

SR 520 Program and Tolling Update

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Washington State Transportation Commission
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Washington State
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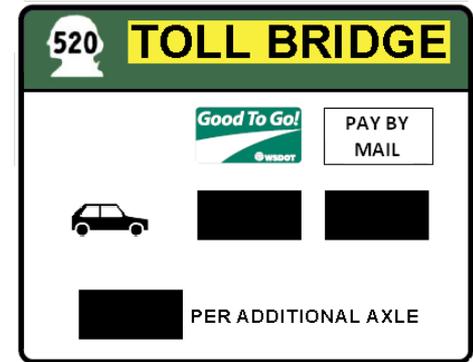
Background on Toll Rate Process

- ESHB 2211 directed the Commission to set a variable schedule of toll rates to maintain travel time, speed and reliability on the corridor and generate the necessary revenue required to meet the redemption of bonds and interest payments on bonds.
- The Commission began the discussion of issues regarding toll rates in December 2009.
- In July 2010, the Commission asked WSDOT to conduct additional traffic and revenue analysis on specific toll-rate scenarios.
- Specifically, the Commission identified a draft preliminary base AM/PM range of peak rates for 2011 of **\$3.50** - **\$3.80** with a smaller range between rates during off-peak times.

Recap of Toll Assumptions

(Preliminary Items Under Consideration for the Final SR 520 Toll Rates)

- Two-tier toll schedule
 - Base schedule for pre-paid *Good to Go!* accounts
 - Higher schedule (+ \$1.50) for *Pay by Mail* transactions
- Variable tolls
 - Higher tolls during peak times and lower tolls off-peak
 - Weekend variable tolls on a different, lower schedule
- Toll escalation to keep pace with inflation over time
- No overnight tolls during construction period
- Trucks pay a multiple of the auto toll based on axle count
- Toll exemptions
 - Transit, private coaches and agency sanctioned vanpools exempt per USDOT's Urban Partnership Agreement
 - WSP, WSDOT bridge maintenance vehicles, vehicles on emergency calls



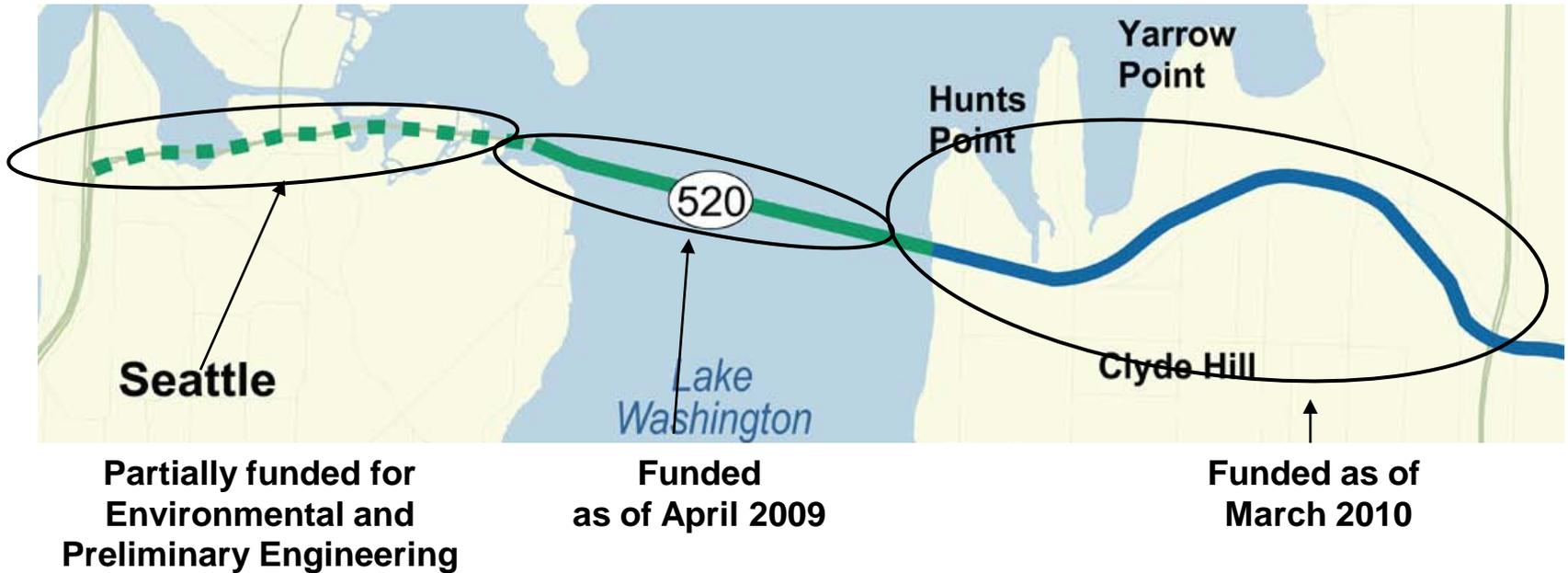
Statewide Fees and Discounts

| Fee Type | When is the administrative fee charged? | What is the fee amount? |
|-------------------------------------|--|---|
| Paper Statements and Reprinting Fee | Upon each mailing of a paper statement at the accountholder's request. | \$1.50 (1-3 pages) \$0.50 per page thereafter |
| Inactive Account Fee | Applies a fee to an account after 24 months without positive customer contact. | \$5.00 |
| Toll Bill Re-processing Fee | Assessed on each reminder or subsequent toll bill mailed to collect unpaid transactions listed in a previous toll bill. | \$5.00 per toll bill sent subsequent to the initial billing |
| Pay By Plate Fee | A customer who establishes a pre-paid toll account but passes through a toll facility without a Pass will be assessed this fee in addition to the Good To Go! Pass rate. | \$0.25 per transaction |
| Customer Initiated Payment | A customer will receive a discount off the Pay By Mail rate, if the customer pays for the transaction not later than 72 hours after driving on the toll facility. | \$0.50 per transaction credit off the Pay By Mail rate |

