of pencil pushers in some office and we'll probably get about two bits on a dollar****, as far as what they'll finally do with it as far as transportation."* – letter to the Editor on R-51, Seattle P-I, 10/02

From the refusal to pass Forward Thrust bonds in 1970, to the turning down of the first two RTA proposals, to the defeat of legislative proposals Referendum 51, citizens have shown their reluctance to pay for transportation unless they feel that government is spending their tax dollars wisely. The comment quoted above is illustrative of the skepticism the public has historically on this issue.

Between 1999 and 2002 three critical votes demonstrated this critical pattern of refusing support for important tax sources for funding transportation projects including Initiatives 695 and 776 which reduced the MVET and Referendum 51 in which voters declined to increase the gas tax. The last several votes on Seattle's Monorail were examples of this as well. The project initially received broad public support, despite opposition from city officials and civic leaders. But once it became clear that the project was poorly led and that costs were not perceived as providing good public value, the voters pulled the plug.

Anti-tax sentiment plays a role: The voting patterns for several years reflected a simple anti-tax sentiment. Anti-tax activists played an important role in defeating transportation funding plans. "Washington is the second-highest-taxed state in the nation," asserted Tim Eyman, in

the heat of the battle to defeat R-51 and pass I-776.[12] Eyman, who described himself as the champion of the "average taxpayer" said he promoted Initiative 776 to "help politicians keep their promises." The Washington Policy Center agreed at the time, with an attack on "big government." Three advantages they saw to the passage of Initiative 776 were that it would:

- Restrain the Overall Growth of Government Spending.
- Restrain the Growth of the Government Workforce.
- Restrain the Growth in the Number of County and City Employees.[13]

In fact, that was the story with voters, according to the Seattle Times post-mortem on R-51, "where polls indicated that the main issue for voters opposed to Referendum 51, the transportation package, was their **lack of trust in the government**."[14]

In another example, serious, well publicized operational problems at Sound Transit in the late 1990's gave Initiative 776 proponents another argument against transportation that proved popular, 'cut funding for Sound Transit, by attacking it as a "reckless, rogue agency," to 'send a message'.[15] Since Sound Transit did not stick to its original design, it did not deserve further voter support, according to Citizens for Effective Transportation Alternatives, a group of disaffected transit supporters. They wanted Sound Transit shut down and the money used for "a range of high quality services which could include: frequent, all day, comfortable, express bus service; monorail; vanpools; and other innovative, cost effective, safe, community friendly transportation options."[16]

Voters often express a genuine puzzlement over who was in charge. Is it WSDOT? The Legislature? Local transportation agencies? The Washington Roundtable, in describing public opinion, notes,

> "Surveys tell us that the public, when asked about transportation, perceives a leadership vacuum. The lack of strong leadership and accountability may be a byproduct of the "freeway wars" of the 1980s. Or it may be the result of how we changed the way we govern transportation. Or it may be that motorists are simply

[12] Seattle P-I, "Yes, I-776 says No to Higher Taxes," 10/11/2002
[13] Washington Policy Center, "25 Commonsense Ways to Implement I-695", 12/1999
[14] Seattle Times, "State not alone in transportation nix", 12/09/2002
[15] Seattle P-I, "Talmadge and Eyman go at it in fiery I-776 debate," 10/18/2002
[16] CETA website, http://www.effectivetransportation.org/what.shtml

> unhappy as they experience more and more congestion in their daily commutes and see no solutions in sight."[17]

Recently, management and accountability improvements at WSDOT (and other agencies) have resulted in improved voter confidence which resulted in approval of a major transportation vote which raises taxes to pay for transportation improvements. The defeat of Initiative 912 last November demonstrated that a campaign focused on results and accountability would succeed with the voters. The backers of Initiative 912 sought to repeal the 9½¢ gas tax increase approved in the 2005 Legislative session. The NO on 912 campaign argued that projects approved in the 2003 Nickel Package were being built on time and on budget. The message appears to be that if public thinks they are getting their money's worth; they are willing to put up the funding. Voters across Washington supported the package and agreed that the $57 a year the average driver would pay was justified by improved transportation infrastructure.[18]

The Commission believes that voters have become discriminating, voting in favor of transportation by defeating I-912 at the same time they voted to cancel the Monorail project. Just this month, voters supported King County's 2007 "Transit Now" package as well as Seattle's 2007 transportation levy. This is the new reality of transportation funding: very smart and discriminating voters that will thoroughly scrutinize proposals despite widespread frustration with congestion, inadequate capacity and deteriorating older transportation facilities.

Voter support is however fragile and trust must be constantly earned and will be regularly tested. Voters will continue to ask "Who is in charge" and "What am I getting for my money". Motorists will judge success based on reduced congestion and businesses will judge based on transportation costs and efficiency. Our deteriorating infrastructure is a source of great concern and long deferred projects impose a disproportionate burden on transportation agencies and this generation of taxpayers. The approval of gas tax increases totaling a 63% increase in the tax in this decade creates an expectation that things will improve. Visible progress is essential to sustain recent voter support. Recent and highly publicized uncertainty over the Alaskan Way Viaduct and the SR 520 Bridge can easily undermine voter support for the full range of transportation activities. The underlying issue of lack of prioritization highlights that the answer to the question of who is in charge remains a legitimate question which our Commission had a difficult time answering.

[17] Washington State Business Roundtable, "Governing Transportation," 10/1999
[18] Seattle P-I, "Statewide Initiatives: Voters' wise call", 11/10/2005

Conclusions

With regards to certain large projects that are of regional significance, there are many too cooks in the transportation priorities kitchen. While several agencies have managed to systematically prioritize their transportation needs, the very nature of the disparate and dispersed decision-making authority has led to a dysfunctional environment. Most local officials, having learned to navigate this Byzantine process and fearful of what changes to the system might portend, offered a "do no harm" approach to us. Asserting that their jurisdiction or agency often gets its needs met, they often cautioning us to not recommend fundamental changes. Their hard work illustrates how the present system relies on talented state, regional and local officials working together to make decisions. But local officials can only improve congestion in their particular geographic municipality, they are not structured to improve an entire regional route. Without one overall decision maker having the responsibility for the prioritization decisions for regional needs, we feel the system is inherently inefficient. The absence of a single decision-making authority with clear regional interests and mission has obscured transparency, accountability and voter confidence.

When we review the main four agencies that have a regional perspective, we do not find that any one of the four is designed to serve as the regional governing and funding body that is needed.

- PSRC is an "association" of local officials with a large general assembly. It appears to us that while that entity's staff and board members work diligently, accumulate projects and add them to the Destination 2030 Plan, the dictates of their charter rob them of a much greater opportunity to make meaningful effort to evaluate, discriminate or prioritize.
- RTID and ST have distinctly modal missions and are governed by collections of local officials. While their governing boards are more manageable than PSRC, and the RTID Planning Committee and ST Board do prioritize projects, both organizations are handcuffed by modal and sub-regional equity requirements that can make it difficult to address regional prioritization.
- WSDOT is the staff to every group and Secretary MacDonald (and his team) are tireless in serving every other transportation agency board we investigated. But WSDOT is fundamentally a state—not a regional—agency. WSDOT has not (or has not been allowed to) even conform its operational boundaries to the Puget Sound region as defined by any of the regional agencies.

- The Legislature has taken a leadership role on transportation in the Puget Sound region in part because of the vacuum of decision-making leadership in the region. While legislators are energetic, their statewide perspective means that they can not make decisions on projects within the region based solely on the interests of the region. They must, by nature, look at both the state's overall needs, and yet serve the interests of the districts they represent. Neither perspective is regional in nature, though certainly they have tried to direct funds towards the Puget Sound region.

As is discussed in Chapter 6, over the next 24 years the transportation needs of the region are going to be paid primarily by revenues from users and taxes paid by residents of the central Puget Sound region. As the percentage of costs paid by the state in motor vehicle tax remittances shrink we believe that the power and influence that the Washington State Legislature, the Washington State Transportation Commission and WSDOT should diminish, with more decision-making and flexibility granted to regional leaders. In their present form, neither PSRC nor RTID or ST can perform that role, thus necessitating the creation of a new regional body. We will address the relationship of this body to existing agencies further in Chapter nine, where we present some alternatives.

Chapter 7

Goals for Regional Transportation Governance

Introduction

What should be the goals and success criteria for transportation governance system in the Puget Sound region? There was a clear consensus among the Commission that there needs to be a regional planning and financing body for transportation. Any regional governance system – in fact any organization must have a clear mission and goals and an organizational structure that enables it to achieve those goals with operational effectiveness. The Commissioners articulated the following vision for a new regional governance system. The goals below represent criteria against which alternative models can be judged.

- **Create and support a clear "regional" vision:** The Puget Sound as a whole has grown past the point at which individual communities can solve interrelated problems. There is no consensus or even preponderant view among present transportation agencies as to what "regional" really means. It might signify a governmental boundary – yet there is no agreement upon the boundary. The legislation that creates the regional governing body should articulate a clear and concise definition of the mission and role of the entity in which it articulates the mission and goals of the organization. The leaders of the new body need to define and then promote a regional vision that is clear and understandable to the average citizen, and describe a transportation plan that makes sense and is affordable to regional voters. Ultimately the organization needs to deliver services that embody the organization's regional vision.
- **Create and support a systemic vision of transportation:** Current governance systems manage and operate city, county and regional functional agencies that are components of the regional transportation network. These agencies are structured to benefit their constituents but in many cases sub-optimize broader transportation needs of the region. In our view, transportation infrastructure decision-making should be focused on an entire network or system rather than on individual projects.[1] Transit agencies compete against each other and set prices that do not encourage efficient use of transit facilities during peak

[1] Eddy, Deb, "The Institutional Conundrum," op.cit. Michael Neuman, Innovation in Regional Planning: The Evolution of Large Institutional Networks, *Paper to City Futures, An International Conference on Globalism and Urban Change, University of Illinois at Chicago*, July 2004.

hours. Any solution should be designed to encourage efficient use of the entire system of roads and transit by encouraging time shifting and reducing peak period demand for critical bottleneck components of the system into less intensely used periods. The leaders need to adhere to a systemic approach maximizing long term total system efficiency and economic use.

- **Align land use and economic development objectives with transportation planning:** Effective transportation planning demands concrete linkage between planning goals and land use and economic development. Inefficient land use raises prices unnecessarily, which in turn forces long commutes, and needless congestion. That in turn discourages economic investment, which lowers our region's productivity and the quality of life for us all. We are fortunate to have a series of planning frameworks brought to us through the hard work of the Washington State Legislature, WSDOT and the Puget Sound Regional Council including Vision 2020, Destination 2030, and their updates. Any new governing body need not reinvent the wheel – many of the goals and suggestions put forth in these documents are as relevant as the day they were written. Some of these policies are not coordinated – the new entity should integrate divergent policies and procedures, investigate and employ best practices, resolve conflicts and eliminate outdated rules. While we present several models in this document, all of them have strong connections in place for joint cooperation in planning. It is essential that whichever model chosen establish and implement a clear Growth Management Act concurrency standard between land use and transportation planning.
- **Prioritize necessary regional projects in a timely manner:** The region's need for incremental transportation investment exceeds our ability to fund all our transportation projects. The new governing body must prioritize regional investments in critical corridors and key investments. These investments must be focused on time-sensitive corridors that can reduce congestion and improve safety, improve travel time, increase daily and peak person and vehicle trip capacity, reduce person and trip delay, and improve air quality. The regional body should unify the several varied prioritization systems that exist among the State Legislature, WSDOT, regional, county and local agencies as well as special groups such as ports and tribes as well as consortiums that unite other groups. At the same time, these priorities must represent internal geographic interests fairly, without allowing balkanization to take place through competition for funding sources.
- **Encourage multi-modal solutions for congestion:** The best plans we have seen, both here and in other regions, are multi-modal in character. They attempt to improve the planning and operation of roads, transit, ferry, bicycle and pedestrian systems, freight

mobility, and traffic management as part of a single seamless network. The new governing body should clearly articulate this direction, and understand that increasingly, we all travel in and alongside a variety of modes of travel.

- **Support local agencies and promote partnerships between jurisdictions:** One of the most consistent messages we heard while gathering testimony from local officials and transit agencies was "Do no harm". Years of effort have gone into creating multi-jurisdictional and inter-agency partnerships that were created to navigate the shifting availability and statutory requirements of funding from both Federal and State programs. We recognize that any regional body needs to build off existing state investments and we heard loud and clear that another bureaucracy was not needed to make the process of transportation funding even more Byzantine. Local transportation departments and transit agencies need assistance in navigating the application and permitting process that is at the heart of the relationship between Federal funding and local transportation authorities. Any new body should seek ways to go to bat for local road and transit authorities in the region to increase state and Federal funding amounts.
- **Develop long-term, sustainable transportation funding strategy, which will keep road and transit packages affordable[2]:** The Blue Ribbon Commission on Transportation in addressing transportation funding needs in our state advocated that we

> "Adopt a package of new revenues to fund a comprehensive multi-modal set of investments, which, taken together with the recommended efficiency measures and reforms, will ensure a 20-year program of preserving, optimizing, and expanding the state's transportation system."[3]

We agree, but would add that any new governing body should be focused on ensuring that investments are cost effective. They should limit administrative costs, improve funding delivery systems, and focus on cash flow over at least a twenty year period that major planning documents operate under.[4] The body should examine and have the ability to combine or take responsibility for services and activities that are presently done at the local or county level. Funding should be also be balanced to address both city and county needs in addition to the state system. We encourage the Legislature to develop new revenue sources to be distributed to cities and counties to invest in local road and transit transportation infrastructure. We are

[2] Washington Roundtable, "Who's in Charge; How Do We Achieve Results?", p.3-4
[3] [3] The Blue Ribbon Commission on Transportation**, "**Final Recommendations to the Governor and Legislature**,"** Nov. 29, 2000
[4] RTID, "Blueprint for Progress," Principles section

optimistic that such funding can be found in new techniques that capture peak-commute traffic, such as HOT lanes and the congestion pricing systems being experimented with internationally and investigated elsewhere in the United States.

- **Improve perceived and actual accountability to increase funding:** The voters have shown us that we need to require accountability from all the partners in our transportation planning and delivery system, and that they will support funding tied to specific improvements in our transportation grid. The governing body we recommend will need to continue to improve project delivery systems, and develop monitoring and review process for ensuring that plans are current and that implementation stays on course.[5] It needs to adopt clear transportation benchmarks as a cornerstone of government accountability at the state, city, county, and transit district levels.[6] Such benchmarks are necessary to achieve construction and project delivery efficiencies, in any era where construction costs are rising sharply. Progress has been made on credibility as is discussed in Chapter 6, but while WSDOT has an extensive accountability programs in place, many of the public are not aware of them. A new regional entity will need to raise money, probably based on voter approval and that will depend on taking every possible step to build credibility and demonstrate accountability. That system has to be constantly updated and improved Responsible agency behavior needs to be highlighted when present, so that voters will continue to support funding. Commission members were also mindful of the need for this new authority to find ways to streamline permitting systems for future transportation projects. Although permitting systems are in place to protect our environment and provide guidance for wise land use, it can be difficult to navigate these extensive sets of requirements. We discussed the possibility of empowering the new body to preempt certain permitting steps and will address that topic in our final report.
- **Continue to develop and implement advances in transportation system technology to reduce congestion and traffic bottlenecks and more efficiently utilize the transportation system:** We need to find continued and additional funding for systems that use Transportation Demand Management (TDM). And a regional system must implement variable congestion pricing, flexible user fees, tolls for HOT (High Occupancy Toll) lanes, and other means of drawing commuter attention to when and how often they use crowded highways and arterials.

[5] PSRC, RTPO plan, update on Destination 2030, p.5 4/05
[6] PSRC, RTPO plan, update on Destination 2030, p.7 4/05

Additional items

- This new entity should work with freight mobility project partnerships in the central Puget Sound region, such as the FAST Corridor to be responsive to the needs of shippers, customers, suppliers and ports.[7]
- The entity should consider techniques and approaches by which it can reduce the time and cost of construction of transportation projects whether or not it is engaged directly in construction.
- Finally, we hope that a regional body that involves itself in actual construction of new infrastructure will examine processes like the design-build process and its variations to achieve the goals of time-savings and avoidance of costly change orders.

We feel that with these goals in mind, the governance structure we recommend in our final report will keep the region moving in the right direction towards increased mobility, stable funding and good integrated planning.

[7] PSRC, RTPO plan, update on Destination 2030, p.7 4/05

Chapter 8

Financing Strategies

As established in Chapter 5, the Commission reached the conclusion that current sources of revenue are inadequate to meet the region's needs for transportation services and that both transit and roads are facing significant shortfalls. While reduced costs or more efficient use of existing infrastructure would diminish the need for new revenue sources, these measures alone will not raise sufficient revenue to meet planned needs. Certainly we agree with prior recommendations such as those in the Blue Ribbon Commission on trimming administrative costs, using managed competition, or streamlining permitting.[1] However, it is clear that even the most aggressive cost-cutting measures will only have a nominal affect. Every group that spoke to us confirms our finding that at least part of the solution is generating more revenue.

We believe that any new planning authority must be linked to financing authority to complete the circle of accountability that will create long term transportation stability. A new regional transportation agency must have the financing authority to generate revenue from a broad range of taxes and user fees. As discussed below, it is clear that no single revenue mechanism will be enough to close the gap on the funding shortfall, and therefore any new transportation authority will require the ability to examine all possibilities and tap numerous revenue sources. There are a number of taxes and user fees that are already levied by the state and by county, municipal, transit and regional entities—some are used exclusively for transportation, while others go to other general purpose services. (See list of projects in Appendix 5-2) While those revenues are currently pledged to outstanding debt, over time those sources will also be freed to be available to finance new capital needs in the region. However, in our research we have found that even tapping the currently available revenue mechanisms that are the mainstay of transportation and transit funding today, we will still face a significant shortfall. It is imperative that the Legislature examine new and innovative funding mechanisms and broaden the choices available to the new regional transportation governing body to meet both revenue and policy goals.

We were particularly interested in exploring user fees as a means of generating revenue because of their strong nexus with the service provided and their ability to generate needed

[1] Blue Ribbon Commission on Transportation, Recommendations 12-17

revenue and reduce demand for the system. Direct user fees, including tolls and transit fares, represent opportunities to suppress or shift peak period demand and to redirect usage of highways during periods of congestion. Despite the study of the Washington State Transportation Commission, our state is behind other regions in the use of tolls. Our focus groups suggested that Washington voters are increasingly receptive to user fees instead of taxes. We believe there should be an emphasis on making direct user fees available to the new regional transportation governing authority.

In addition, a new agency should also examine other possible new sources including:

- Engaging the private sector to undertake the development and operation of some parts of the system;
- Creating a Public Transportation Utility where funding is structured similar to other public utility enterprise funds.
- Assigning street utility or some other type of transportation impact fees; and
- Assigning additional taxes on parking or employer-based taxes

Tax Revenues

Historically, taxes to support transportation systems often have related to vehicle use so that they have had some similarities to user fees. For example, fuel taxes and motor vehicle excise taxes have linked the use, impact and value of vehicles to the level of taxation. (See History of taxes in the appendix 5-1) The efficiency of the gasoline tax will likely diminish over time as drivers shift to more fuel efficient vehicles. Various other taxes are now imposed by a variety of entities to support transportation systems. Present state taxes to support roads include car tabs and the 34¢ per gallon fuel tax which rises to 37½¢ in 2008. These taxes are collected by the state and are in part remitted to the region and in part distributed to localities within the region (with some earmarking) in approximately the same ratio as they are collected. Those sources are projected by PSRC to total of $12.5 billion between now and 2030 (see figure 5-7).

The State constitutional (18th Amendment) prohibition on use of gas taxes to support transit has forced a segregated approach to transit funding. This approach coupled with an increased need for transit options has created a transit funding base that relies heavily on sales taxes. Puget Sound residents pay an average total of approximately 1.05% in sales taxes across the region to support transit, but the rate varies from 0.4 to 1.3% depending on location. In total, transit

taxes are projected to produce approximately $30 billion in revenue between now and 2030. In addition, though agencies like King County Metro and Everett Transit receive some funding, intended for administrative costs, from their respective county and city governments, much of their funding comes from dedicated or enterprise funding – revenue dedicated to continuing operations of the entity.

Generating revenue to support expanded capacity will require using multiple tax sources. No one single mechanism is equipped to fairly or adequately address future funding needs. RTID and ST governing bodies possess the authority, subject to voter approval, to impose new taxes already authorized by the Legislature. Local transit agencies have an average unused capacity of approximately .15% of their .9% state authorized sales tax which could increase local sales tax revenues. But these authorized-but-unused sources represent a small fraction of the amount that PSRC estimates is needed to fund vital transit capital and operating needs.

Any tax increase by nature will be controversial and, as Chapter 5 describes, tax increases related to transportation have, in the past, met with voter resistance. Nonetheless, it is incumbent on the new regional governing authority to consider its best alternatives for generating sufficient revenue to support our infrastructure. Our research shows a great degree of receptivity for a balanced approach, and one that puts more emphasis on revenue generation with a strong nexus with the service provided. Based on our research, we believe that, if voters feel that they know who is in charge and what they are getting for their money, they will support some increased level of taxes.

With the help of the Senate Transportation and Ways and Means staffs, the RTC examined possible additional sources of funding. We examined a total of 4 taxing sources, including taxes on property, sales, a local fuel tax (which could also be a characterized as a sales tax on gasoline), and the motor vehicle excise tax.

In our analysis, based in large part on Senator McDonald's extensive research and experience, we made judgments as the maximum level we could raise each of the four main tax categories. We used the following assumptions for the maximum possible level for each of the taxing sources:

- Property tax: We examined increasing the property tax by 1/10th of 1% ($1 per $1,000 value). On the average home this would increase the property tax for the average home by approximately $350 per year.
- Sales Tax: We looked at the possibility of raising sales taxes in all jurisdictions to 10%. For our analysis, we considered that double digit sales taxes are unacceptable to the voters. We looked in all jurisdictions at what level of increase would be available to get to 10%.
- Motor vehicle excise tax (MVET). As we described in the history section, Initiative 695 led to the elimination of the MVET statewide. We looked at restoring the tax to the pre-Initiative 695 levels of approximately 2.2% on the value of the vehicle, recognizing (as the Legislature has already recognized) that any new MVET would have to be structured to more fairly reflect the actual value of each vehicle taxed.
- Local fuel tax or sales tax on fuel. Historically motor vehicles fuels are charged cents per gallon excise tax and are exempt from sales taxes. We considered a 10% surcharge per gallon on motor vehicle fuels, which raises about the same amount of revenue as imposing a sales tax on motor vehicles fuel.

