

## Accountability

Our plan foresees necessary linkages of transportation with other purposes. It would reclaim urban freeway land for added uses, it marries technology to transportation, and it re-addresses the role of freight in the mix. But to win citizen support, a transportation plan needs to be carried on within a more accountable and better-funded government structure.

We fully accept the need for new taxes as part of an overall transportation investment strategy. This does not mean, however, that there are not great efficiencies yet to be achieved through elimination and consolidation of agencies performing redundant functions, better leveraging of existing assets and more cost-effective permitting policies. Despite the strong recommendations of the Blue Ribbon Commission and the Competitiveness Council, government accountability is still hit or miss. The 2002 election results suggest that government must be streamlined if it is to warrant public confidence when it proposes higher spending.

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## Sticker Shock: Costs Are High and Rising

Beyond the question of a positive business climate, the dramatically increasing costs of capital projects cry out for reform. The price of the permit process alone for the Alaskan Way Viaduct is nearly as much as the entire cost to build it in 1952 — \$85 million in inflation-adjusted dollars. Construction costs for the new project could go as high as \$11 billion, or as much as the entire state budget for one year.

Construction projects that seem as if they should be accomplished in a year may take three years. One symptom is the “red cone syndrome” — plastic highway cones that shut off what appear to be completed lanes for months because crews do not work in winter. When protracted construction schedules cause delay in adding capacity, the burden falls on residents, commerce and industry, as well as government.

Every time Tim Eyman’s Permanent Offense sponsors another initiative, the same business, labor, contractor, environmental and public employee groups are hit up for contributions to stop it. But, it is ever more difficult to get their support because “business as usual” includes real estate acquisition and construction cost overruns and intergovernmental disputes. The disputes are settled in court because politics is substituted for honest process. Taxpayers pick up the costs for both sides. With the rejection of Referendum 51, it is also now clear that voters are not heeding the advice of business, labor and media leaders, in any event, and are distrustful of government and anyone affiliated with it.

The spiraling expenses of transportation projects arise from a host of factors. Among them are conflicting, duplicative and cumbersome federal, state and local regulations for permits and environmental review; high local market costs of labor and materials, lack of competitive bidding for services such as rest area maintenance, public transit and ferries; and the listing of the Chinook

salmon as an endangered species in Central Puget Sound. Another important cost factor of is the sales tax contractors pay to the state’s general fund on construction projects. We are the only state that does this. Individually, these arrangements were once well-intended. Taken together, they have become a Byzantine maze of rules that inhibit creativity and efficiency.

Government in this region can also become overmatched in negotiating with huge multinational construction and engineering firms. Seeing a project in the conceptual stage, they are able to gather up qualified local subcontractors. This tactic has the monopolistic effect of limiting the competition for bids — and thereby raises costs. In addition, there are consulting companies that advise governments on long range plans and technical data and then go on to manage the contracts that emerge from their own initial work. One only needs to recall the Enron-Arthur Andersen debacle (consultant work following audit work) to question the potential for conflicts of interest in some Design-Build contracts.

Government also often fails to do a good job of tracking real estate prices and the cost of land acquisition. How else can you explain the remarkable cost overruns incurred by Sound Transit’s Link light rail and Sounder programs in station development? A review of the records of Sound Transit’s independent watchdog agency, the Citizen Oversight Program, consistently shows concern over Sound Transit’s inability to accurately gauge or take long range account of higher property acquisition costs. The Oversight Panel also criticized the Sound Transit Board for “giving away the store” in negotiating with other government agencies for “mitigation and community enhancement.” (Note: Co-author Bruce Agnew sat on the Oversight Panel.)

Public works projects around the country — such as Boston’s “Big Dig” — almost always seem to come in over budget. Our region, faced with mega-projects such as I-405/SR-167, the Alaskan Way Viaduct, Trans-Lake, SR-509, cross-base highway in Pierce County and Sound Transit, easily

could be overwhelmed and overmatched in negotiating and managing construction projects.

## Accountability and Competitiveness

### *The New York Way*

The relationship between government accountability and transportation efficiency involves two primary issues: 1) statewide economic competitiveness from regulatory reform and 2) regional governance consolidation.

News that Washington State ranks 48 among the 50 states in new job development helps add a sense of urgency to the debate over economic competitiveness. Early in 2002 Governor Locke brought economic leaders together in Spokane to review ways of promoting the state in the global marketplace. The appointment of a government structured Economic Development Commission will help market the state, but there are other, more fundamental challenges to deal with first.

One source of new ideas on competitiveness that has attracted attention is New York state.

*“(New York Governor) George Pataki took two major steps. He signed an executive order declaring a moratorium on all new regulations, except those necessary to protect public safety and create jobs...the effect: cumulative savings to business of nearly \$3 billion...without sacrificing environmental standards. Pataki also formed an independent office as a central clearinghouse for reform. The Governor’s Office of Regulatory Reform (GORR) has executive oversight of all regulatory agencies and state rulemaking.”*

**Colin Moseley**, chair, Washington Roundtable’s Economic Climate Committee, reviewing New York’s 1995 Regulatory Reform, *The Seattle Times*, August 16, 2002

We suggest that the state take a look at New York’s economic recovery plan, including government reforms. Not only has it resulted in cost savings in government (reduction of 21,000 employees, 11 percent of the state work force), but it also has attracted new investment and has successfully privatized airports and waste-water treatment facilities. The Office of Regulatory Reform does not serve as an ombudsman or special envoy for business; rather it is an independent agency that balances legitimate regulatory needs with necessary predictability for business.

As documented by the Washington Roundtable case study, New York’s consolidation of regulatory oversight into one agency answerable to the governor has contributed to a surge of economic development in that state.

### *Alternative Financing: Design-Build, and Design-Build-Operate*

The predominant way transportation projects are built in the U.S. today is through construction-only contracts. A transportation agency typically seeks the lowest bid from a qualified company or consortium. Historically, it has been important to agencies to secure competitive bids for projects as a means to lower costs — **“Design-Bid-Build.”**

However, a construction-only contract presents its own problems when confusion arises in understanding and interpreting specifications for the project. Overly enthusiastic architectural teams sometimes break the budget unintentionally with fine, but unaffordable, design elements contractors cannot build. Disputes then may break out between the project’s designer (whether consultant or in-house), the construction manager and the contractor. And, because the incentive for the builder is to produce work at lowest possible cost, quality may suffer. Many commentators believe that our “low bid” mindset means that U.S. infrastructure has a shorter life span than foreign projects. To forestall such confusion and quality problems, a transporta-

tion agency must produce excellent specifications and inspect the work constantly.

