

Subject to approval of the Committee

Minutes
Governor's Transportation Funding Task Force
Meeting
December 4, 2009
10:00 AM – 5:00 PM
Joe R Williams Building, Conference Room
Boise, ID

Members Present: Chairman Brad Little; Senator Edgar Malepeai; Senator Bert Brackett; Senator John McGee; Senator Chuck Winder; Senator Shawn Keough; Representative Bill Killen; Representative Leon Smith; Representative JoAn Wood; Representative Dennis Lake; Representative Marv Hagedorn; Gordon Cruickshank, Valley County Commissioner; Jim Kempton, President, Idaho Public Utilities Commission; Darrell Manning, Idaho Transportation Board Chairman; Jim Riley, President, Intermountain Forest Association; Mark Bowen, CH2M Hill and Past Chair, Boise Metro Chamber of Commerce.

Guest Speakers: Tom Warne, Glenn Miles, Tom Cole, and Lance Holmstrom

Others Present were: Scott Stokes, Mollie McCarty, Jeff Stratten, Matt Moore, Randy Kyrias, Rik Hinton, Linda Emry, Lorraine Dennis, Benjamin Davenport, Martin Bilbao, Dave Carleson, Bob Thompson, Dan Shirilla, Sue Higgins, Lance Giles, Betsy Russell, Rakesh Moham, Suzanne Budge, Roger Seibea, Zach Hauge, Brent Olmstead, David Tolm, Mark Tate, Eric Milstead, Representative Phylis King, Mary May, Heather Wheeler, Cathy Cameron, Jane Whittmeyer, Jim Coleman, Jerry Whitehead, Ray Amaya, Darrell West, Kate Eldridge, David Babbitt, Bob Burce, Trent Wright, Sonia Henum, John Watts, and David Hensley.

NOTE: All presentations are accessible on the Governor's Task Force Website at www.itd.idaho.gov/taskforce

Chairman Brad Little called the meeting to order at 10:00AM, welcomed everyone, and explained that the minutes were received and approved. **Chairman Little** described what was in the taskforce member's packets and introduced **Tom Warne**.

Tom Warne introduced himself and mentioned that he was asked to come and speak about national transportation funding and Utah's case study. **Tom Warne** explained the he is to tell the taskforce what's going on in the country and how to move forward as a state. Ultimately, transportation will be driven by funding, and now climate change has been inserted into the transportation system.

The problem begins with population growth, VMT, freight, and transit needs¹. States have relied on the federal gas tax for over 50 years, and by 2015 will have lost 80% of the purchasing power in the 18.4

¹ See *National and State Transportation Funding Overview* slide 4 <http://itd.idaho.gov/taskforce/>

cent tax². Looking at the reauthorization process, there is not a lot of extra money from the federal government³.

Tom Warne continued his presentation and discussed how the EPA found that greenhouse gas is an environmental threat⁴. The FTA New Starts program has a ratio of application that is 10:1 and Tiger grants are even less and cannot be relied on to solve transportation problems⁵. The National Surface Transportation Policy and Revenue Study Commission wanted to reduce funding categories, and studied gas tax and vehicle millage tax. The US Department of Transportation is looking at toll roads, private investment, smart growth, and carbon taxes to fund transportation needs⁶.

Tom Warne continued and said that states that are using more state money don't have to follow federal rules. The federal transportation system is in disarray, and if you are relying too much on the federal program you are at the mercy of congress. The Highway Trust Fund is out of balance, and there is no extra money to fund programs. The administration is not going to use a gas tax to balance the budget during an election cycle⁷.

Tom Warne discussed how climate change is very much a part of the new bill which will affect how ITD does things⁸. The new bill will bring more regulation, and the EPA is not very interested in Idaho. Idaho doesn't use general fund money and has a different situation than other states. FY 2010 in virtually every state is worse than FY 2009. Most states are very hesitant to doing anything for transportation funding⁹. Other states are looking at car rental tax, lodging taxes, impact fees, and more¹⁰. Citizens at the ballot box seem to be willing to tax themselves based on the review of the initiatives passed¹¹.

