

## SENATE LEGISLATIVE TASK FORCE

### TREASURE VALLEY TRANSPORTATION ISSUES

Idaho Transportation Department - 3311 W. State Street - Boise, Idaho  
First Floor Auditorium East Conference Room

October 15, 2007

#### MINUTES

[APPROVED As Corrected <sup>1</sup>]

The meeting was called to order at 9 a.m. by **Chairman Senator John McGee**. Other members present were: Senators Brad Little, Stan Bastian, and David Langhorst. Staff present were Eric Milstead, Paige Parker, and Rusti Horton.

Others in attendance were Pamela Lowe, Julie Pipal, Doug Benzon, Jeff Stratten, Matt Moore, Nestor Fernandez, Joel Drake, Jason Brinkman, Amy Schroeder, Pat Carr, and Scott Stokes, Idaho Transportation Department; Dave Butzier, Connecting Idaho Partners; Steve Rector, Idaho Housing Association; Tom LaPointe, RPT, Inc./Valley Transit; Susan Bradley, National Federation of the Blind; Jerry Deckard and Roger Seibler, Capitol West; Matt Stoll, COMPASS; Roy Eiguren, Eiguren Public Law and Policy/ValleyRide; Kelli Fairless and Mark Carnopis, Valley Regional Transit; Matt Ellsworth, Meridian; Charlie Rountree, Meridian; Bob Bruce, Stanley Consultants; Tammy deWeerd, Mayor, City of Meridian; Benjamin Davenport and Jeremy Pisca, Evans Keane, LLP; Dean Gunderson, Ada County; Don Kostelec, Kirk Montgomery, Sabrina Bowman, Katey Levian, and Cecelia Hockett, Ada County Highway District; Jim Tibbs, Boise City Councilman; Trent Wright, Idaho Auto Dealers Association; Peter Hartman, Federal Highway Administration; Jim Farrel, AARP; Dawn Hall, Division of Financial Management; Tom Ryder, J.R. Simplot Company; Representative Phyllis King, District 18; Scott Ellsworth, CH2M Hill; Dave Carlson, AAA of Idaho; General Darrell Manning and Monte McClure, Idaho Transportation Board;

**Pamela Lowe, Director, Idaho Transportation Department**, advised the committee of her findings of a recent meeting with the American Association of State Highway Transportation Officials (AASHTO), a national organization comprised primarily of the transportation directors from each of the 50 states. She said a great deal of discussion among the group focused upon the current status of federal funding, reiterating the ongoing crisis in the Highway Trust Fund throughout the nation. She said it seemed to be a unanimous conclusion among the attendees that the situation is dire -- with current projections of a \$4.3 billion deficit for 2009 and a \$12 billion deficit in 2010.

**Director Lowe** further reported that Congress is, however, looking at several options to enhance funding as much as possible. And, while the overall situation is not good, she feels that positive steps are being taken to ensure that Idaho's funding status will be sufficient through the year 2009.

**Director Lowe** said that, unfortunately, she does not foresee anything particularly good for Idaho coming after that time.

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<sup>1</sup> See correction, page 5, new paragraph inserted following the second paragraph.

The **Director** explained that her concern about the future of federal help is compounded by the fact that the year 2010 becomes even more problematic in that it is a federal year of reauthorization. That means that a new Highway Act is set forth and all the formulas in which moneys have previously been distributed are all re-visited. There is a further “looming battle” because Idaho is defined as a “Donee” state -- in that more federal dollars come in for transportation than the state pays into the federal trust fund. Some states pay more into the federal trust fund than they get back and are not happy about this disparity.

Additionally, whatever “fixes” Congress takes to get all the states through the ‘09 budget year will not be sufficient to cover the huge 2010 deficit. The only certainty is that there is a general unwillingness on the part of federal government to increase taxes.

Adding to her concern is that some of the proposals Congress will be hearing are coming from certain groups such as the American Road and Transportation Builders Association. This association, consisting of mainly road building and equipment contractors, is a force to be reckoned with. Their focus is to ensure that federal moneys be spent, to the largest extent possible, on trucking corridors. While Idaho’s corridors are certainly deteriorating, that deterioration is not necessarily due to heavy truck traffic – particularly as compared to that of other states. Nor does Idaho show up on any nationwide “map” for having serious trucking issues. Therefore, it is unlikely that Idaho’s roads will benefit from any of those types of proposals coming from such special interests.

