

Tacoma Narrows Bridge Toll Rate Setting Process

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**Washington State Transportation Commission Public Input Meeting
April 15, 2013**

Agenda

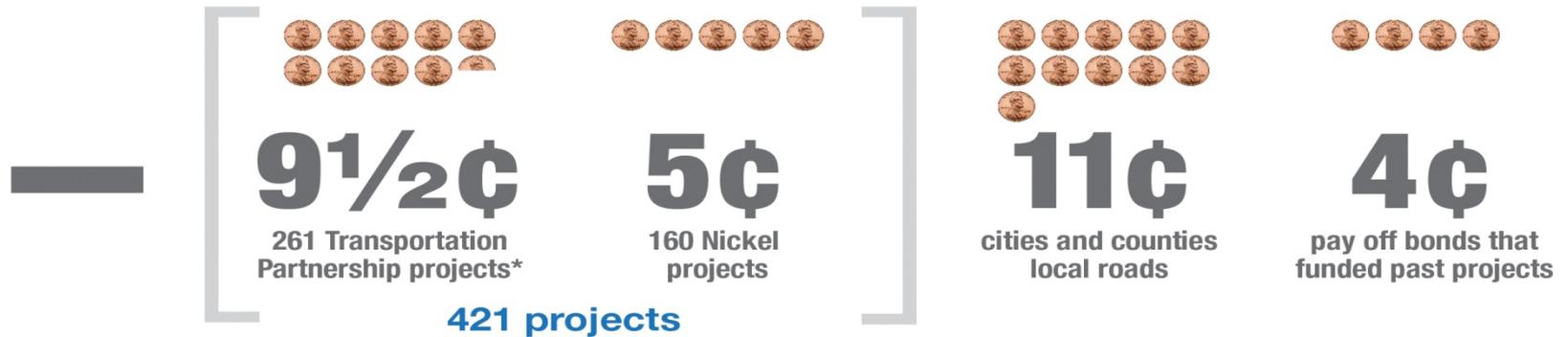
- Statewide Tolling
- Roles and Responsibilities
- Future Debt Service Payments

Transportation Funding Context

- Until recently the federal government had provided a large share of funding for transportation projects, that is no longer the case.
- State governments are attempting to adjust to this new financial transportation environment.
- Tolling is evolving to play an larger role to support:
 - Major project construction
 - Urban traffic management

Transportation fuel tax is limited and committed

37½¢ per-gallon state fuel tax



= 8¢ Available for use on state highways, bridges and ferries:

- maintenance and operations
- preservation
- safety improvements

* Of the 9½ cents, 8½ cents is used by the state for highway projects, 1 cent goes to cities and counties for street and road improvements.

Tolling by the Numbers – FY 2012

***Good To Go!* by the numbers**

- Approximately 25 million toll transactions
- 355,500 active accounts
- 80 percent of all transactions paid with *Good To Go!*
- Gross toll revenue: \$78 million