Figure 8-1

Summary of potential incremental tax revenues

Source	NPV in $ millions
Property Tax	$ 6,800
Sales tax	$ 12,647
Motor vehicle excise tax	$ 6,849
Local Option Fuel Tax	$ 1,069
	$ 27,365

Property tax, sales tax, local option fuel tax for 4 counties, MVET data is based on Sound Transit's existing boundaries

Figures represent NPV based on 25 year term and 6% discount rate only and have not been applied to any expenditure curve

Figure 8-1 provides the revenue estimates available from those hypothetical tax sources. While the sources are not mutually exclusive, there is clearly interdependency between taxing sources, making it problematic to impose increases in all of these taxes.

The underlying assumption in each of these revenue sources was that we looked at a 25 year revenue stream with a present value discount rate of 6% -- a rate the Senate staff believed was reasonable. At these assumption levels, the total revenue that could be generated from those sources was approximately $27.4 billion in 2006 dollars. Increasing the sales tax was the most efficient way of raising revenue; though there is a less direct connection to transportation which could lead to voter resistance. The local fuel tax plus the MVET increase are more directly related to

transportation, but they would generate just $7.8 billion over 25 years – the local option fuel tax is particularly anemic – just $1.1 billion over the period.

The current tax system was imposed incrementally over time as individual agencies imposed individual taxes to support their elements of the system. For example, Everett residents support Everett Transit, Sound Transit, the City of Everett Department of Transportation, Snohomish County's Department of Transportation and WSDOT through the gas tax and a local MVET (for Sound Transit). Although ideally combining the revenue from earmarked transportation taxes, including the transit taxes, might be desirable, people pay taxes to local agencies to support local services. This makes it extremely difficult to find a way for such funds to be legally and constitutionally combined. If such an approach could be structured so as not to impair the rights of owners of outstanding bonds that pledge existing taxes, such an arrangement might be sustainable.

User Fees – Fare Box Rates

We examined the availability of usage related charges or direct user related charges including the greater use of tolling and increasing fares. Fares are a significant source today and are already projected to deliver $5.7 billion during the next 23 years to contribute to cost for Destination 2030 projects. We looked at the possibility of increasing fares by different increments.

Figure 8-2

Rate Change	Ridership* (000)	Percent Repression	Revenue in millions
Fare box at $2	109,830	18.5%	$ 3,537
Fare box at $3	93,284	30.7%	$ 4,399
Fare box at $4	82,532	38.7%	$ 5,180

Source: Senate staff and 2005 Washington State summary of Public Transportation.
Elasticity based on American Public Transportation Association
* Based on present estimated baseline ridership of 134,700 000

Fare box increases on transit are controversial because some users are unable to afford the increase. We recognize this and believe that particularly with available technologies for fare cards, discounts can be made available to those that lack the ability to pay. Today federal law mandates discounts to senior citizens that are borne by the transit agencies while low income discounts are made through social services agencies who pay full fare prices to transit agencies and then discount them to individuals in need. The present average fare per trip across the six transit regions in the system is $1.26. We examined the effects of increasing those to $2, $3 and $4,

and projected the revenue increases at each level in the face of expected reductions in usage that would result. Demand is responsive to fare increases but not necessarily proportional reductions occur with each price increase, thus total revenue still increases. Figure 8-2 demonstrates revenue levels and repression at each price increase level.

User Fees - Tolls

The Commission is very interested in tolling on major highways in the region. We examined the core area charge system imposed in London, and the highway charges system in Stockholm, Sweden, to reduce congestion in downtown areas. We also read with great interest the WTC's excellent study on tolling that was released this past summer. To quantify the revenue generating capacity of tolling, we reviewed a study performed by Parson Brinckerhoff for the state Senate Transportation committee staff.

Figure 8-3

Rate Change	$ in millions
All Highways - Maximize throughput	$ 2,591
All Highways - Maximize Revenue	$ 4,499

Source: State Senate Staff; Parsons Brinkerhoff study

That study (see Figure 8-3), projected revenue from imposing a two tier rate toll on all seven state highways in the region (SR-99, SR-509, I-5, I-405. SR-167, I-90 and SR-520). Tolling repression (reduction in usage) based on the charges ranged from 15% to 18%.

The study demonstrates that regional tolling could generate $2.6 billion if the system maximizes throughput on the system – in other words, used the tolling as a tool to reduce congestion so that the highways work most efficiently. Alternately, we examined prices that would maximize revenue, and this approach could generate $4.5 billion, although system efficiency would not be nearly as good[2].

While it would be controversial to toll on existing roads (that have been previously paid for), tolling represents the most direct way to charge system users for the costs of the highway system. Technology including radio frequency identification, smaller device size and lower power requirements are sufficiently sophisticated that the system can be implemented relatively easily and can address the issue of making roads accessible to those with low incomes. These studies provide instructive information on the tradeoffs, equity questions and the effect of

[2] The Senate staff also provided information on toll revenue that could be provided by a rebuilt Alaskan Way Viaduct which would vary between $71 million in the maximize throughput approach and $151 million in the maximize revenue approach.

repression. We have not completed our work, and expect to continue research on tolling alternatives after the preliminary report is issued. Most of the analysis in the United States has focused on tolling as a revenue source. System wide tolling is often viewed as necessary to preclude diversion to alternative routes. We think that system wide tolling could be part of a broader view. A PSRC study presentation on November 7th outlined by former WTC chair Aubrey Davis. focused on time of day pricing employing substantially higher tolls during busy hours than off peak hours on all highways. Because demand shifted to other hours, the effective capacity of the highway was increased. Commissioner Stanton observed that such pricing mechanisms have been routinely employed in the telecommunications industry for decades to shift demand away from the busy hour and thus avoid the need to build additional capacity – the analogy seems to apply. In that industry the high cost of incremental capacity causes commercial operators to employ pricing which shifts demand from peak to off peak hours. We also discussed creative cooperative partnerships with business and public sector employers which could smooth the use of the most congested regional highways and increase the effective capacity of the system. All of this necessitates that any regional governing entity design and run demonstration projects to determine actual revenues and demand shifts. Such a project could involve private partners who would use it to test technologies they are developing in this arena.

Both user-related systems—transit fares and highway tolls--are complicated in their incentives. Both have the positive impact of increasing revenue to support the system but both reduce demand. In addition, the two charges are obviously interdependent. If we imposed both, it is unlikely that either of the repression levels would be achieved. In other words, if transit fares rose to $4 at the same time that relatively high regional tolls were imposed on all state highways, fewer than the expected number of transit users would shift because the alternatives to which they shifted became more expensive at the same time. Unclear however, is the degree to which imposition of tolls and increased in fares would reduce total trips taken, and the broader consequence on our economy of those reductions.

Private Sector Involvement in Transportation

There are a number of ways that the public sector could more actively engage private sector resources to improve the transportation and transit systems. They include, among others:

- a “transportation endowment;”
- privatization of transportation facilities;
- private operation of public facilities through service agreements or concessions;

- 63-20 bond financings;
- franchises;
- developer agreements; and
- local improvement districts.

Transportation Endowment:

Commissioner Burke proposed an approach by which a foundation would be established that would allow individuals and corporations to contribute money to support the transportation system. While individuals can make deductible contributions today to a state or regional agency such as WSDOT or ST, we are not aware of any contributions that have been made in that fashion.

It would be straightforward, through legislation, to establish a public nonprofit corporation and/or public endowment with the ability to accept private donations to be used for transportation system purposes. Whether major private donors (individual or corporate) would be interested in contributing to such an endowment is something that one would need to analyze carefully. Although donors regularly give to the arts and to medical research efforts, these have been historically seen as "charitable" in nature, with both personal and business positives flowing from such donations. There is no history of major voluntary contributions to transportation infrastructure. However, there is a long history of voluntary contributions to higher education universities and colleges. Certainly publicly-funded universities and colleges benefit from scholarship and endowment programs and have been operating them successfully for years.

For the past 60 years, transportation infrastructure and operations systems have been viewed as basic public functions to be paid by taxes, which are mandatory rather than voluntary. Interestingly, arts fund raisers have found some resistance from donors (particularly foundations) to giving to public entities like public development authorities or public facilities districts. It is easier to elicit contributions to private nonprofits. That would be an argument for creating a "foundation" or "endowment". Many private interests would contribute to a public endowment if they could target their funds to specific areas: freight, major highways, transit, etc. and have confidence that the funds would be expended and accounted for in these areas. Again, we see an analogy to this system in higher education, where a donor to a scholarship or endowment program may target his or her contribution to several services, libraries, specific programs, athletic facilities, etc. Further investigation is warranted as to whether donations

could be encouraged from corporations or an industry by offering cheaper or better access to restricted traffic lanes for their employees.

Privatization of Transportation Facilities:

Nationally, there has been considerable activity in the area of "public-private" cooperative transportation enterprises, but this has been mainly in the area of private for-profit investments. For example, several state and local transportation agencies have licensed or leased entire highways, highway corridors or other transportation systems to international corporations that have agreed to operate them, for profit, over a long period of time (*e.g.*, 99 years). A very large up-front payment is made to the public body, which invests that money in *other* needed transportation infrastructure. Then the private corporate investor is charged with operating the system they have leased, charging tolls or fares and hoping to make a long-term profit. For example, in June 2006, the State of Indiana leased the 157 mile Indiana Toll Road to a private company in a $3.85 billion transaction. The private firm will be responsible for upgrading, maintaining and operating the facility for that period. Similarly, the City of Chicago entered into a $1.83 billion 99-year concession lease of the Chicago Skyway (the “Skyway”) toll road. The Skyway began operations in 1958 and is a 7.8-mile; 6-lane elevated toll road and toll bridge. The private concessionaire will be responsible for upgrading, maintaining and operating the facility. Both the Indiana and Chicago projects involved existing facilities, but during the last decade a number of new toll roads have been developed through public-private cooperative ventures.

Washington State's recent attempts at “public-private transportation initiatives” under Chapter 47.46 RCW have not yet been particularly successful. There has been strong public (and legislative) resistance for number of reasons. Originally enacted in 1993, Chapter 47.46 RCW called for proposals from the private sector to undertake the financing, construction and operation of major highway facilities in Washington State. Six proposals were initially selected for consideration and the development of contracts with private sector providers. These included, among others, proposals to finance, build and operate: the Tacoma Narrows Bridge; an expanded SR 520 Evergreen Point Bridge (including lids over the highway in Seattle’s Montlake and Roanoke neighborhoods); a four-lane SR 522 from Woodinville to Monroe; and an upgraded Highway 18 from I-90 to I-5. All of these facilities would have relied on tolls to cover capital and operating costs. Although the Washington State Department of Transportation successfully negotiated detailed contracts with several of the private sector entities (both for-profit and nonprofit), only one agreement for a major project was executed: the contract for the

Tacoma Narrows Bridge. Various kinds of local opposition to selective tolling of facilities led to legislation in 1995 and 1996 that significantly cut back on the program[3]. Eventually the Legislature decided to change the approach for financing and operating the new Tacoma Narrows Bridge—a private sector entity retained the design-build contract, but financing was shifted from a nonprofit corporation to the State Treasurer, and operation was shifted from that nonprofit corporation to the Washington State Department of Transportation. Nevertheless, Chapter 47.46 still provides a framework for competitive processes to select private sector "partners" to work with the State on the financing, design, construction and/or operation of facilities. With some amendments, this statute could provide the basis for a major program for involving the private sector in some or all of these functions for State highway projects. Similar legislation could provide the basis for regional highway, road or transit projects. (See, for example, existing statutes that permit public-private cooperative arrangements for the financing, design, construction and/or operation of solid waste facilities (RCW 36.58.090) and water quality facilities (Chapter 70.150 RCW).

Franchises:

The granting of franchises for private transportation systems (i.e., street cars) is usually overlooked as a variety of public-private cooperative venture. Similar in some respects to the public-private ventures described above, franchises are a very old mechanism for the development of transportation infrastructure. For example, most of the street cars that shuttled back and forth on the streets of Washington's major cities until the 1950's were privately owned. Franchises to lay track and operate streetcars and cable cars were granted by local governments in exchange for annual fees. The franchisees were obliged to provide the needed transportation services. These arrangements are permitted by statute (*see, e.g.*, RCW 35.22.280(9)) but are constrained by constitutional, charter and statutory constraints (*see, e.g.*, Article I, § 8 of the Washington State Constitution, Tacoma City Charter, Article VIII, Seattle Charter Article IV, §16, and RCW 35.23.380). These arrangements were fairly successful until the growth in private automobile use undercut the profitability of these essentially private operations. Two such franchises that might work well in our area are

- Small scale passenger ferries operated privately, reminiscent of the "Mosquito Fleet" that used to provide extensive service between local landings.
- Demonstration projects involving jitney buses or other unconventional transit forms.

[3] (1995 2nd sp.s. c 19; 1996 c 280.)

63-20 Financings:

IRS Revenue Ruling 63-20 allows nonprofit corporations to issue tax-exempt bonds on behalf of governments so long as the bond proceeds are used to construct capital facilities for governmental use. In a typical 63-20 transaction, a nonprofit corporation contracts with a private design-build team, which delivers the public asset, such as a building. The facility is then leased to the government involved, either on a true lease or financing lease basis. In either case, when the tax-exempt bonds are paid off the facility must be handed over to the government with no strings attached. A 63-20 financing was used four years ago for a major new freeway access ramp system from I-90 up onto the Sammamish Plateau, at Issaquah. It should be emphasized that 63-20's are financing techniques and that they do not themselves generate revenue to repay bonds. Repayment must come from taxes, private payments or (in the case of major highway or transit facilities) from tolls or fares. The use of the 63-20 financing approach recently has been the subject of an in-depth (and critical) analysis by the Washington State Treasurer. See: http://www.wa.gov/tre/BondDebt/bnd_63-20cof.pdf.

Developer Agreements:

Developer agreements constitute a potential mechanism for local transportation capital improvements that has not received much attention outside of some very small projects. RCW 36.70B.170-.210 authorizes development agreements between a county or city and the developer of a piece of property. These agreements are typically thought of in the context of the zoning and permit process, but RCW 36.70.170(4) provides that a "development agreement may obligate a party to fund or provide services, infrastructure, or other facilities," and this can provide the legal basis for significant public investments in infrastructure that will aid a private development that a government sees as being beneficial. For example, the City of Kirkland recently used this statute as the basis for an agreement with the owner of the Totem Lake Mall, under which that Mall owner would reroute and rebuild a City street, build a public plaza and construct a parking garage. The street, the plaza and a portion of the parking garage would become City owned. Because this project is to be built by the developer as part of a larger private project, the City expects to see significant cost savings and together with the expansion of a shopping facility that will yield new retail sales tax revenue.

Local Improvement Districts:

Local improvements districts ("LIDs") are another traditional yet successful mechanism for financing transportation facilities. LIDs may be initiated either by petition or by action of the governing body of a city, county, metropolitan municipal corporation or certain special purpose

districts. Property adjoining an improvement and benefited by the improvement is made part of the LID; that property is assessed in an amount not in excess of the increase of the property's value as a result of the new capital improvement. Examples of major transportation projects financed in part by LIDs include the Aurora Bridge, the downtown bus tunnel and the new South Lake Union street car in Seattle, and new I-5 access ramps adjoining Alderwood Mall in Lynnwood.

Maximizing Efficient Use of Current Sources:

In looking at prioritization approaches by the Legislature, one financing mechanism currently in place involves dedicated streams of revenue for specific purposes. There are currently four such programs, three are covered by State Legislation and one by Federal Legislation. The programs, their purposes, and their size are listed below in Table 8-4.

Table 8-4 Directed Funds

Name of Board	RCW/Fed	Description	Budget
Transportation Improvement Board	RCW 47.26	Project sponsors apply for grant funds to TIB, who evaluates projects and awards grants. Projects currently compete only with other projects in one of four TIB regions - King, Pierce and Snohomish form a Puget Sound TIB region	Agency operations: $3,249,000 Capital Grants: $197,826,000
Freight Mobility Strategic Investment Board	RCW 47.06A	FMSIB compiles a list of freight-supporting projects brought to it by project sponsors, endorses the list, and advocates for its funding. FMSIB does not have a capital budget - freight projects selected by the Legislature and funded through the WSDOT budget.	Agency operations: $666,000
County Road Administration Board	RCW 36.78	Counties apply to CRAB for project funding. CRAB awards grants based on their evaluation.	Agency Operations: $3,540,000 Capital Grants: $97,985,000
Surface Transportation Program	Federal	A portion of STP funds are allocated to regions for competitive project selection processes. (The remainder is retained at WSDOT for state highway projects and a statewide enhancement program.) In the four-county Puget Sound region, project sponsors apply to PSRC. Projects are scored based on regional criteria, and selected by the PSRC. For the statewide enhancement program, PSRC forwards a list of regional priorities to the state for selection.	About $100 million per year statewide

These boards and programs are examples where the Legislature or the Federal Government stepped in to prioritize needs they felt were important. Though there is no reason to be against those decisions per se, it is likely that any new regional body should be allowed to administer the region's section of these funds.

Other Potential Approaches:

We recommend that the regional body make a serious study of other approaches, included street utility charges, transportation impact fees (similar to current environmental impact fees), employment (per-employee) taxes, and parking taxes. Though the Commission notes that regional solutions require the use of relatively large scale taxes and user charges that produce significant amounts of revenue, even the production of small amounts of revenue can provide useful sources of revenue for local improvements. More importantly, a revenue source combined with imaginative technological or financial methods may prove in the future to have great potential for broader use. We need to insure we do not simply fall into the rut of looking at only tried-and-true solutions to solve problems that will be with us for decades.

Conclusions

More work is needed on financing strategies. It is clear that based on projected needs, insufficient funding resources are available from current sources and sources we identified. We do not believe the answer is to simply raise more taxes – voters will not support them. User fees for highways that impact usage – particularly those that shift demand away from busy hours – seem to be the most immediately promising. We should not take a scattershot approach to regional transportation revenue. For example, a package composed of sales taxes, a modest property tax, a regional MVET, system-wide highway tolling and transit fare increases, could form the core of revenue sources for the region. Privatization of select facilities—through long-term concessions, franchises, or construction and operation by "63-20" nonprofit entities—should be looked at carefully by policy makers. Other, smaller revenue sources such as transportation endowment and LIDs might be applied to special projects with high interest among some portions of the public (*e.g.*, the Alaskan Way Viaduct).

Finally, our examination demonstrates that there is no single approach that will solve the looming funding crisis. Cost-cutting, new revenue and a clearer centralized prioritization process must all be combined if we are going to effectively address our transportation crisis. Even with the strongest approach to demand management, simply replacing aging facilities and maintaining the subsidies for transit systems will require substantial additional funding. A strengthened prioritization authority over large projects with region-wide significance must go hand in hand with the authority to generate revenue because even the most aggressive revenue generation scheme will not meet every need. In conclusion, we recommend that the financing powers of any new agency be broadly interpreted. This Commission does not have the

resources or time available to fully vet every mechanism, nor is that our charge. We believe that a new transportation authority should be given the capacity to raise revenue through a wide range of old, new, and innovative mechanisms. It must be given the freedom to pursue due diligence on all available options and generate revenue based on clear policy goals and performance benchmarks and outcomes.

Chapter 9

Alternative Regional Governance Models

In this draft report, we present three distinct models for regional transportation governance for the Puget Sound region. However, before doing so, we must be clear as to what we are trying to accomplish by outlining our choices in this manner with this presentation.

It may be tempting to look at the three models as entries in a contest for a "best governance" prize, but this is not the result we are attempting to produce. In fact, it is not necessary at this point to choose one of the models, and promote its superiority over the other two. What we are trying to accomplish is to fulfill our mandate to "describe discrete alternatives that will be the basis for public discussion." To fulfill our duty to fully encourage that type of input, we have to suggest a concrete framework for discussion. For this reason, discrete models must be provided –representing frameworks of combined options for the public and the Commission to review and consider. At the same time, the current purpose of looking at these models side by side is to understand the trade-offs associated with different options. No set of choices can be all things to all people, nor provide a perfect ideal of regional governance. Even our final report will, at best, be a starting point in making its arguments for a particular structure. What we wish to encourage at this point with our three models is to guide the public discussion, and alert people to the ramifications of different choices. For that to take place, we will try in this chapter to lay these sets of choices side by side, and to show their comparative strengths and weaknesses.

This is an immense task, as it is nearly impossible to express the complete range of every variable within three models. In some areas, particularly representation and financing, there are so many options available that they simply will not fit within three models. Our primary concern was to construct:

- At least one model that embraces the directives of the statute for an elected body.
- Three different models, each of which can be considered a model in its own right, rather than a derivative of another model; and

- Three models that all address the major decisions facing the Commission in its deliberations thus far. All of those models would include a possible representation structure, its boundaries, its planning scope, its system and degree of prioritization, its funding authority, and its relationships to existing agencies, and to the Legislature.

As we go through the models, we mention possible variations in some of these options, where these were seen to be both possible and significant in effect.

We have also provided assistance in examining the trade-offs of the various choices. Accompanying this chapter is a chart showing a full range of options for all important elements of a regional governance body. (Figure 1) This can be used to compare possible options. We also present a table with a brief description of these models. (Figure 2) Hopefully these will be of assistance in evaluating the different choices.

Finally, in designing our three models for public review, the Commission retraced its journey of inquiry into regional governance by examining

- The challenges – Chapters 3, 4 and 6 of this document;
- The goals – Chapter 7;
- The financing challenges and recommendations – Chapters 5 and 8;
- The immense amount of testimony received so far;
- The data supplied by numerous agencies, including the PSRC, WSDOT, ST, and other agencies; and
- The views of transportation officials from other localities on what worked in their regions.

Choice Matrix

We begin our analysis by offering a series of choices that the Commission will face in making its final recommendations in December. In Figure 9-1 on the next page, we have broken down the choices into eight categories which address the array of issues we believe are important to consider in structuring a new authority. The first choice is the scope of responsibility ranging from only transportation to including land use. Similarly, we looked at the authority for the agency ranging from planning only to full operations of transportation for the region. The choice in revenue sources is critical in determining that adequacy of funding capacity for the new entity. Next we need to make choices on the degree of authority the entity will have over roads and

over transit ranging from advisory to full control. The manner in which the board is selected from directly elected to chosen by other officials and whether the members of the board can or must serve on other governmental bodies are the choices that will determine the individuals that will lead this organization. Finally, we must define the boundaries over which the new agency would have responsibility. Figure 9-1 on the next two pages identifies these choices.

