CHAPTER NINE
IMPROVING MOBILITY AND TRANSPORTATION SERVICES

1. Policy Recommendation: Tie public spending to improvements in traffic congestion relief

Traffic congestion relief is the most basic tenet in transportation policy, yet state officials do not actually connect public spending to measurable progress that improves people's commute and makes daily trips quicker.

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

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

In 2007, however, lawmakers repealed those specific measures and replaced them with five vague transportation policy goals.

Lawmakers added a sixth goal in 2010. Only one of the six policy goals mentioned improving travel times for the public. "Mobility," as the legislature defined it, was an effort to "improve the predictable movement of goods and people throughout Washington state." Making traffic delays "predictable," however, does not enhance people's mobility or improve transportation service to the public.

Lawmakers cancelled performance-based benchmarks

In 2015 lawmakers changed the policy goal of mobility to include traffic congestion relief and improved freight mobility, but opted against adding the performance-based benchmarks previously included in law, thus eroding accountability.

The Washington State Auditor's office determined in 2007 that, over a five-year period, congestion could be reduced up to 20 percent, reducing vehicle emissions and saving travelers up to $400 million by prioritizing congestion relief.[1] The Auditor's Office said that transportation spending "should be measured, in part, based on how many hours of delay can be reduced for each million dollars" spent.[2]

The Auditor's report also recommended lawmakers, "Apply congestion-related goals, objectives and benchmarks to all highway and transit-related investments" and "elevate congestion reduction benefits in all decision-making decisions."[3]

Return to performance metrics

This is sound advice. Lawmakers should amend current transportation law to return to a standard based on performance metrics, like those first identified by Governor Gary Locke's Blue Ribbon Commission. Reinstating these measures would serve the public interest by improving the quality of life in Washington, and show that policymakers are committed to reducing traffic congestion and making trips quicker.

1"Performance Audit Report, Washington State Department of Transportation, Managing and Reducing Congestion in Puget Sound," Office of the Washington State Auditor, October 10, 2007, at http://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1000006&isFinding=false&sp=true#search=congestion%20relief.
2 Ibid.
3 Ibid.

2. Policy Recommendation: Spend transportation dollars based on the wishes of the public

Transportation revenues should be spent based on market demand, that is, on what the public wants, rather than officials trying to engineer demand and force lifestyle changes on people.

In normal economics, supply is a result of popular 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. Similarly, governments should not spend a disproportionate amount of tax money in unpopular, low-demand sectors, where the public's willingness to use the service does not justify the spending.

Providing the public with what it wants

European transit systems provide an example of how these economic concepts apply. In Switzerland, transit is successful, not because of the amount of service or infrastructure, but because the country has certain demographic and economic characteristics that induce demand.

In other words, there is an existing market with a customer base and Swiss policymakers respond with proportional infrastructure spending, providing the public with what it wants.

As a result, mode share, ridership and fare box recovery are high. In the United States, transit money is spent in just the opposite way. Policymakers decide on a transit vision first, then try to force it on the public.

Under the "build it and they will come" theory, policymakers think that increasing the supply of transit will somehow induce a public willingness to use the service. This speculative model fails because most U.S. cities do not possess the economic or demographic characteristics that create enough voluntary consumers for public transit.

Instead, policymakers try to force change by letting congestion on roads and highways get worse. Traffic jams then become a tool for coercing people to use costly public transit.

Roads and highways are the overwhelming choice of the traveling public

Using the economic principles of supply and demand shows that building excess transit capacity before there is equal public willingness to use it leads to an underperforming system. Nowhere is this more apparent than in the Puget Sound region, where Sound Transit officials are spending billions of dollars on a light rail system.

Despite this massive spending on trains, regional officials say light rail will only carry about one percent of daily person trips in the region by 2040.[4] Meanwhile, travel on the region's public roads is the overwhelming choice of the traveling public.

When prioritizing transportation projects, policymakers should use consumer demand – that is, people's desire to use the public roads – to guide spending, not the other way around.

