SR 167 COMPREHENSIVE TOLLING STUDY –

STAKEHOLDER COMMITTEE MEETING – Meeting Notes

Time: 9:30 – Noon, Thursday July 7, 2011 @ the Port of Tacoma Administrative Offices

Attendees/Committee Members

Gary Predoehl, Pierce County
Chris Larson, City of Tacoma
Sean Eagan, Port of Tacoma
Sanjeev Tendle, City of Puyallup
Dan Handa, City of Puyallup
Joe Seet, City of Edgewood
Sean Ardussi, PSRC
Kell McAboy, Port of Tacoma
Evette Mason, Port of Tacoma
Larry Pursley, Washington Trucking Association (WTA)
Doug Levy, representing Puyallup

Legislators

Senator Jim Kastama, 25th District – Puyallup
Representative Hans Zieger, 25th District – Puyallup
Representative Laurie Jinkins, 29th District – Tacoma

WSDOT

Kevin Dayton, Olympic Region Regional Administrator
Stacy Trussler, Director - Urban Planning Office
Shuming Yan, Urban Planning Office
Steve Fuchs, SR 167 Project Office
JoAnn Schueler, Olympic Region Project Development
Steve Kim, Olympic Region Traffic Engineer
David Pope, Toll Division
Annie Johnson, Toll Division
Jana Janarthanan, Urban Planning Office
Thomas Noyes, Urban Planning Office

1- Welcome and Meeting Purpose

Kevin Dayton called the meeting to order at 9:35am. After a round of introductions from the group, Shuming Yan explained the key objectives of today's meeting:

1. To review and confirm the project evaluation criteria to apply in the analysis of project Toll/Phasing options; and
2. To review and approve SR 167 extension project phasing/toll options for initial analysis.

2 – Confirmation of Committee Chair

Kevin discussed the need for a Chair and Co-chair for the SR 167 Stakeholder Committee. The committee chair facilitates the meeting; ensures that all agenda items are addressed and that everyone would have an opportunity to speak during the meeting. The committee co-chair would serve as the meeting facilitator in the absence of the Chair. Kevin suggested that it would probably be appropriate for the committee chair to be a local/regional agency representative and not a WSDOT official, in order to avoid any perceived bias. After some discussion, Kevin Dayton agreed to contact George Walk of Pierce County to ask him if he would be willing to be the SR 167 Stakeholder Committee Chair. If George is willing, he will task George with identifying a co-chair. Doug Levy emphasized the need for a co-chair.

3 – Project Background and Funding Status

Steve Fuchs provided an overview of the SR 167 Extension project to date. The Environmental Impact Statement (EIS) process began in 1990. A "Tier 1" EIS was developed by the WSDOT Olympic Region Project Team and a Record of Decision (ROD) was issued in 1999 that selected the corridor. A Tier II EIS was then undertaken to determine the project footprint and associated impacts. The Tier II EIS was completed in 2007 with the issuance of a ROD.

The increase in the state gas tax both in 2003 ("Nickel" gas-tax increase) and the 2005 Transportation Partnership Account (TPA) provided $133M in funding for the project for early design/engineering (PE) and right-of-way (ROW) acquisition. WSDOT hired a General Engineering Consultant in 2006 to assist with early design work. The Olympic Region project team concluded ROW purchases at the end of the 2009-11 biennium (June 2011) by acquiring a total of 103 total properties. This is approximately 70% of the needed ROW for the SR 167 corridor extension. Representative Jinkins asked how much funding was needed for the remainder of the ROW. Steve indicated that $150M is still needed to complete the ROW acquisition.

To date, $160M has been spent on the SR 167 Extension project. Approximately 20% of the design has been completed and 70% of the ROW has been purchased for the project. Steve indicated that although the expenditures for ROW acquisition have been made by the end of the 2009-11 biennium (June 30th), some ROW property sales have not yet closed. There is about a $2 billion funding gap for the SR 167 Extension project as defined in the ROD.

