

# CHAPTER 10

## TRANSPORTATION

### 1. Transportation Spending

#### Recommendations

1. Implement performance measures that tie spending to congestion relief.
2. Implement performance audit recommendations by State Auditor investigations.
3. End the practice of the state charging itself sales tax for transportation projects.
4. Save 15 percent on transportation projects by using market-based labor pricing, rather than the artificially-inflated prevailing wage system.

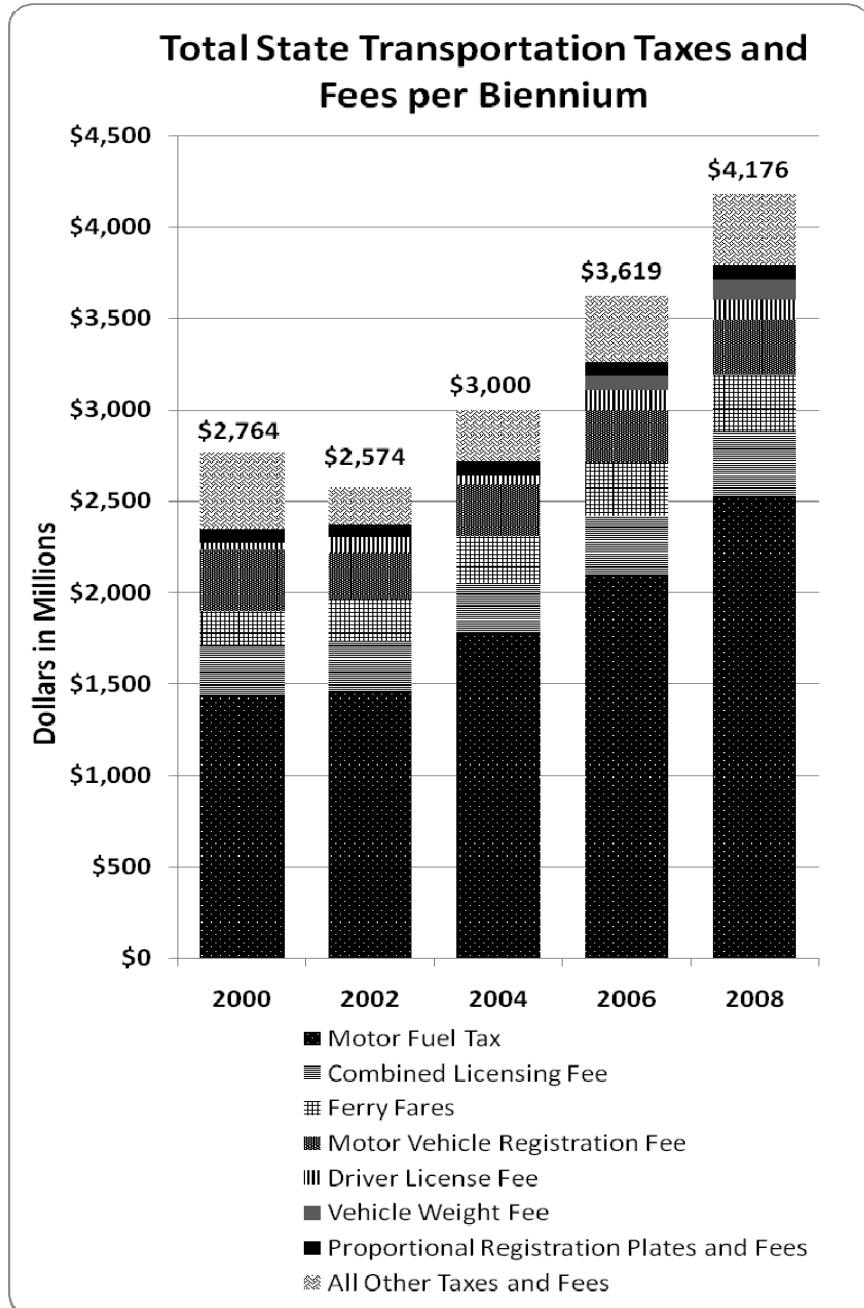
#### Background

Over the last 20 years, Washington's population has increased almost 40 percent, yet the state road network has not kept pace.

The basic highway system was planned in the 1950s and largely built in the 1960s. Since then, only parts of Interstate 90, the Tacoma Narrows Bridge and Interstate 405 serving Seattle and its suburbs have received large increases in carrying capacity.

Yet Washingtonians are paying more than ever to fund the transportation budget. The following bar chart shows that total transportation taxes and fees have risen significantly over the last ten years.

**TRANSPORTATION**



## TRANSPORTATION

In the 1999-2001 biennium, Washington residents paid \$2.65 billion in state taxes and fees to fund transportation.<sup>1</sup> In the current biennium residents paid about \$4.18 billion, a 51.2 percent increase in the past ten years.<sup>2</sup> To put this in perspective, inflation over the same time period rose only 20 percent.<sup>3</sup>

These figures do not include local or special district transportation related taxes or fees. For example, families living in the Sound Transit taxing district in Pierce, King and Snohomish County pay substantially more.

Even so, the Puget Sound region has become one of the most congested metro areas in the nation. Other major traffic corridors around the state have received very slight capacity improvements at best, offering little relief to the state's 4.6 million drivers. Projections show the state population will grow by an additional 1.2 million people over the next twenty years, so under current transportation policies, traffic congestion can be expected to get significantly worse.

### Policy Analysis

Congestion relief is the most basic tenet in any transportation program because it provides freedom of mobility for the public, yet most people are surprised to learn it is no longer a priority in Washington state.

In 2000, Washington's Blue Ribbon Commission on Transportation identified several benchmarks to measure the effectiveness of the state's transportation system. These performance measures were very specific and some of them were adopted into law. They include:

- Traffic congestion on urban state highways shall be significantly reduced and be no worse than the national mean;
- Delay per driver shall be significantly reduced and no worse than the national mean.

However, during the 2007 legislative session, lawmakers passed Senate Bill 5412, which repealed these precise benchmarks.

## TRANSPORTATION

Instead, the legislature substituted five broader policy goals: Preservation, Safety, Mobility, Environment and Stewardship.<sup>4</sup>

Likewise, the spending strategy for transportation taxes is defined in the Washington Transportation Plan 2007-2026.<sup>5</sup> This document, created by the Washington State Transportation Commission (WTC) and the Washington State Department of Transportation (WSDOT), identifies five “Investment Guidelines” to help prioritize spending tax dollars in transportation.

The five priorities are nearly identical to the five goals set by Senate Bill 5412:

1. Preservation;
2. Safety;
3. Economic Vitality;
4. Mobility;
5. Environmental Quality and Health.

In both cases, Mobility should mean traffic congestion relief, but instead state officials define it as a strategy to move *people*, rather than improving vehicle flows. This means officials have shifted their spending priorities from actually fixing traffic congestion to trying to provide alternatives to congestion.

In other words, according to the Washington Transportation Plan, relieving traffic congestion is not an “Investment Guideline” in determining how transportation money is spent. Instead, the plan says policymakers should spend money on other forms of transportation, like buses or light rail operated by government agencies.

Ironically, this spending strategy will always lead to greater traffic congestion.

According to the Federal Highway Administration, private passenger vehicles account for about 85 percent of all forms of transportation in the Seattle region.<sup>6</sup> This means all other modes, like mass transit, bicycles and walking, serve only 15 percent of travelers.<sup>7</sup>

Adopting a policy that disproportionately spends public money on only 15 percent of the market will always lead to greater

## TRANSPORTATION

congestion, because the system that supports the remaining 85 percent is left to languish.

Initiative 900, which passed in November 2005, gave the State Auditor's Office authority to conduct performance audits of state agencies. Since then, the Auditor's office has conducted five audits of the Washington State Department of Transportation and identified nearly \$300 million in redundant and inefficient services. In one audit, the Auditor concluded that

“The Washington State Legislature should choose/identify projects based on congestion reduction rather than other agendas.”<sup>8</sup>

Strengthening the tie between spending and traffic relief does not sacrifice public safety or preservation. These are not competing priorities. Traffic relief and safety/preservation can happen simultaneously, as long as regional leaders stop spending money in areas that do not relieve congestion. Washington policymakers should return to these specific performance measures and create a stronger link between spending and traffic relief.