Tacoma Narrows Bridge by the numbers

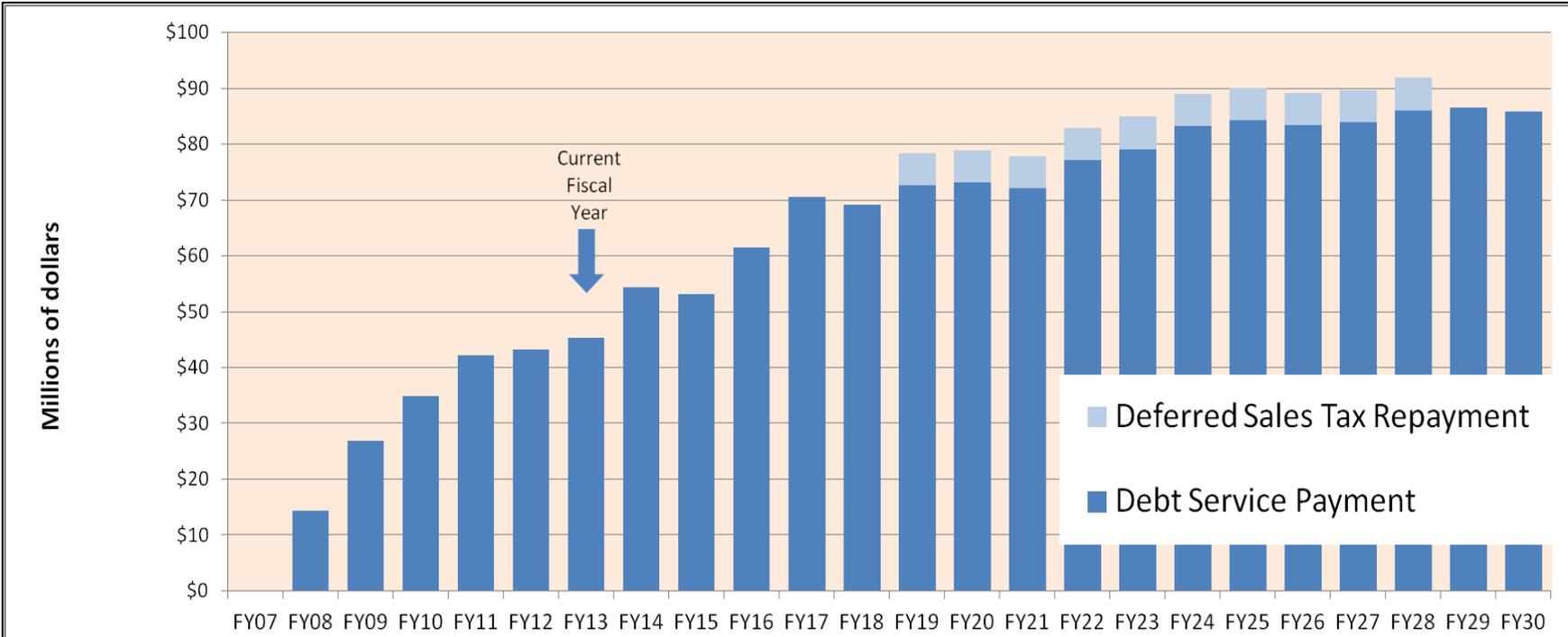
- Average daily toll transactions: 40,500
- Total number of transactions: 14,000,000
- Percentage of transactions paid with
 - *Good To Go!* Accounts: 74 percent
 - Toll Booth: 23 percent
 - Pay By Mail: 3 percent
- Gross toll revenue: \$47 million

Toll Responsibility is Shared

The Legislature, Commission and WSDOT each play a role

	Washington State Legislature	Transportation Commission	Department of Transportation
Toll Responsibility Under Current Legislation	Authorize toll facilities, designate toll corridors and use of toll revenues	Sets toll rates, policies, and fees	Collect tolls, build and operate toll collection systems
Roles	<ul style="list-style-type: none">• Establish legal toll framework• Authorize tolling in designated corridors• Approve financing plans• Enable tolling practices• Appropriate toll operation budget	<ul style="list-style-type: none">• Sets toll rates within funding requirements• Establish toll discounts and exemptions• Establish advisory committees	<ul style="list-style-type: none">• Develop toll collection systems and procedures• Collect tolls• Finance improvements• Operate tolled corridors• Assess financial feasibility of toll projects