Tolls and Fees Combined on SR 520

Example of Customer Costs by Payment Method when the Toll Rate is \$3.50

What is Funded at the \$2.62 Billion Level?



- **Program cost:** \$4.65 billion
- **What's funded:** \$2.62 billion
 - Pontoon construction in Grays Harbor
 - The floating bridge and landings
 - Eastside transit and HOV improvements

How Much Funding is Required From Tolls?

| <i>Program Costs & Toll Funding Needs</i> | <i>\$ millions</i> |
|---|--------------------|
| Floating Bridge, Landings & Eastside | 2,621 |
| Nickel & TPA | (554) |
| Federal funding* | (848) |
| Toll Funding Need | 1,219 |
| Deferred sales tax paid from tolls | (144) |
| Toll Construction Funding Required | 1,075 |

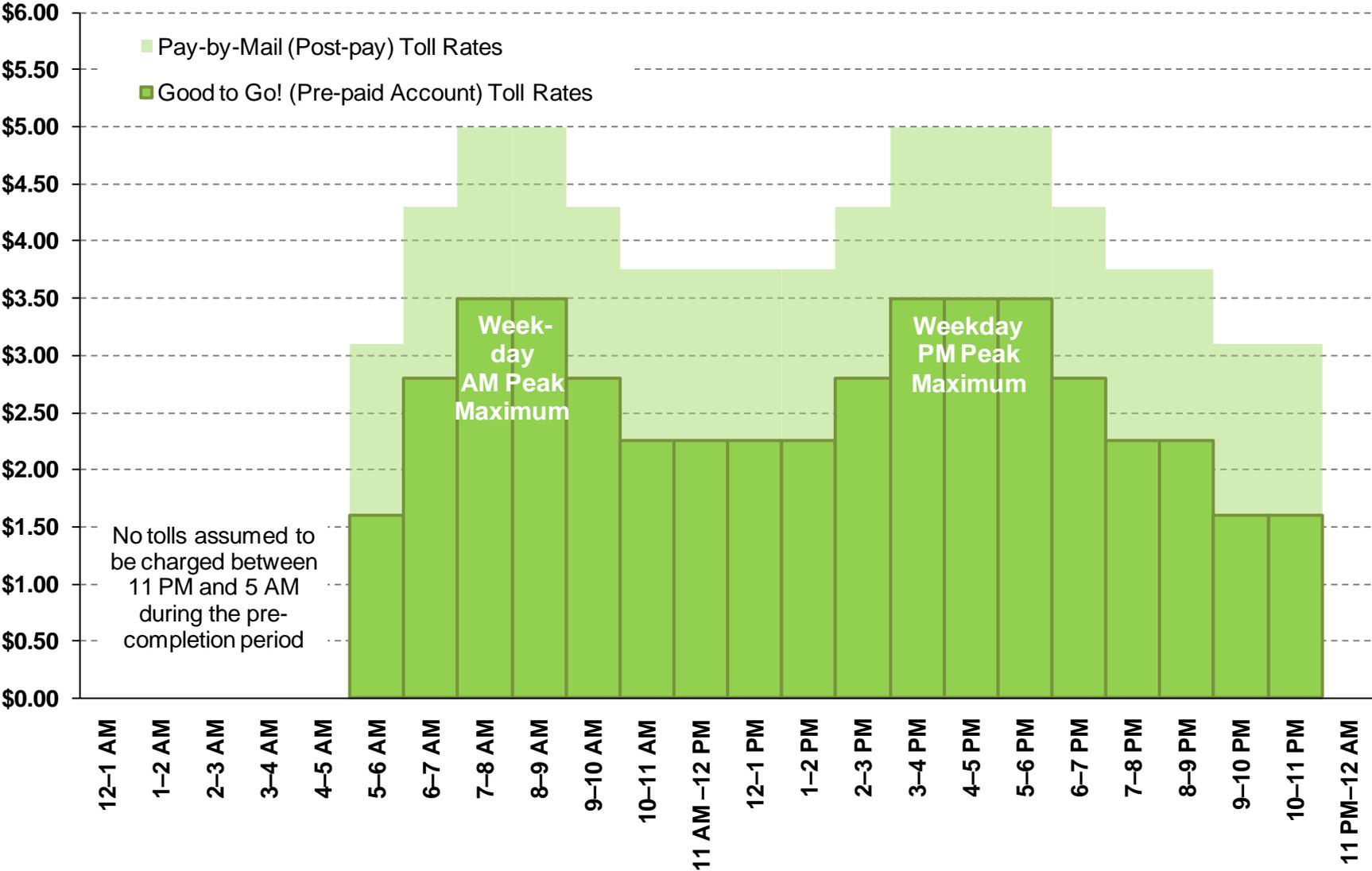
* Amount available for project expenditures after financing; comprised of both bond proceeds and funding used directly for construction. Pre-financing federal funding pledged totals \$1,186 M (Risk Pool = \$1,082 M, Other Bridge Funding = \$114 M).