**Julie Pipal, Manager, Office of Budget, Policy, and Intergovernmental Relations, Idaho Transportation Department**, presented a power point demonstration with information based on findings of the Forum on Transportation Investment. She explained the results of the Forum’s comprehensive study of needs and concerns and state-by-state comparisons, as well as its conclusions and recommendation. **Ms. Pipal** further explained that the Forum, chartered in 2005 by the Idaho Transportation Board and consisting of 50-plus members from around the state, held 14 meetings during an 18-month interval.

**Ms. Pipal** said the extensive study conducted by the Forum included presentations and input from local and national transportation experts. The Forum emphasized Idaho’s peer states – with Montana being the state most closely identified and aligned with Idaho. Peer states, included those aligned with the Western Association of State Highway and Transportation Officials (WASHTO). These states are primarily those that have non-highway user revenue dedicated to fund highways, including severance taxes, sales taxes, and *ad valorem* taxes. The comparison study shows only three of the 11 other peer states having lower than Idaho’s annual registration fees and that Idaho’s average annual gas tax is about average. Most of the annual registration fees in the 12-state comparison average between \$300 to \$400 a year, compared to Idaho’s average of \$73.

**Ms. Pipal** pointed out that, in trying to compare apples to apples, very few other states are considered as “pure” as Idaho in that funding for transportation needs are derived solely from registration fees and gas taxes. [A copy of **Ms. Pipal’s** slide presentation is available in the Office of Legislative Services.]

**Ms. Pipal** listed some of the conclusions of the Forum as:

- (1) Growth continuing at an historic pace in Idaho.
- (2) Public transportation issues must be considered.
- (3) Current revenue will **not** meet the future needs.
- (4) Federal funds cannot be relied upon to meet future needs.
- (5) The needs will exceed \$20 billion in the next 30 years.
- (6) The annual shortfall is anticipated at over \$200 million.

The Forum recommended implementation of a complete and new cost allocation study in conjunction with a needs-assessment plan. Further, the Forum recommended an intensive review of revenue options, including:

- (1) Implementation of a highway preservation fuel tax.
- (2) Elimination of the ethanol exemption.
- (3) Increase registration fees.
- (4) Implement rental car fees.
- (5) Increase permit fees.
- (6) Increase fees for Idaho Transportation Department services.
- (7) Initiate impact fees.

In response to **Senator Langhorst's** inquiry as to Idaho's annual motor vehicle registration fees, **Doug Benzon, Economics Research Manager, Office of Budget, Policy and Intergovernmental Relations, Idaho Transportation Department**, replied that an equity fee study is being completed to look at those registration fee costs. He further explained that the comparison study of other states is focusing upon percentages rather than dollars. In other words, if 20% to 30% of a state's transportation funds come from its general fund, for instance, it is important to come up with an accurate comparison of the total moneys channeled. The results of this study will be available upon its conclusion and, additionally, the report will include a comparison of federal dollars, included and excluded, to further show actual modes of funding.

**Senator Little** commented that it is important for the study to take into account more than just the norm in order to arrive at a viable statewide solution. The more populous counties will derive the most revenue from local option taxes. The study should consider a median comparison, not just a high-end, to make accurate recommendations. Comparing large populations to the rest of the lesser-populated areas of the state will not produce accurate comparisons. It is necessary to obtain the best statistics to make the best analyses.

**Chairman McGee** questioned why Idaho is considered to be most closely aligned and identified with Montana. He said that, although both states are relatively similar insofar as their gas tax rate, this alignment is unclear to him because Montanans pay considerably more in vehicle registration fees.

**Senator Little** said that, according to reports from the United States Tax Foundation, there are only ten other states in the nation that pay more in fuel tax than the citizens of Idaho. He would like to see this finding – and this part of overall equation – correlated and included within the reports to be presented to the Legislature.

**Pat Carr, Port of Entry Manager, Commercial Vehicle Services**, showed additional comparison slides including a comprehensive study of fee structures. She explained that the criteria used in the findings included: (1) examining Idaho's commercial vehicle registration rates compared to other western states; (2) determining how Idaho's funding mechanisms compare proportionately to surrounding WASHTO states; and (3) analyzing the data from surrounding states that receive substantially more revenue from other means to pay for roads.

**Ms. Carr** reported that: (1) Idaho's intrastate vehicles rank below average in registration fees and taxes; (2) most western states collect similar types of fees and taxes from commercial vehicles; and (3) interstate vehicle registration fees and taxes are assessed on the basis of total miles – resulting in fees frequently lower than that of intrastate vehicles. [A copy of **Ms. Carr's** slide presentation is available in the Legislative Services Office.]

