



Summary

I-405/SR 167 Executive Advisory Group Meeting

Tuesday, June 8, 2021

Zoom

10:30 a.m. – noon

Executive Advisory Group members and elected officials in attendance:

- Secretary of Transportation Roger Millar, Chair
- Deputy Mayor Jay Arnold, City of Kirkland
- Mayor Nancy Backus, City of Auburn
- Commissioner Shiv Batra, Washington State Transportation Commission
- Mayor Angela Birney, City of Redmond
- Councilmember Randy Corman, City of Renton
- Mayor Daryl Eiding, City of Edgewood
- Senator Phil Fortunato, Washington State Senate
- Ric Ilgenfritz, Community Transit
- Mayor Gary Harris, City of Woodinville
- Dan Mathis, Federal Highway Administration (FHWA)
- Kelly McGourty, Puget Sound Regional Council
- Mayor Linda Newing, City of Newcastle
- Mayor Dana Ralph, City of Kent
- Councilmember Mason Thompson, City of Bothell
- Councilmember Janice Zahn, City of Bellevue
- Rep. Davina Duerr, Washington State House of Representatives
- Rep. Kelly Chambers, Washington State House of Representatives
- Rep. Debra Entenman, Washington State House of Representatives
- Rep. David Hackney, Washington State House of Representatives
- Rep. Shelley Kloba, Washington State House of Representatives
- Senator Patty Kuderer, Washington State Senate
- Rep. Bill Ramos, Washington State House of Representatives
- Rep. Eric Robertson, Washington State House of Representatives
- Rep. Vandana Slatter, Washington State House of Representatives
- Rep. My-Linh Thai, Washington State House of Representatives
- Rep. Amy Walen, Washington State House of Representatives
- Terry White, King County Metro

Guests in attendance:

- Victor Bishop, Eastside Transportation Association
- Erica Bramlet, Transportation Committee, Washington State Senate
- Jeff Brauns, City of Newcastle
- Jon Cantalini, King County Council (on behalf of Councilmember Dunn)
- Lesly Chan, I-405/SR 167 Program
- Nguyen Dang, WSDOT
- Vinh Dang, WSDOT
- Kevin Dayton, WSDOT
- April Delchamps, City of Kent
- Samantha DeMars-Hanson, I-405/SR 167 Program
- Brian Doennebrink, Community Transit
- Lars Erickson, WSDOT
- Ingrid Gaub, City of Auburn
- Emily Glad, WSDOT
- Reema Griffith, Washington State Transportation Commission



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- Katie Kuciemba Halse, I-405/SR 167 Program
- Aaron Halbert, Washington State Transportation Commission
- Dave Hamilton, Bellevue Chamber of Commerce Transportation Committee
- Diana Hart, City of Woodinville
- Peter Heffernan, King County Metro
- Heather Hernandez, WSDOT
- Chris Johnson, Bellevue Chamber of Commerce
- Ron Judd, WSDOT
- Luke Lamon, Sound Transit
- Erin Leonhart, City of Bothell
- Doug Levy, City of Renton
- Robin Mayhew, WSDOT
- Megan McPhaden, Transportation Committee, Washington State House of Representatives
- Victoria Miller, I-405/SR 167 Program
- Steve Morikawa, City of Bothell
- Sydney Oliver, Washington State House of Representatives (on behalf of Rep. Roger Goodman)
- Ryan Olson, WSDOT
- Loren Othón, House Democratic Caucus
- Martin Pastucha, City of Renton
- Le Nguyen, WSDOT
- Joel Pfundt, City of Kirkland
- Ruth Roberson, Office of Financial Management
- Jim Seitz, City of Renton
- Carl See, Washington State Transportation Commission
- Charla Skaggs, WSDOT
- Craig Smiley, I-405/SR 167 Program
- Travis Snell, WSDOT
- Brenda Snyder, Washington State Treasurer's Office
- Kelly Snyder, Snohomish County
- Jeff Storrar, WSDOT
- Ariel Taylor, Sound Transit
- Wendy Taylor, I-405/SR 167 Program
- Blake Trask, Office of King County Council Chair Claudia Balducci
- Bernard van de Kamp, Sound Transit
- Doug Vaughn, WSDOT
- Curt Warber, King County Parks
- Rob Woeck, I-405/SR 167 Program
- Lacey Jane Wolfe, City of Bellevue
- Todd Woosley, Eastside Transportation Association
- Peter Wu, Washington State House of Representatives (on behalf of Rep. Harris-Talley)