Figure 9-1: Choices for RTC consideration

Planning Scope

Least Scope → *Most Scope*

Just transportation following PSRC guidelines	Just transportation with PSRC transportation planning folded in to new agency.	Transportation and land use, with all PSRC functions absorbed.

Authority

Least Authority → *Most Authority*

Planning Only	Planning & Prioritize Funding.	Planning, Prioritize Funding, & Infrastructure Construction	Planning, Prioritize Funding, Infrastructure Construction & Preservation	Planning, Prioritize Funding, Construction, Preservation & System Operations
	Planning, Prioritize Funding, & Taxing	Planning, Prioritize Funding, Taxing & Infrastructure Construction	Planning, Prioritize Funding, Taxing, Infrastructure Construction & Preservation	Planning, Prioritize Funding, Taxing, Construction, Preservation & System Operations

Revenue Sources

Least Revenue Sources → *Most Revenue Sources*

Current State & Fed $	Previous box + cost efficiencies	Previous box plus merging of mode funding silos	Previous box + Regional Taxing Authority spends with current sources	Previous box + Regional Taxing Authority spends with maximized sources	Previous box + Regional Taxing Authority also receives local taxes	Previous box + Infrastructure Tolls	Previous box + Congestion Price Tolls	Previous box + new taxing mechanisms including public/private partnerships, Trans. Impact Fees, etc.

Authority over Roads

Least Authority → *Most Authority*

Planning Only & No Prioritization of Funding	Planning & Prioritization Recommendations	Prioritization of Funding over State Roads	Prioritization of Funding over SRs and "Roads of Regional Significance." (RRS)	Prioritization of Funding over all roads within region
		Planning & Prioritization of Funding over SRs	Planning & Prioritization of Funding over SRs and RRS	Planning & Prioritization of Funding over all roads within region

Authority over Transit Agencies

Least Authority → *Most Authority*

All transit agencies operate independently	All transit agencies operate independently, but regional (hub to hub) routes set by regional body	All transit agencies operate independently, but fare standardization and regional routes set by regional body Transit	Run all bus transit. No ferries, No Sound Transit, No regional bus routes	Run all bus transit & regional bus routes. No ferries, No Sound Transit light rail or Sounder.	Run all transit but ferries	Run all transit agencies within boundaries includes ferries

Representation

Most directly chosen by voters ⟷ *Not chosen by voters*

Elected		Elected and Appointed		Appointed					
Direct Election by District	Direct Election At Large	Some Directly Elected by District	Some Appointed by Legislature	Local Officials Appoint Local Elected (Federated)	County Officials Appoint Local Elected (Federated)	Legislature Appoints Local Elected (Federated)	Legislature Appoints at its discretion	Legislature and Governor Appoint at their discretion	Governor Appoints at her discretion
		Some Directly Elected at Large	Some appointed by Governor						

Membership by government entities inside regional boundary

Least Commitment ⟷ *Most Commitment*

No membership	Voluntary Membership	Voluntary Membership for local governments, mandatory for county governments	Mandated membership for all governments.
		Voluntary Membership for county governments, mandatory for local governments.	

Boundaries

Narrowest Boundary ⟷ *Widest Boundary*

Sound Transit	Sound Transit & part of Kitsap	Sound Transit & SRs in four counties	Three counties (RTID)	King, Snohomish, Pierce & part of Kitsap	All four counties

Three Models

The choice matrix enables each individual to select what they would design if they were in control of the new entity. In order to assist in conceptualizing a possible new entity, we offer as choices three discrete models that make a series of choices or decisions on the eight categories above. These are neither exhaustive nor do all components have to be combined in the way that they have been. In figure 9-2 we have assembled and summarized three models purely as a way of representing diverse choices. Below each model is described and discussed.

Figure 9-2

Models	Model One	Model Two	Model Three
Planning Scope	All planning – land use and transportation – has MPO authority	PSRC retains MPO status, does land use planning, new body does transportation planning from land use guides.	New body does all land use and transportation planning.
Authority Over Transit	Has authority to run & merge transit agencies	No operations, but regional route and fare standardization.	No authority over existing transit agencies.
Authority Over Roads	Authority over road projects a certain $ size.	Authority to prioritize "regional roads of significance."	Has authority to prioritize projects.
WSDOT role	Rewrites regional boundaries, cede control of PS region to new body	Rewrites regional boundaries, Provides consulting in PS region.	Continues present role
Revenue Authority	Comprehensive Regional authority over all taxing of sales, gas, plus tolling.	Regional authority over tolling income and surcharge on regional sales tax.	Leg retains previous authority, tolling and regional surcharge given in negotiation (LEAP-type list) to regional body.
Representation – appointed/elected	4 appointed, 5 elected	9 member elected body	Current PSRC "Council of Governments"
Representation – how chosen	Appointees chosen by Governor, Board chosen at large, but represent district	Elected at large	Federated Board
Membership	Mandatory for all governments	Automatic membership for localities with projects.	Voluntary membership
Boundaries	Four county region	Three county (RTID)	Current regional boundary of PSRC

Model One: A mixed appointed/elected regional body

Representation: The representation for model one would be a nine-member body, with a combination of appointed and elected members. The four appointed members would be chosen by the Governor. The terms of the representatives in the first body could be staggered, so that some historical continuity and experience is retained when membership changes. The remaining five elected members would be chosen through at-large elections, but represent a particular geographic district.

The advantages to this type of model are in the areas of competence and regional vision. The intent is that the appointed members would be selected on the basis of the individual's familiarity and grasp of the complicated tasks of such a body. Such members would likely be drawn from a pool of former public officials in planning and transportation, legislators that have served on House and Senate committees dealing with transportation, port Commissioners and private sector representatives who have first hand experience with transportation issues. Regional vision would be encouraged by having the elected members chosen at large. The intent would be to eliminate the natural tendency of candidates to consider only the needs of the geographic area they represent. This would assist in the creation of a spirit of regionalism that is critically necessary for a Commission of this kind.

The primary weakness in this model is the inherent politicizing of the appointment process. The intent behind having staggered terms would be to prevent any Governor from imprinting their stamp on the Commission. However, appointments of this nature can become subject to political pressure from officials and legislators, which may influence a Governor's appointment decisions.

It should be noted that there are several variations on this model that may prevent such problems. The Legislature could nominate individuals, and the Governor could simply approve or disapprove the appointment. Both parties could engage in the appointment process, such as was done with our current Commission. The final variation to this model would feature an all-or-majority appointed body, to bring more expertise in, and to keep the leadership choice from being subject to the distortions of the public election process.

Membership and Boundaries: Representation in this model is further strengthened by a mandate that all governments in the region participate in the governance structure in some way. This would not necessitate membership in the nine-member executive board, but involvement in the working committees that do planning work on local levels. This involvement encourages effective input from local governmental units that would be subject to the decisions made on transportation at the regional level. The supposition is that this type of input is necessary for those governments subject to regional authority to have some representation and direct coordination with this body.

It is also assumed that this body would represent the most expanded version of the present Puget Sound region, which would include King, Snohomish, Pierce, and Kitsap counties. The reasoning here is that this is the optimum boundary for all modes of transportation requiring current and future planning. This includes all present modes of transit, including ferries and light rail and possible future forms of transit involving passenger ferries, regional airports, and monorails. As further growth patterns emerge, the Commission's region could be enlarged to include other counties, such as Skagit and Island Counties.

Planning Scope: Model one assumes the most comprehensive planning scope possible. It promotes the understanding among Commission members that land use and transportation planning are inextricably linked, and it is impossible to carry out one in the absence of the other. Therefore, in this model, the regional body would be responsible to integrate land use and transportation planning. This involves methods that range from encouraging population density along major transportation corridors to promoting transit-oriented development in suburban and exurban areas. It might also encourage the prioritization of transportation projects to follow future positive population inflows and the development of future urban villages and areas of economic development.

At the same time, it should be noted that this is a complicated endeavor, involving a significant reshuffling and renegotiation of the authority of existing bodies. One facet of this is the current status of the Puget Sound Regional Commission (PSRC) as both federally designated Metropolitan Planning Organization (MPO) and a Washington State Regional Transportation Planning Organization. The PSRC's responsibilities are ably demonstrated through such documents as Vision2030 and Destination 2020, both of which are currently undergoing updates. If a new body were to be given responsibility for land use and transportation planning,

it is assumed that the PSRC and its analytic expertise would be merged into the new body. Not only is it not clear how this would take place, but it is not known what would be involved in renegotiating the Interlocal Agreements that currently exist between the PSRC and county and municipal bodies. A staged process may be necessary, and extensive negotiations with local governments may be involved.

This is an example of an issue that runs into complications that will repeatedly appear later as we examine the models. It is sometimes unavoidable that a decision that appears to make sense from a policy perspective will run squarely into the previously negotiated political agreements. No matter how seemingly outdated, such agreements may appear, they were negotiated for a good reason at the time, and agencies have become used to dealing with the consequences of those agreements. Any change would require that the political interests involved have the foresight to look beyond the present arrangements.

Authority over transit agencies: The Commission noted both efficiencies and overlaps in existing transit lines. The questions of coordination, standardization, and consolidation of these geographically entwined agencies are serious ones. This model takes the most far-reaching approach to this issue, granting a new regional authority the power to both run and merge any transit agency, including local bus authorities, ferries and Sound Transit's light and commuter rail system. Of course, granting authority to exert supervisory control over transit is not the same as actually doing so. Authority over particular units would have to be considered on an ongoing basis, with the justification being clearly envisioned cost savings and route efficiencies. Intermediate measures of control exist and are more thoroughly examined in the next model.

Authority over road projects: One of the most complex questions that occupied the Commission was that of prioritization. Which projects were getting done and when seemed to be answered in several ways, by a variety of individuals and agencies involved in the process. Some projects were part of special transportation packages passed by the Legislature. Others appeared to be a product of state planning, combining analysis from the Washington State Department of Transportation (WSDOT), with local input from municipal authorities. In this way, many local projects are constructed with small pots of money available at several governmental levels. Still others appeared to be from a complementary list assembled by PSRC. The Legislature has played a greater or lesser role over the years in supervising this process. But whatever agencies are involved, there appeared to be a clear need for a regional body with the

power to prioritize future work in a balanced and objective fashion. The question of which roads are subject to regional prioritization is handled in a relatively simple fashion in this model; any project over a certain dollar amount is automatically overseen by the new regional entity. To further assist this, it would be expected that WSDOT would re-write certain boundaries to correspond to the new region. In addition, though WSDOT analysis would still be used in deciding which regional projects get the go-ahead and when, the ultimate decision would rest with the new body.

As simple a formula as this may sound, complications may ensue upon implementation. It is not difficult to envision a situation in which regional authorities would be responsible for constructing a major corridor, yet the construction of some of its arterial connections is left in the hands of strapped local authorities. Taking over prioritization from other bodies does not necessarily solve the problem of which projects get funded. The necessity remains of developing some kind of objective criteria that can serve both regional and local needs. Nor does it necessarily take care of the competition for limited local funding, which brings us to our final point.

Revenue authority: For any model to work, it must have sufficient stable revenue streams to insure its continued operation. This model assumes the power of a comprehensive regional authority over all taxing of sales and gas taxes, plus tolling. It would place all regional revenue collected for transportation in the hands of the regional body, with state transportation funds for the region channeled through block grants established by the State Legislature.

The strength of this model is that it ensures that all transportation revenue is centralized. This may well facilitate the prioritization, and eliminate (or at least objectify) contention between competing interests for limited funds. Yet the main issue remains: will the Legislature be willing to step back and allow a new regional authority this kind of stewardship over transportation projects and planning? Generally speaking, the Legislature uses its authority over transportation funding as a way of encouraging its views on prioritization and accountability, which is its right. Yet individual legislators also build support in particular districts through attempts to obtain funding for their electorate's transportation projects. In addition, the system currently dedicates revenues through specific taxes. How such pressures on the use of taxpayer funds would combine is uncertain. It appears that such a model might have to be phased in over several years to achieve complete buy-in.

Variations on this which include a more mixed system of revenue will be discussed in other models. Suffice it to say here that a review or check-off system might be developed, similar to that used for block grants for housing at the Federal level, to insure that the Legislature performs its role as guardian of taxpayer funds to both its and the public's satisfaction.

Model Two: a directly elected body

Representation: In keeping with our mandate, this model incorporates the legislative directive that we "develop … an option providing for the formation of a regional transportation governing entity, of which all of its members must be directly elected…" In the case of this model, we propose a nine member body which would be directly elected region-wide. However, there is the possibility that such a board could be elected as a way of increasing direct accountability, as we do for legislative district. The trade-off is local accountability vs. having representatives that will encourage a regional ethos; our concern is not to promote parochial local interests over the larger public interest.

Membership and Boundaries: In this case, representation would extend only to the three-county area of King, Snohomish, and Pierce Counties. This supposes the possible desire of Kitsap County not be part of a new regional authority, which may or may not be the case. That could be due to concerns that their local interests would not be heard in balance with the other large counties in a regional authority. Another variation of this model could provide for a petitioning of the authority by other counties including Kitsap if they wanted to join in later, and expand the region's base. But at the outset, boundaries would simply include the current RTID boundaries. Representation would be strengthened by membership on working committees for localities with regional projects being pursued.

Planning Scope: Here we have a hybrid type model, one that would not require the wholesale absorption of the Puget Sound Regional Council (PSRC). In this case, the PSRC retains its status as a federally designated MPO, and continues to be the lead agency in the region for land use planning. Based on the PSRC's "big picture" planning, the new regional body carries out transportation planning, using documents like Vision2020 as land use guides. It becomes the RTPO as required by the Legislature. There is a clear organizational and political advantage in being able to sidestep the complicated processes of negotiation with both Federal and local

levels of government needed in Model One. At the same time, this Model Two approach does tend to separate land use and transportation planning, so good coordination between the different sets of planners would be crucial. It also works off the assumption that current planning efforts by the PSRC would be sufficient in an environment where their recommendations were acted on much more fully.

Authority over transit agencies: In this model, authority takes more of a targeted approach, with a combination of limited regional control combined with the retention of local operations of transit routes continuing to be run by local transit agencies. The main element of change would be that regional routes, and fare standardization, would be managed by the new authority. The goal of regional routes would be to separate regional transit trips into a hub-to-hub system, and then let local systems handle connections from the hubs to other points in the local area. Fare standardization is a promising trend that would encourage ease of regional trips for cross-county commuters. Overall, this model would take a much more nuanced approach to transit agencies, regionalizing only such powers as needed without running the risk of creating a new large scale bureaucracy. At the same time, this type of coordination is complicated; there would have to be a good deal of negotiation with local transit providers as to what routes would be served by which entity, and why. One issue that would have to be agreed upon before this model is introduced is what constitutes a "hub," and what constitutes a regional route. Further, if the regional system only provides hub-to-hub service, and those are the most profitable, what happens to the lost revenue stream for local transit agencies? Another set of possible complications would ensue when confronting the issue of what happens to the regional routes now provided by Metro and Sound Transit. Would the local connections on these routes remain their responsibility, while regional routes were taken over? Finally, coordination could become more complicated between regional schedules and local schedules, so that rationalization might appear more distant, not closer.

Authority over road projects: Again, the authority in this model is more targeted. Many roads in the region would be left to local construction and maintenance, and the new body would focus its attention on "regional roads of significance." Much like the current WSDOT "roads of statewide significance," these would be important corridors providing inter-county movement of major traffic flows, including transit and freight. As with the previous model, it would be expected that WSDOT will re-write boundaries that currently cross over any rational boundary to

as to correspond to the new region. Here though there would be a negotiated process in deciding which regional projects would get the go-ahead and receive WSDOT resources.

Revenue authority:. Revenue generating authority would be also be more limited in this model. Most of the revenue generated would be from new sources, such as tolls and congestion pricing techniques. Additional revenue could be generated by a surcharge on other revenue, such as a regional sales tax. This may well eliminate the objection of the Legislature to granting a new body such broad sweeping powers. And the region might be the logical place to carry out new revenue strategies. At the same time, the amount of revenue would certainly not be sufficient to cover all regional projects. It might well produce a similar need for prioritization, with the Legislature pursuing its agenda, other agencies pursuing theirs, and the new entity just one of agencies in line for funds.

Model Three – a "federated" regional model

Representation: The model depicted here is what is often referred to as a "council of governments" or "federated" system. An obvious advantage to this is that since the governing body is made up of elected officials, there is a good chance that it would be seen as more representative than a partially appointed board, as described in Model One. Another advantage is that it eliminates the need to assemble a new governing body for the regional entity. Yet such a system grants the PSRC broad powers it does not currently hold.

Membership and Boundaries: The boundaries for this model would be limited to the present boundaries of the PSRC, and any future expansions of that entity. The thinking here is that this area is the most in need of regional transportation planning that incorporates both transit and roads. Like Model Two, Kitsap County and other additional discrete urban areas inside the county could petition to become part of the new agency, through an Interlocal agreement of the kind now reached by PSRC. One variation on this is the model operating in Phoenix, where voluntary membership is the basis for participation. This would bring greater buy-in from localities affected, but voluntary associations can lack the teeth needed for serious regional planning without extra votes of the people.

Planning Scope: In this variant, planning is left to the agencies currently responsible; the Puget Sound Regional Committee and the Washington State Department of Transportation. The new agency would additionally be responsible for prioritization of projects, a new

responsibility for the PSRC. The new body would retain PSRC's current status as both MPO and RTPO. This new structure requires the least re-arrangement of current planning efforts on a regional basis. Whether that is a positive aspect or not depends on whether one is satisfied with the planning currently undertaken.

Authority over transit agencies: This model assumes that local transit agencies are doing an adequate job, and that any future coordination or mergers ought to be left up to the agencies involved. It assumes that regional bus routes are already in place, and will expand naturally. It also avoids consolidation on the grounds that creating a large multi-jurisdictional transit agency will not be of assistance in realizing cost savings, and only create unnecessary bureaucracy.

Authority over road projects: This model assumes that the prioritization that already exists is done efficiently in and of itself, but that that a regional body needs to play the role of impartial voluntary referee, consulting and recommending which projects should have priority. It assumes good working relationships between prioritizing agencies, and merely wishes to weigh in on the consultation for the benefit of the region. It also continues to recommend the primacy of WSDOT in transportation planning, and sees no urgency for re-writing its region's boundaries.

Revenue authority: Of all the three models, this is the one in which the Legislature retains all of its previous authority. It recognizes the Legislature as a fair and adequate arbiter of transportation priorities in the region. It would still seek to have revenue from tolling and other congestion pricing measures made available to it. Possible further regional surcharges could be added, negotiated through a LEAP-type list with the Legislature. But the importance of the state in planning and funding projects remains undiminished.

Conclusion

These models are not mutually exclusive, and are intended to simply represent a window into what a model could be. All models will require adjustments of current agencies and arrangements, though probably Model One is the most far-reaching. We presented these choices to search for an alternative that will provide:

- A regional ethos;
- Sound prioritization;

- Democratic representation;
- Efficient use of public funds;
- Ability to close the revenue gap that currently exists, and;
- Provide the public with confidence that real progress is being made in transportation improvements.

Hopefully, this has been an instructive exercise in modeling. Please remember that we are offering comparisons and encouraging thoughtful discussion, not attempting to reach any decisions and to suggest ways of "mixing and matching" between models. We want our audiences to come away from this with as many questions to consider as answers. We hope it encourages a full review of the options available to us that we can use as the basis for our final recommendation. On the next page is a description of our public process for reviewing the options presented in this chapter, as well as the work of the RTC as a whole.

Public Comment on the RTC Draft Report

An integral part of the Regional Transportation Commission's mandate is to incorporate public comment and create a process for public engagement. Specifically, the authorizing legislation requires that the RTC issue a draft report and conduct a 15 day public comment period. This document serves as that draft report, and we invite you to give us your feedback on the issues and options we have presented thus far.

Between November 15 and November 30, 2006 we will be accepting public comment in all forms on our draft report.

Send your written comments to the RTC's Director of Administration and Public Affairs, Linda Robson, at:

Regional Transportation Commission
PO Box 53010
Bellevue, WA 98015-3010

Or via e-mail at:
linda.robson@trilogy-partners.com

You may also submit comments to the Regional Transportation Commission via phone at **(425) 458-5917** or toll free at **1-800-606-9161**.

The Regional Transportation Commission will also hold two public hearings in conjunction with the public comment period. Public testimony will be accepted at these hearings and the sign-up sheet for speaking will be available thirty minutes before the start of the meeting.

RTC Public Hearing 1 – Tuesday, November 21, 2006
5:00 p.m. Public testimony sign-up begins
5:30 p.m. Public meeting begins
Port of Tacoma Business Center
3600 Port of Tacoma Road
Tacoma, WA 98424

RTC Public Hearing 2 – Tuesday, November 28, 2006
5:00 p.m. Public testimony sign-up begins
5:30 p.m. Public meeting begins
Snohomish County Administration Building
1st Floor, Admin-East, Public Hearing Room #1
3000 Rockefeller Ave
Everett, WA 98201

Testimony will be time limited, and any written materials you would like to submit as part of your testimony will be accepted by the clerk when your testimony concludes. Electronic versions of this report, agendas for the two public hearings, and other information can be found at our website: www.psrtc.wa.gov.

The Regional Transportation Commission values public input and welcomes comments from citizens on the issue of regional transportation. We are particularly interested in your thoughts and comments on the following topics:

Governance
Where does transportation rank on the list of issues facing the Puget Sound region? Why do you think it is important? What specifically needs to be addressed when it comes to the issue of transportation in Puget Sound?

Do you think we need a new regional transportation authority? If you could start at square one and create a regional authority, what would be the ideal?

If we created a new regional transportation authority, should a new regional board be elected or appointed? If the board or some of the board members were appointed, who should appoint them? How often should leadership change?

When it comes to tackling regional transportation issues, where would you draw the boundaries of the region and which geographic areas are included in your definition of the Puget Sound Region?

Finance
Do you think the state and region has enough money now to build projects like a viaduct alternative, a 520 alternative, I-405 improvements, and other needed projects, or does new money need to be raised?