SR 520 Financial Planning is Moving Forward

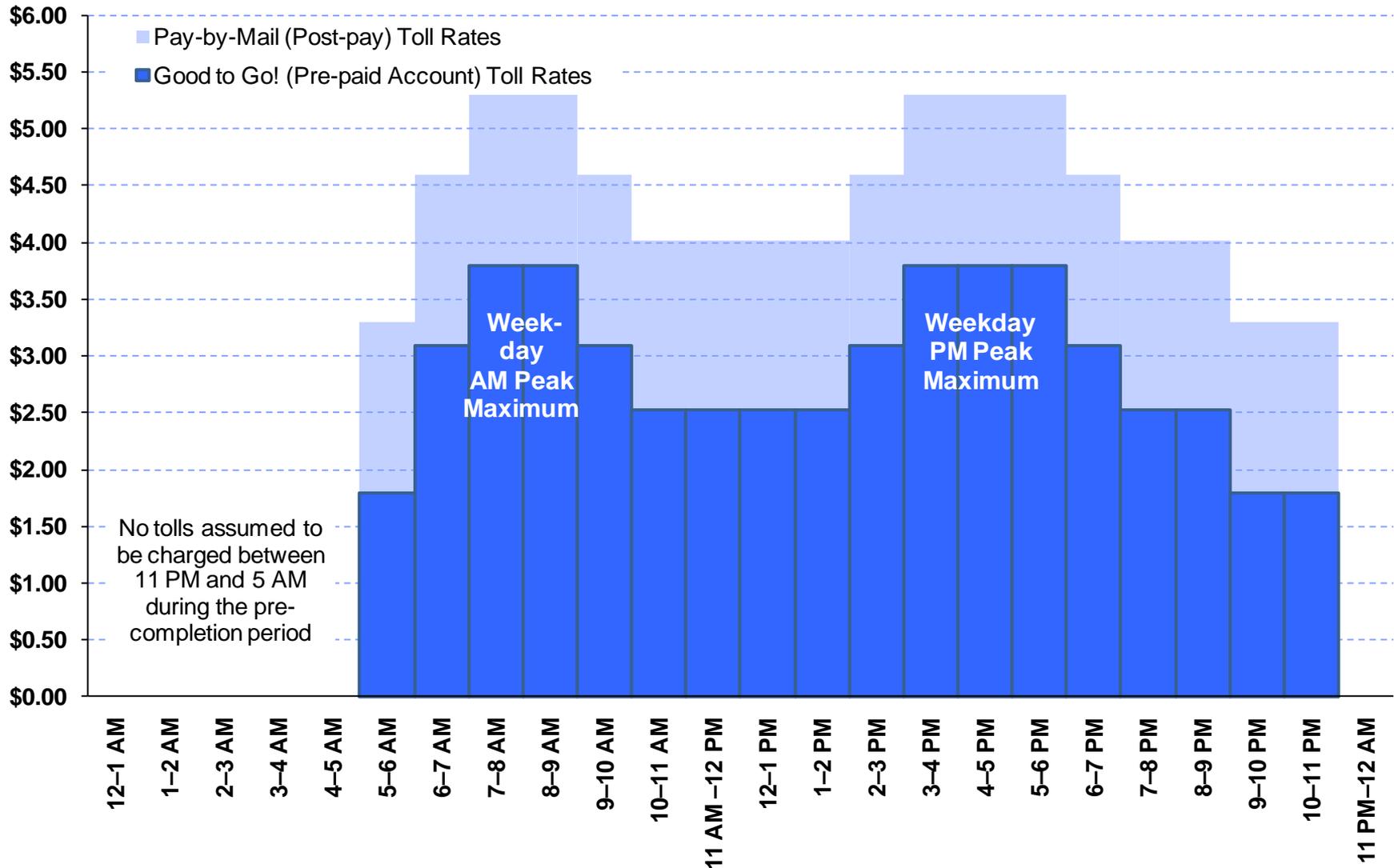
Assumptions Continue to be Refined

- Rate setting at this juncture necessitates a longer range view to close the project funding gap
- There are still some areas of uncertainty which will require ongoing analysis
 - We have not yet issued bonds, so the interest rates and debt structure have not yet been determined
 - Traffic levels and behavior changes due to tolls unknown
 - Eastside and Pontoon project costs known; haven't awarded RFP for Floating Bridge and Landings yet
- Work has progressed in key areas and will continue
 - Costs and expenditures
 - Toll traffic and revenues
 - Interest rates and financial structuring

