



# Puget Sound Regional Council

## Transportation 2040 Finance Working Group

### Meeting Summary

March 9, 2017

**Members Present:** Mayor Becky Erickson, City of Poulsbo, Chair; Deputy Mayor Jay Arnold, City of Kirkland; Councilmember Bek Ashby, City of Port Orchard; Stephanie Ball, Sound Transit (via phone); Rob Berman, Seattle Metropolitan Chamber of Commerce; Rob Fellows, WSDOT Toll Division; Mayor Don Gerend, City of Sammamish/Executive Board; Jesse Hamashima, Pierce County/Regional Staff Committee; Peter Heffernan, King County DOT; Councilmember Kathy Lambert, King County; Mayor Pro Tem Debora Nelson, City of Arlington (via phone); Charles Prestrud, WSDOT Northwest Region; Commissioner Hester Serebrin, Washington State Transportation Commission; Jude Willcher, Seattle DOT

**Guests and PSRC Staff:** Brian Parry, Sound Cities Association; Reema Griffith, Washington State Transportation Commission; Kate March, City of Bellevue; Ben Bakkenta, Benjamin Brackett, Craig Helmann, Charlie Howard, Robin Mayhew, Pavithra Parthasarathi, PSRC

#### 1. Welcome and Introductions

Mayor Becky Erickson, Chair, provided the welcome statement and group members introduced themselves.

#### 2. Public Comment

There were no public comments.

#### 3. Discussion: February 9<sup>th</sup> Meeting Summary and Follow-up

Pavithra Parthasarathi provided a recap of the February 9<sup>th</sup> meeting focusing on latest Sound Transit's Financial Assumptions and policy decisions related to the Current Law Revenue for the State Highway program area. Sound Transit's financial assumptions will be directly incorporated into the T2040 financial strategy. Hence the discussion focused on understanding Sound Transit's key underlying assumptions, the various revenue sources and forecasts for each year from 2010 through 2040.

The discussion on State Highways focused on the assumption related to the historic rate of return to the region for the State Highways program area. It is important to point out that the Finance Working Group (FWG) previously decided on an interim rate of return assumption of 60% at their February 9<sup>th</sup> meeting. This interim rate was subject to change based on additional/new information from WSDOT.

PSRC staff have been working with WSDOT following up on the request from FWG members for additional information on the rate of return. Pavithra's review highlighted the County-by-County Analysis reports prepared by WSDOT. These reports represent the latest available data from WSDOT and provide an "Estimated Return Per Dollar Contributed by Citizens within Each County" for various time periods. The discussion focused on understanding the WSDOT estimates, factors influencing the estimates and the implications of changing the assumed rate of return for the State Highways program area. Based on the information presented, the FWG recommended increasing the assumed rate of return to the region for the State Highways program area (see below). As requested, PSRC staff will follow up with the actual magnitude/revenue impacts of varying the assumed rate of return to the region.

**FWG Recommendation:**

*FWG recommends that PSRC updates the assumption to reflect the historic rate of return to the region to 80% for the State Highways program area.*

**4. Discussion: Washington Road Usage Charge Pilot Program**

Reema Griffith, Washington State Transportation Commission, provided an overview of the Washington Road Usage Charge (WA RUC) Pilot program. Her presentation highlighted the reasons for pursuing a pilot program – namely the declining gas tax revenues and the need to identify a sustainable, long-term revenue source for the Washington State transportation system. Reema's overview also covered other elements of the pilot program, including the collection options, role of technology, related national efforts, policy implications and planned next steps/efforts for launching the pilot in Fall 2017.

The discussion focused on the regressive nature of the gas tax, merits of the road usage charges, the criteria and principles to use in evaluating the RUC program and how this program can be applied to meet different transportation, energy, environmental and other related policy goals.

**5. Discussion: New Revenues: Overview & Menu of Transportation Funding Options**

Ben Bakkenta reviewed the menu of Transportation Funding options for consideration in the T2040 update. To help with the discussion, a glossary of funding options was provided as part of the agenda package. Ben's presentation highlighted the revenue sources in the adopted T2040 financial strategy, the yield (in \$) from each of the sources, and the new sources that could be considered for this T2040 update. Each of these funding sources was evaluated against the guiding principles previously reviewed by the FWG at the January and February meetings.

The discussion focused on getting feedback from FWG members on the funding approaches, the changes in the current funding environment since the last plan update and the considerations in developing recommendations for new sources. FWG members noted that a better understanding of updated expenditure cost estimates (to be presented at the April meeting) and knowing the actual gap between revenues and expenditures would be helpful before deciding on recommendations for new revenue sources.

**6. Next Steps**

Ben Bakkenta quickly summarized the timeline for the financial strategy update and next steps, and pointed to the FWG website where meeting agendas and supporting materials will be posted.

**7. Next Meeting: April 13, 2017, 12:00-2:00 p.m., PSRC Conference Room**

The meeting adjourned at 1:30 p.m.