Tom Warne next discussed the Utah Case study which focused on water, open space, transportation, and public awareness¹². At the summit, 48% agreed that roads were Utah's number 1 problem. For the Centennial Highway Fund, Tom met with every legislator in the state and created the list of 41 projects.

Representative Dennis Lake asked if **Tom Warne** could explain how many states share their tax revenues with the local jurisdictions.

Tom Warne answered that most states share. In California, the locals are so frustrated that the state is not investing in the communities that they are taxing themselves and funding state projects in their communities because the state is unresponsive.

² See *National and State Transportation Funding Overview* slide 8 <http://itd.idaho.gov/taskforce/>

³ See *National and State Transportation Funding Overview* slide 10 <http://itd.idaho.gov/taskforce/>

⁴ See *National and State Transportation Funding Overview* slide 11 <http://itd.idaho.gov/taskforce/>

⁵ See *National and State Transportation Funding Overview* slide 12-16 <http://itd.idaho.gov/taskforce/>

⁶ See *National and State Transportation Funding Overview* slide 25 <http://itd.idaho.gov/taskforce/>

⁷ See *National and State Transportation Funding Overview* slide 25-32 <http://itd.idaho.gov/taskforce/>

⁸ See *National and State Transportation Funding Overview* slide 34 <http://itd.idaho.gov/taskforce/>

⁹ See *National and State Transportation Funding Overview* slide 38- <http://itd.idaho.gov/taskforce/>

¹⁰ See *National and State Transportation Funding Overview* slide 41 <http://itd.idaho.gov/taskforce/>

¹¹ See *National and State Transportation Funding Overview* slide 46 <http://itd.idaho.gov/taskforce/>

¹² See *National and State Transportation Funding Overview* slide 48 <http://itd.idaho.gov/taskforce/>

Representative Dennis Lake asked if Utah, prior to the Olympics, was doing design built on the I-15, and also asked if Utah does all of its work design built?

Tom Warne answered that Utah did a design built on I-15, and it has been used in design bid build in Utah. Utah is also using CMGC to use the right tool on the right project, and using a fixed price barrier scope.

Representative Dennis Lake asked how many states use the general fund for transportation dollars.

Tom Warne answered 30-40%.

Senator Chuck Winder asked if **Tom Warne** could discuss how the light rail and heavy rail has been funded and supported, and why communities in Utah support transit?

Tom Warne responded that the light rail project started in the early 90's through the New Starts program with 80% federal money and 20% state. Unfortunately, that money doesn't exist anymore. Salt Lake City is the hottest market for light rail.

Senator John McGee asked what the process is for approving the light rail in Utah?

Tom Warne responded that it is a sales tax voted by the legislature, then put on the ballot by the commissioners, and then voted on by the public.

Tom Warne also explained that the the board is appointed by the Governor and approved by the Senate. The commission is statutorily charged with determining the projects along with some other minor duties.

Chairman Brad Little said he can understand gravitating toward projects that will be beneficial, but how do you generate money for maintenance?

Tom Warne responded and said they did not get enough money for maintenance.

Chairman Brad Little asked in regards to privatization of roads and toll roads, where is the money in privatization?

Tom Warne answered that in order for private investment to be a solution a profit must be made. The Obama administration says they are going to bring in private money for high speed rail, but the only place you can bring in private money is if there is a profit to be made.

Senator JoAn Wood said fuel tax goes to beautification and things that are not transportation related. How do we deal with the federal government and how they reallocate money?

Tom Warne said to work with the delegation.

Jim Riley said **Tom Warne** talked about the percentage of states relying on the federal government. How do they those states that have a substantial smaller percentage do that?

Tom Warne answered the state of Arizona passed a ½% sales tax that has been working for twenty years which raises a lot of money and can be generated locally. Washington raised the fuel tax. Oregon has been aggressive in generating local money.