4 "Transportation 2040, Chapter 4, Transportation," Puget Sound Regional Council (PSRC), March 2010, page 71, at www.psrc.org/assets/3677/04-Transportation.pdf, based on PSRC estimate of 164,400 daily passenger trips on light rail in 2040, out of an estimated 18.9 million total daily passenger trips.

3. Policy Recommendation: Expand the use of efficient public-private partnerships

Officials in Washington state constantly say they want more money to pay for transportation infrastructure. They say established funding methods like state and federal gas taxes are not keeping up with the rising cost of their transportation program, resulting in growing problems in meeting the state's transportation expansion, maintenance and safety needs.

Increasing project cost by choice

State officials, however, have increased their project costs by choice, not because of outside forces beyond their control. Artificial cost increases, like prevailing wage rules, excessive planning, permitting mandates and the decision of state officials to tax their own projects, put pressure on budgets to maintain and expand infrastructure.

Over the past thirty years, highway demand in the Seattle region increased by 128 percent, while the number of lane-miles increased only 72 percent. As the public need for highway travel outpaces the supply of travel lanes, drivers experience increased traffic congestion.

In many states, officials are making a different choice. They are tapping the private sector to maintain and expand public roads and increase mobility. Public-private partnerships are a popular way to build public projects both in other countries and in states such as Virginia, Texas, Florida and California.

Shifting financial risk to investors

A public-private partnership is a legal contract between government officials and private companies to design, build, operate, maintain and finance needed public infrastructure. In short, public-private partnerships allow the public sector to shift financial risk from taxpayers to private investors.

In Washington, state officials often oppose using private financing to build public infrastructure, a policy choice that results in much higher costs for state taxpayers.

Officials say they know traffic congestion in the Puget Sound region will continue to worsen, raising costs and stifling economic growth. Congestion also harms the environment, as cars, trucks and buses idle in traffic, leading to lower air quality and increased public health risks.

The positive role of private finance

Lawmakers should recognize the positive role private finance can play in building public infrastructure. State officials do not have to make public construction projects so expensive. Amending the restrictive 2005 state law that blocks private money would attract private investment to public projects, get badly needed projects built and protect taxpayers from higher taxes and bailouts.[5]

5 "Transportation Innovative Partnerships Act of 2005," Revised Code of Washington, Chapter 47.29, at http://apps.leg.wa.gov/rcw/default.aspx?cite=47.29.

4. Policy Recommendation: Improve Sound Transit accountability and governance

Currently, Sound Transit's board consists of 18 local elected officials who are appointed by various other elected officials. This insider arrangement insulates the board from direct accountability to the public. Sound Transit's Citizen's Oversight Panel (COP) is supposed to be an independent group of citizen experts who serve a watchdog role, yet members are appointed by the same people they are supposed to hold accountable, the unelected Sound Transit board of directors.

Not surprisingly, the Citizen's Oversight Panel is not independent, and has never raised any serious objection to the way Sound Transit operates or spends public money.

Violating the "one person one vote" principle

In addition, Sound Transit's federated board violates the "one person one vote" principle, because some residents have multiple board members representing their interests, while others may only have one. For example, under Sound Transit's board structure as of early 2016, a West Seattle resident has three people representing his interests on the Sound Transit board, while a resident of Mill Creek is represented by only one board member.

The Washington State Auditor investigated Sound Transit's governance and found that,

> "When citizens cast their votes for most of these city and county officials, they have no way of knowing whether or not they will one day serve on Sound Transit's Board, or the positions they may take if appointed."[6]

6 "Sound Transit: Performance Audit of the Citizen Oversight Panel, Adjustments to Planned Investments, Construction Management and Ridership Forecasts," Washington State Auditor's Office, Performance Audit, October 25, 2012, at http://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?isFinding=false&arn=1008277.

The Auditor added, "Sound Transit voters have no say regarding who will represent them and limited recourse if they are dissatisfied with the decisions of Sound Transit's Board."[7]

Enhancing Sound Transit accountability

Therefore, the public is unable to hold Sound Transit directly accountable for cost overruns, broken promises, concerns over subarea equity, and delayed project timelines. It is not fair for Sound Transit to collect taxes and distribute money without direct accountability to the public.