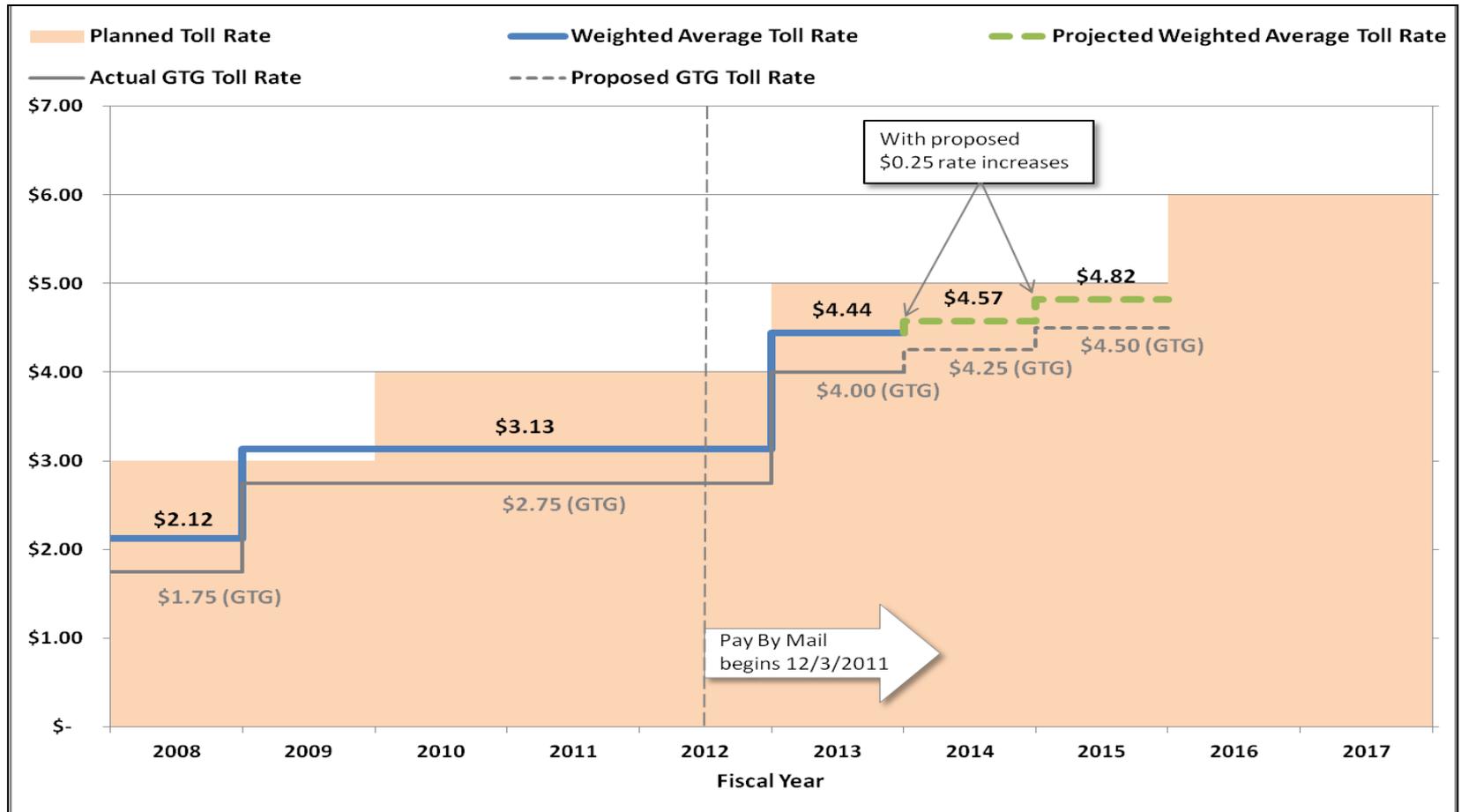
Debt Service and Corresponding Rates Low in Initial Years



2002 plan toll rate		\$3.00		\$4.00		\$5.00		\$6.00	
Annual Toll Rate	Good To Go!	\$1.75	\$2.75	\$2.75	\$4.00	\$4.25	\$4.50		
	Cash	\$3.00	\$4.00	\$4.00	\$5.00	\$5.25	\$5.50		
	Pay By Mail	(N/A)	(N/A)	\$5.50	\$6.00	\$6.25	\$6.50		

- Debt service payment schedule was set when project was originally financed in 2002
- Payments and toll rates assumed to increase over time
- Repayment for deferred sales taxes to begin in December 2019 for ten years
- Capitalized interest paid in FY 2006 and 2007 is not shown above

Toll Rates Have Remained Below Original Planned Toll Rate



- Planned toll rate is based on the original Finance Plan (adopted 2002) which included only one toll rate
- Weighted average toll rate is comprised of all 2-axle toll rates, proportional to their usage

Questions?

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Washington State
Transportation Commission

Tacoma Narrows Bridge
2013 Toll Rate Proposal
April 15, 2013

Tacoma Narrows Bridge Rate Increase

- **Why do tolls need to increase?**

- Toll rates need to be set at a level to generate revenue sufficient to meet the financial commitments of the Tacoma Narrows Bridge. Total expenses are projected to exceed total revenues starting in fiscal year 2014 (July 1, 2013 – June 30, 2014).

