



## Summary

### I-405/SR 167 Executive Advisory Group Meeting

Tuesday, Aug. 24, 2021

Zoom

3:30 – 5:30 p.m.

#### Executive Advisory Group members and elected officials in attendance:

- Secretary of Transportation Roger Millar, Chair
- Deputy Mayor Jay Arnold, City of Kirkland
- Mayor Nancy Backus, City of Auburn
- Commissioner Shiv Batra, Washington State Transportation Commission
- Roland Behee, Community Transit
- Mayor Daryl Eiding, City of Edgewood
- Rep. Davina Duerr, Washington State House of Representatives
- Mike Griffus, Pierce Transit
- Rep. David Hackney, Washington State House of Representatives
- Mayor Gary Harris, City of Woodinville
- Rep. Shelley Kloba, Washington State House of Representatives
- Senator Patty Kuderer, Washington State Senate
- Kelly McGourty, Puget Sound Regional Council
- Councilmember Jared Mead, Snohomish County
- Councilmember Valerie O'Halloran, City of Renton
- Mayor Dana Ralph, City of Kent
- Rep. Eric Robertson, Washington State House of Representatives
- Senator Rebecca Saldaña, Washington State Senate
- Rep. My-Linh Thai, Washington State House of Representatives
- Councilmember Mason Thompson, City of Bothell
- Senator Lisa Wellman, Washington State Senate
- Councilmember Janice Zahn, City of Bellevue

#### Guests in attendance:

- Jennifer Barnes, Puget Sound Regional Council
- Ed Barry, WSDOT
- Victor Bishop, Eastside Transportation Association
- Jeff Brauns, City of Newcastle
- Dirk Brier, WSDOT
- Rob Brown, City of Kent
- Nguyen Dang, WSDOT
- Ken Davies, City of Puyallup
- Samantha DeMars-Hanson, I-405/SR 167 Program
- Augusta DeVries, I-405/SR 167 Program
- Ingrid Gaub, City of Auburn
- Emily Glad, WSDOT
- Austin Goble, Office of State Treasurer
- Reema Griffith, Washington State Transportation Commission
- Katie Kuciemba Halse, City of Bellevue
- Aaron Halbert, Washington State Transportation Commission
- Barrett Hanson, I-405/SR 167 Program
- Diana Hart, City of Woodinville
- Peter Heffernan, King County Metro
- Daniel Hoyt, WSDOT
- Michael Kosa, City of Sumner
- Tam Kutzmark, City of Redmond
- Luke Lamon, Sound Transit
- Doug Levy, City of Renton



# Corridor Program

- ☑ Eddie Low, City of Bothell
- ☑ Robin Mayhew, WSDOT
- ☑ Lorrie McKay, City of Kirkland
- ☑ Hannah McCarty, Senate Democratic Caucus
- ☑ Megan McPhaden, Transportation Committee, Washington State House of Representatives
- ☑ Victoria Miller, I-405/SR 167 Program
- ☑ Muhammad Musa, City of Tukwila
- ☑ Ryan Olson, WSDOT
- ☑ Loren Othón, House Democratic Caucus
- ☑ Martin Pastucha, City of Renton
- ☑ Ruth Roberson, Office of Financial Management
- ☑ Peter Rogoff, Sound Transit
- ☑ Jim Seitz, City of Renton
- ☑ Carl See, Washington State Transportation Commission
- ☑ Andrew Singelakis, City of Bellevue
- ☑ Craig Smiley, I-405/SR 167 Program
- ☑ Kelly Snyder, Snohomish County
- ☑ Ariel Taylor, Sound Transit
- ☑ Wendy Taylor, I-405/SR 167 Program
- ☑ Blake Trask, Office of King County Council Chair Claudia Balducci
- ☑ Noah Tunick, Community Transit
- ☑ Curt Warber, King County Parks
- ☑ Karl Westby, I-405/SR 167 Program
- ☑ Rob Woeck, I-405/SR 167 Program
- ☑ Lacey Jane Wolfe, City of Bellevue