With Sound Transit's history of broken promises, state legislators should change the governing structure of Sound Transit to allow voters directly to select the people who sit on the board, spend public money and represent the public interest.

7 Ibid.

5. Policy Recommendation: Make sure state officials spend highway tolls to support highways

In 1921, officials imposed Washington's first gas tax - one cent per gallon. With this new revenue stream, state leaders were able to build, maintain and expand Washington's public highway network. As the state's transportation infrastructure needs increased, so did the tax. Today, Washington's gas tax rate, coupled with the federal gas tax rate, is 62.9 cents per gallon, the second highest in the nation.[8]

Seventy years ago, as they often do today, politicians saw "opportunities" with a new and stable revenue stream, and they began to divert gas tax money to programs not related to roads and highways. Seeing this diversion as unfair, Washington voters in 1944 passed the 18th Amendment to the state constitution, to make sure state officials spend gas tax money exclusively on public roads and highways.

Trying to divert highway toll money

Today, state officials want to collect additional money from the public through highway tolls and, as in the past, they want to divert that money to non-highway programs.

Washington motorists have plenty of modern-day experience with tolls, which have recently been imposed on the Evergreen Point State Route 520 floating bridge and Interstate 405 Express Toll Lanes. People intuitively support public programs and services funded through user fees. Highway tolls are no exception.

When tolls are used to pay for a bridge or a length of new highway, drivers naturally understand and generally support the added cost of performing the activity. Similarly, but to a lesser extent, when tolls are used to manage congestion and the

8 "State Gasoline Tax Rates in 2016," by Nicole Kaeding, The Tax Foundation, March 3, 2016, at http://taxfoundation.org/blog/state-gasoline-tax-rates-2016.

toll money is spent on the highway where it was collected, users generally agree to pay.

People see toll diversion as unfair

For drivers, tolls fund a visible product that results directly in a tangible benefit. However, as Washington's early experience with gas taxes illustrates, people become upset when they see public officials take toll money and spend it on programs unrelated to maintaining good roads. People rightly see the diversion of toll revenue as unfair.

State lawmakers impose tolls on people who use five highway facilities: Tacoma Narrows Bridge, State Route 167 HOT lanes, Interstate 405 Express Toll Lanes, State Route 520 Floating Bridge, and the State Route 99 deep bore tunnel.[9] Yet only toll revenues from the Tacoma Narrows Bridge and the Interstate 405 Express Toll Lanes are spent through the Motor Vehicle Fund, and therefore, are used to improve highways.[10]

Tolls from the State Route 520 Bridge, the State Route 167 HOT lanes, and the deep bore tunnel, are deposited *outside* the Motor Vehicle Fund, and are not restricted to highway purposes. State officials say they want to use this toll money for other programs, not for the benefit of people using public highways.

Protecting toll revenue to support public highways

By law, toll revenues not in the Motor Vehicle Fund can be used for the "operation of conveyance of people or goods," meaning officials can decide to spend highway toll money on transit, a non-

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9 Lawmakers authorized tolling on the Columbia River Crossing project in 2012, but authority was repealed on December 31, 2015 when the project was cancelled.
10 "Transportation Resource Manual," Joint Transportation Committee, page 233, January 2015, at http://leg.wa.gov/JTC/trm/Documents/TRM_2015%20Update/CompleteTRM2015.pdf.

highway purpose.[11] That strikes most people as unfair. Instead of diverting the taxes and fees drivers pay to non-highway purposes, like transit, officials should protect toll revenue for highway purposes only, similar to the legal provisions that now protect the gas tax.

11 Revised Code of Washington 47.56.820, "Imposition of tolls on eligible toll facilities – Who may authorize revenue expenditures," at http://apps.leg.wa.gov/rcw/default.aspx?cite=47.56.820.

6. Policy recommendation: Reduce the cost of building roads and ferries

One of the more significant obstacles to building transportation infrastructure in the United States is the decision by policymakers to increase the cost of public projects.

