

**I-405/SR 167 Expert Review Panel
Executive Advisory Group Meeting #3 – Meeting Summary**

November 10, 2010

9:00 a.m. —Noon

Kirkland City Hall – Peter Kirk Room

Expert Review Panel members in attendance:

- Ginger Goodin, Texas Transportation Institute
- Chuck Fuhs, Parsons Brinkerhoff
- Jennifer Tsien, Florida Turnpike Enterprise
- Janet Lee, Public Resources Advisory Group
- Bob Poole, Independent Transportation Consultant

Executive Advisory Group members in attendance:

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| <input checked="" type="checkbox"/> Mayor David Hill, City of Algona | <input checked="" type="checkbox"/> Deputy Mayor Sue Singer, PSRC |
| <input type="checkbox"/> Mayor Pete Lewis, City of Auburn | <input checked="" type="checkbox"/> Sanjeep Tandle (alternate for Mayor Kathy Turner), City of Puyallup |
| <input type="checkbox"/> Mayor Mark Lamb, City of Bothell | <input checked="" type="checkbox"/> Randy Corman, Renton City Council |
| <input checked="" type="checkbox"/> Grant Degginger, Bellevue City Council | <input checked="" type="checkbox"/> Carol Thompson, Community Transit |
| <input checked="" type="checkbox"/> Dan Mathis, FHWA | <input checked="" type="checkbox"/> Steve Dickson, Snohomish County |
| <input type="checkbox"/> Rick Krochalis/Linda Gehrke, FTA | <input checked="" type="checkbox"/> Andrea Tull, alternate for Claudia Balducci, Sound Transit |
| <input checked="" type="checkbox"/> Suzette Cooke, Mayor of Kent | <input type="checkbox"/> Mayor David Enslow, City of Sumner |
| <input checked="" type="checkbox"/> Doug Hodson alternate for Ron Posthuma, King County Dept. of Transportation | <input type="checkbox"/> Mayor Jim Haggerton, City of Tukwila |
| <input type="checkbox"/> Reagan Dunn, King County Council | <input type="checkbox"/> Rep. Dan Roach, State Legislature |
| <input checked="" type="checkbox"/> Joan McBride, Mayor of Kirkland | <input type="checkbox"/> Rep. Larry Springer, State Legislature |
| <input checked="" type="checkbox"/> Sonny Putter, Newcastle City Council | <input checked="" type="checkbox"/> Senator Rodney Tom, State Legislature |
| <input type="checkbox"/> Mayor Richard Hildreth, City of Pacific | <input type="checkbox"/> Rep. Marcie Maxwell, State Legislature |
| <input type="checkbox"/> Roger Bush, Pierce County Council | <input checked="" type="checkbox"/> Dick Ford, Washington State Transportation Commission |

WSDOT Toll Division Staff

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| <input checked="" type="checkbox"/> Craig Stone, Director | <input checked="" type="checkbox"/> Todd Merkens |
| <input type="checkbox"/> Jennifer Ziegler | <input checked="" type="checkbox"/> Patty Michaud |
| <input checked="" type="checkbox"/> Rob Fellows | <input checked="" type="checkbox"/> Helena Kennedy Smith |

WSDOT Northwest Region and I-405/SR 167 Project Staff

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| <input checked="" type="checkbox"/> Lorena Eng, Regional Administrator | <input checked="" type="checkbox"/> Karl Westby, Westby Consulting |
| <input checked="" type="checkbox"/> Kim Henry, Director | <input checked="" type="checkbox"/> Colleen Gants, PRR |
| <input checked="" type="checkbox"/> Denise Cieri, Deputy Director | <input checked="" type="checkbox"/> Amy Danberg, PRR |
| <input checked="" type="checkbox"/> Wendy Taylor, HNTB | <input checked="" type="checkbox"/> Jennifer Sandberg, PRR |

Note: These meeting notes are intended to capture the discussion at the meeting including questions and comments from the group. This is not intended to be a formal testimony or complete transcript of the meeting. Meeting materials including the PowerPoint presentation are available on the website at: www.wsdot.wa.gov/tolling/eastsidecorridor.