Failed programs and cost overruns have severely harmed the Puget Sound region's transportation system, primarily by absorbing funding that would otherwise be available for improving road capacity. The defunct Seattle Monorail, which cost taxpayers over \$100 million and served no purpose whatsoever, is an excellent example.

On an even larger scale, Sound Transit will spend more than \$15 billion initially, to move a tiny fraction of the people who travel every day, yet all this money will do nothing to improve safety or relieve congestion on the region's existing highways.

Planning a transportation system that meets the needs of Washington residents requires strong leadership and a renewed insistence on results over process. Policymakers should recapture the vision of a transportation system based on freedom of movement. Key to realizing this vision is reducing structural barriers that artificially drive up the cost of building major transportation projects.

## TRANSPORTATION

A prime example of high structural costs is the state's use of the expensive and antiquated prevailing wage system to pay for public construction. Prevailing wage is supposed to be the wage paid to the majority of workers in the applicable trade. In practice, though, the rate used is not the true market wage, but is the going union rate for the largest city in the region, usually Seattle. The effect of this interpretation is to reverse the meaning of the term "prevailing wage."

Currently the federal government and 33 states, including Washington, impose prevailing wage requirements on public construction projects. Ten states have abolished their prevailing wage laws, and reaped significant public benefits as a result.<sup>9</sup> To cite just one example, Florida lawmakers found they saved 15 percent on public projects once their state's inflationary prevailing wage law was repealed.<sup>10</sup>

Open market forces and transparent pricing determine the true prevailing price of labor, not a predetermined, government-fixed price. By interfering in the natural function of the labor market, the government artificially drives up how much it must pay to build and maintain the public road network.

### **Recommendations**

**1) Implement performance measures that tie spending to congestion relief.** The legislature should require state and local transportation departments and special districts (like Sound Transit and the Regional Transportation Investment District) to reduce overall congestion by 50 percent in 25 years. Policymakers should also require annual audits from the State Auditor on the performance of state and local transportation officials to measure their progress, if any, in meeting the 50 percent reduction target.

**2) Implement performance audit program improvements recommended by State Auditor investigations.** Through the auditing process, the State Auditor has already identified about \$300 million in cost savings by finding efficiencies and eliminating duplicitous services and waste. State Department of Transportation officials and the legislature should implement these money-saving recommendations.

## TRANSPORTATION

**3) End the practice of the state charging itself sales tax for transportation projects.** The state's current practice of charging sales tax on transportation design and construction is simply a device for cycling money out of the transportation budget and into the General Fund budget. Ending this practice would increase the funding available for road improvements and traffic relief. The state's own projects should be tax exempt, so that all funds raised through dedicated transportation taxes can be used in the way they were intended: improving mobility for citizens.

**4) Save 15 percent on transportation projects by using market-based labor pricing, rather than the artificially-inflated prevailing wage system.** Built-in waste like the prevailing wage system makes it difficult for elected leaders to ask the public in good faith to pay more in taxes for needed transportation projects. Using competitive market wages would stretch limited transportation dollars and show respect for the financial sacrifice people make when paying for public roads.

## 2. Freedom of Mobility

### Recommendations

1. Respect people's choices and allow for a greater freedom of mobility by actively working to *reduce* traffic congestion.
2. Reduce spending on costly and ineffective fixed-route mass transit.
3. Increase general purpose lane capacity and focus on relieving traffic chokepoints.

### Background

Government serves society, not the other way around. Policies that force citizens to behave differently than they normally would disregard the natural marketplace and ultimately threaten to take away political freedom from citizens.

Similarly, government policies in transportation should be responsive to the market and improve the freedom of citizens to live, play and work where they choose.

Manipulating transportation policies to force a particular behavior coerces people into abandoning their individual liberties in favor of a socialistic benefit where supposedly a greater collective good is created.

These measures always fail because of what Milton Friedman called, "one of the strongest and most creative forces known to man," rational self interest; or people's desire to do what they believe is best for their own lives.

Instead, proponents of social change should work in the marketplace of ideas to persuade others to share their vision and work towards it. They should not use the power of government to force through their own ideas, but should seek to change policy, if that is needed, once reform is broadly supported by the public.

## TRANSPORTATION

Trying to force people from their cars is not the proper role of government, and voters in the Puget Sound region confirmed this view with their firm rejection of the Roads and Transit measure (Proposition 1) in November 2007. The package favored spending on mass transit by a margin of three to one, and traffic congestion would still have doubled even if it passed. Wisely, voters decided to save their money for a plan that would actually reduce traffic congestion.

The state has a monopoly on our road system. As such, government leaders have agreed to provide its citizens with a certain level of service, or a freedom of mobility. Using traffic congestion as a tool rather than fixing it, is an attempt at social engineering that is sure to fail.

### **Policy Analysis**

In a dual effort to manage congestion and reduce CO2 emission, the state's Climate Advisory Team (CAT) proposed reduction targets on the amount of per capita Vehicle Miles Traveled (VMT). The targets include a VMT reduction of 18 percent by 2020, 30 percent by 2035, and 50 percent by 2050.<sup>11</sup>

In 2004, each licensed driver in Washington drove his car about 12,555 miles. Transportation department officials project that, in 2020, each driver will drive about 13,500 miles annually. According to the CAT, an 18 percent reduction in VMT by 2020 means a Washington driver would be limited to only 11,070 miles per year, or about the same level that person drove in 1985.<sup>12</sup>

House Bill 2815 adopted these recommendations. It requires the Department of Ecology to report to the legislature by December 2008, after the general election, on recommended tools it needs to meet the targets. These recommendations will likely take a "carrot and stick" approach, by creating severe economic disincentives for drivers, while using their money to subsidize the use of public transit.

This type of policy strategy seeks to force drivers out of their cars and into transportation modes operated by public agencies. But restricting mobility in one mode for the benefit of another will always fail because it does not respect the choices of people to do what is best for them.

## TRANSPORTATION

Instead of forcing behavior changes by limiting mobility through top-down social engineering, a more realistic way to reduce congestion and CO2 emissions is to remove barriers to better technology that will improve fuel efficiency. Also, as mentioned, policymakers should make congestion relief a top priority, since cars sitting in traffic emit more CO2. Ultimately, cars are part of the solution, not the problem.

### **Recommendations**

**1) Respect people's choices and allow for a greater freedom of mobility by actively working to *reduce* traffic congestion.** Officials should adopt a policy that places congestion relief ahead of other spending considerations. Restrictions on Vehicle Miles Traveled (VMT) and deliberately or passively increasing traffic congestion to force people out of their cars should be avoided.

**2) Reduce spending on costly, ineffective fixed-route mass transit.** Policymakers should change spending priorities that heavily favor mass transit systems despite chronically low ridership. Riders of these expensive systems, like light rail and the Sounder Commuter Train, are being heavily subsidized by automobile commuters, yet research shows that fixed rail does nothing to reduce traffic congestion.

**3) Increase general purpose lane capacity while focusing on fixing chokepoints.** Focusing transportation funding on key chokepoints by adding general purpose lane miles will help move the most people at the least cost and least impact on the environment.

### 3. Transportation Spending Based on Market Demand

#### Recommendations

1. Use consumer demand to prioritize projects and spending.
2. Adopt a policy of fixing chokepoints and strategic increases in road capacity as the most effective ways to end traffic gridlock and allow citizens more freedom of movement.

#### Background

Transportation resources should be distributed based on natural market demand, rather than the current system of spending on services that are somehow meant to attract demand.

In economics, supply is a function of demand. This means a willingness to use a service must exist before a supply of that service is created. Boeing executives do not make 300 airplanes knowing they will only sell 100. Likewise, governments should not spend a disproportionate amount of taxes in low demand sectors, where the public's willingness to use the service does not justify the spending.

In any market, increasing the supply of a service or product before demand is available is wasteful and creates a large space between costs and benefits.