## Presenters:

- ☑ Paul Cornish, BRT Program Director, Sound Transit
- ☑ Lisa Hodgson, Program Administrator, I-405/SR 167 Program, WSDOT
- ☑ Karen Kitsis, Deputy Director, Planning, Environment and Project Development, Sound Transit
- ☑ Julie Meredith, Deputy Assistant Secretary, Megaprograms and Urban Mobility and Access, WSDOT
- ☑ Secretary of Transportation Roger Millar, Chair
- ☑ Jason Richter, Deputy Treasurer, Office of State Treasurer
- ☑ Doug Vaughn, CFO, WSDOT

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 a complete transcript of the meeting. Meeting materials, including the PowerPoint presentation, are available on the web at:

<https://wsdot.wa.gov/Tolling/EastsideCorridor/EAG2013.htm>



# Corridor Program

## I. Introductions and Agenda Review

Roger Millar, Secretary of Transportation, welcomed the Interstate 405/State Route 167 Executive Advisory Group (EAG) members. He introduced Jason Richter, Deputy Treasurer of Debt Management of Washington, Office of the State Treasurer (OST) and Sound Transit (ST) presenters, Karen Kitsis, Deputy Director, Planning, Environment and Project Management and Paul Cornish, Bus Rapid Transit (BRT) Manager. He then acknowledged retiring Renton Councilmember Randy Corman for his 27 years of service in the region and 23 years on the EAG. While Randy couldn't attend today, Roger thanked him for his service and welcomed Randy's successor, Councilmember Valerie O'Halloran to her first EAG meeting as the Renton representative.

Roger reviewed the agenda, starting with an update from Sound Transit on recent realignment decisions and the impact on I-405 STRIDE, followed by a joint presentation from the WSDOT leadership and the OST on the draft response to two legislative provisos relating to funding and phasing on the corridor. He pointed out the challenges the state is facing related to revenue shortfalls and the needs to take care of urgent preservation and maintenance needs while balancing discussions about a new state transportation investment package. He reiterated the sense of urgency WSDOT has been receiving from EAG members to continue investing in the corridor and multimodal partnership with ST to meet unprecedented job growth facing our region. Roger reminded the EAG there are two things WSDOT does not do: appropriate money and make policy decisions; that's a task for the Legislature.

### Financial Update

Roger reported the agency is hopeful a federal infrastructure package will go through. After months of behind-the-scenes negotiations, the U.S. Senate moved decisively to pass a \$1.2 trillion Bipartisan Infrastructure Bill followed by a \$3.5 trillion partisan Budget Resolution just prior to starting recess on August 11, 2021. The House went back to session on Monday, August 23. While WSDOT remains hopeful, we can't count on those funds to solve for all the funding challenges our state is facing. Roger pointed out that only about 12% of WSDOT budget is federal money. The Washington State Legislature would need to hold a special session to determine the use of any federal funds. Discussions continue with legislators on the timing of a possible special session this fall.

Roger closed with a reminder to be creative, flexible and consider trade-offs in identifying possibly solutions to take care of the state's needs. Today's meeting is intended to review the work done this summer in response to legislative provisos and provide information to policymakers to help them make tough decisions in the near future.

## II. Public comment

Colleen Gants, I-405/SR 167 Communicator and Meeting Facilitator, noted that the project team did not receive any public comments or requests for verbal public comment.

Julie Meredith then provided a welcome, pausing before going into the financial work done to date and pointing out work that is moving forward on the I-405/SR 167 corridor noting it was recapped in the one-pager sent out ahead of the meeting. She reviewed that active construction on Renton to Bellevue express toll lanes continue, with early deliverable opening a portion of the 2.5 mile stretch of the King County Eastrail earlier this summer with more to open this fall. WSDOT awarded the I-405 & 132<sup>nd</sup> NE interchange project and the contractor is moving toward construction early next year. The North End (SR 522-SR 527) project team achieved a significant milestone, receiving a Finding of No Significant Impact (FONSI) on July 29, keeping this project shovel ready. The SR 167 Master Plan is underway with a goal of being completed by 2023. WSDOT and Sound Transit move forward with interchange designs of the Brickyard, 85<sup>th</sup> Interchange, and Tukwila International Blvd Stations.