4 - Highlights and Key Findings from the 2011 Toll Feasibility Study

Shuming provided a summary of the 2010 Toll Feasibility Study. Shuming started off by explaining that there are three different types of toll studies: 1) Toll Feasibility Study; 2) Comprehensive Toll Study; and 3) Investment Grade Toll Study.

A Toll Feasibility Study is a high level study that considers questions of overall feasibility when considering the use of tolls to help fund a project. A Comprehensive Toll Study typically builds on the work done in a toll feasibility study to further address the potential of tolling as a funding source for projects. A Comprehensive Toll Study includes an increased level of public involvement and social justice associated with tolling than a toll feasibility study. A Comprehensive Toll Study will typically

include more detailed financial projections of potential toll revenue and traffic forecasts than is usually provided in a toll feasibility study.

An Investment Grade Toll Study is the third and final level of tolling studies to validate and update the financial analysis and projections conducted in the comprehensive study. An Investment Grade Study is undertaken in preparation to sell bonds for a specific transportation project that is to be funded, either fully or partially, by tolls. An investment grade study focuses on project financing and risk management.

The 2010 Toll Feasibility Study analyzed a variety of phasing and tolling concepts. The study identified an initial option described as the full-build project without HOV lanes or connections. The initial option excluded HOV lanes based upon experience from similar studies where the application of tolling significantly reduced traffic demand, making HOV lanes unnecessary. This is because HOV lanes are only meaningful when adjacent general purpose lanes are congested. The estimated cost of the initial SR 167 extension option is $1.9B.

The analysis of the initial option revealed that tolling would reduce travel demand in the corridor by approximately 40-50% in comparison to a toll-free condition. This would provide a significant opportunity to phase the project and thereby reduce the initial construction cost. Consequently, there were four phasing/toll options that evolved from the initial analysis: Option 1, Option 2a, Option 2b, and Option 2c. A brief summary of each option is as follows:

> **Option 1**: Construct SR 167 east segment (I-5 to SR 161 I/C) only, 1-lane each direction, Cost: **$900m**.
>
> **Option 2**: Construct SR 167 extension all the way from SR 161 I/C to SR 509. This option would include one-lane in each direction. Cost: **$1.33B**
>
> **Option 2a:** Same as Option 2 but adds toll collection on existing SR 509 to reduce diversion. Cost: **$1.34B**
>
> **Option 2b:** Same as Option 2 but adds toll collection on I-5 HOT lanes. Cost: **$1.36B**
>
> **Option 2c:** The combination of Option 2a and 2b. Cost: **$1.36B**

Karen Schmidt asked if traffic diversion analysis was included as part of the SR 167 Toll Feasibility Study. Shuming indicated that the study did evaluate traffic diversion as part of the analysis of options. Shuming said that there will also be a more detailed level of traffic diversion analysis as part of this Comprehensive Tolling Study.

The projected toll revenue for Option 1 of the Toll Feasibility Study is approximately $300M. The other three options are additive in terms of the toll revenue they would generate. Options 2/2a would add approximately $50M in additional toll revenue whereas adding HOT lanes on I-5 (option 2c) would add another $40-$50M in toll revenues. The Toll Feasibility Study found that tolling SR 509 and I-5 in addition to the SR 167 extension could net approximately $100M in additional revenues. The application of tolls to SR 167, SR 509 and I-5 and the use of that toll revenue would require legislative approval.

Kevin explained that I-5 could include an express toll lane (priced) HOT lane but that the general purpose (GP) lanes would be free and not tolled. There were several questions and comments about the impact of tolling on diversion off of the SR 167 corridor. Shuming indicated that traffic diversion would be addressed as part of the evaluation criteria (agenda item #6). Representative Jinkins expressed concern about the tolling points shown for the I-5 HOT lanes, which would include four tolling points in a stretch of highway of about one-mile in length. Shuming indicated that the toll points on I-5 were designed to be located between key interchanges. Karen Schmidt asked about the toll rate assumed in the Toll Feasibility Study. Shuming indicated that the toll would be a variable toll with the highest toll rates during the PM peak period. The highest variable toll range would be in $3.00 to $5.00 range. The bond financing period tied to the toll was assumed to be 30 years.