In the private sector, where benefits are measured by consumer choices, this type of inefficient behavior is unsustainable. A business will simply cease to exist once costs exceed the value of benefits to consumers.

But in the public sector normal economic laws do not apply. There is a higher tolerance for fiscal inefficiency because benefits are not always measured by consumer choices. There is also an element of public value.

## TRANSPORTATION

Thirty years ago, mass transit accounted for six percent of daily trips in the Puget Sound region. After years of massive public subsidies, mass transit today accounts for less than four percent of daily trips.

The continued push for more mass transit and light rail funding in the face of a declining share of daily travel indicates that mass transit planning is based more on political ideology than on measurable results.

In transportation policy, public value should be measured by freedom of mobility and traffic relief for the public. Policymakers can keep the space between costs and benefits small by separating projects that provide these values from projects that do not.

### **Policy Analysis**

European and U.S. transit systems provide good contrasting examples of how economic concepts apply in transportation.

Many people believe European countries have highly successful public transportation networks and one of the most-cited systems is in Switzerland. Switzerland lies in the center of Europe and is an important transportation hub for both freight and passenger traffic throughout the continent. The Swiss system is successful, not because of the amount of service or infrastructure, but primarily because it has certain demographic and economic characteristics that induce market demand.

In other words, there is an existing market with a natural customer base and Swiss policymakers respond with proportional public infrastructure spending. As a result, mode share, ridership and fare box recovery are high.

In the United States, transit resources are distributed in just the opposite way.

Under the “build it, and they will come” theory, many policymakers think that increasing the supply of transit will somehow automatically create more public demand. This speculative model fails because most U.S. cities do not possess the economic or

## TRANSPORTATION

demographic characteristics that create enough voluntary consumers for public transit.

Using the economic principles of supply and demand shows that building excess transit capacity before there is an equal amount of willingness to use it leads to an underperforming system. As a result, mode share, ridership and fare box recovery in U.S. mass transit systems are typically low.

### **Recommendations**

**1) Use consumer demand to prioritize projects and spending, proportionally.** Until the 1970s, state leaders pursued a policy of increasing road capacity adequately to meet the growing mobility needs of Washington's drivers. Over the last three decades, however, policymakers have divided transportation funding between subsidized mass transit and public roads. This approach has not worked.

When prioritizing transportation projects, policymakers should use consumer demand to determine public spending, not the other way around. Applying these time-tested economic principles to transportation policy will improve people's mobility and reduce traffic congestion.

**2) Adopt a policy of fixing chokepoints and strategic increases in road capacity as the most effective ways to end traffic gridlock and allow citizens more freedom of movement.** Focusing on roadway chokepoints and interchange bottlenecks is the most cost-effective way to get traffic moving. This approach has less impact on the environment, and helps alleviate many people's concern that road building contributes to urban sprawl.

## 4. Freight Mobility

### Recommendations

1. Create a freight budget account for freight-specific projects.
2. Increase heavy rail capacity to allow medium and long range freight distribution greater ability to shift from roads to rail.
3. Create freight-only lanes and corridors to support rapid pass-through for long range and local freight distribution.

### Background

Freight mobility plays a significant economic role in any transportation policy but ironically, the current spending strategy used by policymakers is an obstacle to improving the efficiency of movement of goods around the state.

Most of the time, through various mechanisms, the freight industry pays a disproportionate share of taxes to fund transportation projects. Yet very little of the money goes to fund freight-specific infrastructure. The industry is forced to rely on projects that prioritize other transportation areas. The theory is, “what’s good for one mode is good for all modes.”

The problem is that transportation spending is based on other agendas rather than congestion relief. As a result, the cost of bringing goods to market rises and consumers end up paying more for products.

Sound Transit’s East Link proposal is a good example. Reconfiguring the center lanes across Interstate 90 (I-90) for light rail, as agency officials propose, would not only fail to reduce traffic congestion, it would, according to the state Department of Transportation, worsen traffic congestion by 25 percent.<sup>13</sup>

Drivers of freight vehicles would suffer the most from this policy. During the morning peak drive, the number of truck drivers able to cross into Seattle would drop by 24 percent. Leaving Seattle

## TRANSPORTATION

during the afternoon peak drive, truck drivers would see a 19 percent reduction in capacity.<sup>14</sup>

A policy of linking public demand and traffic relief to spending would require Sound Transit officials to think in a different direction. The agency should keep the two center lanes as a reversible HOV and freight and transit corridor, and continue re-striping the outer roadway to create the additional lane in each direction, as already approved by the Federal Highway Administration. Because the center lanes are already a reversible HOV, freight and transit corridor, no light rail should be added to the bridge, and then the new lanes in the outer roadways would not need to be restricted.

### **Policy Analysis**

Sound Transit could easily increase the I-90 bridge's freight and vehicle carrying capacity, and reduce congestion, without any additional infrastructure.

Instead, Sound Transit continues to plan for light rail across I-90 that would increase traffic congestion by 25 percent. Because I-90 is the only direct east/west corridor connecting Washington's ports to the rest of the country, this plan will result in negative economic impacts to the freight industry and ultimately to consumers.

According to the Federal Highway Administration, it costs the freight industry \$32 dollars for every hour of delay. In 2004, that amounted to about \$7.8 billion dollars nationally. That means the cost of getting goods to market adds nearly \$8 billion dollars to consumer prices, all directly attributable to traffic congestion.

Combined with rising fuel prices and the potential of added congestion for passenger cars, the cost to consumers is even greater.

### **Recommendations**

**1) Create a freight budget account for freight-specific projects.** In most cases this will not require new tax revenue because the freight industry already pays significant fees and taxes to fund transportation projects.

## TRANSPORTATION

**2) Increase heavy rail capacity to allow medium and long range freight distribution greater ability to shift from roads to rail.** Improving the rail line through Stampede Pass and building more regional rail capacity will reduce shipping costs and incentivize the shift of freight movement from roads to rail.

**3) Create freight-only lanes and corridors to support rapid pass-through for long range and local freight distribution.** The new corridors would be tolled and the trucking industry would likely experience lower overall shipping costs, because of the reduced traffic delay in getting goods to consumers.

## 5. Public/Private Partnerships

### Recommendations

1. Remove policy barriers that prevent private companies from contributing resources and entering into public partnerships.
2. End the public transit monopoly by allowing private companies to bid for services on existing and proposed transit routes.
3. Do not allow local transit agencies to use government subsidies to take business away from private citizens.

### Background

Using the Public/Private Partnership concept (PPP), policymakers can find effective ways to fund new projects, and to maintain the current transportation infrastructure. Compared to the rest of the United States, however, Washington policymakers have been slow to embrace the PPP strategy.

These partnerships can take many forms. According to the National Council for Public-Private Partnerships, there are about a dozen types. They can range from mostly private to mostly public, and several types incorporate a balance of both characteristics.

There are many benefits to the public associated with a PPP. They leverage private dollars for public use, shift risk from taxpayers to the private sector, and lower overall project costs.

Other factors like public oversight, asset ownership, long-term maintenance, liability and labor, will determine what type of PPP fits best in a given situation. In Washington, these issues have been treated as obstacles and have been used by political opponents to prevent partnerships from forming. Yet these objections have been addressed by other states through their adoption of various types of partnerships. Undoubtedly, these concerns are important, but they

## TRANSPORTATION

should not deter policymakers from providing the public with the benefits of a Public/Private Partnership.

Using the PPP concept, a group of businesses in Pierce County have joined forces to pool financial and construction related resources to build and finance projects. Without the support of the partnership, it is unlikely there would be enough public money to build the projects for the benefit of Pierce County residents.

Partnering with the private sector is one way to increase financial resources and get roads built. Otherwise, funding problems become insurmountable, roads are not built and our road system continues to deteriorate. Public/Private Partnerships have a proven track record across the United States and should be embraced by public officials in Washington.

As mentioned earlier, 30 years ago mass transit accounted for six percent of daily trips in the Puget Sound region. After years of massive public subsidies (since 1960, federal, state and local governments have paid out more than \$385 billion to transit systems nationwide<sup>15</sup>), mass transit today accounts for less than four percent of daily trips.

