

ERP Final Report Appendix B: Draft Preliminary Findings and Overall Themes

Preliminary 11/09/10

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 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.
- 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.

- 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. 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