I. Welcome and Opening Remarks

Craig Stone, Executive Director, WSDOT Toll Division, welcomed the ERP and EAG to the city of Kirkland. Everyone in attendance participated in brief introductions. Craig started the meeting by briefly recapping the purpose of the expert review panel. He reviewed the goals and structure of meeting #3, starting with a preliminary findings overview given by ERP Chair, Ginger Goodin.

II. Report-Out: Preliminary Findings

Ginger Goodin (representing the ERP): Ginger thanked the EAG and the public for their involvement; expressed appreciation for their input and dialog in regard to the panel's analysis.

- WSDOT has been supportive, open and transparent. All documentation has been reviewed by the ERP and others in a public and accessible way.

Preliminary Findings summarized below:

The I-405/SR 167 express toll lanes system will keep the Eastside Corridor vision moving forward and is a viable implementation strategy for the Master Plan. The ultimate vision is to improve personal and freight mobility and reduce traffic congestion in a manner that is sustainable, flexible, safe, reliable, and cost-effective. Ideally to achieve that vision, there would be financing to implement the entire corridor of improvements at once, to realize all the benefits as soon as possible.

- 1. POLICY:** Is the state's strategic approach to implement express lanes on I-405/SR 167 viable, appropriate and consistent with emerging federal policy and current state and regional policies? **YES**

The proposed express toll lane concept is a viable and appropriate strategy for improving mobility on the I-405/SR 167 Eastside Corridor.

- Conceptually, this program is comparable to similar projects implemented and under development in major metropolitan regions across the U.S. The I-405/SR 167 Eastside Corridor express toll lanes project represents both first-generation managed lanes, whose primary focus is traffic management (SR 167), and second-generation managed lanes whose primary focus is on financing (I-405).
- Megaprojects lead with a financing plan. The I-405/SR 167 project, which is a larger corridor system and a megaproject, should lead with a financing plan.

- As a first-generation project, the SR 167 HOT Lanes Pilot Project provides measurable performance and mobility benefits and should be continued.
- Given specific legislative constraints and timing that influence delivery options, the program has regional consensus around project implementation principles that are supported within the framework of federal, state and regional policies.

2. **METHODOLOGY:** Are the technical analytical measures and results supporting the Eastside Corridor Express Toll Lanes Report valid?

- Were the right tools applied to the analysis?
- Are the report results reasonable?
- What outcomes are reasonable to expect based on industry experience? **YES**
The state used sound planning and engineering practices consistent with industry standards to analyze the operational performance of I-405/SR 167 corridor express toll lanes.

- The express toll lane proposal provides greater operational benefits than a general-purpose lane alternative with HOV lanes.
- The state will provide more detailed analyses and better definition of specific impacts on transit, freight and local streets through the project-specific environmental analysis that is currently under way.

3. **PHASING:** Is the proposed phasing plan to implement an express toll lane system sensible, and does it provide for logical, usable segments towards a 50-mile Eastside Corridor system? **YES**

- **Moving forward with Phase 1 as a first step to implementing Option 4 makes sense and provides logical first segments to complement the existing SR 167 HOT lane pilot project**
- **A more detailed plan is needed for future phases**
- **Do not lose sight of Option 4 as a corridor-wide solution in response to the Master Plan**

In moving the full corridor system to completion, the state will have to overcome a wide range of challenges:

- Address HOV lane degradation on I-405 as an early action, including registration and perhaps tolling to sustain mobility.
- In parallel with Phase 1, develop a corridor-wide project management plan, risk management plan, and master schedule with a dedicated management team.
- Future phasing is influenced by financing; a corridor-wide financial plan is needed.

- Revisit the legislative line-item process that can adversely impact early financial performance and delivery of such a megaproject if it is opened in phases.
- In conjunction with funding, examine delivery options for the balance of the project.
- Accelerate the SR 167/I-405 interchange segment over other segments.
- Strategically address changes in occupancy, access and transit needs.
- Maintain strong constituent outreach.

Managing these challenges will require continuing the current policy of transparency by communicating and partnering in the corridor and legislature.