**Chairman McGee** asked **Ms. Carr** to present the preliminary findings of the fee study for intrastate and interstate vehicles to the Senate Transportation Committee at some point early during the upcoming session. She responded that she would certainly do so.

In response to **Senator Bastian's** inquiry, **Mr. Benzon** said that the percentage of Idaho intrastate carriers is in the minority. Out-of-state carriers represent most of the truck traffic. In agreement with **Mr. Benzon**, **Ms. Carr** added that there are also many carriers based in Idaho that register their fleet vehicles intrastate as well as interstate.

**Chairman McGee** asked **Ms. Carr** to further explain the slide showing the splits in the vehicle fee comparison results. **Ms. Carr** replied that the assessment is based upon the percentage of miles driven in Idaho. It is nearly impossible to obtain a complete and totally equal assessment comparison because of all the different factors involved in each state.

**Matt Moore, Transportation Planning and Programming Administrator, Idaho Transportation Department**, provided information to the committee in regard to the surface transportation needs of the state. In summary, **Mr. Moore** said that the total dollar needs estimated for Idaho, through the year 2030, amounts to 36.1 Billion dollars. He said inflation is not factored into this figure, however, it does include highway, bridge, public transportation, and maintenance needs.

In response to **Senator Langhorst's** inquiry, **Mr. Moore** said that the expansion costs do take into account anticipated GARVEE funding. **Mr. Moore** further explained that the assessment is based upon a standard known as “Minimally Tolerable Conditions” (MTC's), meaning that this addresses system maintenance and operations. It does not mean that all dirt roads will be paved nor all bridge deficiencies remedied, but that everything that can be done will be done.

**Mr. Moore** further added that the plan provides for upgrades and expansions. This includes lane additions, bridge improvements, lanes and shoulders widened, and reconstruction of some existing systems. It also provides for maintenance and preservation of roadways, such as filling potholes, repairs, equipment purchases, snow plowing, and resurfacing certain roadways. Backlog issues are important to include as well as addressing all identified unfunded costs. [A copy of **Mr. Moore's** slide presentation is available in the Legislative Services Office.]

In questioning **Mr. Moore** as to the total estimated amount of additional funding, per slide presentation #27, **Senator Little** said that it appears from what is now being reported that the dollar amounts needed have significantly increased – from \$200 million, as stated in the report of the Forum on Transportation Investment, to \$1.5 billion in the “2007 Needs Study.” He asked for further clarification inasmuch as the \$1.5 billion is considerably more than originally stated. It seems that for every \$1 to be spent, an additional \$2.20 would now be needed in order to reach the Department's goals. **Mr. Moore** replied that there will be additional information forthcoming in today's presentation explaining the difference.<sup>2</sup>

**Julie Pipal** advised the committee that today's presentation is also available on disc and copies will be made available to the committee members. Requests for copies can also be made for any others interested by contacting ITD staff.

**Ms. Pipal** said that a cost allocation study was conducted in 1994 and again, eight years later, in 2002. She said that **Mr. Benzon** was involved in both studies and she credited him with his contributions to the process. She added that he is often requested to consult with other states because of his abilities and knowledge. She said that both studies essentially looked at the manner in which vehicles are classed to, foremost, determine if people are paying their due share. She explained the many complexities involved with many double-edged swords. She cited an analogy that sometimes people who drive a big pickup truck are criticized for excessive consumption, however, those pickup owners are actually buying more gas and subsequently paying more taxes than the non-pickup driver.

**Ms. Pipal** concluded her presentation by stating that ITD sees today's recommendations as “tools” for addressing transportation issues. There will also be policy decisions, such as investment strategies and so forth, made by the Board, the Governor, and the Legislature.

**Senator Bastian** asked **Ms. Pipal** if there are any particular areas of the state that stand out as having greater needs than others insofar as funding priorities. **Ms. Pipal** said that the Department has found that each area of the state has very different needs and it is difficult to prioritize those needs. The Treasure Valley has the majority of the population but the Department is responsible for the statewide network of transportation.

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<sup>2</sup> Paragraph added as correction to Minutes on December 4, 2007.