Today, transportation agencies are looking at “alternative financing methods” to limit uncertainty and possible litigation in the execution phases. These alternative financing scenarios include “exclusive development agreements” with a consortium of firms. While they may result in higher initial bids, they also may entail lower life cycle costs and lower maintenance costs. By allowing the selected consortium of developers to experiment with innovative technologies for construction and design of items like highway interchanges and transit maintenance facilities, substantial savings sometimes can be achieved for initial investment, too.

It is important to note here that long-term maintenance and preservation of transportation facilities, such as snow removal and freeway cameras, add up to a huge public cost. One of the reasons for the high estimates for simply replacing major transportation facilities such as the Evergreen Point Bridge (SR-520) and Alaskan Way Viaduct (Highway 99) with newer construction and innovative design is the sheer cost of maintaining the old facility in today’s earthquake sensitive environment.

**Design-Build** contracts increasingly are being used around the nation for major facilities. They involve a single entity that is responsible for both design and construction phases. This scenario optimizes communication between designers and builders and allows a single point of accountability. The downside is the difficulty in pricing a project because it may be unclear exactly what the owner is buying.

The state DOT used Design-Build for a highway project in the Vancouver area and has been examining the use of Design-Build for proposed mega-projects in Central Puget Sound. At a recent conference in Seattle, department leaders reviewed their efforts to visit and learn from new innovative construction and finance projects around the country. Their conclusion was that the key advantage of Design-Build over Design-Bid-Build was con-

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struction time savings. Construction project elements were performed concurrently, not consecutively.

The next step forward is **Design-Build-Operate**. Under it, or **Design-Build-Operate-Maintain** scenarios, a single entity is responsible for the design, construction *and* operation of a facility for a set period of time, typically in five-year increments. Upon the completion of the contract, the facility reverts to the public agency. The crucial innovation under this scenario is the incentive to control and minimize life cycle costs. The process also entails financial incentives that militate toward on-time and on-budget delivery.

The Design-Build-Operate process has enabled government agencies in Britain, Canada and other countries to substantially stretch public dollars, maximize their impact, improve quality and shorten construction times. In the U.S., new toll roads in the city of Ontario, California and the state of Texas have used this process with a mixture of public/private ownership arrangements. In Washington State, political controversy surrounding the role of a private company and the return on its investment complicated the Tacoma Narrows

## Case Study Two

### A Tale of Two Countries – Public/Private Partnerships in Washington and British Columbia

The two-nation trade impact of September 11, a reduction of 35 percent in public employee workforce, and the U.S. softwood lumber tariff are causing severe impacts in Canada and in British Columbia in particular. Yet the push continues to meet a growing demand for new and improved highways and roads, rail and other transportation infrastructure.

Can this be done? British Columbia is facing a structural deficit of \$4.4 billion in the current fiscal year. Interest costs for the province's total debt of \$40.7 billion will exceed \$2.6 billion this year, and account for 7.7 cents of every dollar of revenue. This squeezes the

amount available to cover essential public services such as health and education, let alone fund transportation. It is obvious to British Columbians that traditional approaches to financing public infrastructure with tax dollars is no longer adequate.

How they do it includes more efficient management of existing tax dollars to fund a broader array of initiatives. Dollars are allocated to areas of highest priority and public need, reflected in clear, three-year budget projections. The B.C. Ministry of Transportation has worked aggressively to secure for the province a fair share of federal public transportation dollars.

Most intriguing is British Columbia's pursuit of public-private partnerships ("P3s") for expanding transportation infrastructure. P3s allow private sector involvement in the financing, development, delivery and/or (sometimes) management of public services.



The New Skytrain Millennium Line at Commercial Station  
(photo courtesy of TransLink)

Typically, the private sector partner provides initial resources in return for future revenues that the project will generate. Joint arrangements take many forms.

Benefits of this public-private approach include reduced costs, lower public debt, innovation in design and construction, faster completion of projects, better use of land and other assets, and more effective management of risks in design, construction and operation.

Likely projects to receive funding now include the Sea-to-Sky highway to Whistler ski resort, the Fraser River Corridor of perimeter toll roads and a new rail link between Vancouver Airport and downtown.

A bill to create a Transportation Investment Act was introduced in the B.C. legislature last year. The bill will provide a statutory framework for developing P3 arrangements.

Can this approach work south of the border? In Washington state, the experience with public/private partnership has been rocky. Part of the problem is structural: the state constitution prohibits "the lending of public credit to private inter-

ests." This provision dates back to the "robber baron" days of the railroads.

Despite these hurdles, the state is engaging in public-private partnerships on a limited basis. The new Tacoma Narrows Bridge is being designed and built by Tacoma Narrows Constructors, a joint venture of Bechtel Infrastructure and Kiewit Pacific. A combination of tax exemptions and tax deferrals have helped to keep costs down to roughly \$800 million in tax-exempt bond financing.

Other projects completed with the help of public/private partnerships include the I-90 Sunset Interchange, SR-525 Corridor Project near Mukilteo and the SR-519 Inter-modal Access Project, better known as South Royal Brougham Way in Seattle's SODO district. These are positive examples of "limited" use of public-private partnerships in Washington State.

Bridge project. It simultaneously led to the demise of the poorly understood public/private partnership proposals for toll projects for the 520 bridge, the Alaskan Way Viaduct and Highway 522.

Several construction companies interested in the new Seattle monorail project have suggested the Design-Build-Operate-Maintain scenario for the project as an arrangement that could save time and money and hasten the date for elimination of operating subsidies. Monorail leadership seems likely to adopt the idea. A key issue for the state DOT to consider in Design-Build-Operate scenarios is the comparative costs of their in-house maintenance crews versus those of a private firm. An independent analysis would help decision makers determine whether to adopt such a system for the development and upgrade of new facilities, particularly toll roads and bridges.