4. FINANCING: Are the Eastside Corridor Express Toll Lane Report financial assumptions, methods, and forecasts valid? **YES**

Phase 1 provides necessary momentum and helps to fill the funding gap for future phases. An investment-grade analysis will be needed to produce a financial plan for a corridor-wide solution (Option 4).

- The State has available funding for Phase 1, including \$403 million from the 2003 and 2005 gas taxes, and \$67 million of savings within the corridor. Toll revenues can be leveraged to meet a portion of the funding gap for Option 4. The bonding capacity will depend on the risk constraints of the State. To help develop a viable, feasible finance plan, the State's risk constraints with respect to toll revenue bonds need to be determined. Toll revenue bonds, ranging from non-recourse to triple-backed toll revenue bonds, will not alone be sufficient to fill the total funding gap.
- Consideration should be given to funding models used successfully to finance other national megaprojects, especially in today's stressed credit markets. Funding mosaics including toll concessions, combinations of toll revenue and availability payments, and partnerships with other funding entities (public and private) have been shown to be viable.
- Operating express toll lanes optimally for both congestion relief and financing needs will require openness to new operational tools and policies. Financing needs may drive different applications of operating policies than would be otherwise considered. WSDOT should consider strategies like photo enforcement of tolling or registration component, 24/7 operations, etc. to maximize toll revenue and design considerations to minimize revenue leakage.

5. HOT3+ is a practical carpool policy supporting sustainable traffic performance, transit-friendliness, and needed financing/revenue.

- This policy change has immediate and long-term benefits regardless of whether the overall improvements are implemented in incremental steps or as a corridor system.
- Conversion of existing HOV lanes to HOT3+, preferably in sync with Phase 1, provides a tolling experience base for the financial community, reducing the risk in financing the

broader system and supporting future financing. It supports logical phasing with a seamless corridor that limits bottleneck concerns at transition points

III. Corridor Background: The Master Plan and Managed Lanes

In response to several commonly asked questions, Craig introduced Mike Cummings (PSRC) and Don Samdahl (Fehr Peers) to provide an overview of the I-405 Master Plan decision process.

Mike Cummings: Craig asked me to take three years of our work on this program and condense it down to 15 minutes:

- Provided an overview of the preferred alternative and how that led to considering managed lanes
- Discussed how the program was innovative with the “reinventing NEPA” ; and had 24 signatory agencies
- Unconstrained analysis led to themes (7) and then we boiled those themes into four alternatives; ended up going with Alternative 2; two lanes of additional freeway capacity; transit improvements—what we know as the “Master Plan”
- We saw that there would still be congestion in the corridor even with the preferred alternative so we considered managed lanes.

Mike Cummings: We talked about managed lanes from 1999-2002; we introduced the concept to the committee fairly slowly because it was a new concept. The executive committee voted in November 2001 to keep studying managed lanes as an option for I-405.

Craig Stone: Another commonly asked question is “How much gas tax would it take to fund the I-405 Master Plan?” Craig provided an overview of the state’s recent transportation funding history. He acknowledged the success of the already invested \$1.5 billion in the I-405 Corridor program that is a result of the hard work of everyone involved in the program.

Craig further explained that it would take a 4.5 cent gas tax increase to pay for Option 4 and 100% of the 4.5 cent gas tax would have to go to I-405. He explained that to fund the master plan, the state would have to implement a 25 cent gas tax, with 100% of that money going to I-405.

IV. ERP Report Out: Methodology

- **Ginger Goodin:** Reviewed her findings; explained that TTI did an independent peer review of the traffic /revenue modeling
- Primary performance measurement of the study was vehicles and people moving at free flow speed
- Additional Measures of effectiveness (MOEs) were requested from the project team

- The panel found that the project team’s analysis was consistent with industry practice
- Reasonableness of results is assessed by comparing the analysis/results and the project principles: throughput and travel speeds are addressed;
- Several project objectives will be evaluated through additional environmental analysis
- Transit, local streets, freight
- Comparison to other project results: speed and throughput values are reasonable

EAG Comment:

Mayor Suzette Cooke (City of Kent): Explain why the express toll option shows fewer vehicles in the general purpose lane than in the ETL.