Even as the public funding devoted to mass transit increases in Washington, its share of total daily trips continues to fall each year. This is in line with national trends.<sup>16</sup> In spite of these trends, transit advocates continually push for new spending on government-operated buses and rail.

The continued push for more funding in the face of a declining share of daily travel indicates that mass transit planning is based more on political ideology than on measurable results.

A study by the American Enterprise Institute-Brookings Joint Center for Regulatory Studies sums up the situation well:

“Transportation policy is largely shaped by entrenched political forces. The forces that have led to inefficient prices and service, excessive labor costs, bloated bureaucracies, and construction-cost overruns promise more of the same for the future.”<sup>17</sup>

## TRANSPORTATION

The primary reason mass transit in Washington is so inefficient is that it operates within a culture of monopoly. Insulated transit bureaucracies have little incentive to change and improve. No one in a position of responsibility loses his job when a transit agency's customer base shrinks. On the contrary, transit agency employment tends to increase as budgets grow and ridership share declines.

Privatization and public-private partnerships in transit can help alleviate the performance failures in the current system by introducing competition and price transparency. Hundreds of mass transit systems throughout the United States contract out some portion of their services.<sup>18</sup> More than one-third of the 500 state, regional and local government agencies that receive aid from the Federal Transit Administration contract out 25 percent or more of their transit services.<sup>19</sup>

### **Policy Analysis**

Proponents of mass transit say it will relieve traffic congestion, save the environment and foster community values such as neighborliness and small-town charm.<sup>20</sup> Yet this is not happening. Congestion continues to worsen in America's large cities, and transportation spending continues to escalate.

The best solution is to allow private companies to bid for existing and proposed transit routes. Currently there are more than 100 private companies licensed to offer various auto transportation services in Washington, but they are barred by law from entering the public transit market.<sup>21</sup> Many of these companies have the ability and desire to provide high-quality transit services to the public in urban and rural areas, if local governments would allow them to do so.

#### *Private companies available for transit services*

Private companies are capable of offering improved service to transit riders in the region. For example, the owner of Airporter Shuttle/Bellair Charters, based in Ferndale, has expressed strong interest in providing three-county bus service.

His fleet of buses already serves the entire geographic area, reflecting a tremendous amount of experience and knowledge about

## TRANSPORTATION

commuting patterns and travel needs. Yet county transit agencies, not wishing to face competition, do not support private contracting under the legislature's expanded service program.

The service benefits available through competitive contracting are substantial. A national study by the Transportation Research Board of the National Research Council found that:

“The main reasons transit systems contract for service, according to transit managers, are to reduce costs and increase flexibility to introduce new services... Half the general managers of transit systems that currently contract reported that reducing costs, increasing cost-efficiency, and introducing new services are the most important reasons for contracting. About one-third rated as important the desire to create a more competitive and flexible environment.”<sup>22</sup>

A good example is the Federal Transit Administration's new rule requiring that special shuttle bus services to public events be provided by private contractors if they are available. In 2007, the University of Washington paid King County Metro \$500,000 to carry fans to Husky home games. County bus drivers like the arrangement because it means guaranteed overtime and high pay. If allowed, however, a private company not bound by government unions, such as Seattle-based Starline Luxury Coaches, could provide the same service to football fans at much less cost to taxpayers.<sup>23</sup>

Local leaders ignore national evidence and experience by blocking private contracting from being part of their plan.

### *Contracting out transit services in other states*

Other states show how market forces can be tapped to benefit the traveling public. In 2005, Michigan required local transportation authorities to allow private carriers to bid on services funded through regional transportation programs.<sup>24</sup>

The Michigan law also prohibits transit agencies from duplicating services and routes already provided by private carriers. Transit agencies cannot use government subsidies to take over the business of private carriers.

## TRANSPORTATION

Washingtonians would directly benefit from private companies competing for mass transit routes and services. Often the expansion of public transit agency budgets is more about empire building and creating more public sector jobs than providing good service to the public at lower cost.

### **Recommendations**

**1) Remove barriers that prevent private companies from contributing resources and entering into public partnerships.**

Through public/private partnerships, the state can leverage private sector resources to build new infrastructure, reduce project costs and manage risk. These partnerships have a proven track record across the United States and should be embraced by public officials.

**2) End the public transit monopoly by allowing private companies to bid for services on existing and proposed transit routes.**

Expanding competition, price transparency and public-private partnerships in transit in Washington would reduce cost and improve service to the traveling public.

**3) Do not allow local transit agencies to use government subsidies to take business away from private citizens.**

Public transit agencies not only work to preserve their own monopolies, but often seek to take business away from private carriers. Washington should follow Michigan's example by prohibiting local transit agencies from using tax subsidies to duplicate routes served by private carriers.

## 6. Competitive Contracting

### Recommendations

1. Establish clear oversight guidelines for managing any new competitive contracting system.
2. Encourage an atmosphere of healthy competition where private companies compete with state employees and other contractors to perform public work, like highway maintenance.
3. End state funding for research designed to derail the competitive contracting process.

### Background

In 2002, the Washington legislature passed the Personnel System Reform Act which, among other things, allows state agencies to competitively contract for services historically provided by state employees.

The competitive contracting provision of the Act, which took effect July 2005, offers new flexibility to state transportation managers facing tight budgets and the urgent need to maintain service levels while reducing overall cost. In other states, competitive contracting is used routinely to boost the quality of services, while gaining the best value for taxpayers.

In Washington, highway maintenance is one area of government that would benefit greatly from competitive contracting.<sup>25</sup> An independent audit commissioned by the legislature in 1998 estimated that competitive contracting for highway maintenance would save state taxpayers up to \$250 million a year, without reducing the high level of service expected by motorists.<sup>26</sup>

The state highway maintenance program covers nearly 18,000 lane miles of state highways, ten major mountain passes, 45 rest areas and dozens of other transportation-related systems. Basic maintenance operations include road repair, roadside and landscape

## TRANSPORTATION

maintenance, snow and ice control, rest area operations and many others.

### **Policy Analysis**

The findings of the legislature's audit reflect the generally positive experiences other states have had with contracting out. These states use highway maintenance contracting to increase flexibility, ensure high quality and reduce cost in keeping up vital highway infrastructure. Similarly, competitive bidding would allow Washington policymakers to serve the public while getting the most out of scarce transportation dollars.

Competitive bidding does not mean privatization. In other states public employees compete for, and often win, competitions to perform government work. It is competition, not privatization, that achieves higher efficiency by allowing managers to choose the most cost-effective option while delivering improved services. Even when government workers provide a given public service, the very possibility of competition drives down costs and encourages excellence.

In a government agency the size and scope of the Department of Transportation – it is larger than most businesses in the state – one would reasonably expect there to be areas where its work could be done more efficiently.

Long-standing programs in states like Massachusetts, Texas, Florida and Virginia demonstrate that competition for highway maintenance can be effectively implemented with minimal impact on state workers and significant improvement in cost savings and work quality.<sup>27</sup>

### **Recommendations**

**1) Establish clear oversight guidelines for managing any new competitive contracting system.** Key to the success of any competitive contracting program is strong oversight and a transparent contract award process. State managers can enhance public support by building on the practical experiences of other states in designing oversight and accountability into any contracting program.

## TRANSPORTATION

**2) Encourage an atmosphere of healthy competition where private companies compete with state employees and other contractors to perform public work like highway maintenance.** By rewarding state employees for good work, and incorporating the best innovations of the private sector, competitive contracting would build morale and enhance the culture of excellence within the Department of Transportation. Based on the successful experiences of other states, highway maintenance is a good place for the Department to start a vigorous contracting program.

**3) End state funding for research designed simply to derail the competitive contracting process.** Efforts by Department of Transportation staff have attempted to cast a negative light on the competitive contracting process. Considering the proven success of competition and contracting across the nation, state managers should avoid wasting resources on research that has already been done elsewhere.