- **Why are expenses increasing?**

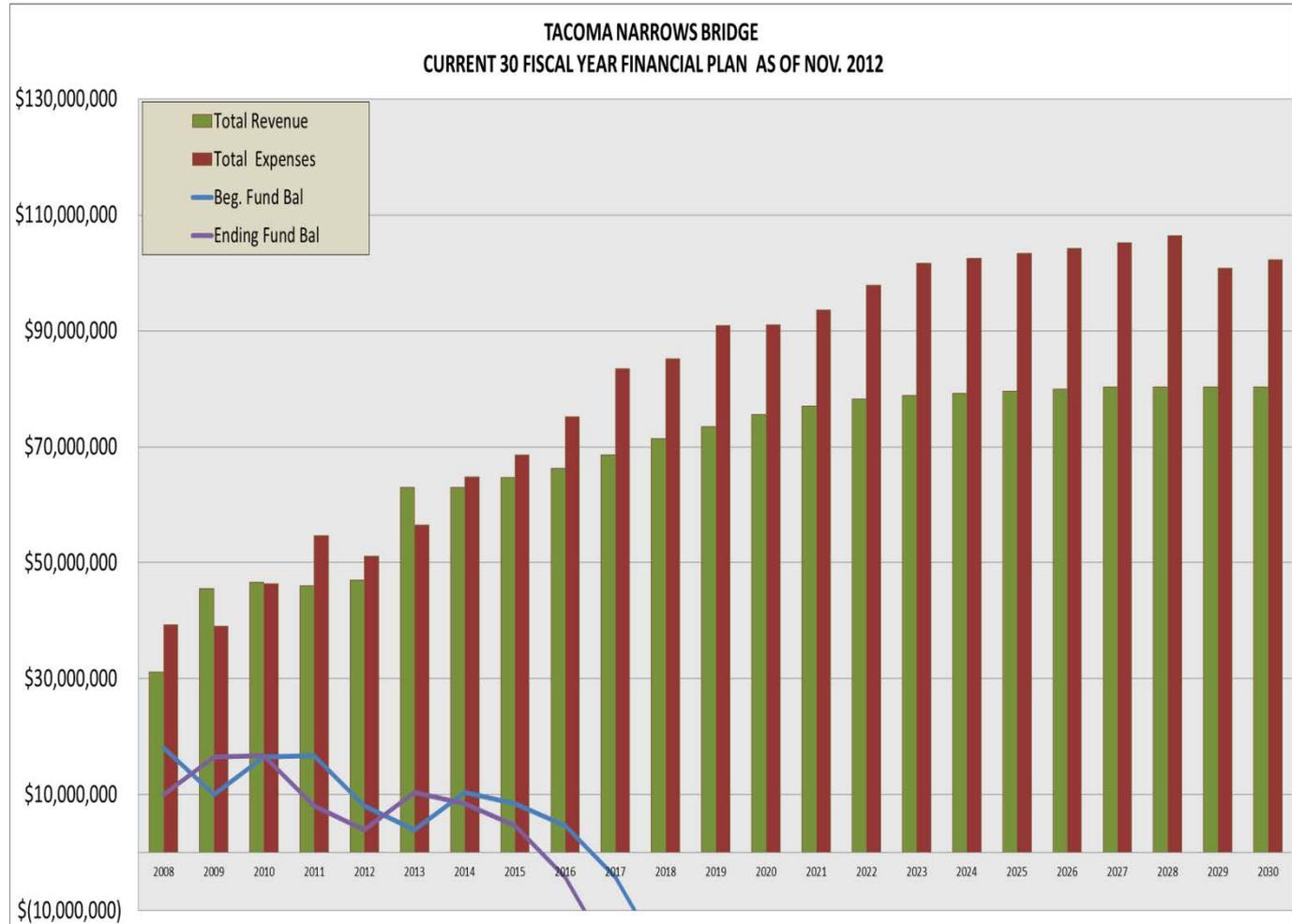
- Escalating debt service payments are driving expenses up. The bonds sold to fund the construction of the bridge were structured with escalating debt service payments each fiscal year through FY 2030.
 - For example, in FY 2013 debt service payments amount to \$45 million and will increase to \$54 million in FY 2014. By FY 2017 debt service will increase to \$70 million.
- Since tolling began in fiscal year 2008, total Tacoma Narrows Bridge operating & maintenance expenses have decreased by 30 percent through FY 2012.