Ginger Goodin: The total across all lanes is more with the express toll lanes option compared to the general purpose lane option but more people chose to get out of the general purpose lane and use the ETL than be in the GPL. These screenlines are just a snapshot at a single point on the freeway and not fully representative of the expected flow through the corridor.

Councilmember Sonny Putter (City of Newcastle): Looking at the modeling it looks two dimensional to me; what if any of this modeling looked at addressing the entire, wider corridor; and the arterials for example?

Ginger Goodin: We identified that a larger corridor analysis needs to happen, and that analysis is going on now through the environmental review.

Mayor David Hill (City of Algona): I see this demonstrated as I drive north on both of these examples – what’s the 3 hr time period? He confirmed with staff that it was 6-9am.

V. ERP Report Out: Phasing

Chuck Fuhs: The Phasing analysis shows that it will take the original program fortitude and tenacity to get to the end result of delivering Option 4.

- The bookends of the study options—the phasing—make a lot of sense to the ERP
- The concept of phasing, and the end vision is very reasonable; the difficult part is how you get from Option 1 to Option 4.
- There are several factors we looked at when it comes to phasing:
 - HOV Lane Performance: HOV lanes out there now are degraded—this is not the only corridor in the state or the country with congested HOV lanes.
 - More than half of the I-405 corridor is seeing degraded HOV lanes (at least half the days of the year)
 - Once we get above 1400 vehicles per hour we start to get into unstable flow; effective HOV operation is 1400—transit is degraded if capacity is reached
 - Something needs to be done sooner than later regarding the current operational shortcomings

- Crash rates: all numbers are reasonably high on the eastside corridor; greatest needs are around the interchanges.
 - Demand: the demand is great throughout the I-405/SR 167 corridor in 2030
- All interchanges and segments in the corridor are interdependent based on forecast demand – this is truly a *corridor* program.
- Must build longer phases on the project to get the full benefit.
- Demand for the express lanes will materialize when there is congestion in the GP lanes; the revenue will come from demand in these same portions of the corridor
- The corridor team has addressed phasing from constraints and resources given:
 - available funding,
 - legislation,
 - corridor support,
 - regional and statewide policies.
- Funded projects support the long term vision, and they've been well implemented to date.
- Overall project team focus has been on picking an option, not yet on evaluating and optimizing the phasing of the option.
- Long-term vision for implementing ultimate plan may have missed near-term opportunities to address current HOV performance needs.
- Transparency with corridor stakeholders, public, and legislature is exemplary.
- Ongoing communication of issues and needs is critical.
- Address current HOV performance issues as an early action.
- Consider introducing requirement of transponder accounts for continued free use, raise occupancies to 3+ with tolling (with potential HOV 2+ toll discounts), or tiered occupancy requirements between peak/off peak.
- Develop investment grade financial plan
- Do not go back or slow down current team momentum. Do not start over.

EAG Comment:

Mayor David Hill (City of Algona): Confirming that southbound I-405 is congested all day, correct?

Chuck Fuhs: Yes, in fact you're helping with my point later.

- I reviewed how I-405 stacked up against other mega projects in the nation in regard to phasing. And specifically to express (toll) lane phasing.
- Public Private Partnerships (PPPs) have helped other national projects move forward quicker without the need for phasing.

Councilmember Grant Degginger (City of Bellevue): We talked about different variables when comparing these different projects to ours? Did you add or subtract variables?

Chuck Fuhs: Explained how the national project examples were compared to the I-405/SR 167 Corridor – not one is an exact perfect comparable project. This list was compared on the basis

of financing approaches, while the last time, the national examples were compared based on population and project scope.

- It's not fair to start over after you've accomplished so much; we think it makes sense to maintain project momentum and move forward with Phase 1 as you move toward a corridor system (Option 4).
- Few projects have attempted the scale of disaggregated (over many years) phasing this corridor is looking at – this is ultimately a 50-mile corridor system.

Councilmember Grant Degginger (City of Bellevue): In the slide (phasing influences) you use the words *local match*?