**Senator Langhorst** questioned the revenue to cost-responsibility factor. It is often reported that some vehicles tear up the highways more than others. He asked if the study takes vehicle weight into consideration. **Mr. Benzon** replied that this study looks at the way the revenue is spent on the system and the estimate of what those vehicles pay into the system and does not consider road damage factors. It is a matter of “ where do we get the money and where do we spend it.”

**Senator Little** commented that congestion factors create one of the most expensive parts of the overall equation and asked if the study takes this into consideration. **Mr. Benzon** said that the study does not reflect congestion factors. He said the main problem they have with arriving at a conclusion from the study is that, when using other states as comparisons, they find that the funding mechanisms are always so different than that of Idaho.

**Nestor Fernandez, GARVEE Program Administrator, Idaho Transportation Department,** introduced staff that will provide an update on Grant Anticipated Revenue Vehicles (GARVEE).

**Dave Butzier, Connecting Idaho Partners,** provided an update on the six corridors that have received approval for construction and/or renovation. The approved projects include:

1. U. S. 95: Garwood to Sagle Corridor;
2. U. S. 95: Worley to Setters Corridor;
3. Idaho Hwy. 16: I-84 to Idaho 44;
4. I-84: Caldwell to Meridian Corridor;
5. I-84: Orchard to Isaacs’s Canyon Corridor;
6. U. S. 30: McCammon to Soda Springs

**Mr. Butzier** reviewed each of the six projects including the moneys originally authorized, amounts earmarked for design, environmental studies, rights of way acquisitions, construction costs, progress-to-date, and the year estimated for reaching completion.

He explained that the specific Treasure Valley area scheduled for “new road construction” is that of the Highway 16 project, extending the highway south to connect to I-84. The plan has been narrowed down to two proposals for the extension, both along the McDermott Road area. Early right-of- way acquisition should commence toward the end of 2008 and the project is anticipated to be completed in 2011/2012.

In response to **Senator Bastian’s** inquiry concerning the project relative to the Chinden Boulevard/Highway 20-26 portion, **Mr. Butzier** said that he would provide him with a status estimate of right-of-way acquisition following today’s meeting. It is critical at this point to identify the source of revenue for acquisition. Otherwise construction pathways are being identified without being able to take further action. **Senator Bastian** said that this gap between pathway identification and funding acquisition could cause the project to be even more expensive.

**Director Lowe** added that securing environmental documents will help the Department to work with local jurisdictions involved, however at this point, the funding stream to purchase the rights-of-way would have to be reacquisitioned from another project.

**Senator Bastian** further stated his concern that when the rights-of-way are identified the affected land, if not acquisitioned now, will escalate so much in value that the project will be in a negative situation from practically the start. Some source of additional funding needs to be found as soon as possible to acquire the rights-of-way. Both **Mr. Butzier** and **Director Lowe** agreed and added that it would not be to the advantage of the project to spend several million dollars on environmental documents and then not be able to preserve the corridor. **Senator Bastian** added that non-action will force the ACHD into implementing other roads or accesses to accommodate the traffic and thus put a further burden on Eagle Road.

In concurring with **Senator Bastian**, **Senator Langhorst** added that, if the corridor is identified through the environmental studies and there is a significant lag-time between when that is made public and when the ability to purchase the right-of-way opens up, the prices will be driven up considerably. He wonders if it should not be identified until the money is available to buy it.

**Senator Little** said that he does not see this as an insurmountable problem if the cities involved, in this case Eagle and Meridian, curtail development and curb-cuts in the targeted area. **Mr. Butzier** agreed and said that the city of Meridian has already agreed to cooperate in this manner. However, he said, the other problem that can lead to a reverse condemnation situation exists when the landowner is stuck with his property and cannot do anything with it because of city regulations.

**Senator Little** commented that this project is a unique situation compared to many of the projects in the works because this is a completely new road. This is the “laboratory of the future” as to how the state of Idaho is going to handle the need for more roads such as this. City and county entities need to realize that, in order to have the necessary infrastructures, they are not going to be able to just hand out entitlements as easily as they may have in the past.

**Mr. Butzier** discussed the I-84 Caldwell to Meridian corridor and reported that initial funding has made it possible to begin environmental studies as well as some of the right-of-way acquisition. Part of this project includes milling and temporary widening and the bids for this portion will be opened soon. Additionally, construction will begin on the Ten Mile Creek bridge portion very soon because it spans an irrigation waterway and work must be done during the winter. Completion of the total project is scheduled for the end of 2011.

