

## Key Findings

1. Washington Policy Center hosted a Transportation Policy Conference on May 10, with two panels on freight mobility and tolling, and a keynote address featuring former U.S. Secretary of Transportation Mary E. Peters.
2. The interstate highway system is aging and needs maintenance and reconstruction. Tolling, whether variable tolling or traditional tolling, should be considered.
3. The trucking industry serves everyone in Washington state. Costs from lost time in traffic congestion or higher state and federal fees will be passed along to consumers.
4. Optional tolled express lanes may reduce traffic congestion for payers but could make it worse for everyone else.
5. Washington has a successful record with traditional tolling, which benefits everyone and raises the likelihood that the project will be paid off early.
6. Washington needs more investment to improve freight mobility.
7. Freight rail needs to expand and complement the “5-9” corridor.

## Tolling, Freight Mobility and Washington State’s Infrastructure Needs

by Rebecca Cheung  
Research Assistant

June 2011

Washington Policy Center hosted its annual Transportation Policy Conference on May 10 in Bellevue. Included in the half-day conference were a tolling panel, a freight mobility panel and a keynote address by former U.S. Secretary of Transportation Mary E. Peters. With a turnout of more than 230, guests were informed on the most current questions and issues regarding tolling and freight mobility that affect consumers, business owners, families and individuals in Washington state.

At the start of the conference, Michael Ennis, Director of the Center for Transportation at Washington Policy Center, used data to describe Washington’s inefficient traffic policies. The first panel following Mike’s introduction compared present-day tolling policies to the traditional (and successful) ways Washington has used tolling in the past. The panelists expressed different opinions on the fairness of tolling in High Occupancy Toll (HOT) lanes. The second panel focused on freight mobility and transportation infrastructure costs across Washington state. Panelists discussed the increasing competition from California and Canada on imports and exports, creating a need for faster and more reliable transportation in the state. Following the two panels, keynote speaker Mary Peters, U.S. Secretary of Transportation from 2006–2009, concluded the conference with a presentation emphasizing the importance of congestion relief and concerns around the rising supply chain costs of freight distribution.

### Tolling Panel

*Moderated by Allen Schaufler, television news anchor for KING 5 TV.*

*Panelists:*

- Hon. Kemper Freeman Jr., Kemper Development Company
- Bob Poole, Director of Transportation Policy, Reason Foundation
- Craig Stone, Director, WSDOT toll division
- Jim Tutton, Vice President, Washington Trucking Associations

Allen Schaufler introduced the panelists and reiterated the importance of mobility, naming a list of current issues in Washington including replacing the Alaskan Way Viaduct with a tunnel under downtown Seattle, tolling and building a new bridge crossing the Columbia River in Vancouver. Schaufler asked the panelists to describe what they thought the biggest transportation issues were.

Craig Stone said that at the time of development, the interstate freeway system was one of the best transportation systems in the world. He explained that “freeways” are not free, and need costly maintenance. Stone mentioned that 35 other states are currently using tolls to maintain roads. He emphasized that “fairness, fairness, fairness” should be the core issue on tolling. He concluded that the question is not, “Should we have tolls?” but rather, “Where should we have tolls?”

8. Competition is rising with Washington ports from those in California and British Columbia, with more than 200,000 Washington jobs at risk.
9. Washington must become more competitive and create a quicker way of moving commercial trucks in and out of the major ports in Seattle and Tacoma.

Jim Tutton opened with the idea that freight trucks are one mode that serves every single group in Washington. He spoke for trucking companies, saying they recognize how tolling would affect their future. He proposed no tolls on existing highways and lanes, saying those lanes were already paid for. As for tolling express lanes, Tutton suggested they should be voluntary and should only be used in specific situations. He also said tolls should be removed once the road was paid for. He said that commercial trucks pay state and federal fees that add up to more than \$18,000 per truck per year. He then said the trucking industry should not be required to pay fees unless there is a direct benefit, given the trucking industry benefits everyone. He concluded by saying the 18th Amendment, which requires fuel taxes to be spent on roads in Washington, should also apply to toll revenue.

Bob Poole gave four reasons to support tolling. First, he said gas tax revenue is declining. He explained that with cars getting twice as many gallons per mile, there is less fuel consumption, which translates to less fuel tax revenue. Secondly, the highway system was created 55 years ago, and needs the next two decades for reconstruction in order to prevent the system from breaking down. Poole said gas taxes would not cover the costs needed for maintenance. Poole's third reason was that tolls are a more direct user fee than gas taxes, because tolls can be tailored to the characteristics of demand. He explained that toll roads are only used for specific projects, and must offer better service than non-tolled services, because people choose to pay for and use them. His final reason was tolls can also be a powerful way to reduce traffic congestion.