Chuck Fuhs: I should be using PUBLIC not local. In San Diego, rather than go out to the private sector, Caltrans partnered with the local transportation authority for a referendum for a sales tax to fill the funding gap for the entire project; that's considered a "local match." The corridor team's transparent stakeholder communication is better here than anywhere else in the country. My understanding is that everyone in this room understands the boomerang traffic curve—that speaks volumes and tells me "you get it."

Takes a seasoned team with longevity to move a project like this forward; keeping the momentum up allows the continuity of the project, the project team, and your involvement as stakeholders. We're suggesting a risk management analysis and project management plan. We are also suggesting that you simultaneously keep moving forward as these actions are undertaken.

Councilmember Sonny Putter (City of Newcastle): There was a slide that had a bullet that said consider additional methods of phasing, financing and delivery – what did you mean?

Bob Poole: Of the six comparable mega projects, 4 of the 6 were done with a long-term PPP where the private sector has brought its own equity to the table. People will ask—what does the private sector get? They get a return on their investment if it works out—but it has a lot of risk. We're saying that Washington State has the legislation to consider a PPP—it would be irresponsible on our part not to look at it at all.

Councilmember Sonny Putter (City of Newcastle): I'm intrigued by the second bullet; "implement pricing early by converting existing HOV lanes to HOT 3+." Is there greater urgency because of the HOV lane congestion to move to 3+?

Chuck Fuhs: There is much higher risk when you make all the changes in the corridor at one time (i.e.: raise the minimum occupancy to 3+, start tolling, restrict access, etc). Eventually, the corridor will need to move to 3+ for traffic management and financing reasons. It makes sense to look at starting some of these changes early to regain lost mobility. Fact is, the HOV lanes are not performing well now and should be addressed. One way to address this is to extend the HOT lanes on SR 167 further north— it will benefit transit, doesn't necessarily create a revenue stream, but it moves the operational decision points up earlier than they otherwise would occur.

Councilmember Grant Degginger (City of Bellevue): As I was looking at your phasing criteria, I was trying to compare it to the data that shows where the most congestion is on the corridor. There seems to be some disconnect between your criteria and our plan?

Chuck Fuhs: Well, yes. The criteria would say build the corridor all at once. But the current funding and phasing models have the pieces in place that say start with the north end funded project—it makes sense. Congestion is being addressed—just not all of it is being addressed. The most intense congestion is probably caused largely by the SR 167I-405 interchange - that congestion for the southbound direction sometimes stretched all the way up to Bellevue. Look for the cause not the effect. We believe the SR 167/I-405 interchange should be addressed soon.

Mayor Suzette Cooke (City of Kent): I think I mentioned at the first meeting that if you don't fix that choke point it won't matter what else we do.

VI. ERP Report Out: Finance

Janet Lee: A need to leverage the toll revenues to fill in the funding gap

- Found that the assumptions were reasonable and appropriate for this project
- Need the 3+ to generate revenue.
- The projects that we described that were financed through a PPP are not in operation yet, therefore we cannot provide data
- We think it is reasonable to use conservative financial assumptions for planning
- The funding gaps could be less depending on construction cost adjustments
- Performed independent financial modeling; we did see that the funding gaps were consistent with the EC tolling report; reducing funding gaps will involve further development of financing structure and refinement of assumptions
- The phasing of the project is going to be key
- How do you address the 685 million dollar shortfall for funding Option 4?
- We recommend that an investment grade traffic and revenue study be undertaken, concurrent with Option 1 implementation, to zero in the revenue stream
- PPPs—either public-public partnership and public private partnerships
- Conclusions:
 - **Yes.** Financing assumptions are reasonable and provide a range of the bonding capacity for planning purposes.
 - Further refinement and development of financing options needed to reduce the funding gap.
 - Review of the modeling tools shows methods and forecasts are consistent with industry practice and procedures and are reasonable.

EAG Comment:

Councilmember Sonny Putter (City of Newcastle): You recommended we do an investment grade financial analysis. What do you see as the key elements of that analysis?

Janet Lee: Looking at the congestion and the demand will be key in developing that financing forecast. The analysts will look at those most congested areas as the place where you'll generate the most revenue.

Bob Poole: This type of analysis involves quantifying everything in more detail. These studies can take a year and cost a lot of money – could be done while you continue to move Phase 1 forward.