Julie thanked everyone for their involvement and hard work over the past couple of months, specifically EAG members, Interagency Working Group (IWG) members, the WSDOT team, partners at ST and the OST for preparing today's materials. She acknowledged these are not easy decisions the Legislature is facing, and she appreciates the creativity and partnership to seek out solutions to deliver as much of the planned improvements as soon as funding is available to do so. Julie then introduced the ST presenters.

### III. Sound Transit Partnership Update

Karen Kitsis reviewed the recent ST board decision that passed a realignment resolution. ST is now working towards an initial target schedule with the affordable schedule as a safety net. The target and affordable schedules for Bus Rapid Transit (BRT) are the same.

Paul reviewed that BRT performed well in the realignment process, with strong support from stakeholders and EAG members. He walked through the target timeline for BRT which depends on board approval for preliminary designs for the bus base and I-405 and SR 522 BRT: 2025 for the bus base north; 2026 I-405 South STRIDE, SR 522 STRIDE and NE 85<sup>th</sup> Street Interchange BRT Station portion of I-405 North STRIDE; 2027 I-405 North STRIDE with I-405 parking facilities moving out to 2034 and 2035.

#### **Discussion:**

- Secretary Roger Millar noted, from his Sound Transit Board role, that ST is exploring ways to get people to the BRT and to the Sounder beyond driving and parking. Eighty percent of people get to the system by walking, biking, and transit, which includes parking – but parking is expensive to build and serves significantly small number of customers.
- Bothell Councilmember Mason Thompson asked what form the multimodal options would take and whether ST and WSDOT would be working with cities to develop solutions?
  - Paul Cornish replied there are many ways to move forward that they have not yet determined a next step on that.
  - Peter Rogoff amplified what Roger said, that when ST opens high-capacity transit connections, we work closely with partners to rerack Community Transit (CT) and King County Metro Transit (KCM) bus networks to better serve the network. Where there are connections to be made to BRT, we will work with those agencies to facilitate that as well.
- Auburn Mayor Nancy Backus commented that in South King County, I don't know that walking and biking is as easy in every location. In her region, that might be a little bit of an oversimplification.
  - Peter Rogoff answered that ST seeks to model by station what the access rates are and we are happy to put those together and bring that data forward.
  - Karen Kitsis commented that we do have more info for stations that are open. Parking is complicated – where whatever you build will likely be filled. It has a cap where you can grow further ridership.
  - Roger Millar acknowledged Mayor Backus' point, that each individual station has different access. As policymakers recommend investments in public transportation, communities need to respond by transforming to respond to the investments. Where there isn't robust transportation, we need to look at complementing parking that already exists.
  - Kent Mayor Dana Ralph agreed with Mayor Backus. South King County does not have a robust east-west connection. We are cities in between hills. Bike ridership becomes complicated as well as getting people to the stations. She argued we need to look at what's available and parking will remain a key factor in people being able to access and use the system.



## IV. Legislative Proviso Workplan

Lisa Hodgson, I-405/SR 167 Program Administrator, provided context on how WSDOT has had briefing and working sessions with legislators and IWG members since the June 2021 EAG meeting to prepare the material she'd review today. A key role for IWG members was keeping their EAG members informed, so thank you. Lisa also reviewed the summer schedule to respond to the provisos and noted how they are interlinked. She noted the intent is to have a draft report ready by September 15, 2021, allowing time to do additional work before the final report to the Legislature is due January 1, 2022.

Before reviewing the financial analyses, Lisa reiterated that toll revenue is down and is not anticipated to return to pre-covid levels for many years. Additionally, the bonding capacity to fund many of the projects on the I-405/SR 167 program is 65% of the pre-covid capacity in 2019. Due to the reduction in toll revenue and bonding moving out to 2023 from 2022, there is not enough toll revenue to complete the projects that were appropriated in 2019. This led the Legislature to include two provisos for WSDOT to coordinate with the OST to examine ways to fund and phase the six projects being affected.