Key findings from the 2010 Toll Feasibility Study are as follows:

- Tolling the SR 167 Extension is feasible
- The projected revenue range for tolling the SR 167 extension (and I-5/SR 509) is $250 -$500 million
- Overall travel demand is projected to decline under tolled scenarios. This provides the opportunity to phase the project and build a reduced scope project initially.
- There is broad jurisdictional support for the SR 167 Extension project.

5 – Comprehensive Study Scope, Schedule and decision-making process.

Shuming described the current Comprehensive study's purpose, scope, schedule and overall decision-making process.

The purpose of this Comprehensive Tolling Study is to develop, analyze and recommend the following:

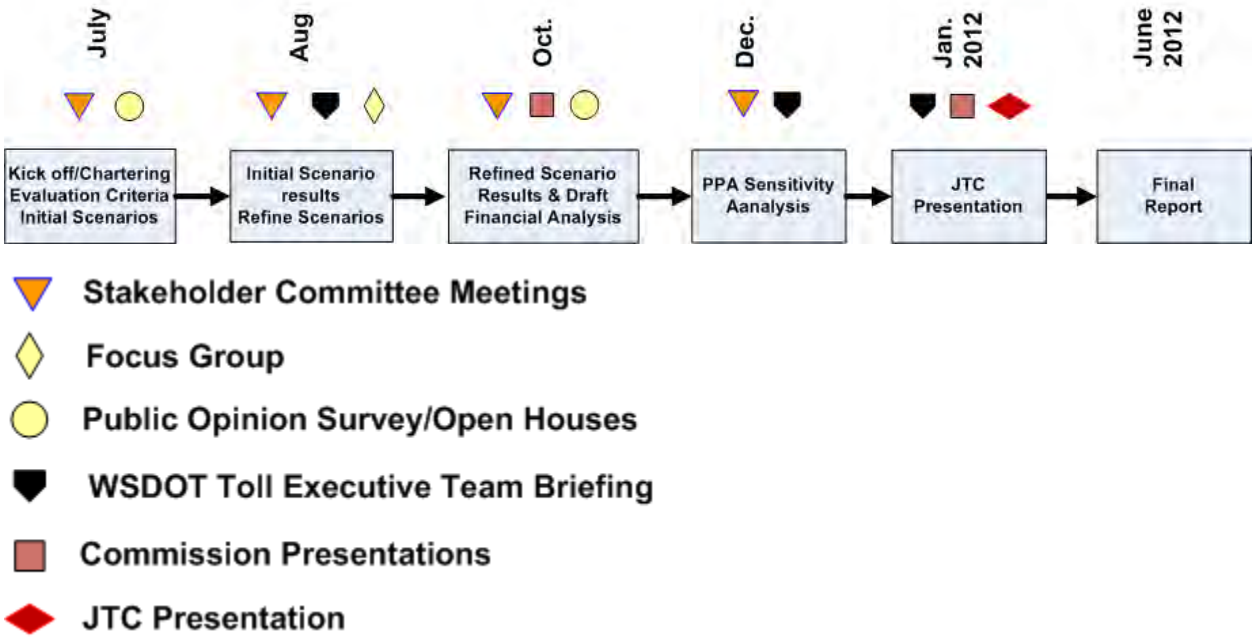
1. Phase 1 scope of the project
2. A preferred tolling concept
3. Financing capacity expected from tolling the corridor to help fund Phase 1 implementation.

The findings of this study will be presented to the State Transportation Commission and Legislature for consideration.