Kemper Freeman Jr. differentiated between two kinds of tolling; the traditional type that simply funds increased capacity and is used to cover capital expenses of a new project like a bridge, and the type that manipulates demand like those proposed on I-405 through Bellevue. He pointed to the successful projects where Washington officials have used tolls in the past, like on the original I-90 bridge. Freeman said he opposes HOT lanes because they only benefit the payer and make traffic congestion worse for everyone else. He said citizens generally accept tolls to pay for capital costs of projects and for tolls to disappear once the projects are completed. He went on to mention that the proposed replacement for the 520 floating bridge and the Alaskan Way Viaduct neither meets demand or leaves room for future growth. Freeman disagreed with the nine-month extension on tolling Highway 167, which he said is a waste of money.

Moderator Allen Schaffler asked the panelists if variable tolling reduced traffic congestion. Craig Stone and Bob Poole agreed that it could. Schaffler then asked the panelists how confident they felt that new tolling would create revenue for new infrastructure, to which Kemper Freeman pointed to the experiment on Highway 167 had only raised 36 percent of its estimated costs. Schaffler asked if tolls would increase driver freedom and opportunity. Stone said variable tolling would enable that possibility but Freeman added only payers would benefit while everyone else would experience less mobility in the form of higher traffic congestion. An audience member voiced concerns about drivers from southwest Washington who work in Oregon and have only two ways to cross the Columbia River. In response, Poole said from a congestion control standpoint that no exceptions should be made and suggested that employers consider reimbursing employees who must cross the state border every day.

All panelists agreed that improving mobility and reducing traffic congestion is necessary. Disagreements revolved around how and when to toll roads, whether variable tolling is a fair user fee, whether HOT lanes reduce congestion, and who should pay tolls.

### **Summary Points:**

- The interstate highway system is aging and needs maintenance and reconstruction. Tolling, whether variable tolling or traditional tolling, should be considered.
- The trucking industry serves everyone in Washington state. Costs from lost time in traffic congestion or higher state and federal fees will be passed along to consumers.
- Optional tolled express lanes may reduce traffic congestion for payers but could make it worse for everyone else.
- Washington has a successful record with traditional tolling, which benefits everyone and raises the likelihood that the project will be paid off early.

### **Freight Mobility Panel**

*Moderated by Allen Schaufler, television news anchor for KING 5 TV.*

*Panelists:*

- Mark Anderson, CEO, Anderson Hay and Grain
- Hon. Bill Bryant, Commissioner, Port of Seattle
- Stan Vander Pol, President, Washington Trucking Associations and owner, Peninsula Truck Lines

Allen Schaufler began the second panel by asking the panelists to state their opinions about the current issues surrounding freight mobility in Washington.

Bill Bryant said a number of jobs depend on the ability to move in and out of Seattle-area ports quickly and efficiently. He said Seattle and Tacoma alone have well over 100,000 jobs that depend on ports, and over 200,000 in the state of Washington. He explained that our regional ports are currently competing with the ports in Prince Rupert and Vancouver, B.C. Bryant emphasized the necessity of an improved “5-9” corridor, meaning a quick route to get trucks from State Route 509 to Interstate 5 without delay. He also mentioned the need for quick truck access from the Port of Tacoma to other Interstate highways. Bryant explained that thousands of jobs can be kept if Washington ports remain competitive with the larger ports like those in California and British Columbia.

Stan Vander Pol said trucking moves about \$27 million worth of material goods every hour of each day. He emphasized the importance of making freeways and highway systems move traffic more freely, which requires spending more money to reduce traffic congestion. Vander Pol noted that trucking companies run on customer needs, and those needs must be met. Traffic congestion makes it difficult and more expensive to meet customer needs.

Mark Anderson expressed the needs of people in eastern Washington, saying many farmers would not profit without a cheap and efficient export system. He said it costs between 43–91 percent less to ship material out of Los Angeles or Long Beach ports than from Washington. With that type of competition, as well as the two main ports in British Columbia, he said that Washington jobs are already being lost.

Schaufler asked the panelists to what extent were the needs of their industries being met and recognized. All three panelists agreed their voices were being recognized at the state level. However, Vander Pol mentioned that many lawmakers do not fully understand the business side of freight mobility. Schaufler asked the three panelists how they would inform policymakers, about the rising competition to our ports. Anderson responded by saying WSDOT officials are doing a good job, especially with keeping Interstate 90 open, because of its crucial importance in connecting eastern and western Washington. Schaufler also asked if there is enough attention being paid to freight infrastructure, to which Vander

Pol answered, “No.” Bryant finished the thought by emphasizing the needs of expanded freight routes that complement the “5-9” corridor.