### ***Texas and New Jersey move ahead on Design-Build-Operate***

Alternative financing proposals also can employ federal incentives under the Federal Transportation Infrastructure Finance and Innovation Act (TIFIA) that Congress adopted several years ago. Texas transportation officials used these incentives to take advantage of lower interest rates in the development of the new \$1.4 billion, 90-mile toll road (State Highway 130) between Austin and San

Antonio. The road parallels I-35, the main entry point for NAFTA trade with Mexico that has experienced great growth in traffic.

The Texas Department of Transportation awarded a 15-year, “Design-Build-Operate” contract to a private consortium. Construction, including right-of-way acquisition, will take two years less than a traditional Design-Bid-Build highway. Because of the promise of the venture, Texas officials now are ready to start the biggest highway construction project since the completion of the Interstate Highway network. The Trans-Texas Corridor plan is a \$180 billion, 4,000-mile system that includes new highways, pipelines, and high-speed passenger and freight rail routes (see photo opposite). All of the new project elements will use alternative finance and project delivery processes.

Similarly, a 15-year, Design-Build-Operate contract was awarded to a private consortium in 2000 for a light rail line between Hudson and Bergen in the New Jersey/New York metro area. A \$1.1 billion project by the New Jersey Transit Authority, the new line will ease traffic conditions in a highly congested commercial and residential area. It is a key element of regeneration plans for the Hoboken waterfront bordering the Hudson River and runs close to the important New York trading center.

Under Design-Build-Operate contracts, the responsible contractor has strong incentives to finish the work stages on schedule. Not surprisingly, therefore, the New Jersey transit line project opened only one month late. The completed system will cover 20.5 miles and serve 32 stations. Daily ridership is estimated to reach 94,500 people by 2010. At the end of the 15-year operate-and-maintain contract, operations will be handed back to New Jersey Transit.

In short, Design-Build-Operate is a development process for toll roads, rail, and transit projects that makes great sense in the Central Puget Sound region, as elsewhere. It could contribute mightily to a rebirth of public trust in government’s initiatives in the transportation field.

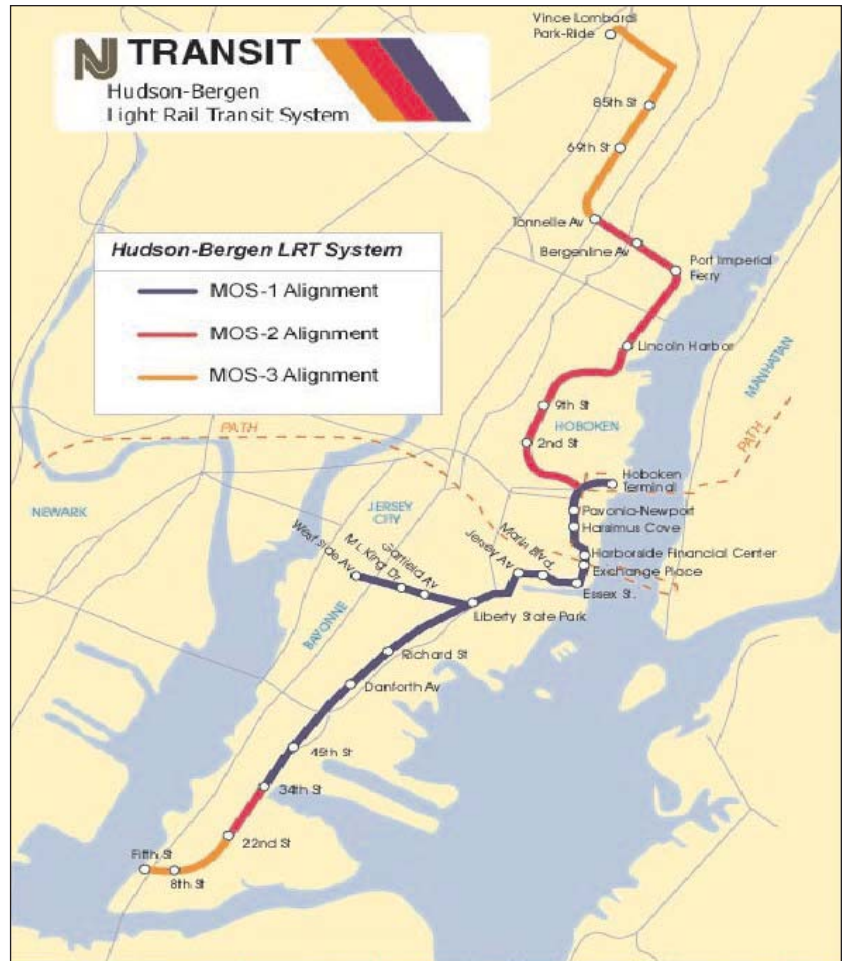


New Jersey transit line



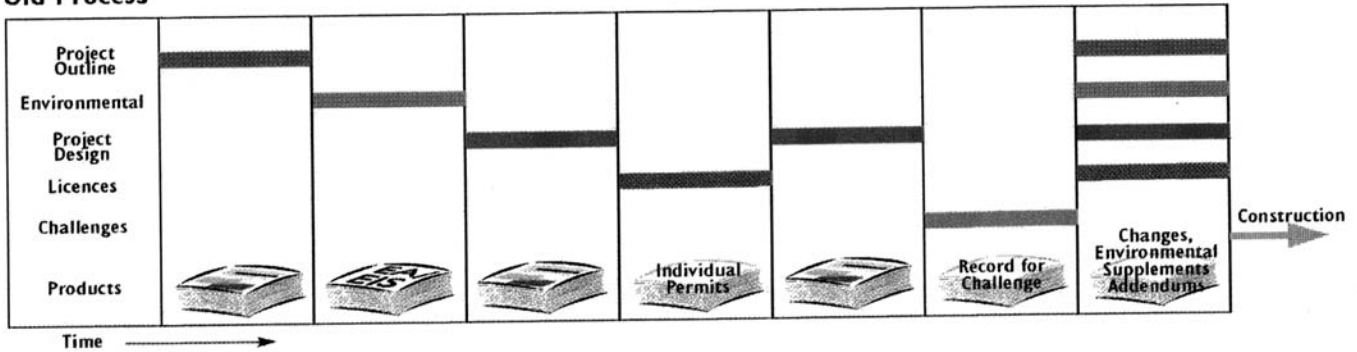
Proposed Texas toll highway, pipeline and rail corridors (courtesy of Texas DOT)