Councilmember Sonny Putter (City of Newcastle): I'm an investment advisor; where would a full blown investment analysis of this detail fit in the timeline of what needs to happen next?

Councilmember Grant Degginger (City of Bellevue): In terms of looking at the bonding assumptions; you gave a description of what these bonds were—the BBB, with AAA being the most secure. Would BBB- be the lowest investment grade rating? Can we compare it with other facilities...like a bridge—in terms of investment rating?

Janet Lee: A bridge would be less risky because of the traffic history associated with it. With the traffic history you can get a better rating than BBB.

Councilmember Grant Degginger (City of Bellevue): There is political risk—we haven't had a policy discussion on how our state prioritizes these types of investments; we don't have a system to prioritize how the state uses its credit. That's a pretty important conversation to have.

Janet Lee: Bonding capacity has to be viewed with respect to the state's bonding constraints and capacity

Senator Rodney Tom (48th District): We all know the state's budget is constrained. Is there a way to have as few GO bonds as possible but make sure your non-recourse are higher investment grade?

Janet Lee: You can have the recourse bonds as lead and GO as sub lead.

Craig Stone: Mentioned that we have discussed our state's statutes on PPPs with the ERP, and that we've been working with the State Treasurer with the bonding scenarios for non-traditional vs. traditional aspects of funding.

Dick Ford (Washington State Transportation Commission): The ERP work is outstanding and is very helpful. I want to remind folks that vote in this state—where do we get the money to fund things? I want to suggest that the public officials and others who are interested to come to

a meeting with the Treasurer—he's being conservative on what they need to do with debt generally. It's a political reality that there's fierce protest to PPPs in this state, but given the recommendations we've heard today we should look at all the alternatives.

Only a third of this particular project is unfunded – may be better off than a project down the road that is also largely unfunded. We need to have a candid political conversation about how we can work through that. The PPP approach should be discussed as an option to help us move critical projects forward. I worry about this project with a third needed—like an unfinished house. The finance guys need to meet with the Treasurer and with the politicians.

VII. ERP Report Out: Next Steps

- **Ginger Goodin (Representing the ERP):** Move forward with Phase 1 to leverage the funded project (6 months)
- Start tolling I-405 HOV lanes from I-5/Tukwila to NE 6th soon to regain performance benefits (in sync with Phase 1; 2-3 yrs)
- Continue authorization of tolls on SR 167 HOT lanes pilot project (1 yr)
- Address regional policy for HOV degradation (6 months)
- Address the funding gap through financing, user fees and delivery options (2 yrs)
- Seek FHWA tolling approval for corridor (6 months)
- Develop the components comprising a mega project (PMP, phasing, finance, risk mgmt, delivery options). Maintain momentum with current team. (1 yr)
- Make the I-405/SR 167 interchange a higher priority by mobilizing critical path items like ROW and value engineering (2 yrs)
- Complete an investment grade traffic and revenue study (2 yrs)
- Leverage completed environmental documents before they expire (1 yr)

EAG Comment:

Councilmember Randy Corman (City of Renton): I commend ERP for all the information. Having said that, I want to express that I have concerns with some of the recommended next steps for Phase 1 from a political reality standpoint. Some of these may need to be discussed more or phased in. Because I've been trying to sell this to the public. They all comment on this 3+ carpool designation. They feel like they're losing something. Today's recommendations move the 3+ HOV system forward...to the forefront...and I worry about the public's reaction to that. I would need to discuss this with our Council and our Mayor.

Mayor David Hill (City of Algona): I want to echo what Councilman Corman is saying about the 3+ carpool designation – it's a deal breaker for the public and I'm not sure we want to move it up to a first step. I am a big supporter of express toll lanes-and I'm not so sure people will see the benefits when you throw in 3+. I use the HOT lanes all the time—the 2+ is still working on SR 167 without taking it to the 3+. I feel it could hurt the forward movement.

Mayor Joan McBride (City of Kirkland): Asked a question about Chuck's slide that mentioned to move to 3+ to get people to start thinking about it. Then asked if there are ways to step toward 3+.