## 7. Sound Transit

### Recommendations

1. Hold a public vote on whether Sound Transit should collect taxes beyond the ten year limit of its original plan, based on the agency's performance in fulfilling promises made to voters in 1996.
2. Require Sound Transit to maintain its promise to voters by rolling back phase one taxes.
3. Require that Phase One of Sound Transit Light Rail be completed and its effectiveness measured before more ambitious light rail projects are considered.
4. Adopt Bus Rapid Transit (BRT) as a more effective alternative to light rail.

### Background

In 1996, voters in parts of King, Pierce and Snohomish counties created a new transit agency, Sound Transit, and entrusted it with new tax revenues based on a detailed ten year plan of what the agency would provide to the public in that timeframe. A comparison between what was proposed and the reality ten years later shows Sound Transit has failed to build the system it promised to voters.

Follow-up reports find that promoters of the ballot measure used planning assumptions that were overly optimistic, which made the project appear more acceptable to voters.<sup>28</sup> The ridership figures given to the public were inaccurate, and were based on unrealistic predictions that have not been realized.

The cost figures given to voters also turned out to be wrong. Today, the agency keeps its spending within its tax revenues only by drastically cutting back on promised services. In addition, operating costs for the system are much higher than voters were told they

## TRANSPORTATION

would be, and are higher than many transit services in other parts of the country.<sup>29</sup>

In 2007, the State Auditor's Office found that Sound Transit has substantially failed to deliver what voters authorized with the passage of Sound Move.<sup>30</sup>

Sound Transit also promised voters in 1996 that if a second phase was ever rejected, the agency would roll back phase one taxes to cover only debt and operations and maintenance costs.<sup>31</sup>

Since voters rejected ST2, through the defeat of Proposition 1 in November 2007, Sound Transit must roll back ST1 taxes to operation and maintenance levels. Sound Transit officials are planning to propose another ST2 program that will contain full ST1 taxes, so they are intending to violate the taxpayer protection clause voters approved for their agency in 1996.

Most importantly, Sound Transit leaders show little regard for what people think when they say they will not hold a vote on whether they should collect taxes beyond the ten-year limit of the original plan. Sound Transit lawyers assert that the agency's claim on tax revenue is not limited to ten years, as the 1996 ballot measure implied, but is permanent. According to their interpretation, Sound Transit can collect taxes forever.

### Policy Analysis

Voters should have a say in how their transit taxes are used. The public's judgment should be based on what has been achieved since the project started. The following section compares the promises Sound Transit supporters made to voters during the 1996 campaign with the reality of what the agency achieved by 2008. Quotations are taken from official Sound Transit documents, the voters' pamphlet, and from "YES RTA" campaign material given to voters at the time.

**Promise:** "Implement a 10-year regional transit system plan."

**Reality:** Sound Transit is far short of providing the system plan promised in 1996. The agency has cut back on several service projects and unilaterally extended its program to at least 13 years.

## TRANSPORTATION

**Promise:** “After 10 years, any addition to the system will have to be voter approved, assuring accountability and satisfaction.”

**Reality:** Sound Transit has significantly reduced its original plans while collecting full tax revenues. The agency says it has no plans to seek voter approval for these changes.

**Promise:** “Cost of the plan is \$3.9 billion.”

**Reality:** The cost of Sound Transit today tops \$15 billion and continues to rise, even after large cut-backs in service. Sound Transit supporters now say the costs they gave voters in 1996 were only “placeholder” figures.<sup>32</sup>

**Promise:** “Public transportation will have the capacity to move 40 percent of the region’s commuters to their jobs.”

**Reality:** Sound Transit and other forms of mass transit perform well below this capacity. Also, creating capacity is not the same as moving people. Today, over 95 percent of daily trips are in private automobiles.

**Promise:** “53,000 cars out of rush hour traffic everyday.”

**Reality:** There are *more* cars in rush hour traffic today than in 1996. Annual data on traffic increases does not show a reduction of 53,000 cars a day.

**Promised:** “No one area will subsidize another.”

**Reality:** Sound Transit is showing indications of reversing this policy. Its Citizen Oversight Committee says, “[Subarea equity] remains a serious impediment to the development of a regional system and requires an in-depth examination as to its continued usefulness.”<sup>33</sup>

**Promise:** “Regional Express will swell ridership to 390,000 trips per day.”

**Reality:** Sound Transit has not met the ridership figures promised in 1996. In 2007, Sound Transit averaged a total system ridership of only 49,300 trips per day, well below what was promised.

**Promise:** Nine round-trip Sound Transit trains between Seattle and Tacoma.

**Reality:** Sound Transit provides five round-trip rail trips between Seattle and Tacoma, nearly half of what voters were promised.

## TRANSPORTATION

**Promise:** Upgrading existing Burlington Northern Santa Fe track for use by Sound Transit would be \$470 million.

**Reality:** The true cost for upgrading the track turned out to be \$942 million.<sup>34</sup>

**Promise:** A new 21-mile light rail line for \$2.3 billion in ten years.

**Reality:** Sound Transit is building a 14-mile light rail for \$2.7 billion, the last mile of which will cost \$225 million.

**Promise:** Sound Transit light rail would be completed by 2006 and carry 42,000 daily riders.

**Reality:** Sound Transit light rail ridership in 2006 was zero, as it was in 2007, and will be in 2008. Light rail service will not be ready until 2009, at the earliest.

**Promise:** “40 percent of operating costs will be covered by fare revenues.” “Fares will cover a growing share of the operating costs.”

**Reality:** The opposite is happening. In 2007, fare revenues covered only 12.8 percent of operating costs, less than half of what Sound Transit officials promised.<sup>35</sup>

**Promise:** “Any second phase capital program which continues local taxes for financing will require voter approval within the RTA District. If voters decide not to extend the system, the RTA will roll back the tax rate to a level sufficient to pay off the outstanding bonds and operate and maintain the investments made as part of Sound Move.”<sup>36</sup>

**Reality:** Despite the defeat of ST2, Sound Transit is already planning a second phase capital program using Sound Move taxes.

The data shows that Sound Transit has consistently failed to fulfill its commitments to the people of the region. The agency regularly and unilaterally changes its definition of success, usually by cutting services, while continuing to collect full taxes from the public. The agency’s record over the last twelve years more than justifies a new vote.

In addition, Sound Transit should not move forward with new light rail plans until the present, shortened line is completed and evaluated. The Link Light Rail project broke ground in late 2003 and is scheduled to finish its initial phase in 2009, connecting downtown Seattle to SeaTac International Airport. Agency managers want to

## TRANSPORTATION

then extend light rail to Everett, Tacoma and the Seattle eastside suburbs. Such ambitious plans are not justified until the net benefits of the initial light rail segment, if any, are known.

### Recommendations

**1) Hold a public vote on whether Sound Transit should collect taxes beyond the ten year limit of its original plan, based on the agency's performance in fulfilling promises made to voters in 1996.**

Voters have not received what Sound Transit promised to them under the original ten-year plan. Instead, services have been cut back and costs have soared. The elected officials of Sound Transit's board should allow voters to have a say about whether the agency should continue collecting full taxes beyond the ten years authorized by the 1996 vote.

**2) Require Sound Transit to maintain its promise to voters by rolling back phase one taxes.** Sound Transit must maintain its promise to voters by rolling back its first phase tax rate. Voters rejected the agency's second phase capital program, which should have triggered the taxpayer protection clause the voters authorized in 1996.

**3) Require that Phase One of Sound Transit Light Rail be completed and its effectiveness measured before more ambitious light rail projects are considered.** Before more property is seized and torn up, and billions more of taxpayer dollars committed on extending the line, policymakers should perform an independent cost/benefit analysis on the 1996 plan's effectiveness and on any future expansion plans.

**4) Adopt Bus Rapid Transit (BRT) as a more effective alternative to light rail.** Buses operating in a dedicated travel lane provide frequent, flexible and high quality service at much less capital cost than building fixed light rail. BRT service creates less impact on the environment, less disruption to neighborhoods and functions at significantly lower operating cost than rail. Policymakers and transportation officials should adopt BRT services as a more cost-effective alternative to meeting Washington's mass transit needs.