Lisa reviewed the differences from pre-covid 2019 schedule and current law and summarized that there is a gap in the current law budget of \$450M.

Jason Richter, Deputy Treasurer reviewed key assumptions in the financial analysis that contribute to the gap; it's a balancing act between the timing of funds available and when projects are delivered.

### **Discussion**

- Kirkland Deputy Mayor Jay Arnold commented that we can't actually make the current law schedule because there is a \$450M gap.
  - Lisa responded that this is what the provisos are directing WSDOT to explore – ways to close that gap.
  - Representative Davina Duerr thanked Deputy Mayor Jay Arnold for the question and agreed she thought the provisos were trying to find a solution to move the (SR 522 to SR 527) project up earlier than Current Law, but now she is disappointed to learn that she's just working to keep the Current Law schedule. She felt that was key information that was not highlighted in the presentations to date.
  - Lisa responded we'd get into that with the review of the proviso response and analyses later in the meeting.
- Representative Davina Duerr confirmed with Jason that the Current Law did not include the \$33M of tolling backfill that was allocated in the 2021 session and the RSA coverage ratio was 2.5 coverage ratio.
- Bellevue councilmember Janice Zahn clarified with Jason why the uptick in revenue in 2029 doesn't help solve the problem. He explained there are challenges in accessing funds that are later out in time.
- Bellevue councilmember Janice Zahn asked about other funding sources like TIFIA and GARVEE and is eager to see what it would take to stay on the current law schedule as much as possible.
  - Washington State Transportation Commissioner (WSTC) Shiv Batra is on record saying that bonding wasn't the right method and this may not be the best option, there could be a shortage, and here we are. Tolling can't fill in the gap; it's too large. We should be looking at other funding options and not just count on WSTC to raise funds and toll rates. If we don't do revenue-generating improvements, we won't raise more funds. We need other ways to raise money to meet the obligations.
  - Roger Millar pointed out ST's BRT is less expensive than light rail because it relies on a heavy investment from WSDOT. We can't make those investments until we have the resources available to us.



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- Auburn Mayor Nancy Backus reminded the EAG about the south end needs around SR 167 that haven't even been identified by the SR 167 Master Plan process yet. SR 167 will need some of the funding that has not been identified yet as well.
- Kent Mayor Dana Ralph concurred and pointed out that SR 167 didn't see nearly the dip in traffic that I-405 did during covid. She then asked if WSDOT had performed the analysis for the funding gap to follow the pre-covid ESSB 5825 schedule with the ability to bond? We need to expedite as much as possible and need all data points to inform decisions.
  - Lisa responded that we haven't done that analysis but it's probably close to current law. We will show the modified current law scenario today.
- Representative David Hackney expressed concern with the further delay of the I-405/ N 8<sup>th</sup> access ramp, that he would continue to watch that project.

## V. SR 522 to SR 527 Phasing Options (Proviso 306)

Lisa then reviewed the phased and other bundles for the SR 522 to SR 527 project in response to Legislative Proviso 306. The options included outside of delivering the North End as one project, separating local improvement at SR 527, a geographical north/south phasing option, Directional phasing option (northbound and southbound) and only advancing fish passage construction first followed by infrastructure. WSDOT compared these based on system performance and operations looking at toll system, BRT system infrastructure, connections to transit and growth center nodes, fatal flaws and toll revenue potential. The directional phasing option was moved forward to the OST for analysis.

The North End phased delivery scenario keeps all projects on the current law schedule with one change being the phased approach to the SR 522 to SR 527 project. Phase 1 includes SR 522 direct access and inline stations at Brickyard and SR 522 and connects to SR 522 BRT with a transit hub, as well as constructing an additional express toll lane in southbound direction from SR 527 to NE 160<sup>th</sup> in Kirkland. Phase 1 would be delivered in 2025 (2 years earlier than current schedule). Phase 2 constructs northbound additional express toll lane from SR 522 to SR 527 and direct access at SR 527 and BRT inline station; this phase would be delivered in 2030 (three years later than current law). This North End phased delivery scenario reduces the current law gap by \$20M.