Congress passed and the President signed the Fixing America's Surface Transportation (FAST) Act in December of 2015. The FAST Act is a five-year, $305 billion spending program that involves no increase in the federal gas tax, instead relying on $70 billion in general fund transfers.[12]

Since 2008, total transfers from federal general revenues to the Highway Trust Fund are just over $140 billion.[13] Simply put, the federal government is spending more than it receives in user fees, taking money from general taxpayers instead. Besides increasing spending, the other side of the equation that lawmakers must address is how their policy decisions increase costs.

Two ways transportation costs increase

In the broadest sense, there are two drivers of costs in transportation projects: natural and unnatural. Natural cost drivers occur as a result of normal economics. They include inflation, cost of materials and higher cost for new technology.

Unnatural costs are decisions by government officials that artificially inflate expenses on public projects. These policies are implemented for reasons that are unrelated to actually building a project.

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12 "AASHTO Summary of the New Surface Transportation Bill, Fixing America's Surface Transportation (FAST) Act," American Association of State Highway and Transportation Officials, December 16, 2015, at http://fast.transportation.org/Documents/AASHTO%20Summary%20of%20FAST%20Act%202015-12-16%20FINAL%20v4.pdf.
13 Ibid.

Unnatural cost drivers include prevailing wage rules, imposing taxes on state projects, apprenticeship requirements, inefficient permitting, environmental compliance, setting aside money for public art, "Build in Washington" provisions, and requiring that mass transit be included in highway projects.

Bridge replacement in record time

When elected leaders make policy decisions that reduce artificially-imposed costs, the results in favor of the public interest are dramatic. The Skagit River Bridge collapsed on May 23, 2013, severing the main highway link between Vancouver, Canada and Seattle. By choosing to eliminate the policies that add artificial delay and increase costs, officials had a temporary replacement bridge open to the public in record time, by June 19, 2013. The new bridge was in place less than a month after the collapse.

Officials then decided to open a permanent replacement span to traffic by September 15, 2013. The public saw first-hand how eliminating inefficient and artificial rules can restore mobility and provide immediate benefits. By making different policy choices, public officials decided to restore a major highway link in record time, far faster than would have been possible under the state's routine way of doing business.

Reducing artificial cost increases

After the highway bridge collapse, the public demanded reforms to reduce unnatural costs and delays on other transportation projects. In passing the 2015 statewide transportation bill, lawmakers changed the law and decided to keep taxes paid on highway projects in the transportation account. Lawmakers also created a limited-open bidding system for ferry construction, to reduce costs and improve service to the public.

Lawmakers also worked to streamline permitting on bridge replacements. The reforms were a good first step, and they show what is possible when state leaders make decisions that put the public interest first. Lawmakers should continue to reduce artificial cost increases in state road and highway projects, to provide better mobility and congestion relief to the public for less money.

Additional Resources

"Claims that light rail expansion is an effective way to reduce traffic congestion and improve air quality are unfounded," Policy Notes, Washington Policy Center, May 2015

"Five Principles of Responsible Transportation Policy," Policy Brief, Washington Policy Center, March 2015

"Ending 'Build in Washington' rule would cut new ferry construction cost by 30 percent," Legislative Memo, Washington Policy Center, March 2015

"Using transportation public-private partnerships to improve mobility and increase value to taxpayers; How state leaders can use private investment to serve the public," Policy Notes, Washington Policy Center, November 2014

"How to reduce the cost of highway projects," Legislative Memo, Washington Policy Center, February 2014

THE POLICY EXPERTS

ABOUT THE EDITOR AND AUTHORS

PAUL GUPPY | Vice President for Research

Paul Guppy is a graduate of Seattle University and holds graduate degrees from Claremont Graduate University and the London School of Economics. He worked for 12 years in the U.S. Congress as a Chief of Staff and Legislative Director. He writes extensively on tax policy, public finance and other issues. He is a frequent commentator on radio and TV news programs, and in newspapers across the state.