**Chairman McGee** asked **Mr. Butzier**, “When will we actually be able to see earth being moved?” **Mr. Butzier** said that milling will start this fall and the Ten Mile Creek construction will start this winter. In response to further inquiry, **Mr. Butzier** said that the weather often dictates what can be done before freezing temperatures or in the spring after freezing temperatures. Generally speaking, April is a pretty good benchmark when temperatures average around 40 degrees.

**Senator Little** expressed his concern about the milling aspect of the project. The Legislature did not envision GARVEE funding to be for milling and maintenance types of projects. He is concerned that these projects are sauntering over the line of maintenance versus new construction. **Mr. Butzier** said the milling being done in this project is not defined as maintenance in the usual sense as it is necessary to facilitate the construction that will be forthcoming. To do anything otherwise could pose a safety hazard for those using the roadway.

**Senator Little** further questioned the Department's maintenance plans. **Director Lowe** replied that it's not easy to predict if milling would have been instigated prior to this project. Heavy traffic and trucking use contribute to the problem as the roadway did not hold up as well as it probably should have. Phase 1 of this project will get rid of the ruts and it is too big a project for the Department to handle with its in-house maintenance force.

**Senator Little** added that the Legislature's perception was that the funding would be targeted for construction projects that would otherwise be considerably more expensive if the state waited. GARVEE will help avoid rapidly escalating building costs, material costs, and right-of-way costs. **Senator Little** further commented that this situation highlights that the state is already way under water when it comes to maintenance issues.

**Mr. Butzier** then discussed the Orchard to Isaac's Canyon corridor project. It appears environmental clearance will happen by the end of the month. The recent fire on the Broadway Interchange greatly impacted that portion of the project and the end result should actually help speed up the completion date. **Mr. Butzier** said, in response to **Senator Little's** inquiry that repair of the Broadway Interchange damage from the fire is being paid by the Department with the anticipation of insurance money reimbursing at least a portion of the costs. GARVEE funds are not being used.

**Joel Drake, Senior Budget Analyst, Idaho Transportation Department**, discussed the bonding, contracts, and payout schedule for the current GARVEE projects. In particular, he referred to the slide detailing the schedule. [A copy of **Mr. Drake's** power point demonstration is on file in the Legislative Services Office.] He explained the bonding philosophy as follows:

1. Bonds are issued based on the ability to meet the 24 month spend-down requirement necessary to retain positive earning on bond proceeds;
2. Bonds are issued in such a manner that the funds are secured in advance of construction contracts issued;
3. Construction contracts are awarded in advance of securing bonds with a risk factor of approximately \$25 million.

**Mr. Drake** further commented that debt could be issued on a cash flow basis if the Department wanted to assume additional risk. It is important to allow flexibility in issuing bonds to meet favorable market conditions. It is also important to address the need for a built-in emergency clause to cover the types of issues that can arise to provide for additional moneys from the bonding.

In response to committee inquiry, **Eric Milstead, Legislative Services Office**, agreed that if, for instance, the Legislature authorizes a \$134 million expenditure and, if the Department finds it needs to access some of that amount immediately, it might make sense to have an emergency clause in place to accommodate that need.

**Jason Brinkman, GARVEE Program Engineer, Idaho Transportation Department**, provided the committee with a break down of planned expenditures for fiscal year funding categories. His presentation reflects appropriations from fiscal years 2007 through 2011, showing the major categories of program management, design and environment, right-of-way, and construction costs.

**Mr. Brinkman** said that the percentage allocated to construction usually runs about 77% of a program. Inflation trends show how the volatile oil market is causing fuel prices to rise dramatically. There will, hopefully, be some moderation reflected in the overall costs for 2007. Market economists suggest there is still quite a bit of volatility but construction costs are projected to remain fairly strong in the near future. [A copy of **Mr. Brinkman's** power point presentation is on file at the Legislative Services Office.]

**Chairman McGee** commented that **Mr. Brinkman's** last slide should be beneficial for those that may not understand, or disagree, with GARVEE bonding. The slide depicts construction costs in ratio to the national construction cost index versus the consumer price index. He said it then becomes quite apparent that, if it were not for benefits of GARVEE bonding, the state would have to pay for these projects anywhere from two to five years down the road. It is obvious how greatly those costs would then increase and how much GARVEE can save the state now.