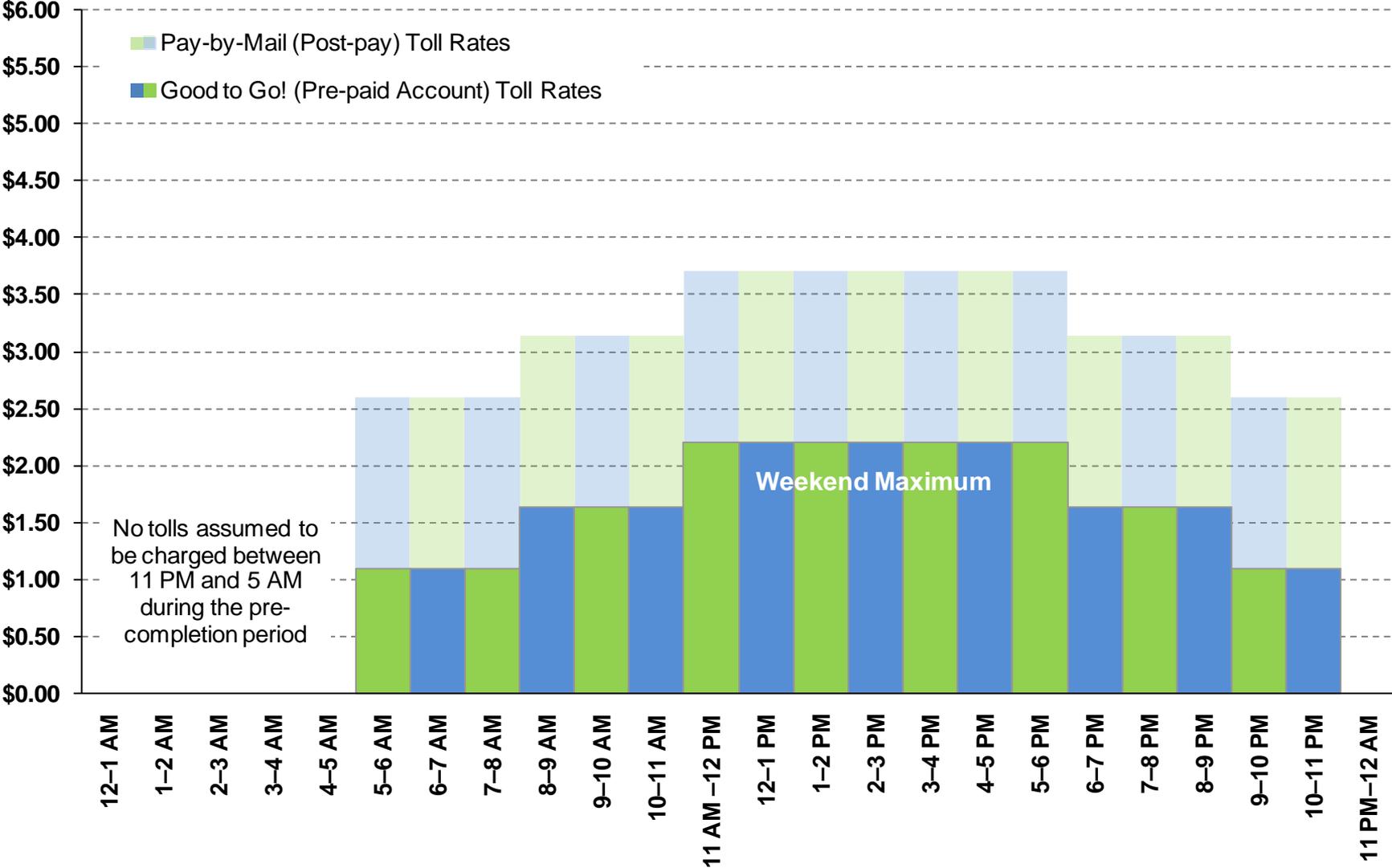
Weekday Toll Rates with \$3.50 Initial Peak Toll in Spring 2011