Presenters:

- Ed Barry, Toll Division Director, WSDOT
- Kimberly Farley, Deputy CEO, Sound Transit
- Lisa Hodgson, Program Administrator, I-405/SR 167 Program, WSDOT
- Robin Mayhew, Management of Mobility Division Director, WSDOT
- Julie Meredith, Deputy Assistant Secretary, Megaprograms and Urban Mobility and Access, WSDOT
- Secretary of Transportation Roger Millar, Chair
- Jason Richter, Deputy Treasurer, Office of State Treasurer

Note: These meeting notes are intended to capture the discussion at the meeting, including questions and comments from the group. This is not intended to be a formal testimony or a complete transcript of the meeting. Meeting materials, including the PowerPoint presentation, are available on the web at:

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



I. Introductions and Agenda Review

Roger Millar, Secretary of Transportation, welcomed the Interstate 405/State Route 167 Executive Advisory Group (EAG) members. He introduced Jason Richter, Deputy Treasurer of Debt Management of Washington and Kimberly Farley, Deputy CEO of Sound Transit. Secretary Millar then acknowledged Dan Mathis from Federal Highway Administration's upcoming retirement and thanked him for his years of service. Secretary Millar covered the agenda at a high level and briefly recapped the January 2021 EAG. He noted that WSDOT heard the questions and concerns from the group's members about delays to both WSDOT and Sound Transit's investments in the I-405/SR 167 corridor. Secretary Millar added that as we meet today, the situation has not changed significantly. While we have seen more traffic in March and April, it will take several years for revenues that were anticipated in 2019 to fund our programs to recover.

Then, Secretary Millar acknowledged the tremendous investments in transportation that are coming to the Eastside including East Link, Renton to Bellevue Express Toll Lanes, and SR 167 Improvements. He also highlighted the work of Representative Duerr and Representative Slatter to apply \$32.9 million of the American Rescue Plan Act (ARPA) funds to the state of Washington that were used to make up for lost toll revenue in the I-405/SR 167 toll accounts. He assured the group that WSDOT will continue to communicate the need to fund maintenance and preservation at sustainable levels, identify funding to complete projects after the 23-25 biennium and fully fund the injunction requirements to remove fish barriers. Secretary Millar stated that WSDOT's role during the legislative session is to provide information and deliver the program, not to advocate for project funding or policy direction. WSDOT will continue to be transparent and share information as we have it with the EAG and the public. Secretary Millar welcomed Julie Meredith, Assistant Secretary of Urban Mobility and Access (UMA) and the Megaprograms, reminding the group of her role and availability to meet with the group if he was unavailable.

Secretary Millar reminded the group of the corridor's importance to the state and region. When COVID-19 hit, the impacts presented unique challenges for everyone, including the program. WSDOT is now in a position where we must collectively respond to the impacts of the pandemic. WSDOT's commitment is to work with EAG members, the Office of the State Treasurer, and the Washington State Transportation Commission to be creative, identify all possible solutions, communicate where help from others is needed, and have an open dialogue with EAG members as we work to respond to legislative direction in the budget.

II. Public comment

Dave Hamilton, President of Delivery Express and Chair of the Bellevue Chamber of Commerce Transportation Committee, provided a verbal public comment about anticipated growth in the eastside and how I-405 is considered an economic lifeline. With new jobs headed to Bellevue and the eastside in the next couple of years, development needs to balance transportation needs across the state. He said the greatest needs are on the I-405 corridor. He emphasized it is critical that up-to-date data is used to guide future decision making. His goal is to keep people and goods moving, and he asked for the EAG's help to do that.