Map - Hudson/Bergen light rail project (courtesy of New Jersey Transit Authority)

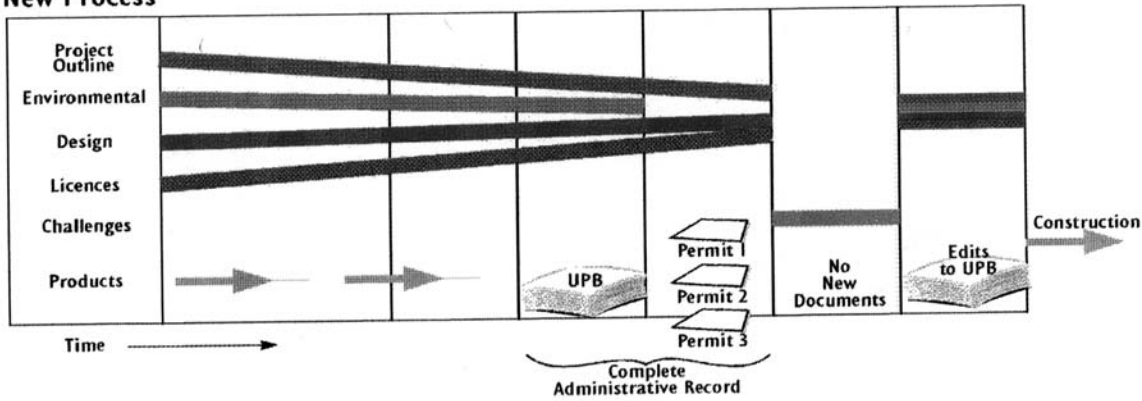


**PROCESS COMPARISON CHART**

**Old Process**



**New Process**



Proposed reform of the permit process (courtesy of Carl Kassebaum)

***Accountability — A Beginning***

Several other reforms already have been implemented in the state that can begin the process of fiscal discipline previously lacking. First, the state DOT has adopted several key accountability reforms, including quarterly performance reports and public education materials, described in the agency as “The Gray Notebook,” *Measures, Markers and Mileposts* and “Key Facts.” The goal of the Gray Notebook is to keep the department accountable to the Transportation Commission, the governor and the public.

The Cost Estimate Validation Process (“CEVP”) is another new method for project cost estimation that takes into account a range of construction and real estate acquisition variables to come up with the true costs of projects. Secretary McDonald, fresh from his experience in managing

major waste-water treatment construction in Boston and accustomed to the rough and tumble politics of East Coast public works projects, is steering the state DOT in the right direction on these matters.

Governor Locke and the Legislature deserve credit for the accountability features built into the new Transportation Plan Efficiency and Accountability Committee (TPEAC). This group was created during the planning phase for Referendum 51. The commission includes four legislators and several agency representatives who seek to assure accountability in government initiatives. Among their efforts so far are pilot projects to streamline the permit process on the Hood Canal Bridge, SR-24 (Yakima) and I-405/SR-167 projects in suburban King County.

Streamlining the permit process needs a much higher profile in Olympia than pilot projects, however. This year TPEAC will consider a

proposal developed by civil engineer Carl Kassebaum for an “integrated permitting system,” known as the Unified Permit Binder. It combines several design and environmental permit processes into a single, standard, integrated “support document” that can drastically reduce delays. This reform does not change the agency’s substantive authority (see chart of proposed permit process reform above).

Simultaneously, Congress and the Bush Administration are working on federal permit process reform measures. Currently, federal permit processes conflict with each other and state and local regulations. The President has issued an executive directive to streamline the federal environmental process. The Governor and TPEAC should engage the state’s congressional delegation to assist the effort to synchronize the federal and state programs. Members of delegations from Northwest states serve on key authorizing and appropriating committees and could give substantive assistance.

Consolidation of the permitting processes of the Federal Highway Administration, Army Corps of Engineers, National Marine Fisheries, Fish and Wildlife, Department of Ecology and the Environmental Protection Agency is long overdue, and that point should be made strongly to the Bush Administration. The whole country has a stake in lowering the cost of permit processes, while preserving core conservation values.

## Break the *Status Quo* on Regionalism

Just as the state budget crisis has induced Governor Locke to eliminate layers of government (“Priorities” of Government), so now should the Puget Sound region engage in a “Priorities of the Region” exercise. The Blue Ribbon Commission stated, and populist initiatives have exploited, the

plain conclusion that this region has too much government. That is, there are too many agencies with overlapping and unclear missions.

A comparison can be made between regional governance and consolidation of federal agencies. For Homeland Security, Congress and the Bush Administration found ways to consolidate scores of government agencies, reduce communication breakdowns and harmonize operations for fast response.

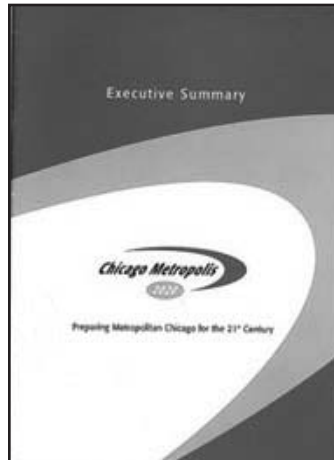
While the Puget Sound regional governance issue lacks the gravity of the war on terrorism, the same objectives should prevail. The aging infrastructure and congestion problems that are hurting the state’s human environment and economy require “emergency” action.

A recent *Harvard Law Review* article by Gerald E. Frug, “Beyond Regional Government,” noted,

*“Almost no one favors metropolitan area government, yet the status quo created an urban America characterized by unequally funded schools, interminable traffic jams, inadequate affordable housing, economic development far from potential employees, endless suburban sprawl, and an increasing fear of people who live in neighborhoods different from one’s own.”*

The article suggests a “two-tiered government,” a regional structure for issues such as transportation, water and wastewater management, and parks, while traditional local governments handle police, fire, and zoning.