Tacoma Narrows Bridge

Financial Plan Under Current Rates

Good To Go (GTG): \$4.00 Cash: \$5.00 Pay By Mail (PBM): \$6.00

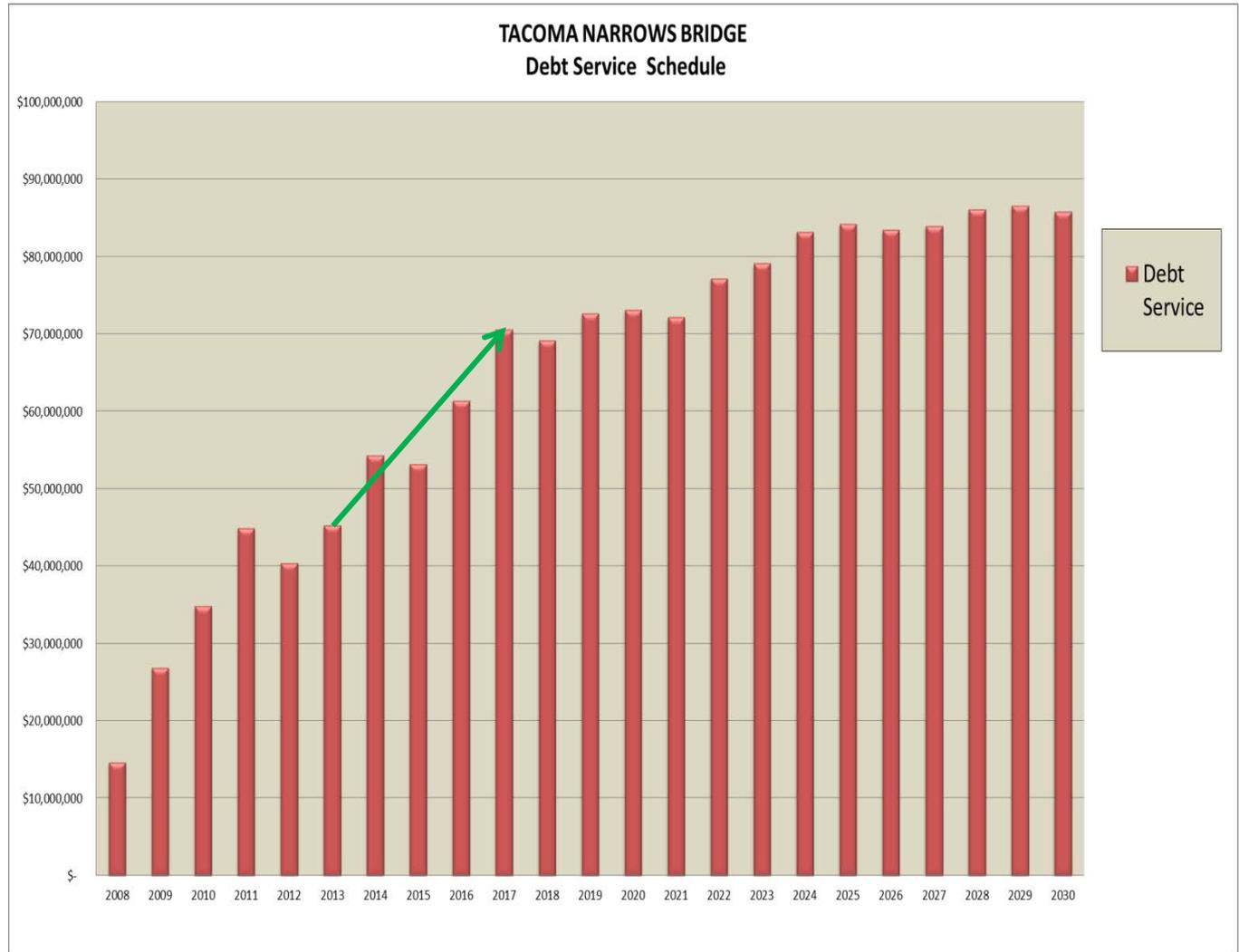
- Total expenses exceed total revenues each year beginning in FY 2014.
- Fund balance drops below requirements in FY 2014.
- The Tacoma Narrows Account would end FY 2016 in a deficit if the current rates were kept in place.