**Amy Schroeder, GARVEE Staff Engineer, Idaho Transportation Department**, summarized the program, including authorized bonding amounts, total commitments, and total GARVEE expenditures as of August, 2007. She detailed the current GARVEE agreements, involving 40 individual firms and subcontractors. **Ms. Schroeder** also discussed the Department's in-house maintenance and construction participation throughout the state's districts.

The \$72.4 million in construction contracts allocated to date include the Worley North Project, the Eagle off-ramp, the Broadway to Eisenman project, and the Topaz to Lava Hot Springs project. Bids will open on the milling and temporary widening of I-84 Garrity to the Meridian interchange project on October 30, 2007. [A copy of **Ms. Schroeder's** power point presentation is on file at the Legislative Services Office.]

**Scott Stokes, Deputy Director, Idaho Transportation Department**, presented "Moving Idaho." He discussed the various and intricate components of ensuring a seamless transportation system in Idaho: from airport cargo arrivals, commercial trucking, agricultural transportation to how each merges into city, county, state, and interstate highways and rail lines.

**Mr. Stokes** reiterated that the major source of revenue is derived from gasoline taxes and registration fees and how state and local revenue sources are then distributed. Local road jurisdictions receive 38%; five percent is dedicated to the Idaho State Police, and the remaining 57% is directed to the Idaho Transportation Department. Idaho is the third fastest growing state in the nation. Unfortunately, increased growth does not necessarily mean an increase in transportation revenue and Idaho's transportation revenue is not keeping pace with that growth. The Department is experiencing escalating costs, such as huge increases in health insurance premiums, fuel, and highway materials. Because cars are getting better gas mileage, less tax is being paid. In 1980, the average passenger car got about 16 mpg compared to the average car of 2005 at about 22.9 mpg.

Construction costs are soaring with an inflation rate of almost 70% in the last two years. Roads are aging and pavement is deteriorating. Undoubtedly, maintenance is less expensive than reconstruction. A typical asphalt road without maintenance would need reconstruction every eight to 15 years and reconstruction is, on average, six times more expensive than maintenance.

**Mr. Stokes** explained that bridges are designed to last an average of 50 years and there are currently 339 bridges in the state highway system that are older than 50-years and another 518 will be reaching the 50 year mark in the next ten years. This means that almost 50% of Idaho's state highway bridges will be older than their design life. Of the 2,330 bridges on the state's local highway systems, 513 are already 50 years or older and, within the next ten years, that figure will increase to 931.

Federal revenue is not going solve the problems facing Idaho's transportation needs. Federal revenue is flat and, if anything, will likely decrease. Federal funding will fall far short of meeting the nation's needs – it is estimated that the gap to improve highways and transit systems throughout the country will reach 107 billion dollars by the year 2015. It is apparent that transportation funding is at a crisis level. There is an \$8.65 billion backlog and revenue was more than \$200 million short in 2005. Adjusted for inflation, that shortfall is now calculated at \$245 million per year.

**Mr. Stokes** advised the committee of the following recommendations from the Transportation Board to help bridge that \$245 million deficit:

1. Implement a highway-preservation fuel tax paid by the distributor;
2. Increase registration fees;
3. Eliminate the state's ethanol exemption;
4. Impose a rental car fee;
5. Increase permit fees;
6. Increase fees for transportation department services; and
7. Implement an impact-fee program.

By using the current distribution formula and incorporating the seven recommendations listed above, \$12 million could then be allocated to the Idaho State Police; \$93 million to local entities; and \$139.5 million to the Idaho Transportation Department.

If funding is not increased, **Mr. Stokes** said that the Department will be forced to reduce new construction projects, maintenance work (such as snowplowing), staffing levels, programs, and services.

**Mr. Stokes** concluded his remarks by advising the committee of the "bottom line":

1. Idaho is the third fastest growing state;
2. Growth is not solving the revenue shortfall;
3. Revenue is not keeping pace with transportation needs;
4. Efficiency improvements won't close the gap;
5. Inflation continues to increase rapidly;
6. Idaho's roads and bridges are deteriorating; and
7. The funding plan has options to meet the shortfall.

At this time, the committee reviewed the minutes of the September 7, 2007 meeting. **Senator Langhorst** moved, seconded by **Senator Little**, that the minutes of the September 7 meeting be approved. The motion passed by unanimous consent.

**Jerry Deckard**, representing the **Ada County Highway District (ACHD)**, stated that he wanted the committee to know about the other mass transit operation that takes place in the Treasure Valley area, primarily Ada, Canyon, Elmore, and Gem counties. And, to that end, he introduced **Don Kostelec, ACHD Planning and Programming Manager**, to provide the committee with detailed information about this operation.