One way or another, it is clear that change is needed in Central Puget Sound. The Greater Seattle Chamber of Commerce, at its most recent leadership conference, examined a public-private partnership called “Chicago Metropolis 2020.” The plan is a challenge to Chicago and its suburbs to reinvent themselves, to become more competitive globally while promoting progress in the “Chicago land” schools and neighborhoods. Among other things, Chicago Metropolis 2020 persuaded the state of Illinois to pass a major transportation fund-



ing package linked to efficient and compact land use.

The Chicago motto is *One Region, One Vision*. Let that simple statement, *one region, one vision* sink in a bit and then consider our region and all its many governmental units.

## **A Government Close to the People — A Local Tradition Overdone**

It is a great tradition in the Northwest to keep politics local. As King County Council member Dwight Pelz wrote recently, “Government must be within your reach...You need to get that phone call returned...”

But who do you call? In King County alone, there are 39 cities and 136 other “special purpose” districts (fire, water, sewer, parks, and diking). In fact the trend since 1950 toward ever more decentralized governments really has only been countered by two historic events.

- When it was clear that cities, neighborhoods, farms and businesses did not have the wherewithal to clean up Lake Washington individually, Jim Ellis and other civic-minded citizens formed Metro to build the treatment plants and pipes. They got the voters to pay for it with Forward Thrust bonds.
- When a polymorph bus system and a 40+ member “federated board” of city and county leaders seemed unresponsive to growing transit needs, Metro, a county-wide transit and sewer agency, was merged with King County government, which then became Metropolitan King County government.

With the passage of the monorail initiative, decentralization of transportation has now reached the point where it, too, requires a thorough rethinking. There are 468 units of government statewide

engaged in transportation planning. It is an ageless maxim of organization that where many groups and individuals are responsible, no one is really responsible. In Puget Sound today, the transportation “buck” doesn’t stop anywhere.

Competing transit and highway initiatives highlight the fractured political lines and lack of regional consensus among our locally elected leaders and interest groups. Is a regional light rail line more cost-effective than a Seattle-only monorail, or less effective? Are buses cheaper and more cost-effective than light rail and commuter rail? Which “mega-project” (Alaskan Way Viaduct, I-405/SR-167, SR-520) deserves priority?

Should light rail be included in a proposed new regional transportation package? Should more money be invested in transit and less in highways, or should the interstate and arterial systems be expanded? What is the public tolerance for increased taxation; i.e., gas tax, car license fees and sales tax on gasoline? Are governments going to raise taxes and then charge tolls?

The lack of a clear, concise strategy, compounded by intergovernmental and special interest infighting over competing proposals, provides fertile ground for anti-tax initiative promoters. It did for Referendum 51 and it does for Sound Transit.

Project cost overruns and system delays at Sound Transit also raise concerns over whether future monorail, bridge and highway projects can be completed on time and on budget. A huge transportation push in the coming decade could re-invigorate the local economy if handled wisely. But handled poorly, a huge transportation effort could become a world-class economic disaster for the region.

## **Will Tax Limits Force Reform?**

The issue of transportation, as we have argued, is about more than transportation. Budget cuts at state and local governments in the short term have been caused by a slow economy, reduced tax revenue, rising criminal justice costs and an antiquated tax base for counties.

More serious for the future of all local and regional governments was the well-intended passage in 2001 of Initiative 747, which limited the growth of property taxes to one percent, unless voters specifically approve of a larger increase. With hundreds of special purpose taxing districts, the prospect of each submitting its annual budget to voters is a recipe for unprecedented confusion and waste. This scenario led to the statewide voter approval of House Joint Resolution 4220 in 2002, which allows fire districts to hold an election for multi-year fire protection property tax levies.

But perhaps Initiative 747, whatever its flaws, will force long overdue mergers within both general governments and transportation agencies. The plethora of junior taxing districts seems primarily to benefit consultants, lawyers and part time commissioners who receive pay, state pensions and health care.

Services need to be delivered in logical service areas such as watersheds, air sheds, transportation and utility corridors, and along urban growth boundaries, rather than according to increasingly irrelevant political boundaries. After the passage in 1992 of the Growth Management Act, special purpose districts were supposed to be absorbed by cities. However, intense lobbying by those districts forced the Legislature to back off.

Some agencies have done a commendable job through interlocal agreements, and in the face of budget cuts, to cooperate on a regional level. For instance, small police agencies in King County have pooled resources to fund officer training and capital purchases.

But it is clear that most consolidation will come only from outside the existing agencies. Three years ago, when the Puget Sound Regional Council (PSRC) hired a facilitator and engaged in an epic discussion of regional governance during the Blue Ribbon Commission days, the effort stalled on the usual fault lines of King County/City of Seattle/suburban cities. At this writing, as Puget Sound leaders consider a \$14 billion regional tax package, there still is no discussion of merging agencies to improve accountability.

Sound Transit and its federated board of city, county and state leaders oversee the voter-approved \$4 billion Sound Move transit plan. Six other transit agencies also deliver services in the four-county area. The metropolitan planning organization, PSRC, distributes transportation funds and has developed a comprehensive regional plan that links land use and transportation policies. In 2002, a new Regional Transportation Improvement District (RTID), composed of 33 county officials, was authorized by the Legislature to select and fund, but not operate, regional projects in partnership with the state. The Seattle Popular Monorail Authority will oversee the monorail project and feature both appointed and elected directors. The state DOT oversees operation of the interstate and primary state arterials. The state also operates a ferry system, manages an aviation division, partners with Amtrak on inter-city rail service and supports transit and commute trip reduction programs. The Port of Seattle operates marine and air terminals and the ports of Tacoma and Everett operate marine terminals.

The sum of all these parts does not equal a whole, properly connected transportation system.

## **Single, Consolidated, Regional Transportation Accountability Board**

It is time for the consolidation of the multiple regional transportation agencies – Sound Transit, PSRC and the proposed Regional Transportation Improvement District (RTID) – into one authority. Amendments to the new Regional Transportation Improvement District legislation or a citizens initiative to the legislature could provide the vehicle for reform.

Conceptually, the authority – we will call it the Regional Transportation Accountability Board – could be led by directly elected transportation commissioners from the King, Pierce, Snohomish and Kitsap County area, and gubernatorial appointments, as well as the state transportation secretary.