## 8. Tolling Policy and HOT Lanes

### Recommendations

1. Use toll roads and High Occupancy Toll (HOT) lanes to expand road capacity and reduce traffic congestion without increasing the general tax burden.
2. Tolls should only be implemented on new capacity or to replace an existing facility.
3. If the goal of placing a toll on a roadway is to manage demand, the tolled facility must provide drivers with a non-tolled alternative.
4. Toll revenue should be constitutionally protected from general fund spending.
5. Money from tolls should be spent only on the road where the tolls were collected.

### Background

Pricing transportation infrastructure can help both policymakers and citizens in two ways. Implemented properly, tolls can provide revenue to expand the state's transportation system. This is the model Washington is most familiar with. Tolls have been used to pay for the Evergreen Floating Bridge and most recently, the expanded Tacoma Narrows Bridge. Typically, once the facility is paid for, the tolls are removed.

Pricing roadways has also been used to manage demand. Sometimes called "congestion pricing" or "demand management," tolls complete the economic equation between supply and demand by adding price.

Washington officials recently opened a form of congestion pricing through a pilot project on Highway 167 near Renton. For a fee, single occupant vehicles (SOV) can now choose to use the

## TRANSPORTATION

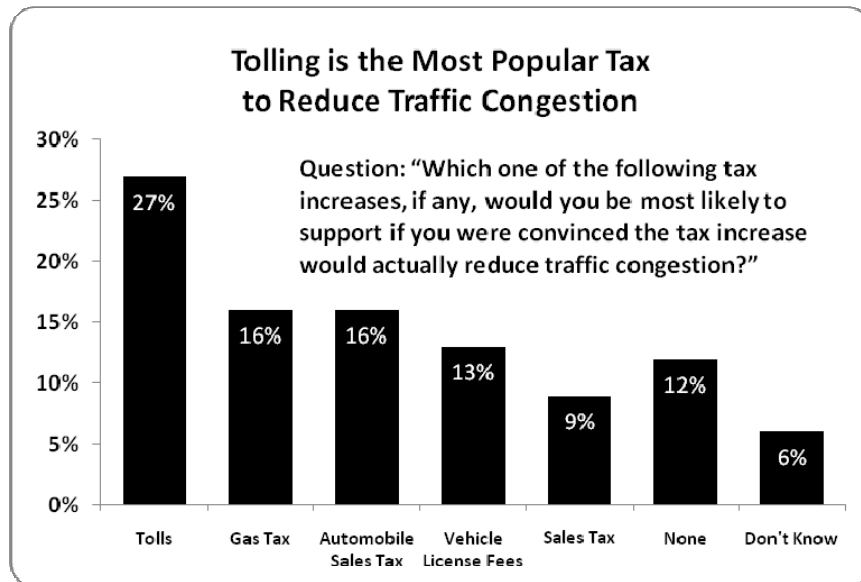
existing High Occupancy Vehicle (HOV) lane. Traffic volumes are monitored and, as congestion increases on Highway 167, the toll for a SOV driving in the HOV lane also rises. Likewise, as congestion decreases, the toll becomes cheaper.

These High Occupancy Toll (HOT) lanes are the best way to implement a congestion pricing system because it offers drivers a choice. They can either pay the premium to use the new capacity that was otherwise restricted, or they can choose the existing system.

Using tolls to manage congestion, however, is a major shift in the way tolls have been used in Washington and it raises significant philosophical, equity and fairness questions.

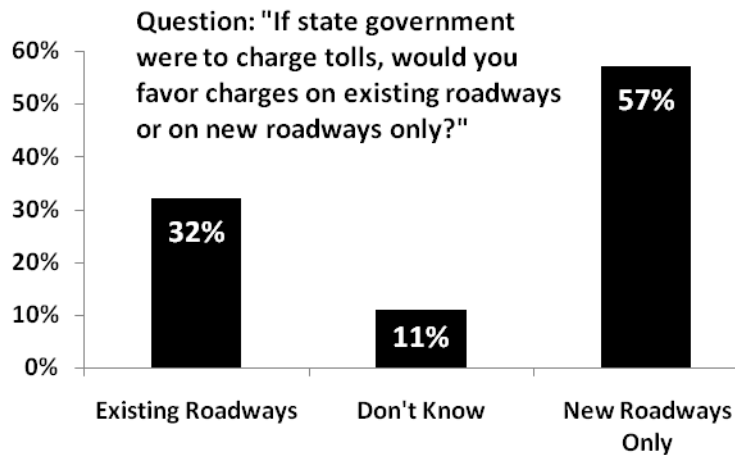
### Policy Analysis

In a recent statewide Washington Policy Center poll, we asked citizens their thoughts on some of these issues. The following tables illustrate the results.<sup>37</sup>



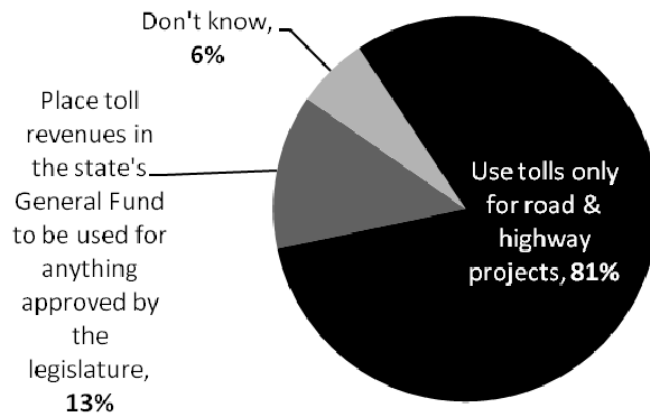
## TRANSPORTATION

### Most People Prefer Using Tolls for New Roadways, Rather than Existing Roadways



### Tolls Should Be Used Only for Road and Highway Projects

Question: "As you may know, state law requires that gas tax revenues must be used for road and highway projects. Which one of the following uses of bridge and highway tolls do you prefer?"



## TRANSPORTATION

According to the survey results, the public generally supports tolling over every other funding policy, as long as the toll has a measurable relationship with relieving traffic congestion.

It is not surprising that taxpayers favor tolls, since most people see them as the most direct type of user fee. But the public does have legitimate concerns about how these fees are implemented and how they are spent.

When compared with general fund spending, an overwhelming 81 percent of the public says that toll revenue should be used only for road and highway purposes. And a majority (57 percent) prefers tolls on *new* roadways only, rather than charges on existing lanes that have already been paid for with other taxes.

Toll roads and HOT lanes are not the universal solution to Washington's transportation needs, and when tolls are used they should be based on the principles recommended below.

Revenue from gasoline, licensing and similar taxes and fees will always make up the bulk of transportation funding. Revenue from toll and HOT lanes, however, offers an innovative and flexible way for transportation officials to increase road capacity and relieve congestion at key chokepoints around the state.

### **Recommendations**

**1) Use toll roads and High Occupancy Toll (HOT) lanes to expand road capacity and reduce traffic congestion without increasing the general tax burden.** Recent research and the experience of other states and countries indicates that toll roads and HOT Lanes can provide an affordable, workable solution to traffic congestion. Washington state faces problems with congestion similar to those in California.

Close study of toll roads in San Diego, and the valuable experience gained from Washington's SR 167 pilot project, will provide policymakers with a good idea of how such highways can benefit drivers in Washington.

**2) Tolls should only be implemented on new capacity or to replace an existing facility.** Converting existing HOV lanes to HOT lanes

## TRANSPORTATION

qualifies because it adds new capacity for single occupant vehicles. HOT lanes also preserve the choice for drivers to pay the toll or use the existing system.

Tolling on existing roadways should be prohibited, since taxpayers already paid for the road. Tolling existing infrastructure should be prohibited for the same reason.

**3) If the goal of placing a toll on a roadway is to manage demand, the tolled facility must provide drivers with a non-tolled alternative.** Imposing tolls to limit how much people drive or to force people out of their cars restricts freedom of mobility. Providing a non-tolled alternative provides drivers a choice and prevents the state from using price as a punishment.