Jason reviewed the assumptions OST outlined for running this scenario, and noted it is similar to current law – just slightly better.

## IV. Scenarios for financial analysis (Proviso 209)

Lisa reviewed the work done to respond to the second legislative proviso which directs WSDOT to look at the entire corridor and how bond proceeds can cover the funded projects in the current law budget, due January 1, 2022. This "Modified Delivery Scenario" balances when revenue is available and when projects are delivered to close the gap. The Treasurer evaluated adjusting the delivery timing based on the system benefits achieved and advancement (higher infusion) of toll revenue sooner in time. This scenario closes the gap to about \$200M from \$450M, moves some projects up earlier, but significantly delays others. Lisa then outlined the schedule for when funds would be needed to move forward with this scenario, pointing out there is a process to get to bonding in mid to late 2023.

### **Discussion:**

- Renton Councilmember Valerie O'Halloran noted the desire to expedite delivery without negatively impacting timing of other projects. This scenario clearly moves out certain projects that would not allow BRT, SR 167, and ETLs to work to their full capacity.
  - Lisa confirmed this is a datapoint to understand what reducing the gap does to program delivery.





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- Bothell Councilmember Mason Thompson asked what happens if the interchange improvements are not delayed what would the gap be?
  - Lisa noted that OST has not run that scenario officially, but estimates it would be roughly the same gap, around \$450M.
- Renton Councilmember Valerie O'Halloran highlighted the need for and the proposed delay of the I-405/ N 8<sup>th</sup> Street interchange and direct access. Renton has been waiting 25 years; people need to get through Renton and further delay doesn't seem right.
- Representative David Hackney asked if we could cover the \$450M gap with GARVEE bonds?
  - Lisa noted we'd cover the different options for financing in the next meeting segment.
- WSTC Commissioner Shiv Batra pointed out that reducing the \$450M gap creates hardship for stakeholders along the corridor by not having projects built. Can we go back to gas tax-backed bonds instead of tolling?
  - Lisa responded that Shiv's gap comment is correct and that, today, we're outlining options that attempt to close the gap.

## V. Alternative financing/funding sources

Doug Vaughn, WSDOT CFO, reviewed alternative funding options that WSDOT has identified to possibly help fill the funding gap. WSDOT is working with OST to explore GARVEE bonds, Motor Vehicle Fund (MVF) loans, deferred sales tax, and TIFIA loans. All these options require legislative action (and TIFIA requires federal approval). It will likely take a combination of new funding sources and strategies to bridge the gap, not just one option.

### **Discussion:**

- Bellevue Councilmember Janice Zahn commented that Bellevue has a TIFIA loan and they recently asked for better interest terms. It is now half of what the original rate was, so there is some flexibility with that option. She asked that as we look at different sources, what combination would create a scenario to make up the gap? She would like to see what that looks like. What package of funding options would actually get us to meet the gap so we can get a better understanding of what is needed from the Legislature?
  - Jason answered that this is going to be a legislative priority question. GARVEE could solve the whole thing, but then it creates a new problem for the Legislature to solve. Deferred sales tax could help to reduce the gap as could TIFIA. Federal funding, if available, could reduce the gap. Other things such as transportation budget loans could help reduce the gap. It will be a legislative decision to look at what funding is available and if we can re-arrange the deck chairs to make this work.
  - Doug added that WSDOT will be looking at a full transportation budget statewide and will need to balance these projects with other things so they would defer to the Legislature for direction.
- Kent Mayor Dana Ralph asked how often toll revenue is updated in these projects?
  - Doug answered that it is updated quarterly with other revenue forecasts. WSDOT will see the next one in September for a forecast adjustment.
- Bothell Councilmember Mason Thompson agreed with what Councilmember Zahn said earlier. He added that he does not want to delay any project in Bothell and would like to see a combination of funding options proposed that would meet that end. He understands it is a legislative decision but showing them something specific that would erase the gap would be helpful, such as specific dollar amounts and where the money would come from. Phasing improvements only saves so much, and they do not seem like a good idea. He would like to see more focus on additional revenues rather than pushing back projects.
- Renton Councilmember Valerie O'Halloran echoed Councilmember Zahn's and Thompson's comments. She would like to hear more about how GARVEE could solve the problem. She agreed that we need to



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move these projects forward and stick to the original schedule. If GARVEE is the answer, we should be looking at those numbers.