## Current Regional Transportation Alignment

### Washington Department of Transportation (statewide)

- Interstate/state highways
- State ferry system
- Amtrak Cascades passenger rail partnership
- Aviation  
*Transit support*

### Sound Transit

- Regional Express bus
- Sounder Commuter rail
- Link Light rail

### Puget Sound Regional Council

- Vision 2020 – four-county long-range growth plan
- Destination 2030 – transportation plan supporting Vision 2020
- Technical assistance for 80+ local governments

### Regional Transportation Improvement District (proposed)

- Planning committee - King, Pierce and Snohomish county councils
- Voter approval of ballot measure to create district and fund projects
- Eligible projects – significant highways, transit and HOV – no operations
- Project cost reforms

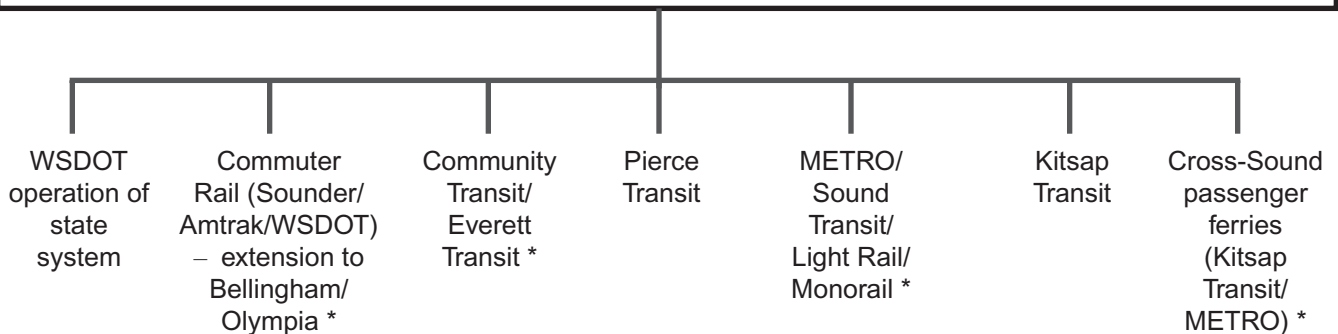
## Local Agencies



## Discovery's Proposed Regional Transportation Accountability Board

### RTAB

- directly elected members from King, Pierce, Snohomish and Kitsap counties; gubernatorial appointments; state DOT secretary
- planning and funding of major *regional* transportation capital projects (no operations)
- power to consolidate and competitively bid agency services
- designated federal/state metropolitan planning organization (PSRC)



\* = to be considered candidate for consolidation or joint operating agreement by RTAB



Future Sound Transit Commuter Rail Station in Tacoma (courtesy of Sound Transit)

It would operate under state jurisdiction to assure a multi-county regional perspective, and to underscore the state’s lead on transportation matters.

The advantage of directly elected representatives over the federated boards that have characterized Sound Transit and the PSRC is accountability. Sound Transit’s organizational problem is the same as the old Metro’s: As a federated board, the city and county officials serving on it understandably do not give Sound Transit their prime attention. It’s not really their main job. In fact, in an early performance review, Sound Transit’s own Citizen Oversight Panel cited poor attendance among board members. Directly electing the Board will also ensure a lively — and necessary — community debate on transportation priorities.

In making appointments to a new, consolidated agency, the Governor should look for particular expertise in environmental and neighborhood planning, freight logistics and telecommunications to ensure that the transportation system is committed to both commerce and conservation and can address the latest operational efficiencies that technology is bringing to society.

The new Accountability Board would plan and fund only the transportation projects that meet strict cost accounting, multi-modal and growth management goals. And the board would conduct performance audits. It would not operate any facility. Its staff should be small — limited by statute, if necessary — to keep it from “mission creep.”

The board would serve as the “paymaster” of federal, state and local funds for “regional” projects. Seattle’s monorail, for instance, as a Seattle-only project, would still be controlled by its board unless or until plans were proposed to extend it beyond the city limits. Counties and cities would still receive direct funds for local roads and street maintenance. Funding from the Accountability Board would flow to all major capital improvements for highways of statewide significance. That ambit would include bridges, state ferries, transit systems, and public/private partnerships such as the FAST corridor of freight projects and potential toll collection or congestion pricing projects along corridors. The board also could contract with such private and public transportation providers as ferryboat operators, airport shuttles and transit service providers.

## Case Study Three

### Strategy for Consideration of New Ferry Service for the Puget Sound

Regardless of jurisdiction or mode, in the Puget Sound region the demand for transportation service generally exceeds the available supply. This is certainly true for ferry services. The Washington State Ferry system, the largest in the United States, operating 29 vessels over

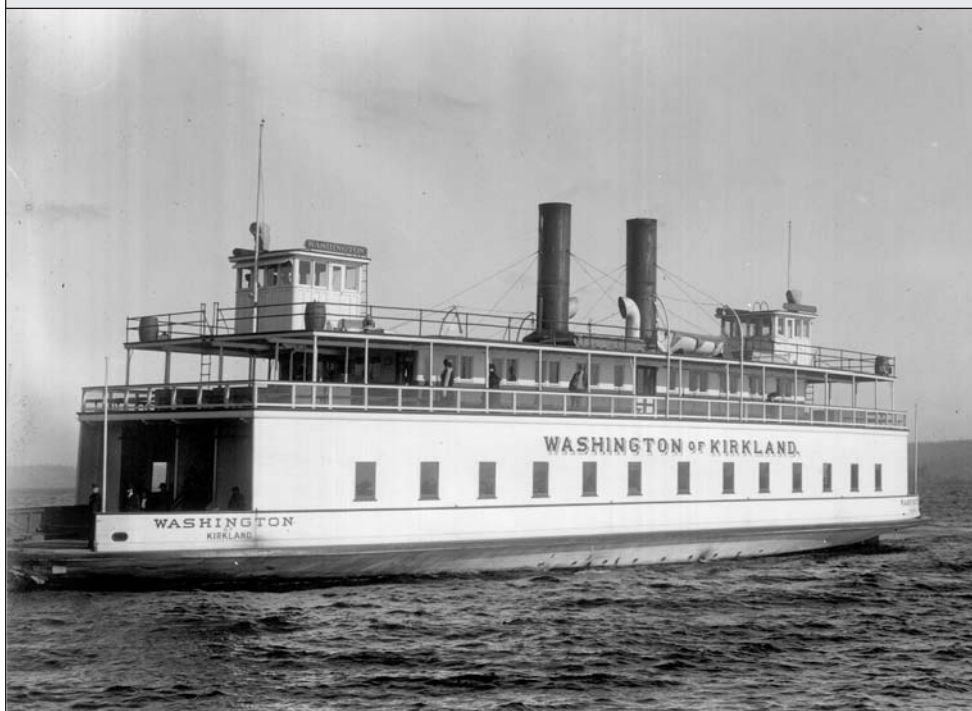
sible strategy for establishing a new ferry service for selected parts of the Puget Sound. The focus will be the North part of the Sound but the strategy could easily be expanded to cover a larger area and indeed the entire Sound. In fact, Kitsap Transit is proposing a passenger-only ferry operation, privately operated, across Puget Sound with local tax support.