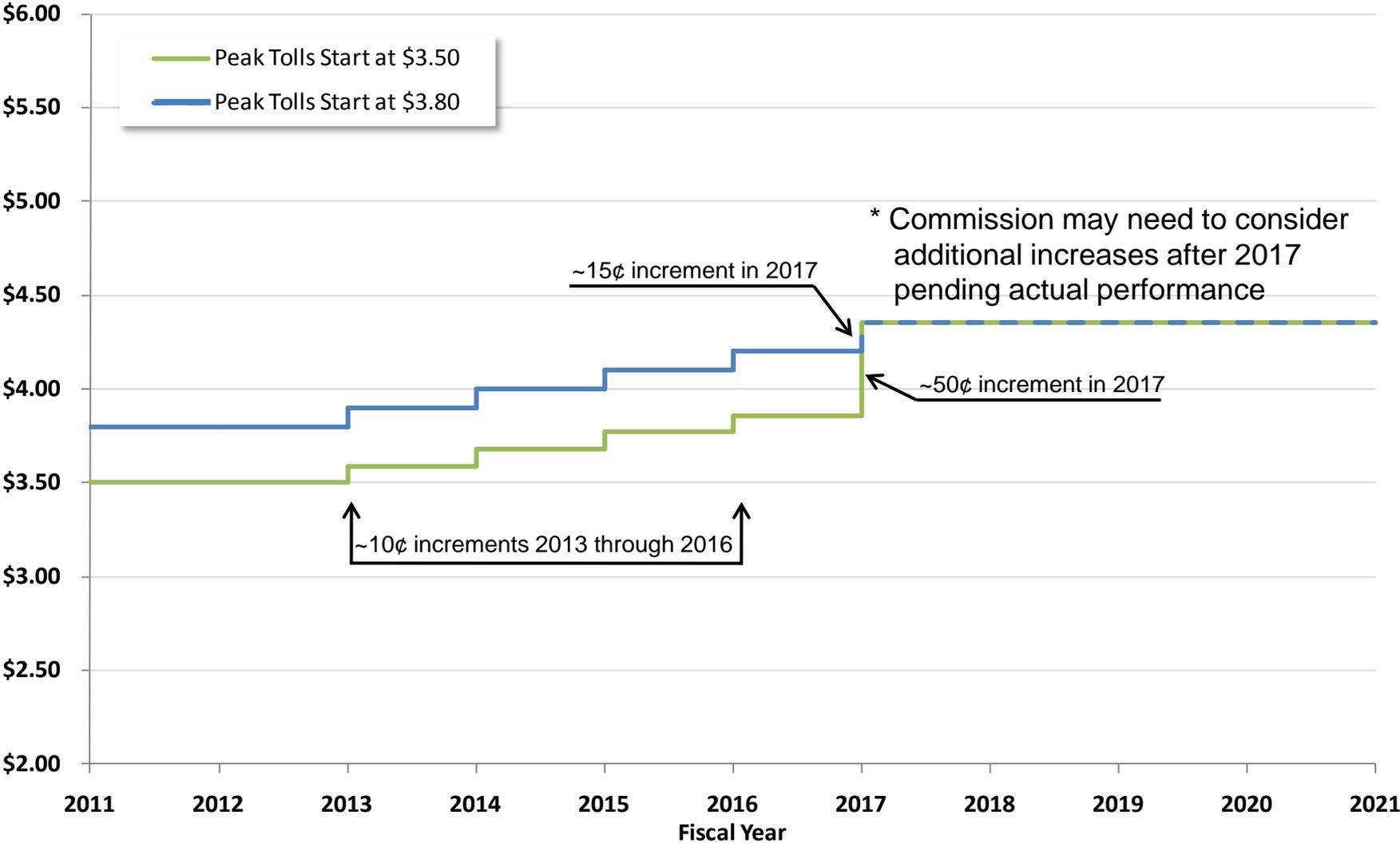
Weekday Toll Rates with \$3.80 Initial Peak Toll in Spring 2011