**Mr. Kostelec** provided a background of the ACHD's Commuterride Service. He said that the service, started in the mid-70's, is now the longest operating multi-employer vanpool service in the nation. The ACHD's Commuterride program is part of a regional public transportation system, which includes services offered by Valley Regional Transit (ValleyRide). There are 68 vanpool routes serving commuters to and from Ada County from as far away as Mountain Home and Ontario, Oregon, with the majority of routes between Boise and the Nampa/Caldwell area. Participation has increased more than 32% – from 6,200 riders in 2004 to 8,200 in 2006. According to 2005 statistics, this participation results in a total savings of 15,283,300 regional miles.

**Mr. Kostelec** discussed the recent intergovernmental agreement with King County, Washington, in creating a tri-state rideshare web site to service Idaho, Washington, and Oregon. This relationship will help other Idaho communities establish online ridesharing databases. [A copy of **Mr. Kostelec's** presentation is on file at the Legislative Services Office.]

In response to **Senator Bastian's** inquiry regarding the manner in which public and private employers are recruited for rider participation, **Mr. Kostelec** said that his agency is looking at several government agencies, particularly city governments, for potential enrollment. Schools pose a different set of problems because of how their employment is disbursed.

**Senator Bastian** asked how the program might expand. **Mr. Kostelec** replied that the biggest current gap consists of those people outside Ada County commuting to Canyon County. These areas are outside the ACHD service area.

**Senator Little** asked **Mr. Kostelec** if this means that, based upon the budget of \$1.5 million a year – including fluctuations with grants received – the cost to run the program would be about \$1.36 per mile? **Mr. Kostelec** said that the actual cost is probably a little less than that figure.

At this time, **Chairman McGee** advised the committee that he is in hopes of having one more meeting of the task force. He said that he has been in contact with a gentlemen from the Oregon Department of Transportation who has an important presentation that he would like to have the committee hear at the next meeting. Then, after that meeting, he would like to begin the process of drafting a report to present to the Legislature during the upcoming session.

**Senator Langhorst** questioned fellow committee members as to how they think it would be best to engage the House of Representatives in this issue. He suggested that perhaps some of the House members should be specifically invited to attend the next meeting. **Chairman McGee** agreed and said that he is also planning a joint session of the Transportation Committees at the beginning of the session and that might be an ideal time to release the finalized task force report.

**Chairman McGee** further stated that he also feels it is important to stress that, while the task force has focused on the Treasure Valley, it may need to look at transportation needs throughout the state.

**Roy Eiguren**, representing **Valley Regional Transit**, spoke to the committee as to the results of a statewide telephone survey conducted in September by Bob Moore of Moore Information, Inc. He explained that Moore Information is a highly respected professional pollster based in Portland, Oregon. The survey was contracted by COMPASS and ValleyRide for the purpose of developing baseline data to determine public opinion regarding transportation issues. The survey gathered the opinions of over 600 Idaho voters with a four percent (4%) margin of error. [A summary was distributed to the Task Force members and a full copy of the summary is available at the Legislative Services Office.]

**Mr. Eiguren** reported that the survey found, not to his surprise, that people do not particularly favor any form of a tax increase. However, the results of the survey also confirmed that a majority of voters would be willing to consider a local sales tax to fund transportation improvements – as long as that increase was 3/4 of a cent or less. Support for any sales tax increase, as well as support for continuing GARVEE funding, are more popular in Ada County/Treasure Valley. Generally, transportation needs are not highly visible issues; however, support for funding is more likely when voters appreciate and understand the issue.

The survey also found that use of local government property tax revenues to fund transportation improvements is opposed by a majority of voters. Further, voters are willing, for the most part, to utilize public transportation if a reliable system were available in their community. Additionally, a majority of respondents are more likely to support a dedicated funding source for public transportation and a similar majority support using tax dollars to buy future transportation corridors.

While these results are fairly typical of the state, there are, however, some major differences and concerns by region and areas of the state. For instance, the Treasure Valley ranks transportation issues as one of the leading concerns and, subsequently, a much higher concern than that of elsewhere in the state by a margin of 23% compared to that of just 3% elsewhere.