Chuck Fuhs: You need to deal with the degradation of the HOV lane. The I-95 project in Florida) is doing this through carpool registration/transponder registration. There have to be limiting factors to get people thinking. Tolling, occupancy and transponders are in the mix, as well as transit benefits. Our point is to open the dialogue

Mayor Joan McBride (City of Kirkland): Phase 1 includes the north end project and looking into HOV degradation for the entire corridor.

Councilmember Sonny Putter (City of Newcastle): To me, there is some new information on HOV congestion; this needs to be flushed out from a public perception point of view. There are transit voters out there and I would like to see a lot more discussion about the impacts of HOV congestion on that transit voter/transit rider (Don Persson from Renton would be talking about BRT). What I'd like to see is a lot more about how this new information about congestion in the HOV lane impact what DOT is doing under current state policy – what is required anyway?

The legislature has already given WSDOT direction on this issue. At some point HOV congestion was going to happen and there would have to be a transition. We need a regional policy discussion at the local and state level about the debt financing and mega project priorities. We all recognize that we've hit below ideal performance standards—but we're now confronted with the mega projects and how to deal with them all. We need to figure out how we use the limited amount of debt financing we have. It's on us...not on the ERP.

Mayor Joan McBride (City of Kirkland): I have a comment/recommendation—by way of personal history, I was on the original I-405 committee. I have grown old with this process. Do we give up hope because we're unable to move forward? I want to thank WSDOT for bringing forward this expert panel. We've talked, we've done numbers, we've done outreach—I trust the experts—I'm a policy maker. I'd like to move forward, if any of us have questions- we could delve into the ERP's report. Our expert panel has found that this is an appropriate strategy and keeping with industry standards. They support our phasing plan—beginning with the north end and building to a whole corridor system. If not now, when? I'm happy to have a rigorous discussion about 3+---it's not a deal breaker. We need to be able to come up with an interest statement to take to our councils. I'm ready to move forward—10 more years of conversation is too much. I think the issues are important to discuss. If this group is interested. I would love to see us put together a small group of this EAG to see if we can't hammer out a statement of interest to move forward. That's my recommendation.

Councilmember Grant Degginger (City of Bellevue): I'm going to leave here with more questions, and maybe that's ok. I need to read the ultimate report. I too was surprised to hear about the HOV congestion issues. I too have toiled on the I-405 committee for many years. The financing issues raised today are significant to me. There is a huge policy issue on how we use the state's credit. What are the priorities? I'd meet with the Treasurer and/or his Deputy to get my answers. But not sure I want to make an interest statement yet. I want to read the full report. I value the expertise the ERP brought to the process.

Councilmember Sonny Putter (City of Newcastle): I'm glad we're getting into the conversation—this is where there's added value. I'm excited about the possibility that this thing could be financed. We are 2/3rds of the way there. I want to look at it in much greater detail. Financing issues are a result of the policy effort. However, Councilmember Degginger, I don't have concern about a BBB bond, considering that the entire concept of ETLs is a new concept.

Councilmember Randy Corman (City of Renton): Renton would support Mayor McBride's suggestion to craft an interest statement after discussing this further. I've expressed concern about one element; I don't want to shoot the whole system down. I need to study the report as well. It's great to have all the data to work from.

Mayor Joan McBride (City of Kirkland): Is there someone to speak for Mayor Cooke (from Kent)?

Doug Levy (on behalf of Mayor Suzette Cooke of Kent): Mayor Cooke told me that she would want to work on a statement of support; have some caveats—feels strongly about referring to the project as 405/167 effort. She wants details but is overall supportive.

Craig Stone: Surprised that people hadn't heard about HOV lane congestion. We have presented on it before. Our transit partners are affected. From our point of view—we have been working with this for the better part of 10 years. The congestion relief is important but the financing is what seems to be the big element for you all.

Carol Thompson (Community Transit): We've known about the degradation in the HOV lane for years. From our perspective in our industry that is a known fact. We know how hard it is to take stuff away. Transit is looking to cut service—so someone is losing service. Time is money—if we can move our service faster through the corridor—so if the extended community wants to make transit a major component of the system—we need to act now to increase mobility. As it is now—we spend a lot of time in congestion.