Jim Riley asked **Tom Warne** if he could speculate how much less a project would cost without having to do it with federal funds?

Tom Warne responded that it's less, with less regulation, and less hassle. The contractors are doing less paper work.

Chairman Brad Little said he would be interested in comparing projects side by side using state and federal money.

Senator Chuck Winder asked if **Tom Warne** has any idea of what the average cost difference of a premium that is paid with federal versus just state money.

Tom Warne said the agency pays that premium, and the premium is 5-10%. In Indiana, they are getting projects 20-30% lower, which may be because of the economy or the use of state money.

Representative JoAn Wood asked if at a national level, how could the state make sure the federal government spends money on the national highway?

Tom Warne responded that Utah is in the same position Idaho is in, and the states need to be back in Washington preserving their position.

Representative JoAn Wood said she is interested in Utah's public private partnerships. In Utah, what kinds of caveats are connected with contracts?

Tom Warne responded and said Utah has one toll road. These agreements are very complicated in terms of protecting the state. The downfall is some people at the state level say the private company can only make a certain amount of money, and private investments aren't going to come if they can only make a certain amount of profit.

Chairman Brad Little introduced Glen Miles with the Metropolitan Planning Organizations.

Glenn Miles introduced himself and defined what an MPO is and does. Title 23 requires urban areas to have an MPO in order to receive federal funds¹³. MPO's provide collective decision making for the priorities of that region for making transportation investment, and have a responsibility to make sure the transportation plans maintain or improve air quality. MPO's work on long range plans, and are updated every 4-5 years¹⁴.

Glenn Miles continued to discuss how the cost of operations and maintenance varies with the level of service you are receiving. The amount of population within the MPO areas is growing, and by 2030

¹³ See *The Cost of Status Quo* slide 4 <http://itd.idaho.gov/taskforce/>

¹⁴ See *The Cost of Status Quo* slide 11 <http://itd.idaho.gov/taskforce/>

there should be about 75% of the state's population inside a MPO¹⁵. There is no anticipated change in state funding. The numbers for expansion are artificially low because MPO's can't project for something that is not there. MPO's play a key role in planning by talking about what's best for the common good because all the partners are at involved in the discussion.

Mark Bowen asked how MPO's are funded?

Glenn Miles said that the MPO's are funded through a variety of means. The federal highway administration allocates a percentage based on population. The federal apportionment must be met with non federal dollars and the local jurisdictions write a check every year to cover the local match.

Mark Bowen asked if there has ever has been discussion of consolidating the 5 MPO's and 9 highway districts.

Glenn Miles said no.

Chairman Brad Little asked if there is any jurisdiction that don't pay dues to the MPOS?

Glenn Miles answered yes, because of their size there is no reason for them to financially participate.

Chairman Brad Little asked how these jurisdictions are represented if they do not pay dues?

Glenn Miles responded that these jurisdictions receive no direct representation because they don't have a seat on the board. An MPO board is committed to looking at the good of the group not the good of the individual, and the board doesn't discriminate based on whether they contribute.

Chairman Brad Little said the congestion numbers in the back up material tested at \$24 an hour. Is \$24 a standard cost of congestion, what is the basis for that number?

Glenn Miles answered and said there have been a number of studies on the cost congestion, and it's all about who's in the car. The \$24 is the industry average, so that number represents some higher and lower end costs.

Senator Chuck Winder asked if there are any moves at the federal level to change the population requirements of the MPOS's, and would that have an impact the MPO's?

Glenn Miles said there is legislation in the House that does have language to move the level from 50,000 to the 100,000-200,000 range. It would affect the amount of funding for those areas. New MPO's were created in the last census which caused less of an ability to plan.

Representative JoAn Wood asked if the match is a local or state?

Glenn Miles responded that it's a local match and is the same as public lands, the match is 7.34%.