Colleen Gants, I-405/SR 167 Communicator and Meeting Facilitator, noted that the project team received a comment via email as the meeting was starting, and the team will pass that on electronically to EAG members after the meeting.



III. Sound Transit Partnership Update

Julie Meredith, WSDOT Assistant Secretary of Urban Mobility and Access (UMA) and the Megaprograms, expressed her enjoyment meeting with some attendees during the last IWG meeting and being able to continue the open dialogue. She reinforced that these groups are an opportunity for us to actively engage our local partners. WSDOT has been working with Sound Transit to determine how our two vital and interconnected transportation systems could be delivered together. She reminded that it is not a matter of if we deliver Bus Rapid Transit but when.

Kimberly Farley, Sound Transit Deputy CEO, echoed Julie's comments, saying that the shared vision from the I-405 Master Plan has been coming together over the years. Their network expansion includes 37 miles of BRT along I-405 with 11 stations. By 2042, we will have 26,000 people daily boarding BRT alone. It's an exciting future which is part of the plan that lives up to the region's priorities. However, due to the impacts from COVID-19, Sound Transit is facing a \$7.9 billion gap. Sound Transit is working through this challenge with their Board of Directors via a realignment process to make sure they can deliver their expanded transit network within this financial reality. This could include potentially delivering projects in phases, reducing project scopes or suspending projects. Sound Transit's Board is aiming to take action in July on a flexible framework to let some projects move forward in development. Additionally, they will also likely ask staff to do additional check-ins which will include financial plan updates more regularly. She thanked the group for the invitation to speak today and looks forward to continuing to have these conversations.

Discussion:

- Bothell Councilmember Mason Thompson asked for Kimberly to confirm her comment about Sound Transit potentially suspending projects so they would no longer have a timeline.
 - Kimberly Farley said the only projects that have discussed related to suspension are the bus on shoulder projects where they did not have additional projects already in the queue.
 - Councilmember Thompson suggested that the City of Bothell is available to help as a resource and they want to be part of the solution. Transportation is already the biggest problem in the area near Canyon Park. This is the same community that has been paying tolls for years. Bothell is housing the bus base north which is taking up nine acres of their regional growth center. They have continuously worked to be a good partner and make sacrifices because they know transportation serves the greater good.
- Kirkland Deputy Mayor Jay Arnold said he concurred with Councilmember Thompson's comments. Kirkland's station area planning is already underway, and regional growth centers continue to grow. BRT is a critical part of the solution.
- Representative Davina Duerr asked for clarification on where the \$32.9 million American Rescue Plan Act funding is going within the corridor.
 - Lisa Hodgson, I-405/SR 167 Program Administrator, said it does make an impact. Jason Richter with the Office of the State Treasurer will get into that later in the presentation.
 - Representative Duerr mentioned that her larger concern is that the north end project relies on Sound Transit and WSDOT to work together. She is concerned that Sound Transit and WSDOT will point at each other as a reason to not do that project. She thought it seemed like Bothell gets all the pain and none of the gain.
- Auburn Mayor Nancy Backus spoke as a Sound Transit Board member, saying the Board is not taking realignment issues lightly. They are aware of projects and timelines are most likely going to shift to ensure the affordability moving forward.
- Renton Councilmember Randy Corman expressed his appreciation for the last comment and said that Renton's concerns are very much in line with Bothell's concerns. They have been paying taxes for many years and there is a lot of infrastructure going in, which has been 20 years in the making. The new



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infrastructure improvements are coming together and will have a huge impact on Renton just like it does Bothell. He urged everyone to recognize that this is important to Renton, and it could be an early win for Sound Transit since they are so far long.

- Woodinville Mayor Gary Harris added that as a Woodinville resident living just a few miles from Bothell, they have yet to see any transportation improvements for their contributed dollars. He does not find mentions of "future possible extensions" very encouraging.

