



Date: September 18, 2015

To: Tom Rasmussen, Transportation Committee Chair
Mike O'Brien, Transportation Committee Vice-Chair
Jean Godden, Transportation Committee Member

From: Peter Lindsay, Council Central Staff

Subject: **C.B. 118366 – Heavy Haul Network**

Executive Proposal

Council Bill (C.B.) 118366 establishes a heavy haul network (see Summary Attachment A to the proposed ordinance) on certain City streets increasing the maximum gross vehicle weight from 80,000 pounds to 98,000 pounds for permitted trucks engaged in hauling ocean-going containers between multi-modal distribution centers in the SODO neighborhood and the West Duwamish Manufacturing and Industrial Area. The legislation establishes a new permit and inspection regime to allow access and use of the proposed heavy haul network and authorizes the Director of the Department of Transportation to execute an agreement with the Port of Seattle to accept funds.

The goal of the new proposed heavy haul network is to create a better working environment for truck owners and shippers by reducing costs and expediting the goods movement between transload facilities.

The proposed permit fee is \$200, to be renewed annually by qualifying entities. The bill authorizes one new position in SDOT: a commercial vehicle enforcement officer (there are currently 2 such positions in SDOT). The bill also appropriates \$175,000 for one-time costs, including a vehicle and inspection equipment.

The Port of Seattle and the City agree that increasing the vehicle weight limit for permitted trucks will result in some accelerated deterioration of City roadways. The bill authorizes the Director of the Department of Transportation to enter into a formal agreement with the Port of Seattle to accept funds from the Port if a joint study finds that City streets within the heavy haul network are deteriorating at an accelerated rate.

Background

The City has a maximum gross vehicle weight (GVW) schedule codified in Seattle Municipal Code (SMC) Section 11.60.370 to protect public streets from the stresses of overweight truck trips. The current maximum GVW is 80,000 pounds. Today, trucking companies, shippers or

independent operators wishing to exceed the statutory limit can obtain a permit for so-called overweight loads as long as the correct safety measures are employed to protect the public and city assets. Typically, overweight loads are hauled on special chassis designed to distribute the weight over additional axles.

The Executive's proposal identifies and establishes a network of streets whereupon permit holders are exempt from the 80,000 pound GVW restriction as long as the following criteria are met:

- Applicants must be an owner or operator of a "transload" facility (a rail yard or a container terminal); a trucking company which owns or leases trucks serving the Port of Seattle; or an owner-operator of a truck which serves the Port of Seattle;
- Applicants must affirm that all container chassis loads will be limited to sealed ocean-going containers;
- The truck tractor and equipment used to transport ocean-going containers has been identified and thoroughly described in the permit application.

The Executive proposes an annual permit fee of \$200 per vehicle; each permit is associated with a vehicle and chassis fully described in the permit application. Permit fee revenues are anticipated to be about \$80,000 in 2016 and \$100,000 per year in 2017 and beyond based on current information from the Port of Seattle on drayage trips¹. SDOT staff indicated that the proposed permit fee was set to incentivize participation in the program.

Permit holders will submit to two annual inspections by a City commercial vehicle inspection officer with the purpose of ensuring all equipment is in safe working order and that all equipment complies with standards set out in the permit terms. Permit holders may access the heavy haul network streets with loads greater than 80,000 pounds as long as they include an ocean-going container and their destination is one of the transload facilities in the SODO neighborhood. Trucks without permits or those permit holders straying beyond the designated network are subject to citations described in the SMC for non-permitted overweight vehicle loads.

The Bill Summary and Fiscal Note attached to the ordinance indicate SDOT will request \$260,000 in 2016 to accommodate start-up costs, a new full-time officer and inspection equipment. Costs and revenues are addressed in more detail at Table 1 later in this memo.

¹ The Executive forecasts that about 400 permits will be purchased initially at \$200 per unit resulting in \$80,000 in permit revenues to the City. In 2017, the forecast calls for about 500 permits resulting in \$100,000 in permit revenues.

Memorandum of Understanding

The Executive's proposal includes a memorandum of understanding (the agreement) between the City and the Port of Seattle. As a principle, the agreement states that allowing overweight trips on the heavy haul network will result in some accelerated damage to City roadways.

The agreement calls for a joint study to commence shortly after adoption of the ordinance and updated every five years. The study will determine the impacts of overweight trucks serving Port facilities and moving cargo within the heavy haul network. If the study finds that the scale of impacts from overweight truck traffic are between \$10 million and \$20 million, then the Port is obligated to pay that amount. Payments are not to exceed \$2 million per year. If the study finds that costs are less than \$10 million or greater than \$20 million, the Port and City will need to renegotiate the Port's level of contribution. The agreement term is for 20 years starting on the date the Council adopts the ordinance.

Considerations

- (1) Pavement performance, street design, and cost sharing. The bill includes a formal cost sharing arrangement between the City and the Port of Seattle for overweight traffic impacts to City streets in the heavy haul network. The Council has expressed concerns with previous iterations of the bill that did not identify formal cost sharing arrangements to mitigate risk to the City. Based on the agreement, the Port will pay the City a minimum of \$10 million to a maximum of \$20 million for repair or reconstruction of city roadways demonstrating accelerated damage due to overweight truck traffic.
- (2) Operational costs and long-term funding source. The bill requests the addition of a new commercial vehicle enforcement officer to provide monitoring and enforcement of the heavy haul network. The officer will also be responsible for the semi-annual inspections required under the permit terms and policing the network. Costs for the position, vehicles and equipment are estimated at \$170,000 per year. Table 1 summarizes the projected revenues, costs and Port of Seattle contributions in greater detail.

Table 1: Heavy Haul Network Cost-sharing Summary

Cost Description	2016	2017	2018
Port of Seattle Contributions	\$180,000	\$70,000	0
Permit Fee Revenue	\$80,000	\$100,000	\$100,000
Total Revenues:	\$260,000	\$170,000	\$100,000
One-time start-up costs	\$90,000 ²	\$0	\$0
On-going costs: CVEO, maintenance, permit production	\$170,000	\$170,000	\$170,000
Total Costs	\$260,000	\$170,000	\$170,000
Net City of Seattle Costs = Total Costs less Total Revenues	\$0	\$0	\$70,000

For 2016 and 2017, the Port of Seattle will contribute the unfunded difference between permit revenues and operational costs up to \$250,000. After 2017, the Executive estimates \$100,000 of permit revenue will partially off-set the resources needed for the new commercial vehicle enforcement officer functions leaving \$70,000 of costs still unaccounted for in the City budget. In the event that permit revenues do not make up the unfunded difference between permit fees and on-going costs, the Executive has indicated in writing that the budget gap shall be made up by either increased permit fees or contributions from the Port of Seattle.

² The \$90,000 describes the estimated start-up costs in the attached Bill Summary & Fiscal Note.