In concept, what are the best or most appropriate ways to fund transportation improvements? What are the least? Should general taxes go toward transportation projects, or should transportation in the central Puget Sound region have a dedicated revenue stream?

Under what circumstances, if any, would you be willing to personally pay more in taxes for transportation projects? Would you accept an annual vehicle license fee, a motor vehicle excise tax, an increased gas tax, and increased sales tax, or tolls on specific roads or bridges or for "HOT" lanes?

Would you be willing to consider other forms of taxation, such as a street utility tax, transportation impact fees for new construction, taxes on parking, or employer-based taxes?

Regional Transportation Commission

Draft Report

November 15, 2006

APPENDIX 1-1
RTC Public Opinion Research

Regional Transportation Commission
Focus Group Summary
October, 2006

BACKGROUND

The Regional Transportation Commission is tasked with evaluating transportation governance and financing in the four county Central Puget Sound Region. Qualitative research was conducted to provide public input and insight into the evaluation process. A total of seven focus groups were conducted with voters in four counties:

October 16, 2006:	One group of Seattle City voters One group of North King County voters
October 17, 2006:	One group of East King County voters One group of South King County voters
October 18, 2006:	One group of Snohomish County voters
October 19, 2006:	One group of Pierce County voters
October 20, 2006:	One group of Kitsap County voters

Participants were randomly recruited from voter lists of people who had voted in two or more of the past four elections (general and primary). A mix of demographic characteristics (i.e., gender, age, political affiliation) representative of the local population was included in each group. Each group was composed of about ten people for a total of 69 participants. Participants were not aware of the sponsor or topic of research at the beginning of the discussion group.

Discussion areas included:

- Perceptions of transportation as an issue.
- Perceptions of current governance.
- Perceptions of governance options/the ideal governance structure.
- Perceptions of funding alternatives.

OBSERVATIONS

Transportation as an Issue

- Transportation continues to be an area of high concern for Puget Sound residents. All focus group participants felt it was a very important issue for the region; many identified as the number one most critical issue. Other issues of concern – growth management, infrastructure, environment, global warming – were seen to be related to it.

- Traffic congestion was seen as the primary problem. When thinking of the "problem," most people were envisioning traffic jams and gridlock. Secondarily, road condition (potholes, exposed rebar) was a concern.

- The benefits of improving the transportation system were multi-fold:

  - Improved quality of life.
  - Time savings/efficiency.
  - Less frustration, stress, road rage.
  - Increased safety.
  - Less pollution/environmental benefits.
  - Less dependency on oil.
  - Economic development/freight mobility.

- When asked to rate the "transportation system in Puget Sound" on a scale of 1-10, 10 being "excellent" and 1 being "poor," most people gave below average ratings indicating perceptions of a system in need of major improvements.

Average Rating*	
3.7	East King County Residents
3.7	Seattle City Residents
4.3	North King County Residents
3.7	South King County Residents
3.2	Snohomish County Residents
4.5	Pierce County Residents
4.1	Kitsap County Residents

** Note: Average ratings are representative only of the participants in the focus groups and cannot be extrapolated to larger populations with statistical reliability*

- The future "vision" for transportation in Puget Sound invariably revolved around some type of more robust mass transit system. People might argue about whether light rail, monorail, subway or buses were best but most all agreed that significantly improved public mass transit was the solution. Roads, bridges and interchanges were considered very important as areas to maintain and enhance but real improvement to the transportation situation was seen in transit. Long-time residents still bemoan the failure to pass light rail as a part of the Forward Thrust effort of the 60's. Portland, Vancouver and other cities were offered as examples that have successfully implemented light rail and that Puget Sound ought to emulate.

  What is our transportation vision? *Subway…500 miles of monorail…I think light rail would do a similar thing as the monorail. I don't think it necessarily has to be a monorail, but I think definitely something where you could get all over the place. If you go to D.C. or New York or Boston or something, you don't need a car at all. In European cities you don't need the car. You can go anywhere you need to…I lived in New York for three years and took the train anywhere I wanted to go…With gas prices rising here, a lot of people are speculating that eventually people will start carpooling more because of gas prices…Yeah, they will in a hurry if it got to $4…More bike trails, more safety for biking and I would suggest an incentive for behavioral change – really high parking fees…That's how you drive behavioral change.*

  What is the vision of transportation for Puget Sound? *…Why not have a ferry that runs from Kirkland to the foot of Madison? A walk-on ferry…Being able to not walk miles to be able to connect to some sort of either bus or light rail, a monorail, a ferry…All of these different entities need to at least coordinate so there is a specific plan, for example, getting off West Seattle at rush hour is a scary thing, let me tell you…Buses that are either reliable to the timetable, or frequent enough, and this is in true in other cities, where you don't have to think about timetable. You go out, and you know there will be a bus in the next ten minutes…Chicago, D.C…I think a lot more people would be apt to ride their bicycle to work if they had better bike paths.*

- Roads, bridges and interchanges were considered very important as areas to maintain and enhance but real improvement to the transportation system was seen in transit.

- Some progress was seen. Sound Transit was credited with building light rail to the airport and the Washington Department of Transportation was seen as making some improvements with the nickel gas tax and noting them with signage.

- On the whole, a regional approach was considered most appropriate in addressing transportation problems and solutions. People felt that the "East-West divide" was simply too great to allow for many common statewide efforts. Reliance on "local solutions paid for by local taxes" was seen to be too patchy to be effective. People realized that transportation issues and solutions cross municipal and county boundaries and that all areas are interconnected and inter-reliant. The "Puget Sound region" was most narrowly defined as including King, Snohomish, Pierce and Kitsap Counties. Many participants would expand the definition to include Thurston and Whatcom counties and the entire I-5 corridor.

Governance

- Focus group participants rated the "system" or "process" that is in place to build and maintain the transportation system harshly. People blamed the system/leadership for the lack of progress seen in real transportation solutions.

Average Rating*	
3.1	East King County Residents
2.7	Seattle City Residents
3.2	North King County Residents
2.3	South King County Residents
3.4	Snohomish County Residents
3.7	Pierce County Residents
3.3	Kitsap County Residents

** Note: Average ratings are representative only of the participants in the focus groups and cannot be extrapolated to larger populations with statistical reliability*

- Many participants had no awareness of the current "system" and agencies involved. Others spoke with great concern about the lack of leadership and planning and of a sense of fragmented, competing efforts. WSDOT, counties and cities and transit agencies were seen to be the primary players. There was virtually no awareness of the Puget Sound Regional Council and the Regional Transportation Investment District.

- Participants were asked to individually rate different organizations in terms of the perceived job performance. The average ratings are summarized below:

  Average Job Performance Ratings*
  (Scale 1-10: 10 = Excellent; 1 = Poor)

	E. King	Seattle	N. King	S. King	Snohomish	Pierce	Kitsap
PSRC	DK	DK	DK	DK	DK	DK	DK
RTID	DK	DK	DK	DK	DK	DK	DK
WSDOT	5.1	4.7	5.6	3.4	5.0	5.1	4.7
Sound Transit	6.3	5.8	5.4	3.9	4.8	5.5	3.2
Local Transit	6.3	5.4	6.2	4.4	5.1	6.0	4.4
County DOT	4.6	4.8	3.3	3.3	5.3	4.9	4.3
City DOT	5.5	4.7	3.8	3.3	4.9	5.4	3.0

  ** Note: Average ratings are representative only of the participants in the focus groups and cannot be extrapolated to larger populations with statistical reliability*

- Transportation agencies received higher ratings when people could point to tangible results. ***WSDOT*** received high ratings from people who could identify specific road improvement projects. Overt signage helped tremendously in identifying improvement projects. Most felt that WSDOT was doing the best it could given the limits of its public funding and that general maintenance, not real improvement, was all that could be expected. ***Sound Transit*** was applauded by many for what it was doing…but, people also wanted it to do much more in the areas of light rail, the Sounder train and regional bus service. Everett residents were disappointed that Sound Transit services were "Seattle-centric" – that light rail didn't reach them and the Sound train had very limited service only for the Seattle worker/commuter. Pierce County residents felt that the light rail and Sounder train service was "a good start" but that scheduling need to be expanded and more frequent to be truly effective. Local transit services like METRO transit, Community Transit, Everett Transit, Pierce Transit and Kitsap Transit were highly valued, particularly by current riders. If there was criticism, it was generally aimed at the area of scheduling and routing – people wanted more frequent service to all areas of the region.

- Focus group participants felt that transportation agencies should be evaluated on the basis of results. The perceived measurements for success included:

  - Less traffic congestion.
  - Better flow of traffic.
  - Shorter commute times.
  - Fewer accidents.
  - Projects finished on time and within budget.
  - Transit ridership.

- Some of the frustration directed toward transportation agencies came from the perceived lack of a unifying, comprehensive plan to connect the region.

  We need to have a transportation system that is interconnected to each other. I've lived in other cities where that works really well. You have your subway and then maybe you take a bus. Boston was one place that was like that. I was amazed at how they were able to put a whole system together. You almost have to have that. We're not looking at a larger picture which is connecting it to other systems, like Puget Sound transit to other bus systems or other connections for transportation.

- People spontaneously and intuitively reasoned that a primary reason we have the current problems with transportation is fragmented leadership with competing interests. Consolidating governance was intuitive as a part of the solution. People volunteered the concepts before they were formally introduced.

  Why do we have these problems?*...We had a chance in 1968 to fix all of this and it would have been a wonderful, cheap light rail system throughout the whole area and because of the strip of the problems with I-5 and 405 and the geography, it's going to be very hard to fix it now…But I think it's also the region as a whole doesn't work together. You have the City of Seattle doing their own thing. You have Sound Transit doing their thing. It just seems like it's this hodgepodge of different things going on…and there's not one person or one organization saying, 'This is how it's going to be."*

  Portland's has what's called a Trimet. Here we have Sound Transit, Metro Transit, all these people vying for different money so you have to satisfy at least three groups of transit agencies here, whereas that was three big counties all under one system. I would consider the traffic a whole metro problem and I think you're going to have to have a consolidated metro agency that can deal with a

system that goes from Pierce County to Snohomish County and over to Kitsap County.

I'm quite surprised there are seven entities here…Yeah…Do they ever talk? What I would like to see is that one or two representatives, however way they want to do this, get together and have a specific timeline that everyone knows about that they have to have some sort of plan and to keep them on track…so if they say by whatever amount of time, 'We will have this in place,' and have it be very, very public. They would be held responsible for it, not just, 'Oh, we didn't plan.'

Transportation planning cannot be fractured into small, local groups. It has to follow the physical boundaries of where you're going to have a transportation system, in particular here, Metro encompasses all the way from Community Transit in Everett down to Tacoma and even to Olympia and so to plan it, you have to have an authority that can plan as well as tax and make decisions. Also, you need to be a little bit removed from local politics so that you can avoid having a small interest group basically blocking everything.

It seems like the projects that we start and stop and talk about for decades around here aren't really taking into consideration what's really needed. It's more what someone says we need; a small group says we need it and wants to have the money spent on their idea, but we don't actually look at where the people need to get to and from, like the mile and a half short of the airport…It doesn't make sense…A lot of our systems run north/south but people are going east/west…Another example might be Vancouver, B.C. They have a wonderful light rail system too and that's right in this area. We don't have to go much further than the northwest here to find something…Even in B.C., the transit system in B.C. is not a Vancouver or Victoria transit system. It is the whole B.C. region, even bigger than Portland.

- Later in discussions, focus group participants were given a handout with a brief description of the regional agencies and three options for governance. Overwhelming, participants opted for consolidation of regional leadership.

  Background: Currently the Washington State Department of Transportation is responsible for the statewide transportation system. In the Puget Sound area, three additional agencies are responsible for regional transportation. The Puget Sound Regional Council adopts regional plans but has no taxing authority. Sound Transit has taxing authority for regional bus, light rail and commuter rail. The Regional Transportation Investment District (RTID) is charged with developing a proposal for improving transportation by focusing on the most highly congested highways and bridges in Snohomish, King and Pierce counties and submitting the proposal with a financing plan to voters in 2007.

# of Participants
Choosing the Option
(69 Participants Total)

5 **Option 1:** would keep existing governance as is.

6 **Option 2:** would create a new organization to oversee existing transportation organizations.

56 **Option 3:** would consolidate the leadership of three agencies (PSRC, Sound Transit, RTID) into one regional board.

- Most people did not want Option 1 because they blamed the current governance structure for many of the problems in transportation that exist today. Most people did not want Option 2 because they feared it would simply be adding another layer of bureaucracy to the system. Option 3 was preferred by the large majority of focus group participants as they predicted that regional consolidation of governance would result in better decision-making, less bureaucracy, more coordination, more efficiency and better results.

- While making recommendations as to a new regional board's structure and composition was a very abstract exercise, focus groups across the region came up with similar guidelines.

  The ideal governing board…

  …would have expertise in transportation as well as engineering, finance, urban planning, business.
  …would look at the big picture.
  …would be non-partisan/non-political.
  …would prioritize projects based on safety and the impact on the largest number of people.
  …would consider the interests of each of the four counties and make sure that significant improvements were made for each.
  …would look outside the area for expertise (Denver, Portland, Vancouver).

- To get people with the necessary expertise, most people felt the board (or a good part of the board) should be appointed. Conceptually, there was strong buy-in to the idea of appointments as a way to get highly qualified board members; however, there were concerns about the appointment process. The greatest concern was the fear that appointments would be made as payback for favors ("cronyism") or to represent special, narrow interests. This was the concern with having an individual like a

governor make appointments. Appointments-by-committee was seen to be some protection against favoritism as well as a visible, competitive and far-reaching application/nomination process.

- Interestingly, the recommendation to appoint board members is different from the recommendation made in similar research conducted in 2003. In 2003, most focus group participants wanted board members to be elected in order to be "directly accountable" to voters. There were considerably more concerns expressed in 2006 about the viability of public elections for a regional transportation board. People feared that an election process might not get the most qualified people on the board but instead would fill the board with "politicians" beholden to special interests and looking short-term to their next election. This shift may be related to an increasing public skepticism about citizen initiative process in Washington State. In past years, people wholeheartedly supported citizen initiatives as "the voice of the public." In this research, most focus group participants felt the initiative process ultimately worked against the interests of the public and had been hijacked by special interest groups. They expressed concern that the voting public was not voting on the real details of initiatives but simply on broad ideas and misconceptions.

- While people wanted highly qualified people on the board, the type of person, even more than qualifications, was seen as critical to the success of the board. Focus group participants were asked to "nominate" their own candidates to the board. Commonly, former elected officials like former elected officials like Dan Evans, Booth Gardner, Gary Locke and Slade Gorton were nominated. They were valued for their "statesmanship," credibility and ability to work with different interests. Bill Gates was nominated in most groups. A successful person like Bill Gates was valued for his big-picture, forwarding-looking vision. Integrity, honesty and care for the issue of regional transportation were valued most highly. People wanted board members who would evaluate all alternatives fairly.

- People were very concerned about appointing existing elected officials to the board. Almost unanimously, people did not feel that the county executives should serve, primarily because they felt it would take them away from their other duties.

- Focus group participants wanted board members to serve substantial terms…but with some outlet for removing a "bad" member. Six years was felt to be a substantial term; renewed if the member was performing well/desired outcomes attained. They would stagger terms to support continuity.

- There were mixed feelings about a "sunset" provision. People knew transportation issues would be never ending so questioned why a planning board would have a finite existence. On the other hand, having a sunset clause could be seen as giving members incentive to create definitive plans and work for completion.

- Focus group participants advised a board size of about nine to eleven people. Five people were generally considered too few; 15 people were generally considered too many. An odd number was felt to help in decision-making.

- Advisory committees composed of citizens, academics and transportation experts were felt to be essential support.

- Kitsap County weighed in a bit differently relative to other groups. They wanted a board of twelve with each county equally represented with three positions. Overwhelming, Kitsap County's biggest concern was that their interests would not be represented on the board and that planning would be Seattle-centric (this was a fear expressed in Pierce County as well but to a lesser degree). Pierce County participants definitely wanted a representative on the board to protect their interests but one was fine. Other groups were less concerned about having direct county representation.

- While people want the board to be effective and get things done, they were reluctant to give it too much power. They would not give it responsibility for growth management and land use decisions. They might grant it taxing authority…but would do so cautiously.

Funding

- Taxes are, of course, an unpopular subject area. Focus group participants hoped that a board's first priority would be to eliminate waste and ensure wise spending of resources. However, most acknowledged that new money would be needed if real improvements to transportation were to be made. Most indicated that they personally would be willing to pay more in taxes if they could be guaranteed real outcomes. They wanted to see real value in the proposed project(s), dedicated funding and an appropriate (i.e., user-based) funding mechanism.

- In general, people wanted to see transportation funding sources that were user-based. User-based taxes and fees were felt to be fair and allow dedicated funding. A gas tax in concept was felt to be a very appropriate mechanism for raising money for

transportation improvements. Those that used the roads more, paid more. And, many people supported a gas tax because it gave a disincentive to drive and thus an incentive for people to consider alternatives.

- There was no awareness of the 18th amendment restrictions on the gas tax. Information that the gas tax could not be used for transit caused its favorability to drop significantly. Most all focus group participants wanted increased taxes to go, at least in part, to transit improvements.

- Participants were asked to rank six different funding options in terms of the best to the worst option. The average rankings are summarized below:

  Average Rankings of Funding Options*
  (1 = Best Option; 6 = Worst Option)

	E. King	Seattle	N. King	S. King	Sno.	Pierce	Kitsap
Tolls	1	1	2	2	1	1	1
Sales tax on gas	2	4 (tie)	4 (tie)	1 (tie)	2 (tie)	3 (tie)	2
MVET	3	2	1	1 (tie)	3	2	3 (tie)
Annual fee	5 (tie)	3	3	3	5	4	5
Sales tax	5 (tie)	5	4 (tie)	4	4	3 (tie)	3 (tie)
Gas tax	4	4 (tie)	5	5	2 (tie)	5	4

  **Note: Average rankings are representative only of the participants in the focus groups and cannot be extrapolated to larger populations with statistical reliability*

- Tolls were very popular as a means to fund transportation improvements. This support was strengthened when people were informed that physical toll booths were no longer necessary.

- A sales tax on gas was deemed appropriate only after considerable explanation about the 18th amendment restrictions on the gas tax. It was supported as a means to fund transit and as long as the sales tax was dedicated to transportation improvements.

- Some type of license fee was also considered an appropriate user-based funding mechanism. Most people preferred the MVET over an annual fixed fee because it was seen to reflect a person's ability to pay. There was some concern that a fixed fee would be onerous on those with fixed incomes. On the other hand, a fixed fee could be seen as fair and predictable.

- Most people rejected a general sales tax for transportation improvements because it was seen as a general tax (not dedicated), regressive and too high already. On the positive side, it was seen to spread the burden widely.

- The gas tax was ranked low after it was explained that it could not be used for transit improvements. Many people would support changing the state constitution so that the gas tax would not be limited to roads and ferries.

- Six different funding concepts were also posed in focus groups with participants being asked to indicate whether each sounded like a "good idea" or a "bad idea." The results of this exercise are summarized for total of the seven groups.

  Number of Participants Indicating "Good Idea"
  (Total number of participants = 69)

  59 "Using tolls as a means of helping pay for a new 520 bridge."
  54 "Establishing HOT lanes (High Occupancy Toll lanes) that are free for multi-passenger cars and solo drivers can use if they pay a toll.
  47 "Streamlining the permitting process for transportation projects."
  40 "Paying for any new lanes on highways or freeways by the use of tolls."
  27 "When transportation improvements increase property values in a local area (e.g. putting the Alaskan Way Viaduct underground), capturing the increased tax revenues (property tax) and using them to finance the project itself."
  23 "Taxing alternative fuels in the future as the use of gas declines."

- Tolls were seen as particularly appropriate for new structures such as a new 520 bridge or viaduct – the direct user pays for the bridge. There was somewhat less support for tolls on highways for building new lanes because people did not want to see a proliferation of toll roads and they were concerned that toll roads would push traffic onto neighboring streets. HOT lanes were very popular. Few people objected to the notion that these would be "lanes for the rich," rather, they felt that it was a good way to raise revenue from those who chose to pay.

- People wanted to see the permitting process streamlined if it results in greater efficiency and cost savings. Their personal experience with the permitting process indicated it would benefit from streamlining. However; they did not want corners to be cut and environmental standards compromised.

- Focus group participants were concerned about the precedent that might be set in trying to capture revenues from property value tax increases and they questioned the practicality of how exactly this might be executed – would other areas try to link property value increases and divert funds to transportation or other issues, too?

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- No one wanted to tax alternative fuels today. People wanted to encourage the use of alternative fuels and feared that a new tax would discourage use. Sometime in the future, a tax could be considered, "as the use of gas declines."

- At the end of each discussion group, participants were informed that research was being sponsored by the Regional Transportation Commission. People were very pleased that the issue of governance was being examined and encouraged the Commission more than anything to "do something" and not keep the status quo.

Regional Transportation Commission

Draft Report

November 15, 2006

APPENDIX 2-1
RTC Authorizing Legislation

CERTIFICATION OF ENROLLMENT

ENGROSSED SUBSTITUTE HOUSE BILL 2871

59th Legislature
2006 Regular Session

Passed by the House March 8, 2006
Yeas 70 Nays 28

Speaker of the House of Representatives

Passed by the Senate March 7, 2006
Yeas 38 Nays 7

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 2871** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

Secretary of State
State of Washington

ENGROSSED SUBSTITUTE HOUSE BILL 2871

AS AMENDED BY THE SENATE

Passed Legislature - 2006 Regular Session

State of Washington 59th Legislature 2006 Regular Session

By House Committee on Transportation (originally sponsored by Representatives Murray, Dickerson, Appleton and Simpson)

READ FIRST TIME 02/08/06.

AN ACT Relating to regional transportation governance; amending RCW 36.120.020, 36.120.030, 36.120.040, 36.120.070, 29A.36.071, 36.120.080, 36.120.110, 81.112.030, 36.120.050, 81.100.080, 81.100.060, 82.14.0455, 82.14.430, 82.80.120, 47.56.076, 36.73.015, and 36.73.020; reenacting and amending RCW 43.79A.040, 43.84.092, and 43.84.092; adding new sections to chapter 36.120 RCW; adding a new section to chapter 47.56 RCW; adding new sections to chapter 47.01 RCW; creating new sections; providing an effective date; and providing an expiration date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec. 1.** The legislature finds that effective transportation planning in urbanized regions requires stronger and clearer lines of responsibility and accountability.