Weekend Toll Rates in Spring 2011

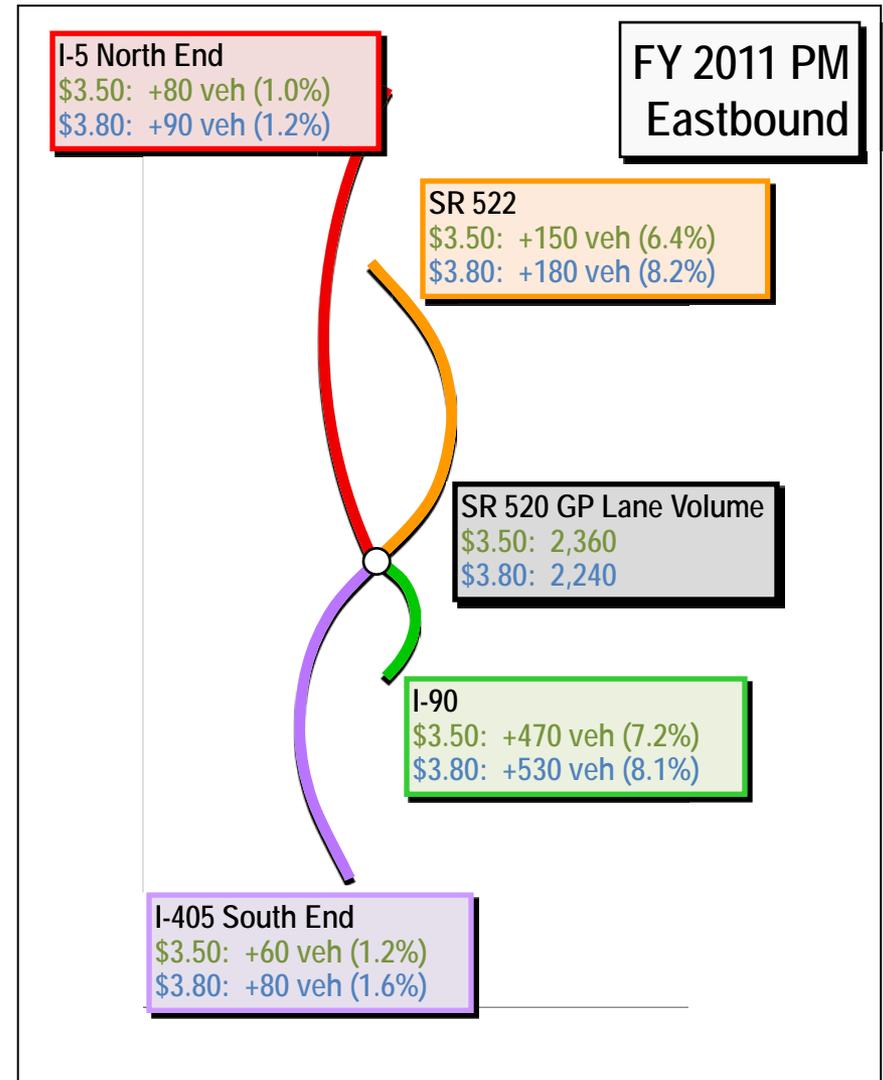
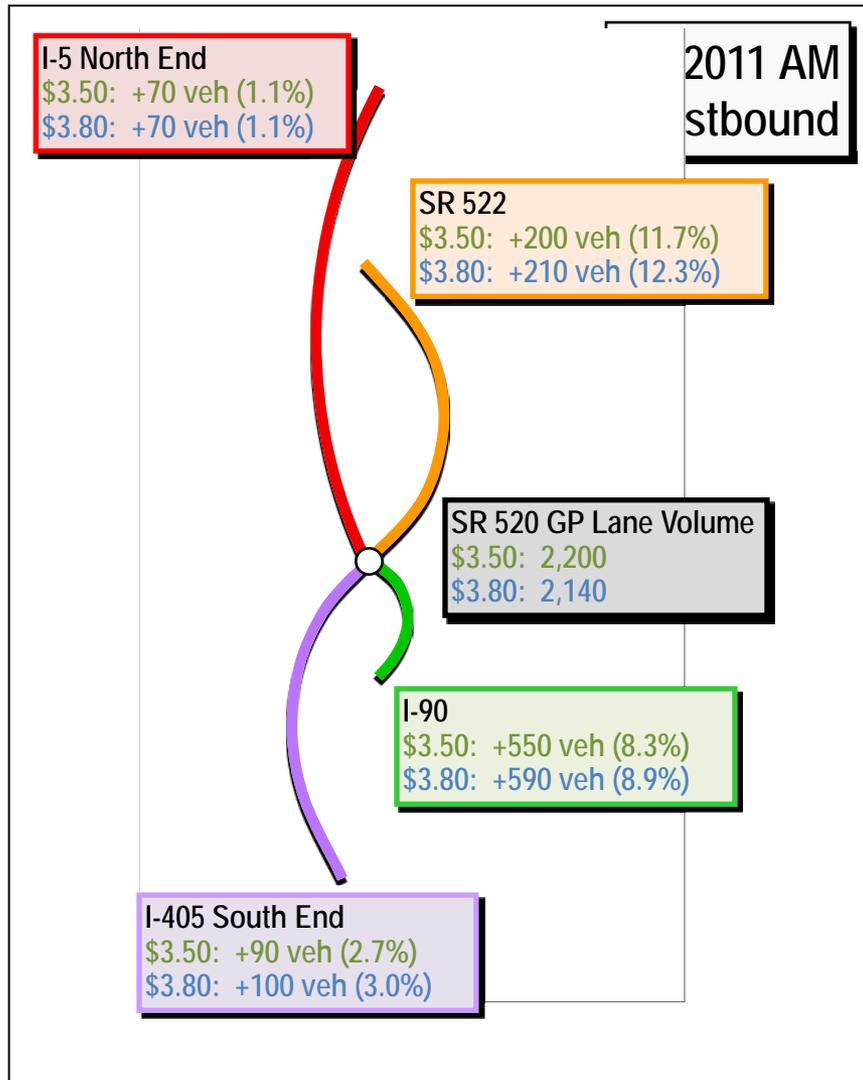