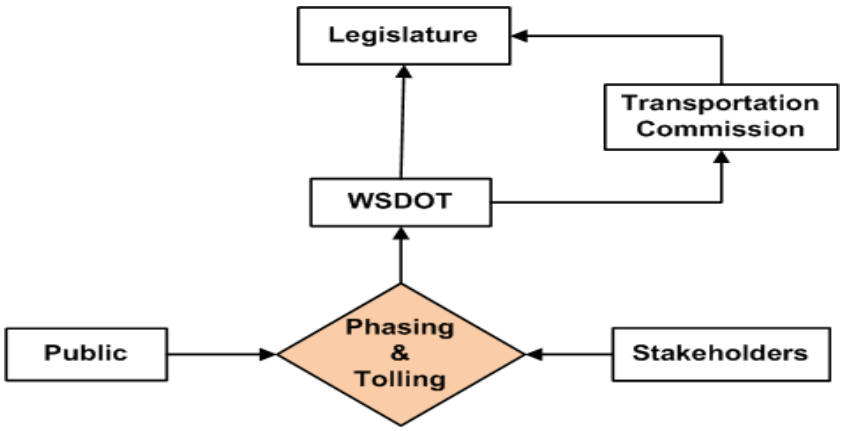
The key study scope elements include the following:

- Project phasing plan & cost estimates
- Tolling options, concept of operations
- 30-year maintenance & operations (M+O) cost estimates
- Construction cash flow assumptions
- Traffic and toll modeling
- Gross revenue projections
- Financial capacity analysis
- Stakeholder collaboration
- Public engagement
- Social justice/equity evaluation

This study is on an aggressive schedule and we envision having key findings/recommendations to deliver to the Legislature next January (2012). The SR 167 Stakeholder Committee is expected to meet four times (including today's meeting) during the course of this study with committee meetings to occur about every other month (July, August/September, October and December). The Study schedule and milestones is shown in the figure below:



The decision-making framework for this study and its outcome will rely on the Stakeholder Committee to serve as a sounding board for tolling and phasing options and to make recommendations. The WSDOT Olympic Region and Urban Planning Offices are conducting the SR 167 Comprehensive Tolling Study as directed by the Legislature. WSDOT will work with the stakeholders during the study and will also solicit public input. The Washington State Legislature has the ultimate decision-making authority with respect to tolling and funding allocation. The overall decision-making framework is shown below:



The Stakeholder Committee is to be actively engaged in this study process by:

- Helping to set the overall parameters to guide the study;
- Serve as a sounding board for options/ideas and review the results of technical analysis;
- Reaching consensus recommendations on:
    - Evaluation criteria
    - Options to be analyzed, and
    - Preliminary preferred phasing and tolling options

The SR 167 Stakeholder Committee members should ensure their respective executive management is informed.

The Stakeholder Committee meeting process will discuss and address issues in a consensus-driven fashion. That is, consensus will be defined as a recommendation that might not be ideal for each Committee member but is presumed that each Committee member can live with the decision. If the Committee is unable to achieve consensus on a key decision or issue, recommendations that are forwarded will be based on a majority vote. A vote will be taken only when a majority of Committee members in attendance agree that active, open and constructive participation by all SC members has occurred and that consensus is not possible. In either case, minority dissent will be recorded in the meeting summaries as well as a note in the final study recommendations.

6 – Project Evaluation Criteria

Shuming and Thomas reviewed the proposed evaluation criteria. The study evaluation criteria are intended to help evaluate and select the preferred project phasing plan and tolling concept. The evaluation criteria are intended to focus on objective measures that can be quantified. For the SR 167 Comprehensive Tolling Study, we have established four categories of screening:

- "Fatal Flaw" screening
- Benefit/Cost
- Potential Revenue
- Non-quantifiable factors

Thomas described the different evaluation criteria in the multiple evaluation categories. There are quantitative and qualitative evaluation criteria as well as standard "Yes/No" screening to determine consistency with local/regional plans and state/federal (FHWA) design standards. Quantitative assessments include measurements with dollar values ($) as well as a return-on-investment (ROI) for the benefit-cost ratio assessment. The qualitative assessment measures are primarily related to non-monetized criteria. The data sources and methods of evaluation include the regional travel demand model, stakeholder input/consultation, cost estimating, design analysis and other technical analysis measures.