#### *Pieces of the Puzzle*

State law mandates that any “private” provider of ferry service operate outside of a ten-mile range of the state ferry system’s established routes. In recent times the ferry system has not stood in the way of private providers “overlapping”, to some extent, their service area. With the tight fiscal situation at the state level, existing state service may actually be facing contraction. Liberalization of state policy may be necessary.

A private ferry operator must obtain a

Certificate of Convenience and Public Necessity from the State Utilities and Transportation Commission. This is to assure that a private provider has the financial and operational ability to offer safe and reliable service to the public. As an aside, there may be holders of these certifi-



Old Kirkland ferry (courtesy of MOHAI)

ten routes, serving 20 terminals — carried over 27 million passengers and over 11 million vehicles last year.

This proposal (developed by the Cascadia Project for the North Sound Connecting Communities Project) will briefly outline a pos-

cates that do not operate the services for which they hold certificates. There are 19 private ferry operations registered with the UTC. In addition, operators from British Columbia and Alaska serve the state, and the Colville Indian Tribe operates a toll-free crossing of the Columbia River (Lake Roosevelt). It is unclear whether there are any restrictions to the number of certificates that can and may be issued.

By policy of the State Transportation Commission, established state system, after initially attempting to operate from fare revenues, must cover at least 60% of its operating expenses from fares. The remainder comes from tax support. Few transit systems today operate without some form of government subsidy, and in reality most transportation modes receive some form of government support. Though some potential routes may be able to operate and retire debt for capital equipment from fare revenues, some form of subsidy for benefit derived should be expected.

Models for new regional ferry systems do exist, and there have been some discussions over the last several years of a “waterborne PTBA” in the Puget Sound region. The San Francisco Bay Water Transit Authority, Alaska’s Inter-Island Ferry Authority and service owned and operated by one of Alaska’s Native Corporations (Klukwan, Inc.), can all provide some input into a model that could work for the Puget Sound. As an aside, the Native Corporation in Alaska also owns a company that specializes in construction of docks and marine terminals.

There are roughly two dozen public ports that operate around the Puget Sound. Of the four “types” of ports, some operate recreational marinas and docks and some operate true marine ter-

minals. Many do not operate any marine facilities, but all are endowed with broad economic development authority, and for those seeking to increase the activity around their facilities, facilitate employment within their jurisdiction, encourage tourism, and in general encourage economic activity, ferry traffic and access may assist in accomplishing those goals.

Freight traffic is a big revenue producer for the existing state system, and many have cautioned that establishing a competing “freight” service might be opposed. Passenger service allows the use of smaller vessels, and thus reduces capital costs while allowing access to more shallow draft terminals.

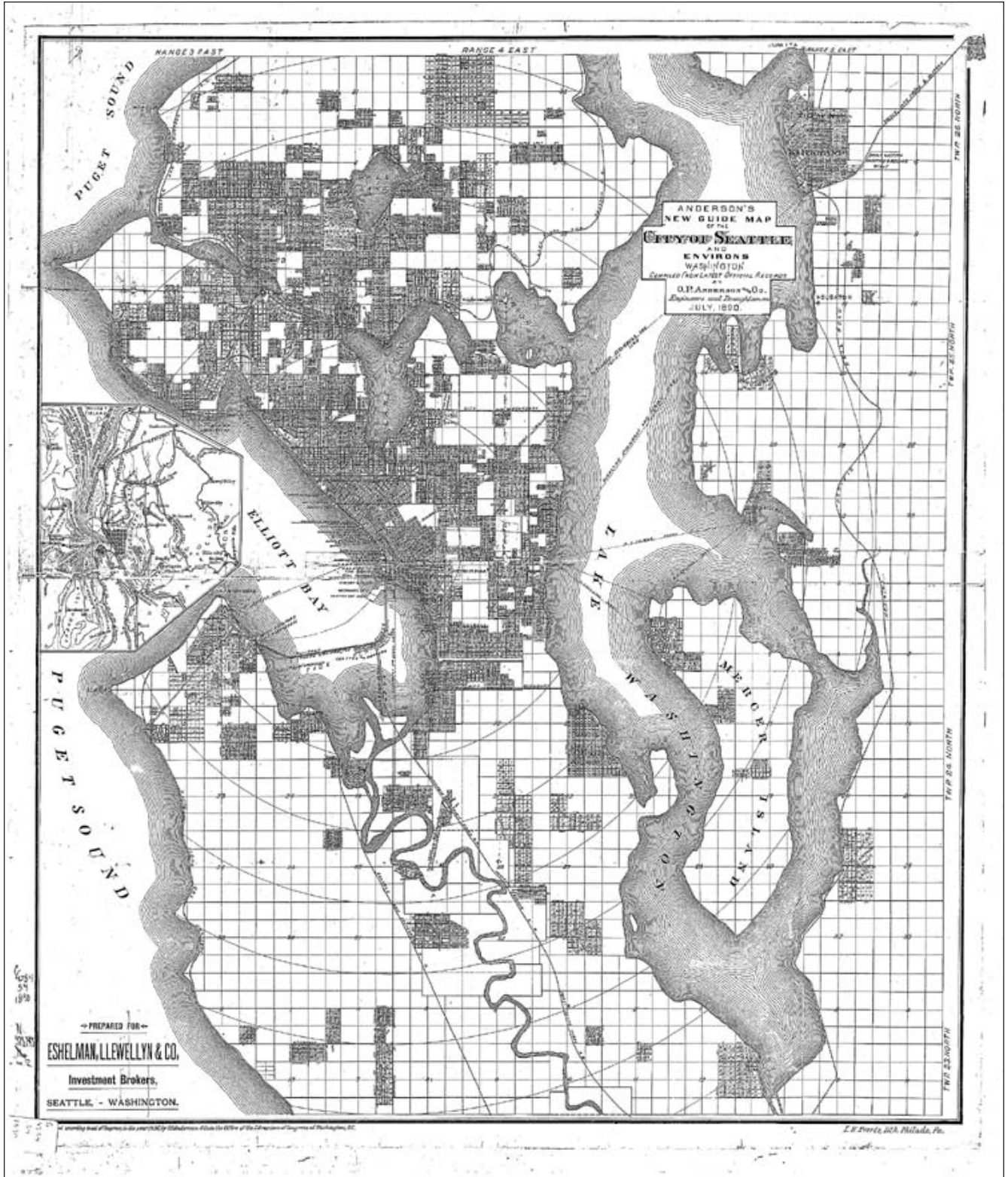
Several major Indian tribes, with a rich history of marine culture and life drawn from the Sound, reside along the shores. They could provide an employment base for dock, service, maintenance, and operating personnel, while diversifying their own economic base.