Assumed Peak Toll Rates Over Time*

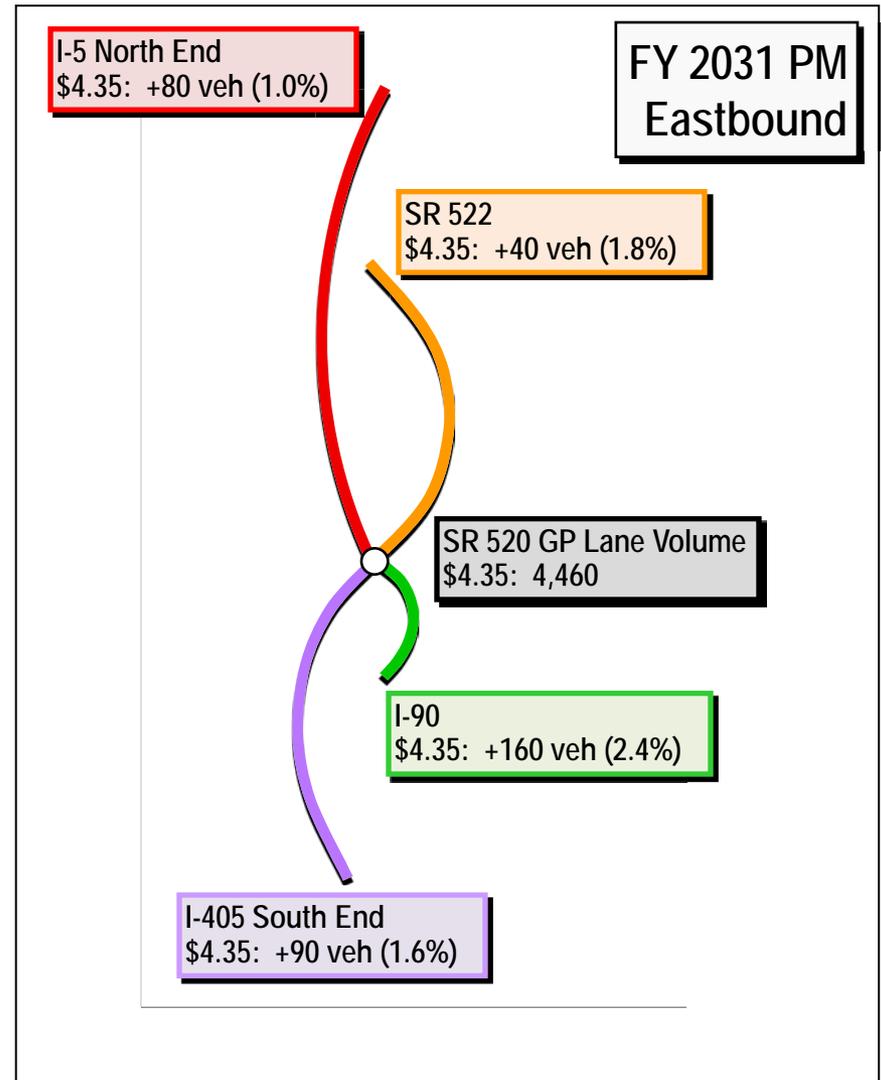
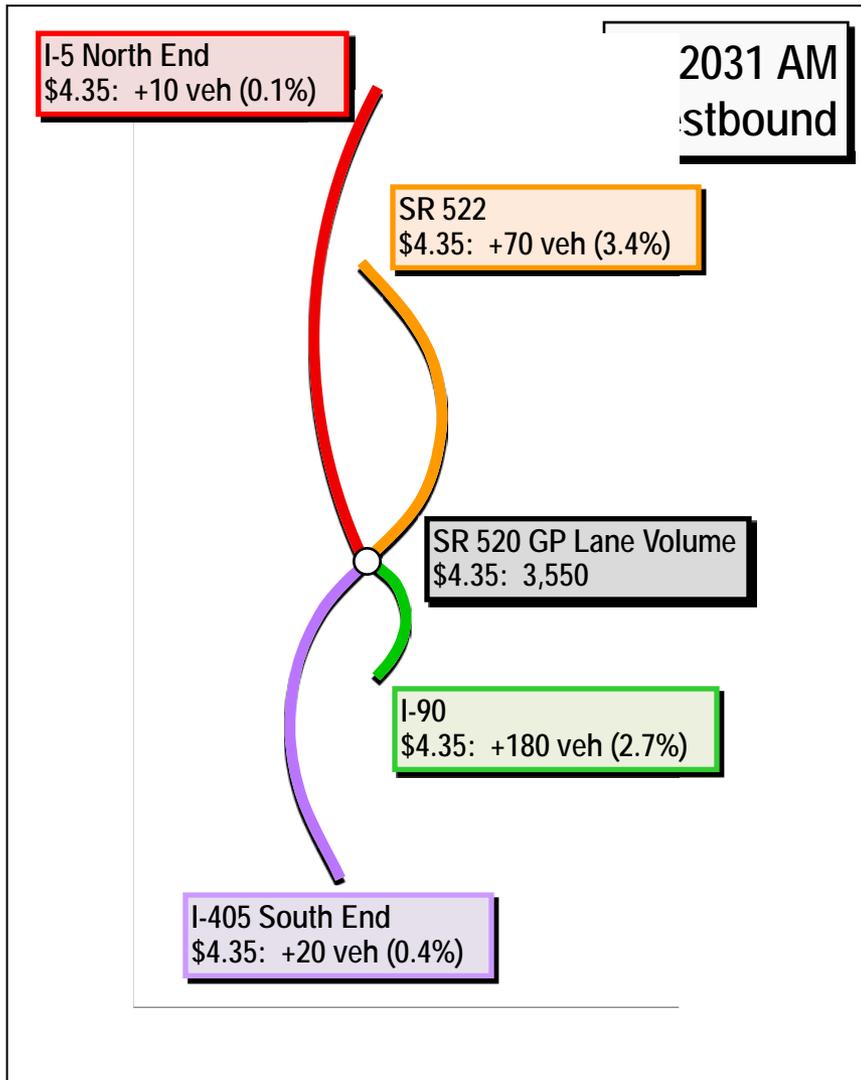


Note: All toll rates expressed in year of occurrence dollars (i.e., FY 2017 toll rates are 2016 dollars and would start July 1, 2016)