LIV FINNE | Director, Center for Education

Liv Finne is a graduate of Wellesley College and Boston University Law School. She is retired from civil litigation practice and is a partner in the small business she owns with her husband. She is the author of *An Option for Learning: An Assessment of Student Achievement in Charter Public Schools;* and *An Education Reform Plan: Eight Practical Ways to Improve Public Schools.* She is the founder and primary author of Washington Policy Center's widely-read education blog.

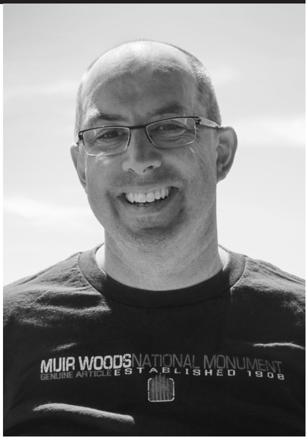
CHRIS CARGILL | Eastern Washington Director

Chris Cargill graduated from Gonzaga University with a degree in broadcast communications and political science. He worked as a TV news producer for 10 years and is an ex-officio member of the Spokane Valley Chamber of Commerce and the Tri-City Regional Chamber of Commerce. He has served on the Spokane Regional Transportation Commission Advisory Committee and currently serves on the Spokane Mayor's Advisory Council on Small Business. He is the author of numerous policy studies on Eastern Washington issues and is a frequent guest host and commentator on news radio stations.

JASON MERCIER | Director, Center for Government Reform

Jason Mercier is a graduate of Washington State University and serves on the board of the Washington Coalition for Open Government and Candidate Verification. He is also an ex-officio member of the Tri-City Regional Chamber of Commerce. He worked with lawmakers to create the state's renowned budget transparency website www.fiscal.wa.gov. In 2010, Governor Gregoire appointed him to the state Fiscal Responsibility and Reform Panel. He has testified numerous times before legislative committees on government reform issues, and his commentary and op-eds appear regularly on T.V., radio and in newspapers around the state.

TODD MYERS | Director, Center for the Environment



Todd Myers holds a Master's degree from the University of Washington, and he served as Director of Public Relations for the Seattle SuperSonics and the Seattle Mariners. He served on the executive team at the Washington State Department of Natural Resources and is currently a member of the Puget Sound Salmon Recovery Council. Todd is one of the nation's leading experts on free-market environmental policy. He is the author of *Eco-Fads: How the Rise of Trendy Environmentalism Is Harming the Environment*, and is a commentator for energy and environmental policy for *The Wall Street Journal.*

BOB PISHUE | Former Director, Coles Center for Transportation

Bob Pishue graduated from Central Washington University with a degree in economics. He worked at the Washington Research Council where he produced policy briefs on initiatives and referenda. He worked for eight years as Information Technology Manager and Human Resources Manager for a Bellevue-based retailer. For three years he was Director of the Coles Center for Transportation at WPC and was a major contributor to this Policy Guide. He now works at INRIX company.

ERIN SHANNON | Director, Center for Small Business and Labor Reform

Erin Shannon holds a degree in political science from the University of Washington. She served as Public Relations Director of the state's largest small business trade association, and was the spokesperson for several pro-small business initiative campaigns. Erin has testified numerous times before legislative committees on small business issues. Her op-eds appear regularly in newspapers around the state, including *The Seattle Times* and *The Puget Sound Business Journal,* and she has appeared on several national radio and T.V. programs including Fox News, CNN Money, and "Stossel with John Stossel" on the Fox Business Channel. She is the director of WPC's Olympia office.

DR. ROGER STARK | Director, Center for Health Care Reform

Dr. Roger Stark is a retired physician and a graduate of the University of Nebraska's College of Medicine. He is a co-founder of the open heart surgery program at Overlake Hospital and he has served on the hospital's governing board and as Board Chair for the Overlake Hospital Foundation. He is the author of two books, including *The Patient-Centered Solution: Our Health Care Crisis, How It Happened, and How We Can Fix It.* Dr. Stark has testified before Congress on the Affordable Care Act and he speaks frequently on health care issues to civic groups across the state. He currently serves on the Board of the Washington Liability Reform Coalition and is an active member of the Woodinville Rotary.

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