Existing private providers and vessel owners immediately provide an experienced operating base, and in the San Francisco Bay area, can be drawn upon contractually to provide immediate service.

Ports may have the incentive and tax base to participate both operationally and financially in the service. Their facilities and surrounding development areas can become the terminals for the service around the Sound.

Each of the existing transit authorities in the region has existing and unvoted taxing authority (at least .01% sales tax). This untapped source, or possibly revenue that they presently have or are seeking, could be used to match federal transit funding for such capital items as vessels and terminals.

How Do We Get There From Here?



Lake Washington ferry route map, 1890 (courtesy of University of Washington)

The board would oversee the current PSRC for development of growth management plans and for such innovative financing strategies as tolls, congestion pricing, tax increment financing, and transit oriented development. The Accountability Board would also examine tax increment financing and housing/transportation partnerships.

Because of the way the state allocates its money, it is presently quite difficult to finance housing or urban design in conjunction with a transportation solution. However, the Governor could require the Accountability Board to work with the state DOT and the Housing Finance Commission to coordinate investments to see that housing solutions reinforce transportation solutions. The governor's appointive role in the new Board would support this encouragement.

The board should also expand its expertise as an independent policy and research center. This center would specialize in technical issues, including ridership projections, real estate costs, and construction estimates — issues that so often have troubled the region. Through stakeholder forums and peer review, this independent center also could foster a climate of trust and openness that is currently lacking. There would be one place to get forecasting, modeling, GIS maps and analysis.

## **A Customer Service Approach to Transit**

Leading challenges for the new Board should be future consolidation of transit agencies and development of public private partnerships for tolls and new Design-Build and Design-Build-Operate projects.

In terms of transit agency consolidation, several issues necessarily will shape the discussion.

Transit in the four county area, as mentioned, operates under seven transit agencies: Everett Transit, Kitsap Transit, Community Transit (Snohomish County), Metro (King County), Pierce

County Transit, and Sound Transit, and now the Seattle Popular Monorail Authority. Each of these entities has its own overhead expenses, sets its own fares and schedules, markets its own products and services and purchases its own equipment. These entities sometimes do not cooperate easily. Negotiations over a proposal to give "smart card" capabilities to the current multi-county "Puget Pass" for transit recently broke down after five years of work and expenditure of millions of dollars. The value of giving riders the ability to put cash on their transit pass through an ATM account was recognized. But the varied agencies would not compromise in the end on fare collection revenue sharing, work rules and marketing.

Nor is the slow progress of cooperation limited to transit passes. To track its buses, Metro recently purchased a global positioning — or AVL (Automatic Vehicle Location) — system. The problem is that Metro's system uses a radio component for communications that may, or may not, be compatible with Pierce and Community Transit's systems— highlighting the need for standardized purchasing arrangements.

Finally, customer service often necessitates innovation. Kitsap Transit wants to contract for passenger-only ferry service across the Sound because the state ferry system is dropping its service. As we discuss in the case study on ferries (see above), there are some legal and financial challenges to the idea, but the biggest obstacle is overcoming inertia. Transit agencies normally do not operate a ferry service. Make the customer the focus, however, and perhaps they can see their way clear to a new role.

## **Transit Agency Consolidation**

Transit service decisions in this environment seem to focus more on operational issues than on customer service. Some transit advocates cite the need for more and smaller neighborhood buses. They point out that transit agencies are stuck in the peak direction/peak time mode and have not rec-

ognized the extent of the reverse commute across the Lake Washington bridges. There are many ways to structure a transit agency to improve efficiencies and eliminate unnecessary administrative costs. For example, former King County Councilmember Maggi Fimia is circulating a governance outline that has merit. Departments would be organized around the types of service (inter-county, mainline and para-transit, vanpools/carpools and Flexcar) and types of functions (capital, marketing/community outreach, innovation, finance/budget, human resources and technology). The advantages to such a consolidated agency are:

- economies of scale for overhead, administration, and public information;
- connected service across county lines;
- one fare/pass structure through smart cards;
- one phone number/Web site for the public.

Challenges facing the concept include the need for state legislative action, a public vote to eliminate agencies previously voted into existence,

and maintaining local control over strictly local service.

King County Councilmember Rob McKenna raises the possibility of cities receiving back two percent of the county sales tax for transit to contract out to community-based non-profit agencies. These agencies could serve as neighborhood collectors for main line transit services. If, for instance, Everett wanted to run a specialized intra-city service, it could use the sales tax, but would be required to directly link the service with the intra-county and inter-county services through the same transit pass.

Ultimately the goal is to expand bus services through more frequent and reliable operations, customer-friendly passes and information, and intermodal connections with the ferry system, airports, and rail. Under the current governance system, that goal cannot be reached. But with a streamlined, consolidated structure for regional transportation planning, funding and operation as outlined here, the development of a superior transportation system finally can become possible.