Karen Schmidt asked if additional funding partners for the project could be quantified as part of the Benefit/Cost financial analysis. Kevin indicated that financial partners are welcome and would be included in the B/C screening and analysis.

Senator Kastama expressed interest in seeing the "Support Economic Development" measure (#19) move up into the Benefit/Cost (B/C) quantifiable section. Senator Kastama said that it is very important to

quantify the economic benefits of the SR 167 Extension project to the extent possible and believes that it is possible to quantify the economic benefits of the project. Senator Kastama is going to work on this and bring his ideas back to this group. There are challenges to complete quantifiable measurement of economic benefits that derive from transportation investments. Assumptions need to be made about how to quantify economic benefits related to transportation investments such as: the # of jobs created (short/long-term), life-cycle value of the economic investment and quantifying the regional economic benefits from the project with a dollar value. Shuming and Kevin said that WSDOT would consider this and see how WSDOT might able to quantify the economic benefits of the project. However it might not be possible to capture and assign a dollar-value to all economic benefits tied to the project.

Representative Jinkins mentioned that Air Quality is probably an important evaluation criterion to consider in this study effort and quantify to the extent possible. Representative Jinkins mentioned that this measure is important given that Pierce County is in non-attainment for air quality.

After some discussion, Shuming asked the Committee if there was general consensus to move forward with these evaluation criteria with noted additions/changes. There was general agreement among the group that the evaluation criteria, with recommended changes, could move forward to be applied in the project screening analysis. Shuming then asked everyone present to follow-up with WSDOT staff if they had any further questions or concerns with the proposed evaluation criteria.

7 – Phasing / Toll Options for further study

Shuming explained that this Comprehensive Tolling Study will be built on the previous feasibility study (2010), particularly the phasing and tolling options. Steve Fuchs provided a hand-out that showed Option A, Option B, and Option A1 that identified the proposed options for screening/analysis.

The starting point for options development is option "A" from the 2010 Toll Feasibility Study. Option "A" is essentially starting out by building half of the SR 167 extension with one-lane in each direction with a partial interchange at SR 161, a 3/4 interchange at Valley Avenue and a full interchange at I-5, and a half interchange at 54th Avenue.

Due to the amount of discussion, he was not able to describe Option B or Option A1 before the meeting adjourned due to running out of time.

There was some concern expressed by various Committee members about not showing/including the "Full Build" option (I.E. two GP lanes in each direction + 1 HOV lane in each direction). Representative Jinkins said that we really need to start out with the full SR 167 extension build-out and then figure out what the logical phases or project segments are. It will be very important to be clear about what we are packaging and ultimately suggesting/recommending to the legislature.

After some discussion, it was generally agreed that the options/scenarios to be considered and analyzed should include the following:

1. Full SR 167 extension project (2 GP & 1 HOV lane in each direction)
2. Downsized SR 167 extension with 2 GP lanes in each direction (No HOV lanes)
3. Downscaled 4-lane SR 167 extension not designed to current & full standards
4. Phased/scaled option (two lane facility)

Next Steps / Next Meeting

WSDOT project staff will invite additional legislators from Pierce County and South King County to the remaining stakeholder meetings. WSDOT will also seek out representatives from the business community (local Chambers of Commerce, etc.). Representative Jinkins requested that the WSDOT team try to schedule the upcoming three SR 167 Stakeholder Committee meetings as soon as possible in order to get the meetings on legislators' calendars. WSDOT staff committed to work closely with the legislative staff to get these meetings scheduled as soon as possible.

The next SR 167 Stakeholder Committee meeting will be held in late August or early September.

The meeting adjourned at 12:00pm.