The legislature further finds that integrated, multimodal transportation planning will help reduce transportation congestion and improve safety, and that streamlined decision making will help reduce political congestion.

The legislature further finds that coordinated planning of, investment in, and operation of transportation systems will have significant benefit to the citizens of Washington, and that it is the

will of the people to fund regional transportation solutions, including improving transit service in urbanized areas and among existing, fragmented transit agencies in the region. Although equity considerations must be respected, transportation problems are broader and deeper than the sum of geographic subareas.

It is therefore the policy of the state of Washington to create a regional transportation commission to develop a proposal for a regional transportation governing entity more directly accountable to the public, and to develop a comprehensive regional transportation finance plan for the citizens of the Puget Sound metropolitan region.

NEW SECTION. **Sec. 2.** (1) The regional transportation commission is established.

(2) The commission shall consist of nine voting commissioners. The commissioners shall be appointed by the governor by June 1, 2006. The governor shall appoint four commissioners from designated lists of three nominees submitted by each major party caucus of the legislature, with one commissioner to be appointed from each respective list of nominees. The governor shall appoint the additional five commissioners independent of the legislative caucus nominees. In addition, the secretary of transportation or the secretary's designee shall serve as a nonvoting member. Appointments of commissioners must reflect geographical balance and diversity of populations within the central Puget Sound region and, to the extent possible, include commissioners with special expertise in relevant fields such as funding, planning, and construction of transportation improvement projects, structural reorganizations, and operation of transportation systems. Appointees must be citizen members who do not hold public office. Vacancies for any appointed commission seat shall be filled in the same manner as the original appointments were made.

(3) The term of office for a commissioner begins seven days following appointment by the governor. A commissioner must be a qualified elector under the state Constitution when his or her term of office begins.

(4) The commission chair presides over the commission and sets the commission agenda subject to general rules established by the commission. Except as provided otherwise in this act, the commission chair appoints all members of the committees, councils, and boards

created by the rules of the commission. The commission chair shall be designated by the governor from among the commissioners appointed under subsection (2) of this section.

(5) Each member of the commission is eligible to receive compensation in an amount not to exceed two hundred fifty dollars for each day during which the member attends an official meeting of the group or performs statutorily prescribed duties approved by the chair. A commissioner may be compensated under this subsection only if the compensation is necessarily incurred in the course of authorized business, consistent with the responsibilities of the commission established by this act.

(6) The commission may be entitled to state funding, as appropriated by the legislature, to pay for expenses incurred by the commission and the department of transportation and through contracts in carrying out the duties authorized in this act.

(7) The department of transportation shall provide staff support to the commission and, upon request of the commission, contract with other parties for staff support to the commission.

NEW SECTION. **Sec. 3.** The regional transportation commission has the following duties:

(1) Evaluate transportation governance in the central Puget Sound area within the jurisdiction of the Puget Sound regional council. This evaluation must include an assessment of the current roles of regional transportation agencies, including regional transportation and metropolitan planning organizations, the regional transit authority, regional transportation investment districts, county and municipal agencies operating transit services, and cities, counties, and other public agencies providing transportation services or facilities, including the state department of transportation. The commission shall assess and develop recommendations for what steps should be taken to:

(a) Consolidate governance among agencies, including changes in institutional powers, structures, and relationships and governance needed to improve accountability for transportation decisions, while enhancing the regional focus for transportation decisions and maintaining equity among citizens in the region;

(b) Improve coordination in the planning of transportation investments and services;

(c) Improve investment strategies;

(d) Coordinate transportation planning and investments with adopted land use policies within the region;

(e) Enhance efficiency and coordination in the delivery of services provided;

(f) Adjust boundaries for agencies or functions within the region to address existing and future transportation and land use issues; and

(g) Improve coordination between regional investments and federal funds, and state funding, including those administered by the transportation improvement board, the county road administration board, and the freight mobility strategic investment board;

(2) Develop options for a regional transportation governance proposal that include, at a minimum, an option providing for the formation of a regional transportation governing entity, of which all of its members must be directly elected, the revenue sources that will be available to such entity, and the scope of planning authority of such entity. The commission shall consult with affected jurisdictions when developing a proposal under this subsection;

(3) Develop a comprehensive financing strategy and recommended revenue options for improving transportation system performance within the region through investments in transportation projects, including, but not limited to, system-wide pricing policies and network value-pricing charges;

(4) Publicize the commission's proposal referenced in subsection (2) of this section, and the list of revenue options referenced in subsection (3) of this section, by November 15, 2006, and provide at least fifteen days for public comment;

(5) Adopt the proposal referenced in subsection (2) of this section, and the list of revenue options referenced in subsection (3) of this section, and submit them to the legislature by January 1, 2007, after which time the commission shall dissolve; and

(6) Conduct public meetings to assure active public participation in the development of the recommendations, proposal, and finance plan under this section.

Sec. 4. RCW 36.120.020 and 2002 c 56 s 102 are each amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Board" means the governing body of a regional transportation investment district.

(2) "Department" means the Washington state department of transportation.

(3) "Highway of statewide significance" means an existing or proposed state route or federal interstate designated as a highway of statewide significance by the transportation commission, its successor entity, or the legislature.

(4) "Lead agency" means a public agency that by law can plan, design, and build a transportation project and has been so designated by the district.

(5) "Regional transportation investment district" or "district" means a municipal corporation ((~~whose boundaries are coextensive with two or more contiguous counties and~~)) that has been created by county legislative authorities and a vote of the people under this chapter to implement a regional transportation investment plan.

(6) "Regional transportation investment district planning committee" or "planning committee" means the advisory committee created under RCW 36.120.030 to create and propose to county legislative authorities a regional transportation investment plan to develop, finance, and construct transportation projects.

(7) "Regional transportation investment plan" or "plan" means a plan to develop, construct, and finance a transportation project or projects.

(8) "Transportation project" means:

(a) A capital improvement or improvements to a highway that has been designated, in whole or in part, as a highway of statewide significance, including an extension, that:

(i) Adds a lane or new lanes to an existing state or federal highway; or

(ii) Repairs or replaces a lane or lanes damaged by an event declared an emergency by the governor before January 1, 2002.

(b) A capital improvement or improvements to all or a portion of a highway of statewide significance, including an extension, and may include the following associated multimodal capital improvements:

(i) Approaches to highways of statewide significance;

(ii) High-occupancy vehicle lanes;

(iii) Flyover ramps;

(iv) Park and ride lots;

(v) Bus pullouts;

(vi) Vans for vanpools;

(vii) Buses; and

(viii) Signalization, ramp metering, and other transportation system management improvements.

(c) A capital improvement or improvements to all or a portion of a city street, county road, or existing highway or the creation of a new highway that intersects with a highway of statewide significance, if all of the following conditions are met:

(i) The project is included in a plan that makes highway improvement projects that add capacity to a highway or highways of statewide significance;

(ii) The secretary of transportation determines that the project would better relieve traffic congestion than investing that same money in adding capacity to a highway of statewide significance;

(iii) Matching money equal to ((~~one-third~~)) fifteen percent of the total cost of the project is provided by local entities, including but not limited to a metropolitan planning organization, county, city, port, or private entity in which a county participating in a plan is located. Local entities may use federal grants to meet this matching requirement;

(iv) In no case may the cumulative regional transportation investment district contribution to all projects constructed under this subsection (8)(c) exceed ten percent of the revenues generated by the district;

(v) In no case may the cumulative regional transportation investment district contribution to all projects constructed under this subsection (8)(c) exceed one billion dollars; and

(vi) The specific projects are included within the plan and submitted as part of the plan to a vote of the people.

(d) Except as otherwise provided in this subsection, operations, preservation, and maintenance are excluded from this definition and may not be included in a regional transportation investment plan. However, operations, preservation, and maintenance of tolled facilities where toll revenues have been pledged for the payment of contracts is

expressly authorized and may be included in a regional transportation investment plan. The authority under this subsection includes operational expenses for toll enforcement.

(e) Operational expenses for traffic mitigation provided solely for transportation project construction mitigation directly related to specific projects as outlined in the plan shall be included in a regional transportation investment plan. Construction mitigation strategies may include, but are not limited to, funding for increased transit service hours, trip reduction incentives, nonmotorized mode support, and ridematching services. Prior to construction of any project, corridor mitigation plans must be developed in conjunction with the department and partner transit agencies, including local transit agencies and the regional transit authority serving the counties, with the following goals: (i) Reducing drive alone trips in affected corridors; (ii) reducing delay per person and delay per unit of goods in affected corridors; and (iii) improving levels of service that improve system performance for all transportation users in affected corridors. The regional transportation commission established under section 2 of this act, or a successor regional governing entity, shall review transit investments according to these performance measures to determine whether to continue funding for successful and effective operations after the construction period is completed.

(9) "Weighted vote" means a vote that reflects the population each board or planning committee member represents relative to the population represented by the total membership of the board or planning committee. Population will be determined using the federal 2000 census or subsequent federal census data.

Sec. 5. RCW 36.120.030 and 2002 c 56 s 103 are each amended to read as follows:

Regional transportation investment district planning committees are advisory entities that are created, convened, and empowered as follows:

(1) A county with a population over one million five hundred thousand persons and any adjoining counties with a population over five hundred thousand persons may create a regional transportation investment district and shall convene a regional transportation investment district planning committee.

(a) The boundaries of the district should include at least the contiguous areas within the regional transit authority serving the counties. The boundaries must be proposed by the planning committee and approved by the county legislative authorities by ordinance before or in conjunction with approval of a regional transportation investment plan. Boundaries must follow complete parcels of land. However, any portion of a county that is located on a peninsula shall be exempt from a regional transportation investment district in which more than one county is included if (i) the portion of the county located on the peninsula is connected to the other portion of the county by a bridge improved under chapter 47.46 RCW, and (ii) the county has a national park and a population of more than five hundred thousand persons, but less than one million five hundred thousand persons.

(b) After voters within the district boundaries have approved a plan under RCW 36.120.070, elections to add areas to the district boundaries may be called by a resolution of the board, after consultation with the regional transportation planning organization and affected transit agencies and with the concurrence of the legislative authority of the city or town if the area is incorporated or with the concurrence of the county legislative authority if the area is unincorporated. The election may include a single ballot measure providing annexation to the district, approval of the plan, and approval of revenue sources necessary to finance the plan. The electorate are the voters voting within the proposed area to be annexed. A simple majority of the persons voting on the single ballot measure is required for approval of the measure.

(2) The members of the legislative authorities participating in planning under this chapter shall serve as the district planning committee. Members of the planning committee receive no compensation, but may be reimbursed for travel and incidental expenses as the planning committee deems appropriate.

The secretary of transportation, or the appropriate regional administrator of the department, as named by the secretary, shall serve on the committee as a nonvoting member.

(3) A regional transportation investment district planning committee may be entitled to state funding, as appropriated by the legislature, for start-up funding to pay for salaries, expenses, overhead, supplies, and similar expenses ordinarily and necessarily

incurred in selecting transportation projects and funding for those transportation projects under this chapter. Upon creation of a regional transportation investment district, the district shall within one year reimburse the state for any sums advanced for these start-up costs from the state.

(4) The planning committee shall conduct its affairs and formulate a regional transportation investment plan as provided under RCW 36.120.040, except that it shall elect an executive board of seven members to discharge the duties of the planning committee and formulate a regional transportation investment plan, subject to the approval of the full committee.

(5) At its first meeting, a regional transportation investment district planning committee may elect officers and provide for the adoption of rules and other operating procedures.

(6) Governance of and decisions by a regional transportation investment district planning committee must be by a sixty-percent weighted majority vote of the total membership.

(7) The planning committee may dissolve itself at any time by a two-thirds weighted majority vote of the total membership of the planning committee.

(8) If a multicounty regional transportation investment district is not formed by December 1, 2007, through approval by the voters voting on a regional transportation investment plan, then the authority under this chapter to create a district, and to fund and construct transportation projects, shall be available to each of the eligible counties described in subsection (1) of this section on an individual and independent basis.

Sec. 6. RCW 36.120.040 and 2003 c 194 s 1 are each amended to read as follows:

(1) A regional transportation investment district planning committee shall adopt a regional transportation investment plan providing for the development, construction, and financing of transportation projects. The planning committee may consider the following factors in formulating its plan:

(a) Land use planning criteria;

(b) The input of cities located within a participating county; and

(c) The input of regional transportation planning organizations ((~~in~~)) of which a participating county is ((~~located~~)) a member. A regional transportation planning organization in which a participating county is located shall review its adopted regional transportation plan and submit, for the planning committee's consideration, its list of transportation improvement priorities.

(2) The planning committee may coordinate its activities with the department, which shall provide services, data, and personnel to assist in this planning as desired by the planning committee. In addition, the planning committee may coordinate its activities with affected cities, towns, and other local governments, including any regional transit authority existing within the participating counties' boundaries, that engage in transportation planning.

(3) The planning committee shall:

(a) Conduct public meetings that are needed to assure active public participation in the development of the plan;

(b) Adopt a plan proposing the:

(i) Creation of a regional transportation investment district, including district boundaries; and

(ii) Construction of transportation projects to improve mobility within each county and within the region. Operations, maintenance, and preservation of facilities or systems may not be part of the plan, except for the limited purposes provided under RCW 36.120.020(8); and

(c) Recommend sources of revenue authorized by RCW 36.120.050 and a financing plan to fund selected transportation projects. The overall plan of the district must leverage the district's financial contributions so that the federal, state, local, and other revenue sources continue to fund major congestion relief and transportation capacity improvement projects in each county and the district. A combination of local, state, and federal revenues may be necessary to pay for transportation projects, and the planning committee shall consider all of these revenue sources in developing a plan.

(4) The plan must use tax revenues and related debt for projects that generally benefit a participating county in proportion to the general level of tax revenues generated within that participating county. This equity principle applies to all modifications to the plan, appropriation of contingency funds not identified within the project estimate, and future phases of the plan. Per agreement with a

regional transit authority serving the counties participating in a district, the equity principle identified under this subsection may include using the combined district and regional transit authority revenues generated within a participating county to determine the distribution that proportionally benefits the county. For purposes of the transportation subarea equity principle established under this subsection, a district may use the five subareas within a regional transit authority's boundaries as identified in an authority's system plan adopted in May 1996. During implementation of the plan, the board shall retain the flexibility to manage distribution of revenues, debt, and project schedules so that the district may effectively implement the plan. Nothing in this section should be interpreted to prevent the district from pledging district- wide tax revenues for payment of any contract or debt entered into under RCW 36.120.130.

(5) Before adopting the plan, the planning committee, with assistance from the department, shall work with the lead agency to develop accurate cost forecasts for transportation projects. This project costing methodology must be integrated with revenue forecasts in developing the plan and must at a minimum include estimated project costs in constant dollars as well as year of expenditure dollars, the range of project costs reflected by the level of project design, project contingencies, identification of mitigation costs, the range of revenue forecasts, and project and plan cash flow and bond analysis. The plan submitted to the voters must provide cost estimates for each project, including reasonable contingency costs. Plans submitted to the voters must provide that the maximum amount possible of the funds raised will be used to fund projects in the plan, including environmental improvements and mitigation, and that administrative costs be minimized. If actual revenue exceeds actual plan costs, the excess revenues must be used to retire any outstanding debt associated with the plan.

(6) If a county opts not to adopt the plan or participate in the regional transportation investment district, but two or more contiguous counties do choose to continue to participate, then the planning committee may, within ninety days, redefine the regional transportation investment plan and the ballot measure to be submitted to the people to reflect elimination of the county, and submit the redefined plan to the legislative authorities of the remaining counties for their decision as

to whether to continue to adopt the redefined plan and participate. This action must be completed within sixty days after receipt of the redefined plan.

(7) Once adopted by the planning committee, the plan must be forwarded to the participating county legislative authorities to initiate the election process under RCW 36.120.070. The planning committee shall at the same time provide notice to each city and town within the district, the governor, the chairs of the transportation committees of the legislature, the secretary of transportation, and each legislator whose legislative district is partially or wholly within the boundaries of the district.

(8) If the ballot measure is not approved, the planning committee may redefine the selected transportation projects, financing plan, and the ballot measure. The county legislative authorities may approve the new plan and ballot measure, and may then submit the revised proposition to the voters at the next election or a special election. If no ballot measure is approved by the voters by the third vote, the planning committee is dissolved.

NEW SECTION. **Sec. 7.** A new section is added to chapter 36.120 RCW to read as follows:

The planning committee must develop and include in the regional transportation investment plan a funding proposal for the state route number 520 bridge replacement and HOV project that assures full project funding for seismic safety and corridor connectivity on state route number 520 between Interstate 5 and Interstate 405.

Sec. 8. RCW 36.120.070 and 2002 c 56 s 107 are each amended to read as follows:

(1) Beginning no sooner than the 2007 general election, two or more contiguous county legislative authorities, or a single county legislative authority as provided under RCW 36.120.030(8), upon receipt of the regional transportation investment plan under RCW 36.120.040, may ((~~certify the plan to the ballot, including identification of the tax options~~)) submit to the voters of the proposed district a single ballot measure that approves formation of the district, approves the regional transportation investment plan, and approves the revenue sources necessary to ((~~fund~~)) finance the plan. ((~~County legislative~~

~~authorities~~)) For a county to participate in the plan, the county legislative authority shall, within ninety days after receiving the plan, adopt an ordinance indicating the county's participation. The planning committee may draft ((~~a ballot title,~~)) the ballot measure on behalf of the county legislative authorities, and the county legislative authorities may give notice as required by law for ballot measures, and perform other duties as required to ((~~put the plan before~~)) submit the measure to the voters of the proposed district for their approval or rejection ((~~as a single ballot measure that both approves formation of the district and approves the plan~~)). Counties may negotiate interlocal agreements necessary to implement the plan. The electorate will be the voters voting within the boundaries of the ((~~participating counties~~)) proposed district. A simple majority of the total persons voting on the single ballot measure ((~~to approve the plan, establish the district, and approve the taxes and fees~~)) is required for approval.

(2) In conjunction with RCW 81.112.030(10), at the 2007 general election the participating counties shall submit a regional transportation investment plan on the same ballot along with a proposition to support additional implementation phases of the authority's system and financing plan developed under chapter 81.112 RCW. The plan shall not be considered approved unless voters also approve the proposition to support additional implementation phases of the authority's system and financing plan.

Sec. 9. RCW 29A.36.071 and 2004 c 271 s 169 are each amended to read as follows:

(1) Except as provided to the contrary in RCW 82.14.036, 82.46.021, or 82.80.090, the ballot title of any referendum filed on an enactment or portion of an enactment of a local government and any other question submitted to the voters of a local government consists of three elements: (a) An identification of the enacting legislative body and a statement of the subject matter; (b) a concise description of the measure; and (c) a question. The ballot title must conform with the requirements and be displayed substantially as provided under RCW 29A.72.050, except that the concise description must not exceed seventy-five words; however, a concise description submitted on behalf of a proposed or existing regional transportation investment district

may exceed seventy- five words. If the local governmental unit is a city or a town, the concise statement shall be prepared by the city or town attorney. If the local governmental unit is a county, the concise statement shall be prepared by the prosecuting attorney of the county. If the unit is a unit of local government other than a city, town, or county, the concise statement shall be prepared by the prosecuting attorney of the county within which the majority area of the unit is located.

(2) A referendum measure on the enactment of a unit of local government shall be advertised in the manner provided for nominees for elective office.

(3) Subsection (1) of this section does not apply if another provision of law specifies the ballot title for a specific type of ballot question or proposition.

Sec. 10. RCW 36.120.080 and 2002 c 56 s 108 are each amended to read as follows:

If the voters approve the plan, including creation of a regional transportation investment district and imposition of taxes and fees, the district will be declared formed. The county election officials of participating counties shall, within fifteen days of the final certification of the election results, publish a notice in a newspaper or newspapers of general circulation in the district declaring the district formed, and mail copies of the notice to the governor, the secretary of transportation, the executive director of the regional transit authority in which any part of the district is located, and the executive director of the regional transportation planning organization in which any part of the district is located. A party challenging the procedure or the formation of a voter-approved district must file the challenge in writing by serving the prosecuting attorney of the participating counties and the attorney general within thirty days after the final certification of the election. Failure to challenge within that time forever bars further challenge of the district's valid formation.

Sec. 11. RCW 36.120.110 and 2002 c 56 s 111 are each amended to read as follows:

(1) The governing board of the district is responsible for the execution of the voter-approved plan. The board shall:

(a) Impose taxes and fees authorized by district voters;

(b) Enter into agreements with state, local, and regional agencies and departments as necessary to accomplish district purposes and protect the district's investment in transportation projects;

(c) Accept gifts, grants, or other contributions of funds that will support the purposes and programs of the district;

(d) Monitor and audit the progress and execution of transportation projects to protect the investment of the public and annually make public its findings;

(e) Pay for services and enter into leases and contracts, including professional service contracts;

(f) Hire no more than ten employees, including a director or executive officer, a treasurer or financial officer, a project manager or engineer, a project permit coordinator, and clerical staff; and

(g) Coordinate its activities with affected cities, towns, and other local governments, including any regional transit authority existing either partially or entirely within the district area, that engage in transportation planning; and

(h) Exercise other powers and duties as may be reasonable to carry out the purposes of the district.

(2) It is the intent of the legislature that existing staff resources of lead agencies be used in implementing this chapter. A district may coordinate its activities with the department, which shall provide services, data, and personnel to assist as desired by the regional transportation investment district. Lead agencies for transportation projects that are not state facilities shall also provide staff support for the board.

(3) A district may not acquire, hold, or dispose of real property.

(4) Except for the limited purposes provided under RCW 36.120.020(8), a district may not own, operate, or maintain an ongoing facility, road, or transportation system.

(5) A district may accept and expend or use gifts, grants, or donations.

(6) It is the intent of the legislature that administrative and overhead costs of a regional transportation investment district be minimized. For transportation projects costing up to fifty million

dollars, administrative and overhead costs may not exceed three percent of the total construction and design project costs per year. For transportation projects costing more than fifty million dollars, administrative and overhead costs may not exceed three percent of the first fifty million dollars in costs, plus an additional one-tenth of one percent of each additional dollar above fifty million. These limitations apply only to the district, and do not limit the administration or expenditures of the department.