- Representative Davina Duerr agreed with the previous points her fellow EAG members made about providing alternatives in the report and what the potential funding could provide. Even though the Legislature makes the decisions, the more information they have, the more they can weigh the pros and cons. She asked what the cost of the delay is. If there is a delay, there is also inflation, greenhouse gas emissions, and less opportunity for transit.
- Kirkland Deputy Mayor Jay Arnold emphasized what has been said. He said it is nice to hear that GARVEE is at a scale where it could help solve the problem and keep us on a 2027 schedule. He would like to see a more concrete proposal. If there is a doable combination, cities would like to be involved.
- Secretary Millar commented that the input EAG members have been providing is just what WSDOT and decision makers need to hear. He added that Jason is right about being able to solve the problem with GARVEE, but there are tradeoffs, such as preservation needs. This is about tradeoffs and priorities. Our role after this is to let the elected officials make the tough calls.
- Commissioner Shiv Batra added that we have heard from stakeholders how important it is to have the corridor up and running and function properly with traffic, to maximize tolling without negatively impacting the management of the traffic system. Relying on tolls only will not be enough to fill the gap. Keep in mind that more businesses are moving to Bellevue and that will impact traffic, and COVID could further impact toll revenue. GARVEE is one option, but MVF is probably the best option.
- Representative Shelley Kloba added that every single one of our decisions involves tradeoffs. Along with the tradeoff of GARVEE bonds, to delay or not do preservation, what level of risk do we feel we would leave Washington or WSDOT with if we choose to defer maintenance even more? What level of legal risk is there? And is that being thought about when it comes to considering tradeoffs?
  - Secretary Millar answered that our system is on a glide path to failure. Bridges are not doing well, we are not doing paving, and we have reduced speed limits. We are doing inspections and closing bridges when needed. We will keep the state out of liability situations moving forward but we will not be able to stay out of economic consequences. We are hoping to see new revenue for state of good repair. WSDOT will give the subject matter experts what we know, and they will take it from there.
- Bellevue Councilmember Janice Zahn emphasized the importance of working with the WSTC to review the options.
- Bothell Councilmember Mason Thompson asked about road wear and tear for additional transit users as opposed to someone in a SOV. He asked what kind of maintenance benefit that would give us, and if it is enough for the Legislature to consider.
  - Secretary Millar answered that we do not run on the infrastructure we want but on the infrastructure we have. Buses account for .86% of traffic but they carry 20% of the people on the corridor. As we debate tradeoffs, we have to come back and see that people have invested \$2 billion on statewide projects. We should be spending money to preserve it. This needs to be considered in tradeoffs.
- Bothell Councilmember Mason Thompson asked the group to look at the future they want since what we have now is not working.
- Renton Councilmember Valerie O'Halloran added that on the Eastside they are one corridor and unit of moving people and goods. To sacrifice any one piece of that to benefit the other piece is not in their nature. She also added that with the transit statistics on I-5, we need this corridor funded and flowing.

**VI. Wrap up:** Lisa thanked the group for the robust discussion and reminded everyone that since we last met with the EAG in June, the project team has reviewed initial funding and phasing options with the





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IWG and the Legislature. WSDOT will deliver a response to both provisos on Sept. 15. The EAG will have an opportunity to preview an early draft report around Sept. 8. The report will include similar content that WSDOT has presented at today's EAG meeting so there should be no surprises. In addition, the agency will look at timing of and need for another EAG meeting this year. Secretary Millar and Lisa thanked the group for their continued partnership and participation.