**4) Toll revenue should be constitutionally protected from general fund spending.** Approved in 1944, the 18th amendment to the Washington constitution ensures gas tax revenues are used only for highways. Toll revenue should be dedicated in the same way. If only drivers are paying the toll, then only drivers should receive the benefits.

**5) Money from tolls should be spent only on the road where the tolls were collected.** Only the new capacity or the replaced facility where a toll is collected should benefit from the revenue. Applying tolls to a broadly defined corridor is not fair to the drivers who paid the toll. The priority for using toll revenue should follow this order:

1. Debt on the new roadway;
2. Maintenance and operations of the new roadway;
3. Expansion of the new roadway.

## 9. Light Rail Transit

### Recommendation

1. Policymakers and the public should consider whether diverting significant transportation taxes toward light rail transit and away from other programs and services is worth the cost.

### Background

Often, transportation officials try to estimate, with little success, how light rail transit would perform in Washington. Through unrealistic modeling and ambitious assumptions, they typically underestimate operating and capital costs and overestimate revenue and passenger demand.

For example, in 1996, Sound Transit officials in the Seattle area promised its first light rail segment would be completed by 2006 and would cost about \$5 billion.<sup>38</sup> Today, Sound Transit says the total cost is about \$15 billion and the segment will not be finished until around 2020.<sup>39</sup>

Analyzing the performance of existing light rail systems sidesteps these guesses and offers a factual picture.

There are six light rail systems on the West Coast that have been operating since at least 1995: in Los Angeles, Portland, Sacramento, San Jose, San Diego and San Francisco. Their performance over the last ten years results in the following key findings:

- Light rail systems on the West Coast serve only about 2 percent of the workforce in the service areas of the six systems.
- On average, these systems only remove between 0.39 percent and 1.1 percent of cars from the roadway.

## TRANSPORTATION

- On average, West Coast light rail systems require taxpayer subsidies to pay for 73 percent of operations and 100 percent of capital improvements per year.
- The average cost to add one additional rider to the light rail systems on the West Coast is between \$82,285 and \$242,014 per rider.
- Attracting a new rider to light rail costs 16 to 47 times as much as attracting a new rider to a traditional bus system.
- When accounting for passenger demand, light rail on the West Coast is 12 percent more expensive to operate than bus service.
- In the ten years between 1996 and 2005, the public subsidy (operating costs only) for all light rail systems in the U.S. grew from \$250 million to \$729 million, an increase of 191 percent.
- The relationship between light rail and any environmental or economic development advantages is so slight that their use on influencing policy decisions should be proportionally small.

### **Policy Analysis**

Examining the six existing light rail systems in major West Coast cities helps residents understand what they can expect from spending on similar systems in Washington.

The most relatively efficient systems on the West Coast are in San Francisco and Portland. They move the most people for the least cost and beat the six-city average in most cases.

By a large margin, the worst-performing system is in San Jose. In every category, its performance is worse than the six-city average.

Regardless of how each system ranks, however, the overall performance of all six light rail systems is poor. The experience of

## TRANSPORTATION

these systems reveals a very large gap between public costs and public benefits.

Even the best-performing light rail systems require a large taxpayer subsidy and have little or no effect on reducing traffic congestion. On average, light rail is more expensive to operate than normal bus service.

### **Recommendation**

**1) Policymakers and the public should consider whether diverting significant transportation taxes toward light rail transit and away from other programs and services is worth the cost.** Based on the data, this analysis concludes that it is not. Spending significant amounts of transportation tax revenue on projects that have no effect in reducing congestion inevitably makes traffic worse.

## TRANSPORTATION

### **Additional Resources from Washington Policy Center**

“Transportation Taxes are up, but Traffic Congestion is Worse,” by Michael Ennis, May 2008.

“The Facts on Light Rail: A Comparative Analysis of Light Rail Systems in Six West Coast Cities,” by Michael Ennis, April 2008.

“Despite Claims, Gas Tax Projects Are Not on Track,” by Michael Ennis, March 2008.

“Next Stop on Transportation,” by Michael Ennis, January 2008.

“Five Principles of Responsible Transportation Policy,” by Michael Ennis, January 2008.

“Washington Policy Center Poll Shows Nearly 70% of Voters are Unhappy with the State’s Performance on Reducing Congestion,” by Michael Ennis, January 2008.

“The Value of Public/Private Partnerships,” by Michael Ennis, February, 2008.

“The Imbalance of Roads and Transit,” by Michael Ennis, September 2007.

“Light Rail and Interstate 90,” by Michael Ennis, July, 2007.

“Cost Exceeds Benefits in Sound Transit’s Light Rail Expansion,” by Michael Ennis, 2007.

“Your Transportation Tax Burden,” by Michael Ennis, April 2007.

“The Cost of Sound Transit,” by Michael Ennis, 2006.

“If the Roads and Transit Package Fails, What Next?” by Michael Ennis, 2007.

“More Bucks for Sound Transit Won’t Mean Fewer Cars on the Road,” by Michael Ennis, May 2007.

## TRANSPORTATION

“The Case for Public/Private Partnerships in Transportation Planning,” by Michael Ennis, January, 2007.

“Undermining Trust in Government: Sound Transit’s Failed Promises,” by Paul Guppy, June, 2006.

“A Guide to Transit Now,” by Michael Ennis, September 2006.

“Tolls as a Tool - A Practical Way to Relieve Traffic Congestion in Washington,” by Paul Guppy and Kelli Aitchison, March, 2005.

“DOT Should Adopt Reforms and Efficiencies Before We Give It More Tax Dollars,” by Paul Guppy, April, 2005.

“Initiative 912 Fuels Debate over New Gas Tax,” by John Barnes, October, 2005.

“Great Rail Disasters: American Cities Discover that Light Rail Reduces Transit Service,” by Randal O’Toole, July, 2005.

“Great Rail Disasters: The Impact of Rail Transit on Urban Livability,” by Randal O’Toole, February, 2004.

“Competitive Contracting for Highway Maintenance: Lessons Learned from National Experience,” by Geoffrey F. Segal and Eric Montague, January, 2004.

“An Overview of Referendum 51,” by Eric Montague, September 2002.

“Roads in the Right Places: A New Plan to Ease Congestion,” by Eric Montague, 2001.

“Proven Ways to Pay for Transportation Without Raising Taxes,” by Eric Montague, 2001.

“Traffic vs. Kids: How Puget Sound Gridlock Hurts Families,” by Jeff Kemp and Paul Guppy, with Dawn Wilson and Kai Hirabayashi, October, 2000.

## TRANSPORTATION

“Competing for Highway Maintenance: Lessons for Washington State, Parts I & II,” by Dennis Lisk, September, 1998 and January, 1999.

<sup>1</sup> “1999-2001 Transportation Resource Manual,” Joint Transportation Committee.

<sup>2</sup> “2007-2009 Transportation Resource Manual,” Joint Transportation Committee.

<sup>3</sup> Inflation was calculated by using the Legislative Evaluation & Accountability Program’s (LEAP) inflation calculator (Implicit Price Deflator).

<sup>4</sup> Senate Bill 5412, Washington State Legislature, at [www.leg.wa.gov/pub/billinfo/2007-08/Pdf/Bills/Session%20Law%202007/5412-S.SL.pdf](http://www.leg.wa.gov/pub/billinfo/2007-08/Pdf/Bills/Session%20Law%202007/5412-S.SL.pdf).

<sup>5</sup> “Washington Transportation Plan 2007-2026,” at [www.wsdot.wa.gov/NR/rdonlyres/083D185B-7B1F-49F5-B865-C0A21D0DCE32/0/FinalWTP111406\\_nomaps.pdf](http://www.wsdot.wa.gov/NR/rdonlyres/083D185B-7B1F-49F5-B865-C0A21D0DCE32/0/FinalWTP111406_nomaps.pdf).

<sup>6</sup> Based on 2000 data, at [www.fhwa.dot.gov/ctpp/jtw/jtw4.htm](http://www.fhwa.dot.gov/ctpp/jtw/jtw4.htm).

<sup>7</sup> Ibid.