¹⁵ See *The Cost of Status Quo* slide 18 <http://itd.idaho.gov/taskforce/>

Gordon Cruickshank asked if there is anything in the federal mandate that says a certain portion has to go toward a certain type of transportation?

Glenn Miles said the section 5307 funds have an 80/20 match and are used for preventative maintenance. Part of the funding was fundamentally changed which gave us flexibility, but we are still expected to follow the design standards.

Chairman Brad Little asked when you are trying to achieve C or D traffic flow, at what point in the project do you make that a goal?

Glenn Miles responded that its part of the 20 year plan, once you implement a set of improvements, at the end of 20 years you expect to achieve that level of service.

Chairman Brad Little asked at what point in the planning process does the MPO's make their recommendation?

Glenn Miles said that within existing projects, every step of the process.

Chairman Brad Little introduced **Tom Cole**.

Tom Cole introduced himself and mentioned he is here to discuss capacity, congestion, and safety. MPO's deal with urban congestions, ITD deals with corridors that have congestions, capacity, or delays. ITD had a highway needs study and found that Idaho needed \$283 million dollars in improvements¹⁶.

Representative JoAn Wood asked if the bill we passed last year was included in those figures?

Tom Cole answered yes, and it is reflected in our current program.

Chairman Brad Little asked if that includes the state police and parks money?

Tom Cole responded that money is included as well.

Lance Holmstrom began his presentation by saying he assembled a list of recent projects for the next 20 years, which is 290 local highway jurisdiction that are outside MPO areas. **Lance Holmstrom** discussed that he is not completely convinced that these projects are wants or need, which is difficult to determine. He also discussed that nearly 60% of all crashes are on the local system, and in discussing safety improvements its important to determine what the public safety need is in the future.

Representative JoAn Wood asked if **Lance Holmstrom's** figures matched the highway safety board and how much money we are spending on the roads, and is that money making an impact?

Lance Holmstrom responded that the locals receive no federal aid related to safety.

¹⁶ See *Modernizing Transportation Funding* slide 15 <http://itd.idaho.gov/taskforce/>

Chairman Brad Little asked if everyone understands the numbers. These numbers are capacity and safety numbers, and are exclusive of the maintenance and restoration. We don't have, in our present revenue stream, any kind of revenue for expansion once GARVEE goes away.

Representative JoAn Wood asked what that leaves us for maintenance and operations?

Chairman Brad Little said even doing restoration and necessary bridge work, both the locals and state are going to go backwards with funding.

Representative Marv Hagedorn suggested that none of these needs assessments were based on the same criteria, and only the MPO's use the same criteria.

Chairman Brad Little explained that historically, the ITD board becomes the mandated filter in determining what the needs are, and if we want to make a suggestions to the legislature, everything is on the table.

Senator Chuck Winder responded that there is a lot of consistency in criteria, but the consistency in Idaho Falls may be different in Boise or Meridian. The locals bring the projects to the MPO's, they come forward, and then present those projects to ITD. The system works pretty well if we let it work. Needs are different in different areas.

General Darrell Manning said the board looks at all those projects and makes a determination of which to fund. The board looks to see if the development in one district is different than the development of another. I think you can be pretty proud of the system and the board.

Chairman Brad Little explained that everything is on the table, and he wants the taskforce member's confidence to be elevated in how these decisions are made.

Senator John McGee responded that Utah went through all this, and I suspect there were similarities. It would be interesting to know what Tom and his organization went through.

Jim Riley said as Idaho gets bigger and more politically diverse, Idaho has come to a crossroads and we need to be more transparent. Like Utah, they actually sat down and everything goes into a formula, then it's debated by the engineers, and eventually it goes to the Legislature. I think the that process still works well, but it's not transparent.

Gordon Cruickshank explained when the first needs assessments came out there was "fluff" in the wants, and we asked them to look more at the needs. We built with what we had in our budgets, all these regions are looking at what fits their area.