During audience questions, panelists were asked whether or not they agreed with expanding Interstate 90 over Snoqualmie Pass. All three panelists emphasized the importance of Interstate 90 and keeping *all* lanes available to vehicle traffic. An audience member asked how necessary projects should be funded. Bryant answered by explaining there is an opportunity for private capital and using public-private partnerships to build transportation projects.

Anderson concluded by saying he has no confidence in where the money is going in the transportation system. If trucking companies must pay a toll, they want to see an efficient “5-9” corridor created. The panel concluded with Bryant and Anderson saying that Washington state needs to focus on maintaining jobs related to freight and the ports by finding a way to stay competitive and by educating policymakers.

### **Summary Points:**

- Washington needs more investment to improve freight mobility.
- Freight rail needs to expand and complement the “5-9” corridor.
- Competition is rising with Washington ports from those in California and British Columbia, with more than 200,000 Washington jobs at risk.
- Washington must become more competitive and create a quicker way of moving commercial trucks in and out of the major ports in Seattle and Tacoma.

### **Keynote Address by former U.S. Secretary of Transportation Mary E. Peters**

The Hon. Mary Peters was introduced by Scott Sawyer from Shea, Carr & Jewell who is also a WPC Transportation Advisory Board member. Peters said there are two things Washington citizens should consider in transportation policy. The first is rising traffic congestion and the second is logistical cost. She went into the history of the Interstate Highway System, saying that when President Eisenhower launched the program, fuel taxes were used as the most efficient way for users to pay the cost. “Your gas tax is sliced and diced and divided so much, you won’t even see the effects. We just don’t have the confidence in government, but we have the desire to make it better,” said Peters, referring to today’s gas taxes. She clarified the error in the common perception that, “If we could get a gas tax increase, everything would be okay.” She emphasized that what matters most is how people invest the dollars already collected for the transportation system. She asked the luncheon attendees, “Why pay more, spend less time with families, and increase congestion over time?”

Peters declared that congestion and delay do not have to be facts of our daily lives. Her main point was that private sector practices can drastically reduce maintenance and project costs. On replacing the 520 floating bridge, she asked, “What other solution do you have if you don’t want more tolling? Is the status quo okay? We don’t have to rely on unsustainable fuel taxes.” She then moved to the subject of HOT lanes and the possibility of congestion solutions with funding from private-sector financing and investment.

Peters mentioned that the federal government’s stimulus bills in 2009, which were sold as a massive expansion of infrastructure, allocated only five percent to modernize transportation systems. She explained how Congress will take up the problem of transportation funding between now and the end of September. She said that with the Obama Administration calling for \$550 billion for an expanded Surface Transportation Reauthorization fund, people have to realize current gas tax revenues only bring in \$230 billion annually.

*Rebecca Cheung is a Research Assistant with Washington Policy Center as part of WPC's Doug and Janet True Internship Program. WPC is a non-partisan, independent policy research organization in Washington state. Nothing here should be construed as an attempt to aid or hinder the passage of any legislation before any legislative body. For more information, visit [washingtonpolicy.org](http://washingtonpolicy.org).*

Peters said, "Congress and the President have taken steps. They have said they will not approve bills that have earmarks in them. This is my prediction: the definition of an earmark will go wide! We really are finding ourselves in a pivotal time." She explained that our nation must come to terms with deficit and debt spending, because today our GDP-to-debt ratio is 70 percent and rising. She said that the debt ceiling in the United States is \$14.3 trillion, with 40 percent borrowed from foreign countries. She said after entitlements and national defense, Congress has only 25 percent of the federal budget available for cuts.

Following Peters' keynote remarks, WPC Transportation Director Michael Ennis moderated audience questions. Peters agreed with a gentleman who declared he paid enough taxes already and wanted to see some improvement in congestion and infrastructure. Another supporter agreed and referred Peters to government spending in Washington state without a vote from the people, "How do you stop the nonsense? When you're speaking out loud, and you're pleading for sanity, what do you do?" Peters responded by speaking directly to local elected officials and reminding them they are held accountable. She told the lunch attendees, "We have to insist on a return in dollars. The local officials need to be transparent. Our problem today is transparency. I hear your frustration."

Peters concluded with optimism, explaining that by reestablishing trust with the American people, businesses and individuals would then see the positive effects of their tax dollars and be willing to spend more to improve mobility and transportation infrastructure in America.