(7) A district may use the design-build procedure for transportation projects developed by it. As used in this section "design-build procedure" means a method of contracting under which the district contracts with another party for that party to both design and build the structures, facilities, and other items specified in the contract. The requirements and limitations of RCW 47.20.780 and 47.20.785 do not apply to the transportation projects under this chapter.

Sec. 12. RCW 81.112.030 and 1994 c 44 s 1 are each amended to read as follows:

Two or more contiguous counties each having a population of four hundred thousand persons or more may establish a regional transit authority to develop and operate a high capacity transportation system as defined in chapter 81.104 RCW.

The authority shall be formed in the following manner:

(1) The joint regional policy committee created pursuant to RCW 81.104.040 shall adopt a system and financing plan, including the definition of the service area. This action shall be completed by September 1, 1992, contingent upon satisfactory completion of the planning process defined in RCW 81.104.100. The final system plan shall be adopted no later than June 30, 1993. In addition to the requirements of RCW 81.104.100, the plan for the proposed system shall provide explicitly for a minimum portion of new tax revenues to be allocated to local transit agencies for interim express services. Upon adoption the joint regional policy committee shall immediately transmit the plan to the county legislative authorities within the adopted service area.

(2) The legislative authorities of the counties within the service area shall decide by resolution whether to participate in the

authority. This action shall be completed within forty-five days following receipt of the adopted plan or by August 13, 1993, whichever comes first.

(3) Each county that chooses to participate in the authority shall appoint its board members as set forth in RCW 81.112.040 and shall submit its list of members to the secretary of the Washington state department of transportation. These actions must be completed within thirty days following each county's decision to participate in the authority.

(4) The secretary shall call the first meeting of the authority, to be held within thirty days following receipt of the appointments. At its first meeting, the authority shall elect officers and provide for the adoption of rules and other operating procedures.

(5) The authority is formally constituted at its first meeting and the board shall begin taking steps toward implementation of the system and financing plan adopted by the joint regional policy committee. If the joint regional policy committee fails to adopt a plan by June 30, 1993, the authority shall proceed to do so based on the work completed by that date by the joint regional policy committee. Upon formation of the authority, the joint regional policy committee shall cease to exist. The authority may make minor modifications to the plan as deemed necessary and shall at a minimum review local transit agencies' plans to ensure feeder service/high capacity transit service integration, ensure fare integration, and ensure avoidance of parallel competitive services. The authority shall also conduct a minimum thirty-day public comment period.

(6) If the authority determines that major modifications to the plan are necessary before the initial ballot proposition is submitted to the voters, the authority may make those modifications with a favorable vote of two-thirds of the entire membership. Any such modification shall be subject to the review process set forth in RCW 81.104.110. The modified plan shall be transmitted to the legislative authorities of the participating counties. The legislative authorities shall have forty-five days following receipt to act by motion or ordinance to confirm or rescind their continued participation in the authority.

(7) If any county opts to not participate in the authority, but two or more contiguous counties do choose to continue to participate, the

authority's board shall be revised accordingly. The authority shall, within forty-five days, redefine the system and financing plan to reflect elimination of one or more counties, and submit the redefined plan to the legislative authorities of the remaining counties for their decision as to whether to continue to participate. This action shall be completed within forty-five days following receipt of the redefined plan.

(8) The authority shall place on the ballot within two years of the authority's formation, a single ballot proposition to authorize the imposition of taxes to support the implementation of an appropriate phase of the plan within its service area. In addition to the system plan requirements contained in RCW 81.104.100(2)(d), the system plan approved by the authority's board before the submittal of a proposition to the voters shall contain an equity element which:

(a) Identifies revenues anticipated to be generated by corridor and by county within the authority's boundaries;

(b) Identifies the phasing of construction and operation of high capacity system facilities, services, and benefits in each corridor. Phasing decisions should give priority to jurisdictions which have adopted transit-supportive land use plans; and

(c) Identifies the degree to which revenues generated within each county will benefit the residents of that county, and identifies when such benefits will accrue.

A simple majority of those voting within the boundaries of the authority is required for approval. If the vote is affirmative, the authority shall begin implementation of the projects identified in the proposition. However, the authority may not submit any authorizing proposition for voter-approved taxes prior to July 1, 1993; nor may the authority issue bonds or form any local improvement district prior to July 1, 1993.

(9) If the vote on a proposition fails, the board may redefine the proposition, make changes to the authority boundaries, and make corresponding changes to the composition of the board. If the composition of the board is changed, the participating counties shall revise the membership of the board accordingly. The board may then submit the revised proposition or a different proposition to the voters. No single proposition may be submitted to the voters more than

twice. Beginning no sooner than the 2007 general election, the authority may place additional propositions on the ballot to impose taxes to support additional phases of plan implementation.

(10) In conjunction with RCW 36.120.070, at the 2007 general election the authority shall submit a proposition to support additional implementation phases of the authority's system and financing plan on the same ballot along with a regional transportation investment plan developed under chapter 36.120 RCW. The proposition shall not be considered approved unless voters also approve the regional transportation investment plan.

(11) Additional phases of plan implementation may include a transportation subarea equity element which (a) identifies the combined authority and regional transportation investment district revenues anticipated to be generated by corridor and by county within the authority's boundaries, and (b) identifies the degree to which the combined authority and regional transportation investment district revenues generated within each county will benefit the residents of that county, and identifies when such benefits will accrue. For purposes of the transportation subarea equity principle established under this subsection, the authority may use the five subareas within the authority's boundaries as identified in the authority's system plan adopted in May 1996.

(12) If the authority is unable to achieve a positive vote on a proposition within two years from the date of the first election on a proposition, the board may, by resolution, reconstitute the authority as a single-county body. With a two-thirds vote of the entire membership of the voting members, the board may also dissolve the authority.

Sec. 13. RCW 36.120.050 and 2003 c 350 s 4 are each amended to read as follows:

(1) A regional transportation investment district planning committee may, as part of a regional transportation investment plan, recommend the imposition or authorization of some or all of the following revenue sources, which a regional transportation investment district may impose or authorize upon approval of the voters as provided in this chapter:

(a) A regional sales and use tax, as specified in RCW 82.14.430, of up to ((~~0.5~~)) 0.1 percent of the selling price, in the case of a sales tax, or value of the article used, in the case of a use tax, upon the occurrence of any taxable event in the regional transportation investment district;

(b) A local option vehicle license fee, as specified under RCW 82.80.100, of up to one hundred dollars per vehicle registered in the district. As used in this subsection, "vehicle" means motor vehicle as defined in RCW 46.04.320. Certain classes of vehicles, as defined under chapter 46.04 RCW, may be exempted from this fee;

(c) A parking tax under RCW 82.80.030;

(d) A local motor vehicle excise tax under RCW 81.100.060 ((~~and chapter 81.104 RCW~~));

(e) A local option fuel tax under RCW 82.80.120;

(f) An employer excise tax under RCW 81.100.030; and

(g) Vehicle tolls on new or reconstructed ((~~facilities.~~)) local or regional arterials or state or federal highways within the boundaries of the district, if the following conditions are met:

(i) Any such toll must be approved by the state transportation commission or its successor statewide tolling authority;

(ii) The regional transportation investment plan must identify the facilities that may be tolled; and

(iii) Unless otherwise specified by law, the department shall administer the collection of vehicle tolls on designated facilities, and the state transportation commission, or its successor, shall be the tolling authority.

(2) Taxes, fees, and tolls may not be imposed or authorized without an affirmative vote of the majority of the voters within the boundaries of the district voting on a ballot proposition as set forth in RCW 36.120.070. Revenues from these taxes and fees may be used only to implement the plan as set forth in this chapter. A district may contract with the state department of revenue or other appropriate entities for administration and collection of any of the taxes or fees authorized in this section.

(3) Existing statewide motor vehicle fuel and special fuel taxes, at the distribution rates in effect on January 1, 2001, are not intended to be altered by this chapter.

Sec. 14. RCW 81.100.080 and 1990 c 43 s 19 are each amended to read as follows:

(1) Funds collected under RCW 81.100.030 or 81.100.060 and any investment earnings accruing thereon shall be used by the county or the regional transportation investment district in a manner consistent with the regional transportation plan only for costs of collection, costs of preparing, adopting, and enforcing agreements under RCW 81.100.030(3), for construction of high occupancy vehicle lanes and related facilities, mitigation of environmental concerns that result from construction or use of high occupancy vehicle lanes and related facilities, payment of principal and interest on bonds issued for the purposes of this section, for high occupancy vehicle programs as defined in RCW 81.100.020(5), ((~~and~~)) or for commuter rail projects in accordance with RCW 81.104.120. Except for funds raised by an investment district, no funds collected under RCW 81.100.030 or 81.100.060 after June 30, 2000, may be pledged for the payment or security of the principal or interest on any bonds issued for the purposes of this section. Not more than ten percent of the funds may be used for transit agency high occupancy vehicle programs.

(2) Notwithstanding the limitations in this chapter, a regional transportation investment district may use funds collected under RCW 81.100.030 or 81.100.060 and any investment earnings accruing thereon for projects contained in a plan developed under chapter 36.120 RCW. These expenditures shall not be limited to high occupancy vehicle systems.

(3) Priorities for construction of high occupancy vehicle lanes and related facilities shall be as follows:

((~~(1)~~))(a)(i) To accelerate construction of high occupancy vehicle lanes on the interstate highway system, as well as related facilities;

((~~(b)~~)) (ii) To finance or accelerate construction of high occupancy vehicle lanes on the noninterstate state highway system, as well as related facilities.

((~~(2)~~)) (b) To finance construction of high occupancy vehicle lanes on local arterials, as well as related facilities.

(4) Moneys received by ((~~an agency~~)) a county under this chapter shall be used in addition to, and not as a substitute for, moneys currently used by the ((~~agency~~)) county for the purposes specified in this section.

(5) Counties and investment districts may contract with cities or the state department of transportation for construction of high occupancy vehicle lanes and related facilities, and may issue general obligation bonds to fund such construction and use funds received under this chapter to pay the principal and interest on such bonds.

Sec. 15. RCW 81.100.060 and 2002 c 56 s 411 are each amended to read as follows:

A county with a population of one million or more and a county with a population of from two hundred ten thousand to less than one million that is adjoining a county with a population of one million or more, having within their boundaries existing or planned high-occupancy vehicle lanes on the state highway system, or a regional transportation investment district ((~~for capital improvements~~)), but only to the extent that the surcharge has not already been imposed by the county, may, with voter approval, impose a local surcharge of not more than three-tenths of one percent in the case of a county, or eight-tenths of one percent in the case of a regional transportation investment district, of the value on vehicles registered to a person residing within the county or investment district and not more than 13.64 percent on the state sales and use taxes paid under the rate in RCW 82.08.020(2) on retail car rentals within the county or investment district. A county may impose the surcharge only to the extent that it has not been imposed by the district. No surcharge may be imposed on vehicles licensed under RCW 46.16.070 except vehicles with an unladen weight of six thousand pounds or less, RCW 46.16.079, 46.16.085, or 46.16.090.

Counties or investment districts imposing a ((~~tax~~)) surcharge under this section shall contract, before the effective date of the resolution or ordinance imposing a surcharge, administration and collection to the state department of licensing, and department of revenue, as appropriate, which shall deduct ((~~an~~)) a percentage amount, as provided by contract, not to exceed two percent of the taxes, for administration and collection expenses incurred by the department. All administrative provisions in chapters 82.03, 82.32, and 82.44 RCW shall, insofar as they are applicable to motor vehicle excise taxes, be applicable to surcharges imposed under this section. All administrative provisions in chapters 82.03, 82.08, 82.12, and 82.32

RCW shall, insofar as they are applicable to state sales and use taxes, be applicable to surcharges imposed under this section. A surcharge imposed under this section, or a change to the surcharge, shall take effect no sooner than seventy-five days after the department of licensing or the department of revenue receives notice of the surcharge or change to the surcharge, and shall take effect only on the first day of January, April, July, or October. Unless waived by the department of licensing or the department of revenue, notice includes providing the appropriate department with digital mapping and legal descriptions of areas in which the tax will be collected.

If the tax authorized in RCW 81.100.030 is also imposed, the total proceeds from tax sources imposed under this section and RCW 81.100.030 each year shall not exceed the maximum amount which could be collected under this section.

Sec. 16. RCW 82.14.0455 and 2005 c 336 s 15 are each amended to read as follows:

(1) Subject to the provisions in RCW 36.73.065, a transportation benefit district under chapter 36.73 RCW may fix and impose a sales and use tax in accordance with the terms of this chapter. The tax authorized in this section is in addition to any other taxes authorized by law and shall be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the boundaries of the district. The rate of tax shall not exceed two-tenths of one percent of the selling price in the case of a sales tax, or value of the article used, in the case of a use tax. The tax may not be imposed for a period exceeding ten years. This tax may be extended for a period not exceeding ten years with an affirmative vote of the voters voting at the election.

(2) Money received from the tax imposed under this section must be spent in accordance with the requirements of chapter 36.73 RCW.

((~~(3) A district may only levy the tax under this section if the district is comprised of boundaries coextensive with the boundaries of a county, counties, city or cities, a county transportation authority or authorities, a public transportation benefit area or areas, or any combination of these jurisdictions.~~))

Sec. 17. RCW 82.14.430 and 2002 c 56 s 405 are each amended to read as follows:

(1) If approved by the majority of the voters within its boundaries voting on the ballot proposition, a regional transportation investment district may impose a sales and use tax of up to ((~~0.5~~)) 0.1 percent of the selling price or value of the article used in the case of a use tax. The tax authorized by this section is in addition to the tax authorized by RCW 82.14.030 and must be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the taxing district. Motor vehicles are exempt from the sales and use tax imposed under this subsection.

(2) If approved by the majority of the voters within its boundaries voting on the ballot proposition, a regional transportation investment district may impose a tax on the use of a motor vehicle within a regional transportation investment district. The tax applies to those persons who reside within the regional transportation investment district. The rate of the tax may not exceed ((~~0.5~~)) 0.1 percent of the value of the motor vehicle. The tax authorized by this subsection is in addition to the tax authorized under RCW 82.14.030 and must be imposed and collected at the time a taxable event under RCW 82.08.020(1) or 82.12.020 takes place. All revenue received under this subsection must be deposited in the local sales and use tax account and distributed to the regional transportation investment district according to RCW 82.14.050. The following provisions apply to the use tax in this subsection:

(a) Where persons are taxable under chapter 82.08 RCW, the seller shall collect the use tax from the buyer using the collection provisions of RCW 82.08.050.

(b) Where persons are taxable under chapter 82.12 RCW, the use tax must be collected using the provisions of RCW 82.12.045.

(c) "Motor vehicle" has the meaning provided in RCW 46.04.320, but does not include farm tractors or farm vehicles as defined in RCW 46.04.180 and 46.04.181, off-road and nonhighway vehicles as defined in RCW 46.09.020, and snowmobiles as defined in RCW 46.10.010.

(d) "Person" has the meaning given in RCW 82.04.030.

(e) The value of a motor vehicle must be determined under RCW 82.12.010.

(f) Except as specifically stated in this subsection (2), chapters 82.12 and 82.32 RCW apply to the use tax. The use tax is a local tax imposed under the authority of chapter 82.14 RCW, and chapter 82.14 RCW applies fully to the use tax.

(3) In addition to fulfilling the notice requirements under RCW 82.14.055(1), and unless waived by the department, a regional transportation investment district shall provide the department of revenue with digital mapping and legal descriptions of areas in which the tax will be collected.

Sec. 18. RCW 82.80.120 and 2003 c 350 s 3 are each amended to read as follows:

(1) For purposes of this section:

(a) "Distributor" means every person who imports, refines, manufactures, produces, or compounds motor vehicle fuel and special fuel as defined in RCW 82.36.010 and 82.38.020, respectively, and sells or distributes the fuel into a county;

(b) "Person" has the same meaning as in RCW 82.04.030;

(c) "District" means a regional transportation investment district under chapter 36.120 RCW.

(2) A regional transportation investment district under chapter 36.120 RCW, subject to the conditions of this section, may levy additional excise taxes equal to ten percent of the statewide motor vehicle fuel tax rate under RCW 82.36.025 on each gallon of motor vehicle fuel as defined in RCW 82.36.010 and on each gallon of special fuel as defined in RCW 82.38.020 sold within the boundaries of the district. The additional excise tax is subject to the approval of a majority of the voters within the district boundaries. Vehicles paying an annual license fee under RCW 82.38.075 are exempt from the district's fuel excise tax. The additional excise taxes are subject to the same exceptions and rights of refund as applicable to other motor vehicle fuel and special fuel excise taxes levied under chapters 82.36 and 82.38 RCW. The proposed tax may not be levied less than one month from the date the election results are certified. The commencement date for the levy of any tax under this section will be the first day of January, April, July, or October.

(3) The local option motor vehicle fuel tax on each gallon of motor

vehicle fuel and on each gallon of special fuel is imposed upon the distributor of the fuel.

(4) A taxable event for the purposes of this section occurs upon the first distribution of the fuel within the boundaries of the district to a retail outlet, bulk fuel user, or ultimate user of the fuel.

(5) All administrative provisions in chapters 82.01, 82.03, and 82.32 RCW, insofar as they are applicable, apply to local option fuel taxes imposed under this section.

(6) Before the effective date of the imposition of the fuel taxes under this section, a district shall contract with the department of ((~~revenue~~)) licensing for the administration and collection of the taxes. The contract must provide that a percentage amount, not to exceed one percent of the taxes imposed under this section, will be deposited into the local tax administration account created in the custody of the state treasurer. The department of ((~~revenue~~)) licensing may spend money from this account, upon appropriation, for the administration of the local taxes imposed under this section.

(7) The state treasurer shall distribute monthly to the district levying the tax as part of the regional transportation investment district plan, after the deductions for payments and expenditures as provided in RCW 46.68.090(1) (a) and (b).

(8) The proceeds of the additional taxes levied by a district in this section, to be used as a part of a regional transportation investment district plan, must be used in accordance with chapter 36.120 RCW, but only for those areas that are considered "highway purposes" as that term is construed in Article II, section 40 of the state Constitution.

(9) A district may only levy the tax under this section if the district is comprised of boundaries identical to the boundaries of a county or counties. A district may not levy the tax in this section if a member county is levying the tax in RCW 82.80.010 or 82.80.110.

Sec. 19. RCW 47.56.076 and 2005 c 335 s 3 are each amended to read as follows:

Upon approval of a majority of the voters within its boundaries voting on the ballot proposition, and ((~~only for the purposes authorized in RCW 36.120.050(1)(g)~~)) with the approval of the state

transportation commission or its successor statewide tolling authority, a regional transportation investment district may authorize vehicle tolls on a local or regional arterial or a state ((~~routes where improvements financed in whole or in part by a regional transportation investment district add additional lanes to, or reconstruct lanes on, a highway of statewide significance~~)) or federal highway within the boundaries of the district. The department shall administer the collection of vehicle tolls authorized on designated facilities unless otherwise specified in law or by contract, and the ((~~state transportation~~)) commission((~~,~~)) or its successor((~~,~~)) statewide tolling authority shall ((~~be the tolling authority~~)) set and impose the tolls in amounts sufficient to implement the regional transportation investment plan under RCW 36.120.020.

NEW SECTION. **Sec. 20.** A new section is added to chapter 47.56 RCW to read as follows:

Notwithstanding any provision to the contrary in this chapter, a regional transportation investment district may authorize vehicle tolls on either Lake Washington bridge within its boundaries to implement a regional transportation investment plan as authorized in chapter 36.120 RCW and RCW 47.56.076.

Sec. 21. RCW 43.79A.040 and 2005 c 424 s 18, 2005 c 402 s 8, 2005 c 215 s 10, and 2005 c 16 s 2 are each reenacted and amended to read as follows:

(1) Money in the treasurer's trust fund may be deposited, invested, and reinvested by the state treasurer in accordance with RCW 43.84.080 in the same manner and to the same extent as if the money were in the state treasury.

(2) All income received from investment of the treasurer's trust fund shall be set aside in an account in the treasury trust fund to be known as the investment income account.

(3) The investment income account may be utilized for the payment of purchased banking services on behalf of treasurer's trust funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasurer or affected state agencies. The investment income account is subject in all respects to

chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments shall occur prior to distribution of earnings set forth in subsection (4) of this section.

(4)(a) Monthly, the state treasurer shall distribute the earnings credited to the investment income account to the state general fund except under (b) and (c) of this subsection.

(b) The following accounts and funds shall receive their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The Washington promise scholarship account, the college savings program account, the Washington advanced college tuition payment program account, the agricultural local fund, the American Indian scholarship endowment fund, the foster care scholarship endowment fund, the foster care endowed scholarship trust fund, the students with dependents grant account, the basic health plan self-insurance reserve account, the contract harvesting revolving account, the Washington state combined fund drive account, the commemorative works account, the Washington international exchange scholarship endowment fund, the developmental disabilities endowment trust fund, the energy account, the fair fund, the fruit and vegetable inspection account, the future teachers conditional scholarship account, the game farm alternative account, the grain inspection revolving fund, the juvenile accountability incentive account, the law enforcement officers' and fire fighters' plan 2 expense fund, the local tourism promotion account, the produce railcar pool account, the regional transportation investment district account, the rural rehabilitation account, the stadium and exhibition center account, the youth athletic facility account, the self-insurance revolving fund, the sulfur dioxide abatement account, the children's trust fund, the Washington horse racing commission Washington bred owners' bonus fund account, the Washington horse racing commission class C purse fund account, the individual development account program account, the Washington horse racing commission operating account (earnings from the Washington horse racing commission operating account must be credited to the Washington horse racing commission class C purse fund account), and the life sciences discovery fund. However, the earnings to be distributed shall first be reduced by the allocation to the state treasurer's service fund pursuant to RCW 43.08.190.

(c) The following accounts and funds shall receive eighty percent of their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The advanced right of way revolving fund, the advanced environmental mitigation revolving account, the city and county advance right-of-way revolving fund, the federal narcotics asset forfeitures account, the high occupancy vehicle account, the local rail service assistance account, and the miscellaneous transportation programs account.

(5) In conformance with Article II, section 37 of the state Constitution, no trust accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

Sec. 22. RCW 43.84.092 and 2005 c 514 s 1105, 2005 c 353 s 3, 2005 c 339 s 22, 2005 c 314 s 109, 2005 c 312 s 7, and 2005 c 94 s 1 are each reenacted and amended to read as follows:

(1) All earnings of investments of surplus balances in the state treasury shall be deposited to the treasury income account, which account is hereby established in the state treasury.