Chairman Brad Little asked the taskforce members if we need more transparency in projects or maintenance? What do we need to do to get our comfort level up for transparency?

Gordon Cruickshank suggested looking at maintenance costs to attract public to come to meetings, the public talks about wanting transparency but no one shows up to listen.

Representative Marv Hagedorn said everything comes down to transparency, constituents want to know if we are spending responsibly. Where do I go to find that out?

Jim Riley stated that the best place to start is the past and look at projects and regressions against certain variables. Look at vehicle miles and fuel tax levels. There are a lot of things you can do by starting in the past and looking at projects that were built 5-10 years ago. If the taskforce is trying to get everyone on the same format and make those dollars realistic, good luck because that's the most productive way to advance the issue.

Representative Bill Killen said he reread the Governor's executive order, and the taskforce has done what he has asked the taskforce to do. **Representative Bill Killen** thought the taskforce was going to focus on funding these needs, and all these sources now are stagnant or declining.

Director Scott Stokes addressed the questions on confidence and mentioned that federal funding comes in over a 100 different packets. ITD would be happy to make whatever we can transparent.

Chairman Brad Little responded to **Representative Bill Killen's** comment and said that he was hoping to have everyone understand needs, restoration, and maintenance before we started talking about revenue sources. I think we need to elevate the confidence in those numbers.

Jim Riley said what will confront the taskforce is the limited amount of time to establish the wants and needs, and the number's we've seen today is about as good as it will get. The problem is none of us can understand the issues of climate change and the effect carbon legislation will have on transportation and fuels. I don't think we can spend too much time on wants and needs because we need to look at funding.

Representative JoAn Wood agreed and asked if the taskforce will take a look at future fuels, and she's frustrated at where we are going to go ask people to come up with more money.

Representative Leon Smith suggested the taskforce isn't going to get any more information on needs than what we already have. The taskforce is going to have to determine how to fund these programs. I don't know if we should do it with ballots, vote, or go around the table.

Chairman Brad Little added that the taskforce is on the cusp of a legislation session. We have some transparency issues and issues of statute change. I'm still trying to get the confidence level up on needs so that we can move on to funding, and if we don't resolve it we have two germane committees.

Representative Leon Smith said the 600 million would be wonderful, but it has to be an attainable number which means we can't think in the political process.

Chairman Brad Little asked what's attainable, I see 15 different numbers around the table?

Representative Marv Hagedorn said justifiable is providing enough transparency, if we had a system to justify those needs to the people of Idaho, the people would say we have a need or we don't.

Senator Chuck Winder acknowledged **Representative Killan's** point that we were given a charge of looking at the preservation and maintenance of the system. I think we are doing our constituents a disservice if we only look at preservation and maintenance.

Representative Bill Killen said we're looking at our musts; **Senator Chuck Winder** is talking about our wants and a legitimate need for expansion. Maybe one way to proceed is to separate them, and then we can say if the funding sources are sufficient.

Chairman Brad Little said there isn't a problem in saying, 'this is what we need for operations, preservation, and this is what we need for restoration and safety.' **Chairman Brad Little** asked what do we need to do to get everyone to agree on a number for operation, preservation, and restoration, we're somewhere between 228-280 million.

Representative Dennis Lake stated that with this legislative environment, nothing is going to happen. I can sympathize with the needs, but the fact is we are not going to raise more funds this year. We should stop now and meet again after the session.

Representative JoAn Wood believes that the taskforce has improved and is seeing the bigger picture, but we're not ready to put a figure on it.

Chairman Brad Little asked if everyone is comfortable with the numbers?

Representative Dennis Lake said he has 100% confidence in what the board is doing, but the board was sidetracked when it went to Connect Idaho and made some political decisions.

Senator John McGee discussed how when Utah did their transportation projects, the legislators made the list, and it's going to be very difficult to take the political process out of the equation.

Senator John McGee continued that his constituents understand intuitively that there is a problem, the meetings have been very valuable, but at some point it will come time to pick a number and maybe it's not the time.