**Mr. Eiguren** further reported that, unfortunately, it appears from the survey that Idahoans are not overly impressed with the job Idaho is currently doing for transportation system funding. Only ten percent of the respondents gave the state an “excellent or “above average” rating. In exploring reactions to potential funding options to pay for transportation improvements, the survey found that 54% of respondents favored increasing rental car taxes and impact fees; 55% opposed local sales tax increases; 61% opposed an increase in registration fees and 84% oppose fuel tax increases.

When it comes to arguing the merits of higher taxes, the survey found that any proposal to increase taxes to reduce traffic congestion is as equally unpopular as higher taxes to reduce air pollution. There is, however, a certain percentage who would support a local sales tax increase for those residing in urban or more densely populated areas of the state. The priorities appear to be that of supporting road improvements and/or a combination of improvements and public transportation.

According to **Mr. Eiguren**, the poll also shows that Idaho voters are generally positive about the GARVEE program based on the information presented to them. The majority believe that the program should be continued and, again, with the most support for the program coming from the Treasure Valley area.

When asked specifically about their willingness to use public transportation if a reliable system were available, 26% responded that they would be “very likely” and another 27% indicated they would be “fairly likely” to do so. Willingness to use public transportation is highest in Ada County.

The knowledge that Idaho is only one of four states in the nation (Alaska, Hawaii, and Mississippi are the only other three) that does not provide state funding or a dedicated local funding source for public transportation prompted 58% of Idaho voters to support such a dedicated funding source. Reaction to this information is positive throughout the state with Treasure Valley residents being the most apt to support such a funding source. More than half of the respondents also support governmental entities and transportation planning organizations using tax dollars to purchase land for future planned roadways and/or public transit. [Copies of **Mr. Eiguren’s** supplemental handouts are also on file in the Legislative Services Office.]

In response to an inquiry from **Senator Bastian**, **Mr. Eiguren** said that the success garnered for voter approval for Salt Lake City’s transportation program is something his group would like to emulate. He would like to see a holistic approach to solve the problem, involving an extremely supportive business community along with community leaders.

**Senator Little** questioned the use of the term “dedicated funding” in that it might sound to the taxpayer as though something or someone else is paying the bill. He asked **Mr. Eiguren** if the respondents realize that this basically means tapping into the sales tax arena. **Mr. Eiguren** responded that the question was posed simply on the basis that Idaho is only one of four other states not providing state or dedicated local funding without further defining the terminology.

**Mr. Eiguren** further stated that, in discussing various other local option funding sources, many different options with various scenarios were posed. The first option involved including an evaluation of rapidly growing areas. The results of this analysis, from areas with 50,000 or more population, show that the most politically acceptable forms of funding reflect either a vehicle sales tax, a vehicle license/registration fee increase, a sales tax increase, or a per capita tax.

**Mr. Eiguren** advised the committee that he plans, on behalf of the group he represents, to submit a legislative proposal at the beginning of the upcoming session. The legislation will include a definition of state policy for transportation changes, creation of an authority to handle future needs and, at the least, will greatly help identify the needs and issues. During the last eight months, his group has reviewed neighboring states as to transportation issues and how they are being funded. With the exception of Oregon, the common thread that seems to run through each of the states is that local option sales taxes have been implemented.

**Senator Bastian** questioned **Mr. Eiguren** on the probabilities of any voter approval for a increase in sales tax. **Mr. Eiguren** replied that the two-thirds voter approval percentage presents a high hurdle to overcome, with a generally estimated success rate of about 30%. However, at this time, that appears to be the only level acceptable to the House. It would probably be more advantageous if the percentage could be based upon 60% or a simple majority for approval.

In conclusion, **Mr. Eiguren** said that the draft legislation he is planning to introduce is basically the existing 1996 Regional Public Transportation Authority Act with amendments. They are proposing definitional changes to existing language with a key change, in his opinion, to amend the name

“Regional Public Transportation Authority” to “Regional Transportation Authority (RTA).” The purpose of the authority name change is to be in symmetry with what has been done elsewhere. Another key change in the law would be that this proposed legislation will provide that if there is a requirement that the Regional Transportation Authority would be synonymous with any Metropolitan Planning Organization (MPO), in other words, the RTA would serve as the MPO as it makes more sense to have a single board engaged in public transportation issues and allocating the generated sales tax revenues.

**Chairman McGee** announced that the next meeting of the Senate Transportation Task Force will be held at 9 a.m. on December 4, 2007, and it is the plan at this time to hold that meeting in Canyon County. There being no further business, the meeting adjourned at 2:45 p.m.