(2) The treasury income account shall be utilized to pay or receive funds associated with federal programs as required by the federal cash management improvement act of 1990. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for refunds or allocations of interest earnings required by the cash management improvement act. Refunds of interest to the federal treasury required under the cash management improvement act fall under RCW 43.88.180 and shall not require appropriation. The office of financial management shall determine the amounts due to or from the federal government pursuant to the cash management improvement act. The office of financial management may direct transfers of funds between accounts as deemed necessary to implement the provisions of the cash management improvement act, and this subsection. Refunds or allocations shall occur prior to the distributions of earnings set forth in subsection (4) of this section.

(3) Except for the provisions of RCW 43.84.160, the treasury income account may be utilized for the payment of purchased banking services on behalf of treasury funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasury and affected state agencies. The treasury income account is subject in all

respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments shall occur prior to distribution of earnings set forth in subsection (4) of this section.

(4) Monthly, the state treasurer shall distribute the earnings credited to the treasury income account. The state treasurer shall credit the general fund with all the earnings credited to the treasury income account except:

(a) The following accounts and funds shall receive their proportionate share of earnings based upon each account's and fund's average daily balance for the period: The capitol building construction account, the Cedar River channel construction and operation account, the Central Washington University capital projects account, the charitable, educational, penal and reformatory institutions account, the common school construction fund, the county criminal justice assistance account, the county sales and use tax equalization account, the data processing building construction account, the deferred compensation administrative account, the deferred compensation principal account, the department of retirement systems expense account, the developmental disabilities community trust account, the drinking water assistance account, the drinking water assistance administrative account, the drinking water assistance repayment account, the Eastern Washington University capital projects account, the education construction fund, the education legacy trust account, the election account, the emergency reserve fund, The Evergreen State College capital projects account, the federal forest revolving account, the freight mobility investment account, the health services account, the public health services account, the health system capacity account, the personal health services account, the state higher education construction account, the higher education construction account, the highway infrastructure account, the high-occupancy toll lanes operations account, the industrial insurance premium refund account, the judges' retirement account, the judicial retirement administrative account, the judicial retirement principal account, the local leasehold excise tax account, the local real estate excise tax account, the local sales and use tax account, the medical aid account, the mobile home park relocation fund, the multimodal transportation account, the municipal criminal justice assistance account, the municipal sales and use tax equalization account, the

natural resources deposit account, the oyster reserve land account, the perpetual surveillance and maintenance account, the public employees' retirement system plan 1 account, the public employees' retirement system combined plan 2 and plan 3 account, the public facilities construction loan revolving account beginning July 1, 2004, the public health supplemental account, the Puyallup tribal settlement account, the real estate appraiser commission account, ((~~the regional transportation investment district account,~~)) the resource management cost account, the rural Washington loan fund, the site closure account, the small city pavement and sidewalk account, the special wildlife account, the state employees' insurance account, the state employees' insurance reserve account, the state investment board expense account, the state investment board commingled trust fund accounts, the supplemental pension account, the Tacoma Narrows toll bridge account, the teachers' retirement system plan 1 account, the teachers' retirement system combined plan 2 and plan 3 account, the tobacco prevention and control account, the tobacco settlement account, the transportation infrastructure account, the transportation partnership account, the tuition recovery trust fund, the University of Washington bond retirement fund, the University of Washington building account, the volunteer fire fighters' and reserve officers' relief and pension principal fund, the volunteer fire fighters' and reserve officers' administrative fund, the Washington fruit express account, the Washington judicial retirement system account, the Washington law enforcement officers' and fire fighters' system plan 1 retirement account, the Washington law enforcement officers' and fire fighters' system plan 2 retirement account, the Washington school employees' retirement system combined plan 2 and 3 account, the Washington state health insurance pool account, the Washington state patrol retirement account, the Washington State University building account, the Washington State University bond retirement fund, the water pollution control revolving fund, and the Western Washington University capital projects account. Earnings derived from investing balances of the agricultural permanent fund, the normal school permanent fund, the permanent common school fund, the scientific permanent fund, and the state university permanent fund shall be allocated to their respective beneficiary accounts. All earnings to be distributed under this

subsection (4)(a) shall first be reduced by the allocation to the state treasurer's service fund pursuant to RCW 43.08.190.

(b) The following accounts and funds shall receive eighty percent of their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The aeronautics account, the aircraft search and rescue account, the county arterial preservation account, the department of licensing services account, the essential rail assistance account, the ferry bond retirement fund, the grade crossing protective fund, the high capacity transportation account, the highway bond retirement fund, the highway safety account, the motor vehicle fund, the motorcycle safety education account, the pilotage account, the public transportation systems account, the Puget Sound capital construction account, the Puget Sound ferry operations account, the recreational vehicle account, the rural arterial trust account, the safety and education account, the special category C account, the state patrol highway account, the transportation 2003 account (nickel account), the transportation equipment fund, the transportation fund, the transportation improvement account, the transportation improvement board bond retirement account, and the urban arterial trust account.

(5) In conformance with Article II, section 37 of the state Constitution, no treasury accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

Sec. 23. RCW 43.84.092 and 2005 c 514 s 1106, 2005 c 353 s 4, 2005 c 339 s 23, 2005 c 314 s 110, 2005 c 312 s 8, and 2005 c 94 s 2 are each reenacted and amended to read as follows:

(1) All earnings of investments of surplus balances in the state treasury shall be deposited to the treasury income account, which account is hereby established in the state treasury.

(2) The treasury income account shall be utilized to pay or receive funds associated with federal programs as required by the federal cash management improvement act of 1990. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for refunds or allocations of interest earnings required by the cash management improvement act. Refunds of interest to the federal treasury required under the cash management improvement act fall under RCW 43.88.180 and shall not require appropriation. The

office of financial management shall determine the amounts due to or from the federal government pursuant to the cash management improvement act. The office of financial management may direct transfers of funds between accounts as deemed necessary to implement the provisions of the cash management improvement act, and this subsection. Refunds or allocations shall occur prior to the distributions of earnings set forth in subsection (4) of this section.

(3) Except for the provisions of RCW 43.84.160, the treasury income account may be utilized for the payment of purchased banking services on behalf of treasury funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasury and affected state agencies. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments shall occur prior to distribution of earnings set forth in subsection (4) of this section.

(4) Monthly, the state treasurer shall distribute the earnings credited to the treasury income account. The state treasurer shall credit the general fund with all the earnings credited to the treasury income account except:

(a) The following accounts and funds shall receive their proportionate share of earnings based upon each account's and fund's average daily balance for the period: The capitol building construction account, the Cedar River channel construction and operation account, the Central Washington University capital projects account, the charitable, educational, penal and reformatory institutions account, the common school construction fund, the county criminal justice assistance account, the county sales and use tax equalization account, the data processing building construction account, the deferred compensation administrative account, the deferred compensation principal account, the department of retirement systems expense account, the developmental disabilities community trust account, the drinking water assistance account, the drinking water assistance administrative account, the drinking water assistance repayment account, the Eastern Washington University capital projects account, the education construction fund, the education legacy trust account, the election account, the emergency reserve fund, The Evergreen State College capital projects account, the federal forest revolving account, the freight mobility investment account, the health

services account, the public health services account, the health system capacity account, the personal health services account, the state higher education construction account, the higher education construction account, the highway infrastructure account, the high-occupancy toll lanes operations account, the industrial insurance premium refund account, the judges' retirement account, the judicial retirement administrative account, the judicial retirement principal account, the local leasehold excise tax account, the local real estate excise tax account, the local sales and use tax account, the medical aid account, the mobile home park relocation fund, the multimodal transportation account, the municipal criminal justice assistance account, the municipal sales and use tax equalization account, the natural resources deposit account, the oyster reserve land account, the perpetual surveillance and maintenance account, the public employees' retirement system plan 1 account, the public employees' retirement system combined plan 2 and plan 3 account, the public facilities construction loan revolving account beginning July 1, 2004, the public health supplemental account, the public works assistance account, the Puyallup tribal settlement account, the real estate appraiser commission account, ((~~the regional transportation investment district account,~~)) the resource management cost account, the rural Washington loan fund, the site closure account, the small city pavement and sidewalk account, the special wildlife account, the state employees' insurance account, the state employees' insurance reserve account, the state investment board expense account, the state investment board commingled trust fund accounts, the supplemental pension account, the Tacoma Narrows toll bridge account, the teachers' retirement system plan 1 account, the teachers' retirement system combined plan 2 and plan 3 account, the tobacco prevention and control account, the tobacco settlement account, the transportation infrastructure account, the transportation partnership account, the tuition recovery trust fund, the University of Washington bond retirement fund, the University of Washington building account, the volunteer fire fighters' and reserve officers' relief and pension principal fund, the volunteer fire fighters' and reserve officers' administrative fund, the Washington fruit express account, the Washington judicial retirement system account, the Washington law enforcement officers' and fire fighters' system plan 1 retirement account, the Washington law enforcement

officers' and fire fighters' system plan 2 retirement account, the Washington public safety employees' plan 2 retirement account, the Washington school employees' retirement system combined plan 2 and 3 account, the Washington state health insurance pool account, the Washington state patrol retirement account, the Washington State University building account, the Washington State University bond retirement fund, the water pollution control revolving fund, and the Western Washington University capital projects account. Earnings derived from investing balances of the agricultural permanent fund, the normal school permanent fund, the permanent common school fund, the scientific permanent fund, and the state university permanent fund shall be allocated to their respective beneficiary accounts. All earnings to be distributed under this subsection (4)(a) shall first be reduced by the allocation to the state treasurer's service fund pursuant to RCW 43.08.190.

(b) The following accounts and funds shall receive eighty percent of their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The aeronautics account, the aircraft search and rescue account, the county arterial preservation account, the department of licensing services account, the essential rail assistance account, the ferry bond retirement fund, the grade crossing protective fund, the high capacity transportation account, the highway bond retirement fund, the highway safety account, the motor vehicle fund, the motorcycle safety education account, the pilotage account, the public transportation systems account, the Puget Sound capital construction account, the Puget Sound ferry operations account, the recreational vehicle account, the rural arterial trust account, the safety and education account, the special category C account, the state patrol highway account, the transportation 2003 account (nickel account), the transportation equipment fund, the transportation fund, the transportation improvement account, the transportation improvement board bond retirement account, and the urban arterial trust account.

(5) In conformance with Article II, section 37 of the state Constitution, no treasury accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

Sec. 24. RCW 36.73.015 and 2005 c 336 s 1 are each amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "District" means a transportation benefit district created under this chapter.

(2) "City" means a city or town.

(3) "Transportation improvement" means a project contained in the transportation plan of the state or a regional transportation planning organization ((~~that is of statewide or regional significance~~)). A project may include investment in new or existing highways of statewide significance, principal arterials of regional significance, high-capacity transportation, public transportation, and other transportation projects and programs of regional or statewide significance including transportation demand management. Projects may also include the operation, preservation, and maintenance of these facilities or programs. ((~~Not more than forty percent of the revenues generated by a district may be expended on city streets, county roads, existing highways other than highways of statewide significance, and the creation of a new highway that intersects with a highway of statewide significance.~~))

Sec. 25. RCW 36.73.020 and 2005 c 336 s 3 are each amended to read as follows:

(1) The legislative authority of a county or city may establish a transportation benefit district within the county or city area or within the area specified in subsection (2) of this section, for the purpose of acquiring, constructing, improving, providing, and funding a transportation improvement within the district that is consistent with any existing state, regional, and local transportation plans and necessitated by existing or reasonably foreseeable congestion levels. The transportation improvements shall be owned by the county of jurisdiction if located in an unincorporated area, by the city of jurisdiction if located in an incorporated area, or by the state in cases where the transportation improvement is or becomes a state highway. However, if deemed appropriate by the governing body of the transportation benefit district, a transportation improvement may be owned by a participating port district or transit district, unless

otherwise prohibited by law. Transportation improvements shall be administered and maintained as other public streets, roads, highways, and transportation improvements. To the extent practicable, the district shall consider the following criteria when selecting transportation improvements:

(a) Reduced risk of transportation facility failure and improved safety;

(b) Improved travel time;

(c) Improved air quality;

(d) Increases in daily and peak period trip capacity;

(e) Improved modal connectivity;

(f) Improved freight mobility;

(g) Cost-effectiveness of the investment;

(h) Optimal performance of the system through time; and

(i) Other criteria, as adopted by the governing body.

(2) Subject to subsection (6) of this section, the district may include area within more than one county, city, port district, county transportation authority, or public transportation benefit area, if the legislative authority of each participating jurisdiction has agreed to the inclusion as provided in an interlocal agreement adopted pursuant to chapter 39.34 RCW. However, the boundaries of the district ((~~shall~~)) need not include all territory within the boundaries of the participating jurisdictions comprising the district.

(3) The members of the legislative authority proposing to establish the district, acting ex officio and independently, shall constitute the governing body of the district: PROVIDED, That where a district includes area within more than one jurisdiction under subsection (2) of this section, the district shall be governed under an interlocal agreement adopted pursuant to chapter 39.34 RCW. However, the governing body shall be composed of at least five members including at least one elected official from the legislative authority of each participating jurisdiction.

(4) The treasurer of the jurisdiction proposing to establish the district shall act as the ex officio treasurer of the district, unless an interlocal agreement states otherwise.

(5) The electors of the district shall all be registered voters residing within the district.

(6) Prior to December 1, 2007, the authority under this section, regarding the establishment of or the participation in a district, shall not apply to:

(a) Counties with a population greater than one million five hundred thousand persons and any adjoining counties with a population greater than five hundred thousand persons;

(b) Cities with any area within the counties under (a) of this subsection; and

(c) Other jurisdictions with any area within the counties under (a) of this subsection.

NEW SECTION. **Sec. 26.** A new section is added to chapter 47.01 RCW to read as follows:

The department shall not commence construction on any part of the state route number 520 bridge replacement and HOV project until a record of decision has been reached providing reasonable assurance that project impacts will be avoided, minimized, or mitigated as much as practicable to protect against further adverse impacts on neighborhood environmental quality as a result of repairs and improvements made to the state route number 520 bridge and its connecting roadways, and that any such impacts will be addressed through engineering design choices, mitigation measures, or a combination of both. The requirements of this section shall not apply to off-site pontoon construction supporting the state route number 520 bridge replacement and HOV project.

NEW SECTION. **Sec. 27.** A new section is added to chapter 47.01 RCW to read as follows:

(1) Prior to commencing construction on either project, the department of transportation must complete all of the following requirements for both the Alaskan Way viaduct and Seattle Seawall replacement project, and the state route number 520 bridge replacement and HOV project: (a) In accordance with the national environmental policy act, the department must designate the preferred alternative, prepare a substantial project mitigation plan, and complete a comprehensive cost estimate review using the department's cost estimate validation process, for each project; (b) in accordance with all applicable federal highway administration planning and project

management requirements, the department must prepare a project finance plan for each project that clearly identifies secured and anticipated fund sources, cash flow timing requirements, and project staging and phasing plans if applicable; and (c) the department must report these results for each project to the joint transportation committee.

(2) The requirements of this section shall not apply to (a) utility relocation work, and related activities, on the Alaskan Way viaduct and Seattle Seawall replacement project and (b) off-site pontoon construction supporting the state route number 520 bridge replacement and HOV project.

NEW SECTION. **Sec. 28.** A new section is added to chapter 47.01 RCW to read as follows:

The legislature recognizes that the finance and project implementation planning processes required for the Alaskan Way viaduct and Seattle Seawall replacement project and the state route number 520 bridge replacement and HOV project cannot guarantee appropriate decisions unless key study assumptions are reasonable with respect to each project.

To assure appropriate finance plan and project implementation plan assumptions, an expert review panel shall be appointed to provide independent financial and technical review for development of a finance plan and project implementation plan for the projects described in this section.

(1) The expert review panel shall consist of five to ten members who are recognized experts in relevant fields, such as planning, engineering, finance, law, the environment, emerging transportation technologies, geography, and economics.

(2) The expert review panel shall be selected cooperatively by the chairs of the senate and house transportation committees, the secretary of the department of transportation, and the governor to assure a balance of disciplines.

(3) The chair of the expert review panel shall be designated by the governor.

(4) The expert review panel shall, with respect to completion of the project alternatives as described in the draft environmental impact statement of each project:

(a) Review the finance plan for the project to ensure that it clearly identifies secured and anticipated funding sources and is feasible and sufficient;

(b) Review the project implementation plan covering all state and local permitting and mitigation approvals that ensure the most expeditious and cost-effective delivery of the project; and

(c) Report its findings and recommendations on the items described in (a) and (b) of this subsection to the joint transportation committee, the office of financial management, and the governor by September 1, 2006.

(5) Upon receipt of the expert review panel's findings and recommendations under subsection (4)(c) of this section, the governor must make a finding of whether each finance plan is feasible and sufficient to complete the project as described in the draft environmental impact statement.

(6) Nothing in this section shall be interpreted to delay construction of any of the projects referenced in this section.

NEW SECTION. **Sec. 29.** A new section is added to chapter 36.120 RCW to read as follows:

(1) The most populous city, within the three-county region eligible to create a regional transportation investment district under this chapter, shall submit an advisory ballot to the city voters at the 2006 general election regarding voter preference of the tunnel and rebuild alternatives described in the environmental impact statement relative to the Alaskan Way viaduct project. The results of the election shall be advisory only and not binding regarding the final project to be constructed.

(2) In the alternative to the provisions of subsection (1) of this section, following the report of the expert review panel's findings and recommendations completed under section 28(4)(c) of this act, the city legislative authority shall hold public hearings on the findings and recommendations. After such time, and by November 1, 2006, the city legislative authority shall adopt by ordinance a preferred alternative for the Alaskan Way viaduct and Seattle Seawall replacement project. The preferred alternative must, at a minimum, be based on a substantial project mitigation plan and a comprehensive cost estimate review using the department's cost estimate validation process.

NEW SECTION. **Sec. 30.** Section 22 of this act expires July 1, 2006.

NEW SECTION. **Sec. 31.** Section 23 of this act takes effect July 1, 2006.

--- END ---

Regional Transportation Commission

Draft Report

November 15, 2006

APPENDIX 5-1
History of Transportation Finance

RTC original document

Appendix 5-1: History of Transportation Finance

Introduction

In 1905, there were fewer than 100 automobiles in the entire state and fewer than 1,000 miles of state roads served a population of about 600,000. But as World War II was coming to an end, the automobile and construction industries recognized the pent-up demand for cars and the likely future expansion of single family housing into suburban areas. Nationwide, the "highway lobby" pushed for dedicated sources of funding for major road construction. In 1944, Washington voters approved Amendment 18 to the state constitution, limiting all motor vehicle fuel tax revenues to highway uses. This was a pivotal development because it isolated the gasoline tax from other transportation purposes and discretely tied revenue generated by the use of state roads to expenditures on their construction and maintenance. This amendment precluded gas tax revenues from being used for mass transit systems.

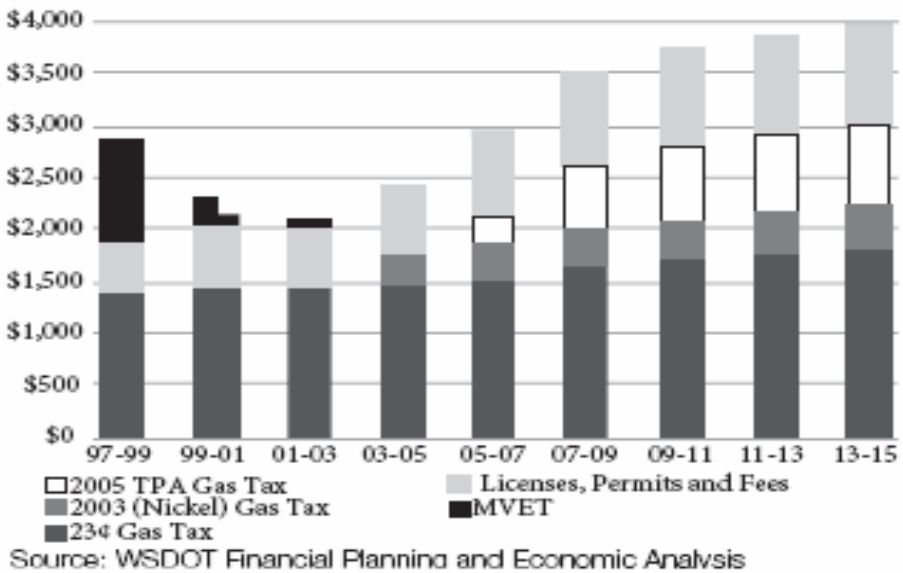
In 1951, the State Legislature reorganized the Department of Highways under a new five-member Highway Commission. In a later reorganization, the Washington State Department of Transportation ("WSDOT") formally began operation in 1977. The latest shift occurred in 2002 when the secretary began reporting to the Governor instead of the Washington State Transportation Commission.

Revenue sources

Gas Tax: The primary sources of funding transportation have been the motor vehicle fuel tax (usually referred to as the "gas tax") and the motor vehicle excise tax (usually referred to as "MVET").

(See Figure 5-1 on next page)

Figure III-3
Major Sources of Tax Revenue (millions of dollars)

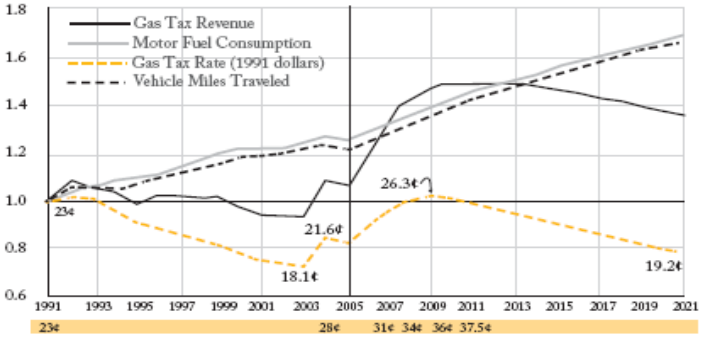


Source: WSDOT Financial Planning and Economic Analysis

Motor Vehicle Fuel Tax: Washington began collecting a penny per gallon of gasoline and diesel in 1921, and doubled the tax two years later. At that time there were fewer than 200,000 cars and trucks owned by the state's 1.4 million residents. By 1949, the "gas tax" had risen to 6.5¢, which was the equivalent to 43.7 cents today on a 2005 inflation adjusted basis. The gas tax was consistently raised in the 1950s and 1960s at a rate faster than the rate of inflation, matching large Federal grants to fuel a massive expansion of the highway system. We were told by one former Transportation Commission Chair that for many years the gas tax was viewed as an apolitical issue and routinely raised by consensus.