Councilmember Randy Corman (City of Renton): The hardest political lift is that we start selling back the capacity—the 2+ people can't afford the HOT lane but are seeing 1 person carpools whizzing by. The existing HOV lane will back up as a result of the clover leaf—so you'll have HOT drivers passing 2+ people—it may introduce limited access. It's not that were not deferential to busses—it's just the politics of having the right to pass 2+ carpools.

Craig Stone: There are some definite issues here but there are other strategies emerging—the registered carpool being one of them.

VIII. Public Comment

Craig turned the public comment portion over to Colleen Gants to facilitate. She asked the audience to share any public comments. Craig explained that each EAG meeting will include a public comment period. Members of the public are welcome to provide brief verbal comments to the group. Longer comments can be submitted to the committee in writing.

Dave Elliot (ETA/Metro Advisory Committee): 21 year working with transportation issues. I would like to see all this finished and the bridge so I can drive before I get carried across. I have an issue with from 2+ to 3+. That conversion will knock a lot of people out. All that will kick back into the general purpose lanes. I think we need to get other things done first. It will irritate a lot of people. The joys of 520 people jammed up at 3+. I think you need to be cautious to moving toward 3+ HOV and you'll have real public resistance.

Todd Woosley (ETA): have been active in the corridor since the beginning. I have three points to make:

- 1.) Financing what I didn't see in this package was the rate that people are willing to pay. If we are going to pay for this with junk bonds we need to know. The revenues anticipated are higher on I-405. So the tolls would be 4x higher than on SR 167. I would be cautious and would like to know what they would pay for. Didn't see any information about the effect of trying to create additional capacity at 3+ on the throughput of the overall corridor.
- 2.) Missing pieces on funding arrow—working hard to finance these projects. There was an effort to repeal the 9.5 cent gas tax. We ran a campaign against that repeal and won and that we have history in retaining funding for highway projects. The RTID has never run alone—ST and Metro are on their way—we need to try to run a campaign for roads again separately. We need to gear up for an RTID type vote.
- 3.) Finally when I looked at the chart and the alternatives—I saw that this project is about double the average of the other comparable projects. We need to come up with additional funding source or have a more realistic expectation.

Will Knedlik (I-405 User's Coalition): Thanks to the panel for their hard work. The I-405 User's Coalition is in favor of the systematic application of economics for transportation. So we're in favor of tolls. There hasn't been a candid explanation to users that the average toll would be 74 cents per mile, which is a 50-mile corridor round trip of \$75. The SR 167 experiment has been a success—but it has a negative net income stream. You need to talk about an alternate universe if you think you'll bond against that on I-405. Why should we build infrastructure to build something we can't bond against. You need to tell the taxpayers this candidly. You have found this to be sound to a point, but there is not meaningful knowledge of express toll revenues yet.

Dick Paylor (ETA): I live in the city of Bothell and served on the I-405 executive committee. I wanted to bring us back to some context of a bigger picture. This is really a chapter in the

implementation of the I-405 master plan that was adopted in 2002. BRT was a big part of that plan, and I want to remind everyone that today we sit here and we have no sponsor for BRT. No one has embraced that part of the plan. We saw some slides that made it look like managed lanes were always a part of the master plan. The master plan says “up to 2 *general purpose* lanes” and yes, we made accommodations for future consideration for managed lanes but they were not a part of the original plan. Somewhere here we need to come back and find an agreement to perhaps amend the master plan. The last meeting was that there was going to be a comparison of the proposed express toll plan to the master plan. Even if there was a consensus to modify the master plan, we need reasons. I was told originally by WSDOT staff that a toll would be a *revenue gusher*. I wanted to hear more and here we are today and we still don't have a financing plan. What we did hear today is that congestion is a good thing because congestion will help us finance projects. However, 59% of that money has got to come from sources other than the users. Councilmember Corman talked about going to 3+ and I want to remind people that we're just going to lose more money and won't get used to this.

IX. Wrap-up

Craig Stone: Thanked the ERP. Reminded the EAG that there will be an opportunity in December to meet and discuss the draft report.

Adjourn