Tacoma Narrows Bridge

Debt Service Payment Schedule

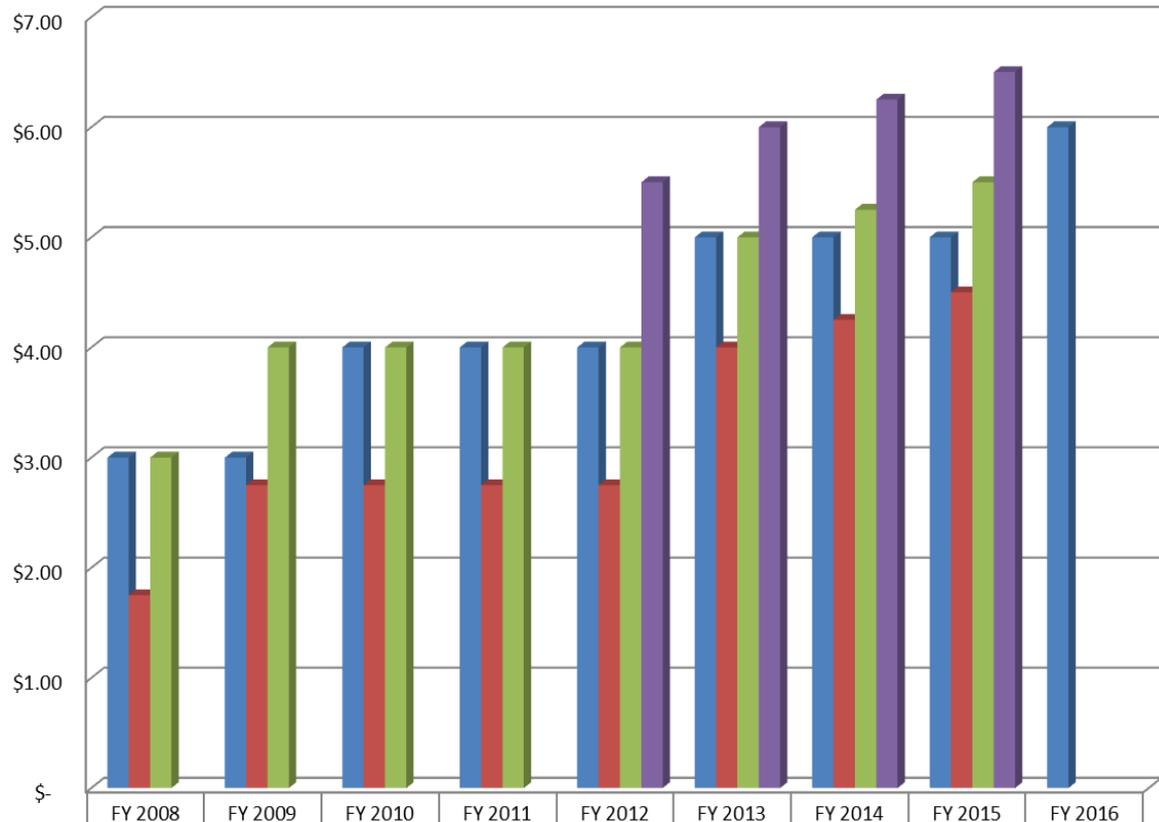
- Tacoma Narrows Bridge was financed using 10 different bond sales.
- 9 out of the 10 bonds are non-refundable.
- Over the next four fiscal years debt service payments grow from **\$45 million in FY 2013 to \$70 million in FY 2017**.
- Debt Service peaks at approximately **\$86 million in FY 2029**.



Tacoma Narrows Bridge Toll Rate History

- The 2002 original toll rate plan assumed a flat, single toll rate—no discounts were planned.
- The original plan assumed an initial \$3 toll with tolls expected to grow to \$6 by FY 2016.
- There have been two toll rate increases on the bridge: July 1, 2008 and July 1, 2012.
- *FY 2014 & FY 2015 numbers in the chart represent the current toll rate proposal.*

Tacoma Narrows Bridge
2002 Original Toll Rate Plan vs. Implemented Toll Rates



■ 2002 Original Toll Rate Structure	\$3.00	\$3.00	\$4.00	\$4.00	\$4.00	\$5.00	\$5.00	\$5.00	\$6.00
■ Good-to-Go	\$1.75	\$2.75	\$2.75	\$2.75	\$2.75	\$4.00	\$4.25	\$4.50	
■ Cash	\$3.00	\$4.00	\$4.00	\$4.00	\$4.00	\$5.00	\$5.25	\$5.50	
■ Pay-by-Mail					\$5.50	\$6.00	\$6.25	\$6.50	



Tacoma Narrows Bridge Toll Rate Proposal

- **What is the Tacoma Narrows Bridge Citizens Advisory Committee (CAC) Toll Rate Proposal for 2-axle vehicles?**

The CAC recommended a 25 cent rate increase in FY 2014.

FY 2014: GTG: \$4.25 Cash: \$5.25 PBM: \$6.25

- **What is the Transportation Commission (WSTC) Toll Rate Proposal for 2-axle vehicles?**

The WSTC is proposing a 25 cent rate increase in FY 2014 and FY 2015*

FY 2014: GTG: \$4.25 Cash: \$5.25 PBM: \$6.25

FY 2015: GTG: \$4.50 Cash: \$5.50 PBM: \$6.50

**The annual review process with the CAC will still occur and adjustments will be made if needed.*

- **Why set the rates for 2 years?**

The WSTC recognizes there is an ongoing challenge of funding the bridge due to the escalating debt service structure. In an effort to provide greater transparency on expected future toll rates and to allow greater predictability for toll payers, the WSTC is taking two-year approach to toll rate setting.



Questions?

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