Figure 3-2

Figure II-12
Growth Rates Compared: Vehicle Miles Traveled, Gas Tax and Gas Tax Rates



Source WSDOT

During the high inflation period of the 1970's there was a rising political sensitivity to tax increases and the gas tax was not raised between 1979 and 1991, effectively declining approximately 50% on an inflation adjusted basis. Periodic increases after that brought the inflation-adjusted value of the gas tax back to up to 23¢ in 1991. After the ballot wars over the gas tax and the MVET (described below) and the when fully implemented in 2008, the tax on gasoline of 37.5¢ per gallon will remain below the inflation adjusted rate that prevailed in the 1950s and 1960s. Meanwhile, personal income in Washington has grown much more quickly than total motor fuel tax collections. In 1970, gas tax revenues represented 1% of the total personal income in the state. It had fallen to 0.5% of state personal income by 1990 and to 0.41% by 2004. The number of vehicles and the vehicle miles driven in Washington increased at a much faster rate than population, and gas tax collections have not kept pace with the costs of repairing the wear and tear on roads.

Motor Vehicle Excise Tax: The state began collecting vehicles registration fees in 1915 to support state roads. Initially the fees were based on horsepower of the vehicle but quickly shifted to be based on vehicle weight. By 1957, some of the revenues were used by the State Patrol. Between 1971 and 1980, the State Patrol was funded directly through the Motor Vehicle account. Separate deposits for the State Patrol account resumed in 1981 and continue today.

From 1977 until December 1999, a portion of the proceeds from the Motor Vehicle Excise Tax (MVET) helped to fund transportation systems. Enactment of legislation initially proposed in Initiative 695 (described below) and reinforced by Initiative 776, eliminated much of this taxing authority. Sound Transit (the Puget Sound Regional Transportation Authority) continues to collect an MVET tax in the Puget Sound Region to support its system.[1]

Gross weight fees that apply specifically to trucks were established in 1937. Up until 1987 two fees were levied separately, a registration fee and a fee based on the weight of the truck. In January 1987 a new law went into effect that brought the two fees together to form the Combined License Fee. In 1994 the weight schedule was extended from 80,000 pounds to 105,500 pounds and fees increased for trucks over 40,000 pounds declared gross weight. The

[1] [1] WSDOT Transportation Commission, http://www.wsdot.wa.gov/NR/rdonlyres/100C6B75-B1E3-48BE-9F03-B73B78417DD5/0/14PartIII_Focus_on_Transportation.pdf
Although I-776 attempted to repeal Sound Transit's MVET, it has continued to be collected because that agency had issued bonds pledging continued collection of the tax.

most recent fee increases for the combined license fee took place in 2003 and 2005. The current vehicle registration fee for new or used vehicles is $30. Legislation passed in 2005 created a new vehicle weight fee on passenger cars. In addition to the $30 registration fee, vehicles weighing up to 4,000 pounds pay a $10 fee, vehicles weighing up to 6,000 pounds pay $20, and vehicles weighing up to 8,000 pounds pay $30.

Transit taxes: Under state law, counties, cities and public transit authorities can levy a general sales tax within their jurisdiction of up to .9%. Prior to 2000 (see Initiative 695 below), transit agencies received matching money from MVET tax revenue. The rates vary between taxing jurisdictions. In addition, Sound Transit was separately authorized to tax regional sales based on a region which includes portions of King, Pierce and Snohomish County. They currently levy at .4% regional sales tax.

Figure 5-3

Agency	**Year changed**	**Rate**
Community Transit	2001	0.9%
Everett Transit	2004	0.6%
King County Metro	2000	0.8%
Kitsap Transit	2001	0.8%
Pierce Transit	2002	0.6%
Sound Transit	1996	0.4%
Source: www.wsdot.wa.gov/transit/library/2005_summary/04-StatewideOverview.pdf		

Voter resistance to taxes for transportation: In 1970, King County voters rejected several new transportation bonds, called Forward Thrust bonds, which included a transit rail plan. It was later estimated that a billion dollars of federal transit aid reserved for a Seattle transit system instead ended up in Atlanta instead. Seattle voters voted to scrap R. H. Thomson Expressway and Bay Freeway in 1972, mirroring national anti-highway sentiment that was building because of the tendency of urban freeways to disrupt neighborhoods. While motives to oppose varied voter skepticism on transportation measures was ignited and continued for over three decades.

In 1998, state voters passed Referendum 49, which reduced the MVET, reallocated transportation funds, and authorized $1.9 billion in bonds to fund transportation projects. But

voters struck at MVET funding again in 1999, approving Initiative 695, which capped annual MVET at $30. I-695 was overturned, but by then the Legislature had followed the will of the electorate the repealed the MVET on its own. Because the MVET had been a major source of Metro Transit's annual operating funds, about 160,000 hours of transit service are cut and an additional 70,000 additional hours of service were postponed. The loss of the MVET led to a general recognition of the need to explore other sources for major transportation funding. Following the recommendations of a "Blue Ribbon Commission", in 2002 the legislature approved billions in transportation projects funded by a 9¢ increase in the gas tax but referred the package to the voters as Referendum 51. That package was voted down by a decisive 63% to 37% margin. In the same year, voters approved Initiative 776, which capped local MVET surcharges.

Comeback for Funding: Whether due to national reports on congestion, government and think-tank widely reports on our transportation problems, or just day-to-day brutal experience on clogged freeways, voters began to reverse course in the new millennium. In 2000, the same year that the Washington State Blue Ribbon Commission on Transportation proposed major reforms and funding strategies, and King County voters approve a 0.2 percent transit sales tax to allow Metro to restore service cuts made after the passage of I-695. Despite the failure of Referendum 51, in the 2003 session the Legislature voted to approve a five-cent-per-gallon gas tax increase to fund a $4.2 billion in priority "nickel projects." This package funded 158 projects over a 10-year period. The revenue was derived from 5¢ per gallon gas tax increase, a 15% increase in gross weight fees on heavy trucks and a 0.3% increase in the sales tax on motor vehicles. This marked a total investment: $3.9 billion for 158 projects. The projects are listed in Appendix A1.

In 2005 the Washington State Legislature further expanded transportation funding through legislation which provided a 16-year expenditure plan that raised the gas tax again by a total nine and a half cents over the course of four years to fund some of Washington State's most critical transportation needs. An attempt was made to repeal this tax increase through Initiative 912. Although there were early predictions of victory for the initiative based on polling and previous voting patterns on initiatives, the initiative was defeated in a watershed vote by a margin of 54-46%. In a positive public debate, I-912's foes argued persuasively that there was a compelling need to repair hazardous local roads or gridlock. In addition supporters argued that reforms enacted with the nickel package along with changing the Secretary of

Transportation reporting relationship from the State Transportation Commission to the Governor had provided greater accountability. Opposition to I-912 crossed political, geographic and economic boundaries across the state. Voters in 13 counties on both sides of the mountains rejected the initiative outright. In 2006, another anti-tax group attempted to repeal other revenue from the 2005 package but failed to collect enough signatures to place Initiative-917 on the ballot.

Figure 3-4 shows the 2005 funding package included 274 projects (list of projects is in Appendix 3-2) across the state over the course of the next 16 years by raising $7.1 billion from the following sources:

Figure 5-4

• 9.5¢ gas tax increase phased in over four years	$5.5 billion
• Vehicle Weight Fee on passenger cars	$908 million
• The light truck weight fee increase	$436 million
• Annual motor home fee of $75	$130 million

RTID: As is addressed in Chapter 6, the need for transportation infrastructure in the Puget Sound region is disproportionately larger than the population or gas tax revenue generated in the region. But political considerations have precluded spending state generated revenues disproportionately in the region. In 2000, the Blue Ribbon Commission recommended that the Legislature create a regional taxing authority that would fund "highways of statewide significance" through taxes imposed in the region, provided that the taxes were approved by the voters. In 2003, as a part of the Nickel Package, the Legislature authorized the creation of the Regional Transportation Investment District ("RTID"). The entity was charged with the responsibility to develop a proposal for improving transportation by focusing on the most highly congested highways and bridges in Snohomish, King and Pierce counties. As a result of legislation passed in the statute that created this commission, the proposal will be submitted to voters in November 2007, along with a companion transit investment package from Sound Transit.

The RTID is focusing on the most heavily traveled corridors in this region and developing a package that finishes or adds to transportation investments made by the state. Sound Transit and the RTID are currently working on an integrated "Roads and Transit" plan that will include

extensions of the region's light rail system and major road way improvements. The joint plan is intended to address traffic growth, safety issues and freight mobility throughout the region's most congested corridors in Pierce, King and Snohomish Counties. The transit investments could include additional light rail and improvements to Sounder commuter rail and ST express bus services, depending on the option presented. The road investments could include replacing aging structures such as the Alaskan Way Viaduct and SR-520 floating bridge. It could also include expansion of I-405, SR-167 and new connections in Pierce County across Fort Lewis to I-5. In Snohomish County, investments could include the US 2 trestle, SR-9 and other key east/west corridors. The Roads and Transit package is expected to go before voters in November 2007.

Planning Agencies

Federal agencies begin mandating planning activities: As is noted in Chapter 6, the federal government historically provided the bulk of funds for major highway projects. Over the past 20 years, that support has declined dramatically and the federal government now provides very limited support for roads although there are still meaningful transit support systems available. Notwithstanding that trend, federal planning and approval processes have become more extensive over the same period.

As the highway system evolved and transportation planning became more sophisticated, Congress began encouraging regional collaboration. **The Federal Aid Highway Act of 1973 required states to dedicate a very small portion of the funds they received from the federal Highway Trust Fund for Metropolitan Planning Organizations (MPO)** in urbanized areas over 50,000 in population. These organizations were designed to stitch together the disparate strands of economic growth, urban planning and transportation into a rational system. More importantly, they mandated that the public be consulted and be able to advise local authorities where Federal funding for urban planning should be concentrated. Once the honeymoon period of community empowerment was completed without producing any miracles in planning or community amity, Federal interest in metropolitan planning and regional regulatory authority began to wane. During the Reagan Administration in of the 1980's, the share of federal operating funds for regional entities declined--from 76 percent in 1978 to 45 percent in 1988. This corresponded with an attempt to decrease funding for transportation in general and mass transit programs in particular. But highway advocates, stung by local

opposition and mass transit advocates hungry for funds, combined into a powerful alliance. Cuts were stymied despite opposition from the White House, and administration officials were forced to admit defeat. In 1991, Congress and President Bush kicked off a major shift in transportation funding with the passage of legislation referred to as ISTEA. This landmark legislation and its successors, TEA-21 in 1998 and SAFETEA-LU in 2005 (appendix B contains a summary of each act) significantly increased funding for mass transit, and encouraged much broader participation among the public than the previous DOT-centric approaches. ISTEA broke out of the highly centralized Federal and state model of transportation planning, bringing in to the process citizens, advocacy groups, local governments, and other interested parties. TEA-21 buil**t** on the initiatives established in the ISTEA. This new Act combines a continuation and improvement of some programs with new initiatives. SAFETEA-LU builds on ISTEA and TEA-21, refining the programmatic framework for investments needed to maintain and grow our vital transportation infrastructure.

State Planning: In 1990, the Washington State Legislature took several steps forward in transportation planning. It enacted the High Capacity Transportation Act, authorizing Regional Transit System Plans, and Growth Management Act (GMA), the first state mandate for comprehensive planning. A few years later, the Transportation Commission of the Washington State Department of Transportation adopted it's first 20-year transportation plan, integrating all forms of surface transportation in each of the state's 39 counties, in 1996. Also in that year, the voters of King, Pierce, and Snohomish Counties approve $3.9 billion to launch the Sound Transit organization and its plan for light rail.

PSRC: As described above federal law required states to create Regional Transportation Planning Organization and Metropolitan Planning Organizations that certify plans for funds for regional transportation projects. Accordingly, Washington State established the Puget Sound Regional Council ("PSRC") as the Regional Transportation Planning Organization (RTPO) under state law. In urbanized areas the RTPO also carries the label of Metropolitan Planning Organization (MPO) for federal planning purposes. In order to carry out these functions, the PSRC reached an agreement with local municipal authorities to carry out state and Federal planning activities on their behalf the Inter-local Agreement. This provides the PSRC the ability to both meet Federal planning statutes required for funding as well as meet the state requirements of the Growth Management Act. The major focus at PSRC in 2006 is integrating land use, transportation and economic planning. Three documents form the foundation for

PSRC planning: VISION 2020, region's adopted policies for managing growth, Destination 2030, the region's long-range transportation plan, and the Prosperity Partnership's regional economic strategy. The PSRC also distributes about $160 million in Federal Highway Administration and Federal Transit Administration funds each year to transportation projects that support Destination 2030.

Regional Transportation Commission

Draft Report

November 15, 2006

APPENDIX 5-2
List of Recent Projects-Funded

RTC original document

Appendix 5-2: List of Recent Projects Funded

Funding Package	**Where does it go?**	**What does it pay for?**
Highway Improvements: $3.2 billion, 125 projects	Alaska Way Viaduct	Begin design, complete the environmental impact statement (EIS), and start to purchase critical right of way needs
	SR 520 Bridge - $52 million	Complete the EIS and begin design of the project
	Congestion Relief - $2.6 billion	Improve the movement of traffic in some of the most congested areas of the state, including $2.2 billion for projects in the Central Puget Sound area and $190 million in Spokane. Strategies include constructing HOV or general purpose lanes, improving interchanges, and building truck climbing or passing lanes
	Safety - $211 million	Statewide projects to fix some of the worst locations for frequent accidents including run-off-the-road danger.
	Freight Mobility and Economic, $121 million	
	Environmental, $35 million	
Highway Preservation: $145 million, 2 projects		Begin to address the future concrete pavement needs in heavy traveled corridors
Washington State Ferries: $298 million, 5 projects.		Provide for one new auto/passenger ferry boat. Improve ferry terminals in Mukilteo, Anacortes, and Edmonds.
Freight Mobility and Economic: $12 million, 2 projects		Make improvements to assist freight transportation on local roadways and rail systems.
Multimodal Improvements: $210 million, 24 projects		Improve Amtrak Cascades passenger rail service with projects that support better on-time performance and that will reduce travel times between cities. Preserve freight rail infrastructure within the state.

Appendix 5-2

Funding Package	Where Does it Go?	What Does It Pay For?
At-Risk Structures - $2.98 billion for 30 projects. *(This includes $2.98 billion to rehabilitate or replace 30 existing bridges. The work will extend the life-time of the bridges to ensure they can continue to meet daily needs, withstand stream erosion and stand up to severe earthquakes.)*	**Alaskan Way Viaduct - $2 billion**	This is the State's contribution towards replacing this aging and earthquake vulnerable structure. Learn more about the Alaskan Way Viaduct project.
	SR 520 Bridge - $500 million	The State's contribution towards replacement of the SR 520 floating bridge. Some of the money will complete the design work; most of it will pay for construction. Additional funding for the construction will have to come from tolls and regional sources.
	Bridge Seismic Retrofit - Central Puget Sound $87 million	These projects will strengthen supporting columns of bridges to resist earthquake damage. Central Puget Sound has two seismic zones with the highest potential for ground movement in the state
	Bridge Replacements - $391million, 26 projects	Replaces bridges that are deteriorating and/or are too narrow for safety for today's cars and trucks.
Safety Investments - $279 million for 106 projects		Projects statewide to fix some of the worst locations for frequent accidents including run off-the-road or median crossover dangers.
Multi Modal Improvements - $94.8 million for 8 projects		Improving Amtrak Cascades passenger rail service with projects that will support better on-time performance, reduce travel times between cities, increase track capacity at King Street Station, and upgrade to state-owned train equipment.
Freight Mobility and Economic - $542 million for 35 projects		Projects to fix existing unacceptable environmental situations from historic roadway construction. Replace six bridges and make other improvements to assist freight transportation on our state highways, local roadways and rail systems.

Choke Points and Congestion - $2.95 billion for 69 projects		Address chokepoints and bottlenecks on the highway system statewide to improve the flow of traffic by adding lanes, improving interchanges and constructing HOV lanes. This list of projects includes work on Interstate 5 that needs to be completed before starting the construction phase on the Alaskan Way Viaduct and SR 520 Corridor to minimize traffic disruptions during construction in the Seattle area.

Regional Transportation Commission

Draft Report

November 15, 2006

APPENDIX 5-3
Key Federal Transportation Legislation

RTC original document

Appendix 5-3: Key Federal Transportation Legislation

ISTEA: In 1991, the passage of the Intermodal Surface Transportation Efficiency Act (ISTEA) broke new ground by envisioning an approach to transportation planning, programming and funding by attempting to move away from the traditional strategy of simply accommodating increases in vehicular demand. A host of other concerns were brought in, aptly demonstrated by its opening declaration of policy: "It is the policy of the United States to develop a National Intermodal Transportation System that is economically efficient, environmentally sound, provides the foundation for the Nation to compete in the global economy, and will move people and goods in an energy efficient manner." The ISTEA articulates a new transportation decision making paradigm premised on the idea of synergistic, linkages between the goals of economic productivity, environmental protection, access and mobility, and revitalization of urban and rural communities.

ISTEA broke out of the highly centralized Federal and state model of transportation planning, bringing in to the process citizens, advocacy groups, local governments, and other interested parties.

Major elements of ISTEA included:

- **Public Participation:** ISTEA laid the ground for a participatory planning process in which citizens could understand, evaluate, and express preferences for a diversity of modal alternatives, in light of their transportation, environmental, and community impacts.
- **Holistic Planning**: The ISTEA's metropolitan and state planning requirements embraced a holistic approach, where the concepts of system performance were expanded to include mobility, access to jobs, reliability, security, social equity, and impact on the environment.
- **Aesthetics:** the ISTEA established a 10% set-aside for "transportation enhancement activities" which included: provision of facilities for pedestrians and bicycles; acquisition of scenic easements and historic sites; control and removal of outdoor advertising, and mitigation of water pollution due to highway runoff.
- **Flexibility**: the ISTEA gave state and local official's flexibility in moving Federal funds between modes. Over $70 billion, or roughly 58% of the funds contained in the highway title of the ISTEA, had some degree of flexibility to be used for transit or other purposes. These programs included: the Surface Transportation Program (STP); the Congestion Management and Air Quality Program (CMAQ);

TEA-21: TEA-21, or the Transportation Equity Act for the 21st Century (TEA-21) was passed in 1998, and authorized highway, highway safety, transit and other surface transportation programs. TEA-21 builds on the initiatives established in the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). This new Act combines a continuation and improvement of some programs with new initiatives.

Major elements of TEA-21 included:

- **Guaranteed level of Federal funds:** The annual floor for highway funding is keyed to receipts of the Highway Account of the Highway Trust Fund (HTF). Transit funding is guaranteed at a selected fixed amount. All highway user taxes are extended at the same rates when the legislation was enacted.
- **Disadvantaged Business Enterprises (DBE) program:** provides a flexible national 10 percent goal for the participation of disadvantaged business enterprises, including small firms owned and controlled by women and minorities, in highway and transit contracting undertaken with Federal funding.
- **Incentive programs**: for increasing the use of safety belts and promoting the enactment and enforcement of 0.08 percent blood alcohol concentration standards for drunk driving. These new incentive funds also offer added flexibility to States since the grants can be used for any Title 23 U.S.C. activity.
- Continuation of the program structure established for highways and transit under ISTEA legislation. Flexibility in the use of funds, emphasis on environmental measures, focus on a strong planning process.
- **New programs**: Border Infrastructure, Transportation Infrastructure Finance and Innovation, and Access to Jobs.
- **R & D**: Investing in research and its application for Intelligent Transportation Systems.[1]

SAFETEA-LU: In 2005, Congress passed the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). With guaranteed funding for highways, highway safety, and public transportation totaling $244.1 billion, SAFETEA-LU represented a significant increase in funding. SAFETEA-LU builds on ISTEA and TEA-21, refining the programmatic framework for investments needed to maintain and grow our vital transportation infrastructure.

Major elements of SAFETEA-LU included:

- **Safety**: SAFETEA-LU establishes a new core Highway Safety Improvement Program that is structured and funded to make significant progress in reducing highway fatalities. It sharply increases funds for infrastructure safety and

[1] Federal Transportation Administration, http://www.fhwa.dot.gov/tea21/sumover.htm

requiring strategic highway safety planning. Other programs target specific areas of concern, such as work zones, older drivers, and pedestrians, including children walking to school, further reflect SAFETEA-LU's focus on safety.

- **Equity**: The new Equity Bonus Program has three features – one tied to Highway Trust Fund contributions and two that are independent. First, building on TEA-21's Minimum Guarantee concept, the Equity Bonus program ensures that each State's return on its share of contributions to the Highway Trust Fund (in the form of gas and other highway taxes) is at least 90.5 percent in 2005 building toward a minimum 92 percent relative rate of return by 2008. In addition, every State is guaranteed a specified rate of growth over its average annual TEA-21 funding level, regardless of its Trust Fund contributions.

- **Finance:** Makes it easier for the private sector to participate in highway infrastructure projects, through changes such as eligibility for private activity bonds, additional flexibility to use tolling to finance infrastructure improvements, and broader TIFIA and SIB loan policies.
- **Congestion Relief**: SAFETEA-LU gives States more flexibility to use road pricing to manage congestion.
- **Mobility & Productivity**: SAFETEA-LU provides a substantial investment in core Federal-aid programs, as well as programs to improve interregional and international transportation, address regional needs, and fund critical high-cost transportation infrastructure projects of national and regional significance. Improved freight transportation is addressed in a number of planning, financing, and infrastructure improvement provisions throughout the Act.
- **Environmental Changes***:* SAFETEA-LU retains and increases funding for environmental programs of TEA-21. SAFETEA-LU also includes new environmental requirements for the Statewide and Metropolitan Planning process. Streamlines the environmental process for transportation projects, and adds a new environmental review process for highways, transit, and multimodal projects.

- **New programs:** Highways for LIFE pilot program promotes technology changes in bridge and highway construction, pilot program for non-motorized transportation, a 180-day statute of limitations is added for litigation.