<sup>8</sup> “Managing and Reducing Congestion in Puget Sound,” Performance Audit Report of the Washington State Department of Transportation, Washington State Auditor, October, 2007, at [www.sao.wa.gov/reports/auditreports/auditreportfiles/ar1000006.pdf](http://www.sao.wa.gov/reports/auditreports/auditreportfiles/ar1000006.pdf).

<sup>9</sup> “Prevailing Wage Laws Mandate Excessive Costs,” Policy Brief 99:33, Washington Research Council, November 29, 1999, at [www.researchcouncil.org/Briefs/1999/PB99-33/PrevailingWagePB.htm](http://www.researchcouncil.org/Briefs/1999/PB99-33/PrevailingWagePB.htm).

<sup>10</sup> Ibid.

<sup>11</sup> “Leading the Way: A Comprehensive Approach to Reducing Greenhouse Gases in Washington State,” Climate Advisory Team, February, 2008, at [www.ecy.wa.gov/climatechange/CATdocs/020708\\_InterimCATreport\\_final.pdf](http://www.ecy.wa.gov/climatechange/CATdocs/020708_InterimCATreport_final.pdf).

<sup>12</sup> “Modes of Transportation, Vehicle Miles Traveled, 1980 – 2030 (projected),” Washington State Department of Transportation, at [www.wsdot.wa.gov/planning/wtp/datalibrary/Modes/milestraveled.htm](http://www.wsdot.wa.gov/planning/wtp/datalibrary/Modes/milestraveled.htm).

<sup>13</sup> “I-90 Center Roadway Study,” WSDOT Projects, Washington State Department of Transportation, July 2006, at [www.wsdot.wa.gov/projects/i90/study](http://www.wsdot.wa.gov/projects/i90/study).

<sup>14</sup> “Part IV: Light Rail and Interstate 90, Sound Transit’s Proposal to Place Light Rail Across I-90 will Increase Traffic Congestion,” by Michael Ennis, Policy Brief, Washington Policy Center, 2007, at [www.washingtonpolicy.org/Centers/transportation/policynote/07\\_ennis\\_partiv.html](http://www.washingtonpolicy.org/Centers/transportation/policynote/07_ennis_partiv.html).

<sup>15</sup> “Competition, Not Monopolies, Can Improve Public Transit,” by Wendell Cox, Urban Issues, The Heritage Foundation, Washington, D.C., August 2000, at <http://www.heritage.org/Research/UrbanIssues/BG1389es.cfm>.

<sup>16</sup> According to the United States Census Bureau and the Federal Highway Administration, in 1980 public transit accounted for 6.4 percent of daily commutes. By 1990, that number had fallen to 5.3%, and by 2000 had fallen to 4.7 percent.

<sup>17</sup> “Government Failure in Urban Transportation,” by Clifford Winston, American Enterprise Institute-Brookings Joint Center for Regulatory Studies, Washington, D.C., November 2000, page 2, at [www.heartland.org](http://www.heartland.org).

<sup>18</sup> “Transit Service Contracting in the United States,” by Thomas R. Menzies, Jr. and Daniel Boyle, *Transportation Research News*, Number 217, November – December 2001, available through the Transportation Research Board at [www.trb.org](http://www.trb.org).

<sup>19</sup> Ibid.

## TRANSPORTATION

<sup>20</sup> “Competition, Not Monopolies, Can Improve Public Transit,” by Wendell Cox, Urban Issues, The Heritage Foundation, Washington, D.C., August 2000, at <http://www.heritage.org/Research/UrbanIssues/BG1389es.cfm>.

<sup>21</sup> The Washington Utilities and Transportation Commission licenses companies to provide auto transportation, excursion passenger services, and charter passenger services, see [www.wutc.wa.gov](http://www.wutc.wa.gov).

<sup>22</sup> “Contracting for Bus and Demand-Responsive Transit Services: A Survey of U.S. Practice and Experience,” Transportation Research Board of the National Research Council, 2001, pages 132-33, at [www.onlinepubs.trb.org/onlinepubs/sr/sr258.pdf](http://www.onlinepubs.trb.org/onlinepubs/sr/sr258.pdf).

<sup>23</sup> “New FTA rules may halt Metro’s shuttle service,” by Susan Gilmore, *The Seattle Times*, May 10, 2008.

<sup>24</sup> Michigan Senate Bill 281, Appropriations: 2005 – 2006 Transportation Budget, Public Act 158 of 2005, Section 710, at [www.michiganvotes.org/Legislation.aspx?ID=36568](http://www.michiganvotes.org/Legislation.aspx?ID=36568).

<sup>25</sup> See “Competing for Highway Maintenance: Lessons for Washington State,” Parts I and II, published by Washington Policy Center, September 1998 and January 1999, available at [www.washingtonpolicy.org](http://www.washingtonpolicy.org).

<sup>26</sup> “Department of Transportation Highways and Rail Programs Performance Audit,” prepared for the Joint Legislative Audit Review Committee (JLARC) by Cambridge Systematics, Inc., March 13, 1998.

<sup>27</sup> More examples and details are discussed in “Competing for Highway Maintenance: Lessons for Washington State,” by Dennis Lisk, January 1999, and, “Competitive Contracting for Highway Maintenance: Lessons Learned from National Experience,” by Eric Montague and Geoffrey Segal, January 2004, available at [www.washingtonpolicy.org](http://www.washingtonpolicy.org).

<sup>28</sup> “Sound Move, Year 8, Review of Progress Toward Achieving a Regional High Capacity Transportation System,” Sound Transit Citizens Oversight Panel Report, April 7, 2005, page i, at [www.soundtransit.org/pdf/working/cc/COPSoundMoveYear8.pdf](http://www.soundtransit.org/pdf/working/cc/COPSoundMoveYear8.pdf).

<sup>29</sup> “Citizens’ Year-End 2005 Performance Report of Sound Transit,” Sound Transit Citizen Oversight Panel, January 19, 2006, at [www.soundtransit.org/pdf/working/cc/Year-End\\_Report\\_2005.pdf](http://www.soundtransit.org/pdf/working/cc/Year-End_Report_2005.pdf).

<sup>30</sup> “Performance Audit Report, Sound Transit Link Light Rail Project,” October, 2007, Washington State Auditor’s Office, at [www.sao.wa.gov/reports/auditreports/auditreportfiles/ar1000005.pdf](http://www.sao.wa.gov/reports/auditreports/auditreportfiles/ar1000005.pdf).

<sup>31</sup> “Sound Move – The 10 Year Regional Transit System Plan,” as adopted by Sound Transit, May 1996.

<sup>32</sup> “University Link Financial Plan,” Sound Transit, June 2006.

<sup>33</sup> “Citizens’ Year-End 2005 Performance Report on Sound Transit,” Citizen Oversight Panel, January 19 2006, at [www.soundtransit.org/pdf/working/cc/Year-End\\_Report\\_2005.pdf](http://www.soundtransit.org/pdf/working/cc/Year-End_Report_2005.pdf).

<sup>34</sup> “Sound Move, Year 8, Review of Progress Toward Achieving a Regional High Capacity Transportation System,” Sound Transit Citizens Oversight Panel Report, April 7, 2005, page vi, at [www.soundtransit.org/pdf/working/cc/COPSoundMoveYear8.pdf](http://www.soundtransit.org/pdf/working/cc/COPSoundMoveYear8.pdf).

<sup>35</sup> “Quarterly Financial Report, Fourth Quarter, 2007,” Sound Transit, December 31, 2007, at

[www.soundtransit.org/Documents/pdf/about/financial/2007/Q4\\_2007\\_Financial\\_Report.pdf](http://www.soundtransit.org/Documents/pdf/about/financial/2007/Q4_2007_Financial_Report.pdf).

<sup>36</sup> “Sound Move, Paying for the System,” Sound Transit, May 1996.

## TRANSPORTATION

---

<sup>37</sup> “2007 Washington Policy Center Traffic Congestion Poll,” available at [www.washingtonpolicy.org](http://www.washingtonpolicy.org).

<sup>38</sup> “Sound Move, The 10-Year Regional Transit System Plan,” Sound Transit, May 1996.

<sup>39</sup> “University Link Financial Plan,” Sound Transit, June 2006.