IV. WSDOT update

Lisa Hodgson, I-405/SR 167 Program Administrator, provided an update on how WSDOT is addressing the financial challenges and how WSDOT can work with the EAG to do that. She stated that two weeks ago, we met with members of the Interagency Working Group (IWG) to ask for their priorities in a listening session to hear how your priorities could play into system-wide benefits, and to inform today's EAG agenda. The project team met with several EAG members in follow-up conversations leading up to today's meeting to gain additional feedback. A strong partnership with our corridor agencies is critical to delivering on the I-405 Master Plan and SR 167 Corridor Plan moving forward as we face one of our biggest challenges yet.

Lisa gave an update on what came out of the legislative session, legislative direction through the provisos, and the project team's work plan moving forward. Since traffic and tolling is down, the timing and ability to bond has changed. The Legislature has adjusted some project timing and provided proviso language for some further analysis. The 2021-23 transportation budget included changes to the I-405/SR 167 Corridor Program delivery plans (as seen in the schedule on slide 16 in the slide deck). WSDOT will look at a variety of ways we can optimize the 2019-funded projects as close to the original schedule as possible. Lisa explained that WSDOT is looking at all the funding options available, including opportunities to participate in joint grant submittals with corridor partners. We are also looking at federal loan programs like TIFIA.

The second proviso directs WSDOT to look at how bond proceeds can cover the funded projects in the LEAP list. WSDOT plans to engage the EAG and stakeholders in identifying the proviso needs and developing the alternatives that will be presented to policymakers for their consideration. After development of alternatives and initial analysis, WSDOT will come back to the group for feedback and any necessary adjustments before finalizing alternatives to be presented to the legislature.

V. Financial update

Jason Richter, Office of the State Treasurer, discussed financing terms and risk balances for the State as we look at bonded toll revenue. In addition to traffic decline and toll revenue impacts associated with the pandemic, there are other variables that influence project financing. Earlier this year, WSDODT asked the Office of the State Treasurer to do a financial analysis of the projects listed in Engrossed Substitute Senate Bill (ESSB) 5825 from 2019, keeping as close to the desired dates as possible.

Jason walked through the financing parameters and outcomes of that initial pre-current law budget analysis. In the last analysis that WSDOT asked OST to run, they calculated a funding gap of approximately \$360-\$400 million. ETL toll revenues were perhaps hit harder by COVID than any other transportation sector. In addition to the COVID hit to revenue, project costs have increased by around \$100 million.

Given the projected shortfall, OST recommends considering prioritizing projects that will result in the largest increases in toll revenue, to increase the ability to provide pay-go funding for more of the program, as well as exploring alternative funding resources. He also mentioned TIFIA as being another tool in the toolbox. It is a direct



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loan program offered by the FHWA that offers subsidized interest rates and certain other favorable terms. As the project moves forward, WSDOT and OST will evaluate and consider TIFIA as a potential strategy.

Discussion:

- Representative Davina Duerr asked for clarification on the project for the proviso. She also asked if the \$32.9 million would go toward other projects along the corridor rather than the north end project on I-405 to get increased toll revenue started.
 - Jason Richter with the Office of the State Treasurer said that he does not have a role in prioritizing the projects; he only offers comments on prioritizing projects that produce revenue for stakeholders' consideration.
- Rep. Duerr asked if there could be a follow-up meeting to better understand the funding gap. She also emphasized that we need to keep inflation in consideration. She reiterated that the delay of the north end project on I-405 from 2025 to 2027 is a \$30 million cost alone. She said that by delaying the project, we are incurring much more debt in the future.
 - Jason with OST agreed with Rep. Duerr and said that these circumstances could lead to increases due to inflation. Rep. Duerr thanked Jason for helping herself and Rep. Slatter to better understand the complications around bonding and how the group can find solutions.
 - Secretary Roger Millar reminded the group that they had talked about inflation back in 2019. He said that they recognize the challenges at hand and that there is a \$400 to \$600 million dollar hole, which is a significant change from the 2019 conditions. He also acknowledged that there would need to be budgets put together for future biennia. Rep. Duerr emphasized that she is concerned about her community and the damage that they are facing due to these complications and changes. Secretary Millar reminded the group that that is why the Executive Advisory Group coalition exists. In 2019, he said, the group thought they had good news, but the global pandemic has "thrown things for a loop." He assured that the same people who found the solution in 2019 are working on solutions moving forward.
- Bellevue Councilmember Janice Zahn agreed with Rep. Duerr's comments, saying that Bellevue "feels the pain" from Bothell. She said the Bellevue is the hub between the north and the south of bus rapid transit so having 30,000 workers coming into the area within the next three years and not having the north end project complete is untenable. She emphasized the partnership and work between Sound Transit and WSDOT and that the communities would like to see that continue, as well as working together along the entire corridor now that we have a better sense of the current financial shortfalls. She asked if we could push for the TIFIA terms to be more favorable and said that we need to explore options for alternative funding because the projects that were funded in 2019 will work together as a system and we can't let them slip.
 - Lisa Hodgson, I-405/SR 167 Program Administrator, answered Councilmember Zahn's concerns by telling her that WSDOT is actively working with local, regional, and state agencies and communities as we move forward. Hodgson also said that the group is looking at multiple options and that the solution would not be a simple "one size fits all." Councilmember Zahn reiterated to please use the stakeholders and their staff.
- Representative Vandana Slatter echoed Rep. Duerr's and Councilmember Zahn's comments. She then asked a clarifying question about the \$360 to \$400 million and if there was also a gap in 2019 regarding bonding.
 - Jason with OST said that in 2019, we were not able to fully bond to the authorized amount, but the cost in 2019 was \$939 million versus the cost today being \$1.22 billion. He added that the project cost has moved away, which has put us in this position. Rep. Slatter said that she stands ready to work with everyone and that the EAG meeting is a tribute that WSDOT came together with OST. She said that the group is moving forward in a direction where they want to find



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solutions, such as hearing about the TIFIA loan. She emphasized that the north end is a chokepoint for the whole corridor and that everyone along the corridor will be impacted if they don't make the improvements up north.

- Kirkland Deputy Mayor Jay Arnold said that the cities in the meeting have sent a joint letter to Sound Transit about the importance on bus rapid transit and how it needs to complete as close to the 2025 timeline as possible. He said that development is already happening on this matter, and he appreciates the time to make everyone aware of the financial details. The City of Kirkland would like to be involved in helping to find a solution and asked to be more involved because today's meeting was not long enough.
 - Lisa Hodgson, I-405/SR 167 Program Administrator, answered Deputy Mayor Arnold that the group's goal is to take the information from today's meeting and develop some preliminary analysis and work with the I-405/SR 167 Interagency Working Group in mid-July. Then the EAG will come back together for a meeting in August with the intent of gathering feedback and making final adjustments before reporting back to the Legislature in September.
- Bothell Councilmember Mason Thompson asked for clarification on what the \$360 to \$400 million funding gap means.
 - Lisa Hodgson, I-405/SR 167 Program Administrator, said that it includes all the projects that were listed, and this is the closest we can get to the original dates. Councilmember Thompson asked if there has been any discussion about turning the Express Toll Lanes into a bus-only lane since the tolling is underutilized and transit needs the right of way. Lisa responded that the underutilized space that Councilmember Thompson was referring to means that people are moving faster in those lanes.
- Secretary Roger Millar began to wrap up the discussions by saying the Executive Advisory Group is doing what it is supposed to do. They are getting information out and they will act with as much speed as they can. He said that there were many good ideas during the meeting about moving forward, but that the group needs to think about Congress and what the House and Senate Transportation Committees are considering. He assured the group that the timing is good and that we have had a revenue gap larger than this prior to the 2019 legislative session.
- Lisa Hodgson, I-405/SR 167 Program Administrator, ended the meeting by saying the current framework is on "Slide 33" of the meeting presentation and that the EAG members would receive an email with that information.

VI. Wrap up

The project team plans for an additional IWG and EAG meeting later this summer. Lisa said they would post the slide deck online so the group could see the portions of the presentation they did not get time for due to the robust question and answer section. Secretary Millar and Lisa thanked the group for their continued partnership and participation.