Representative Bill Killen asked the chairman do have members solicit what they are thinking about these ideas, with changes, be doable and submit them to the Chairman.

Mark Bowen suggested generating a toolbox, which does not mean generating legislation but develop a toolbox and know what you have when we look at a number.

Senator Shawn Keough agreed that the taskforce needs to find a number but is worried about the time frame. **Senator Shawn Keough** wanted to have some more conversation about what that toolbox might look like and address the chairman's concern about declining revenue.

Chairman Brad Little mentioned that he didn't notice anyone disagreeing that there will be no new federal money, and if something needs to be changed with legislation now is the time to do it. Also, the taskforce has not mentioned transit.

Representative Marv Hagedorn was concerned that he will have to go home and explain to his neighbor why that number is what it is and it's unjustifiable. Everyone needs to come up with some ranking criteria, and right now I can ask a board member and listen to a discussion about a project but it wasn't based on data.

Chairman Brad Little responded that it's based on law.

Representative Marv Hagedorn said that is why we need to look at those laws to rank roads and base our decisions on data, not political requests.

Jim Riley said when the legislature did the audit; we learned the state did not have good data on maintenance and preservation. The legislature saw fit to provide those tools to the department which are coming on line.

Chairman Brad Little suggested having the board come and talk about the process to elevate confidence for the taskforce members, I think we would make progress.

Gordon Cruickshank said the locals receive their funding by state, law, or property tax, and they get a certain amount by the formula and then decide how to spend that money. If we're talking about additional funding, we are still tied by that funding.

Chairman Brad Little believes that for the taskforce and legislature to approach those numbers, there is some concern there.

Senator Edgar Malepeai said in regards to **Senator Shawn Keough's** comments that there isn't much time. I don't want to toss that number out if there is not going to be a consensus within this group.

Chairman Brad Little mentioned that the Governor requested us to talk about transit, I don't think we can discuss a 20 year horizon without transit.

Mark Bowen said that the MPO enhancement numbers would include transit; it's a worthy conversation that needs to be a robust part of the 20 year horizon and the critical piece is funding.

Representative JoAn Wood suggested writing down what we've talked about, support for those numbers, and include our ideas about transit and send them to you.

Jim Riley is concerned that the number will change over time, and would be entirely ok with discussing what neighborhood the number might be in, and then move ahead to funding mechanisms.

Representative Bill Killen said transit is a limited issue because its high profile in limited parts of the state, and I believe it's going to be front and center in 20 years. We need to preserve the corridors, and recognize a mechanism on how it could be funded over the next 2 decades.

Senator Chuck Winder suggested **Chairman Brad Little** and his staff to make a form for the task members to reach a consensus on what the number is, which will start the dialogue.

Jim Riley said our first performance report is coming this month and the accountability report to the Governor, and having a joint committee with the germane committees is something to consider.

Senator Winder suggested setting the deadline at February 1st; the taskforce needs to start the dialogue sometime.

Chairman Brad Little said he will e-mail out a draft questioner in the next 10 days and then make changes by February 1st. As far as transit, does anyone have suggestions? Does the taskforce need a subcommittee or a presentation next meeting?

Senator John McGee said the MPO's needs numbers are understated for the 20 year projection, which means planning needs to be done now.

Chairman Brad Little introduced co-chairman Jim Kempton.

Jim Kempton said the process date for December 9th is on schedule, and there should be a winner in that process selected by the end of next week. There has been a concern expressed about a front end process involving stakeholders. The committee does not make decisions only suggestions. We are waiting for a selection, and a schedule of the contractor, and everything is on schedule.

Chairman Brad Little suggested scheduling a meeting during the session, February 18th, for an hour and a half to see what the taskforce needs to do between now and the end of the session.

Senator John McGee said the group wanted to have a transparency meeting where it discussed how projects were selected at county and board meetings.

The meeting was adjourned at 4:45PM.