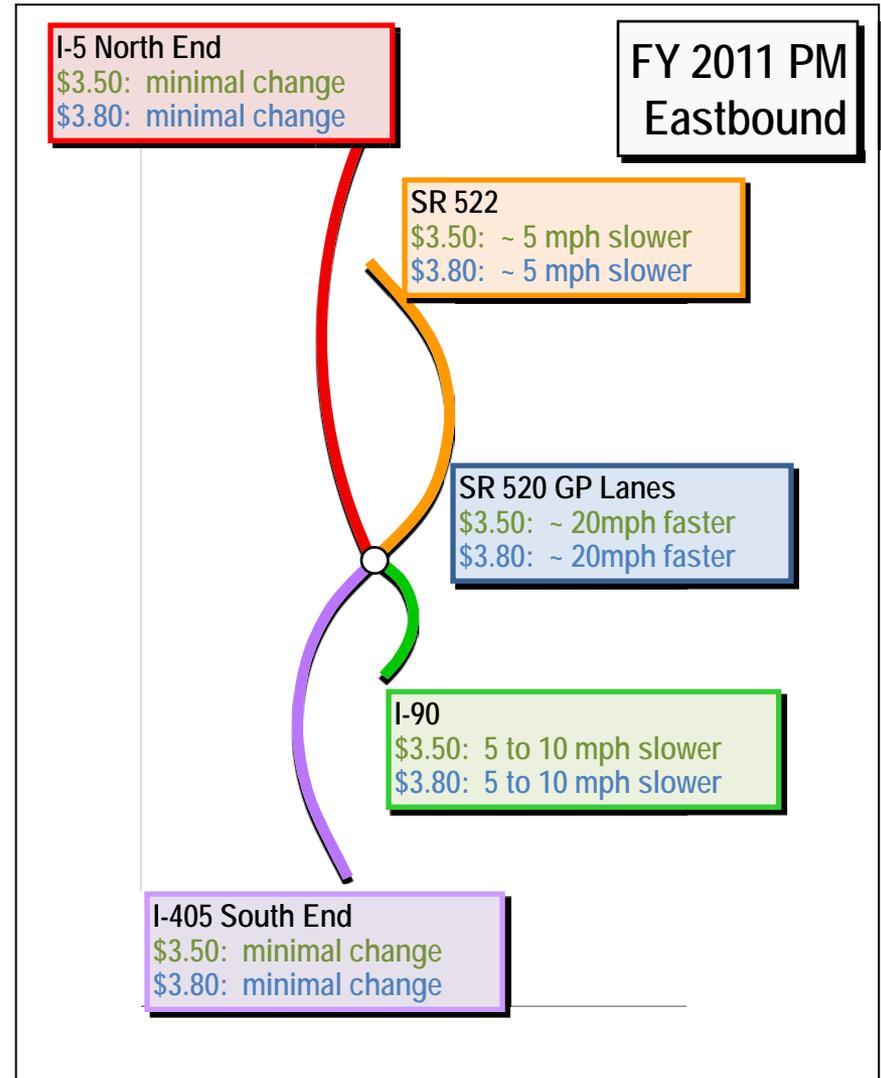
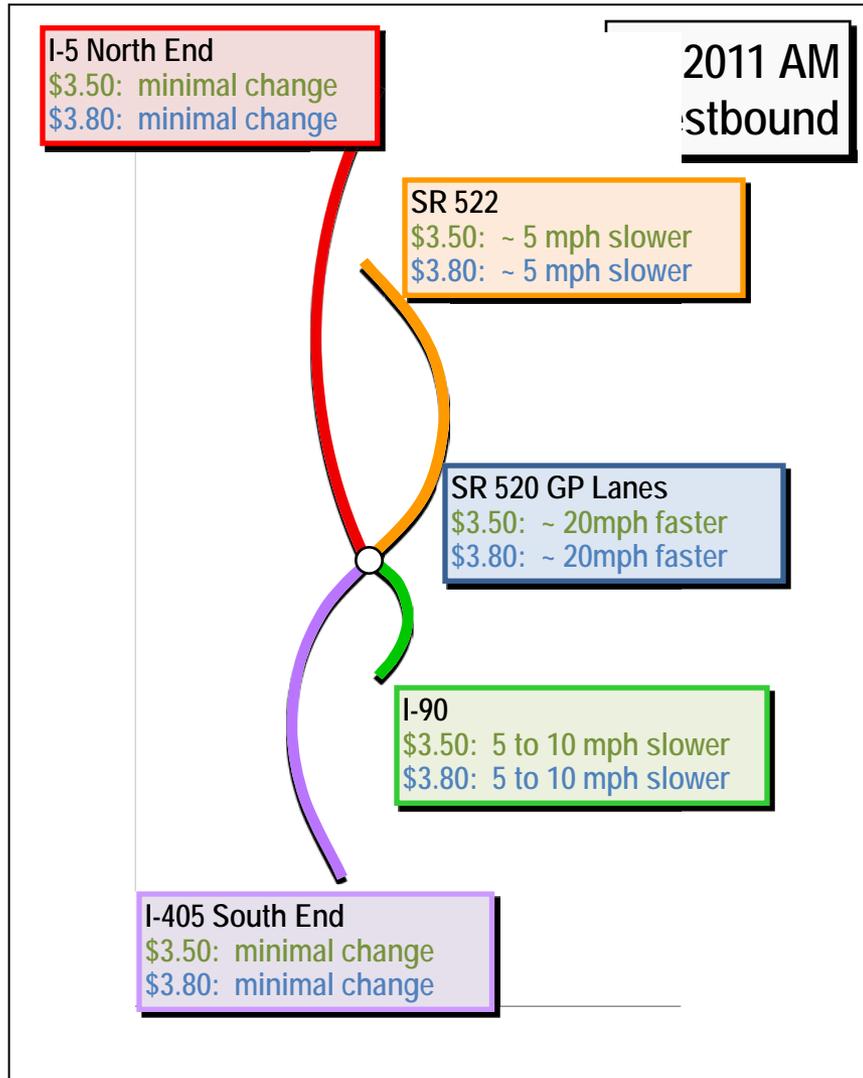
FY 2011 Peak Hour/Peak Direction SR 520 Volumes and Diversion Impacts to Other Routes



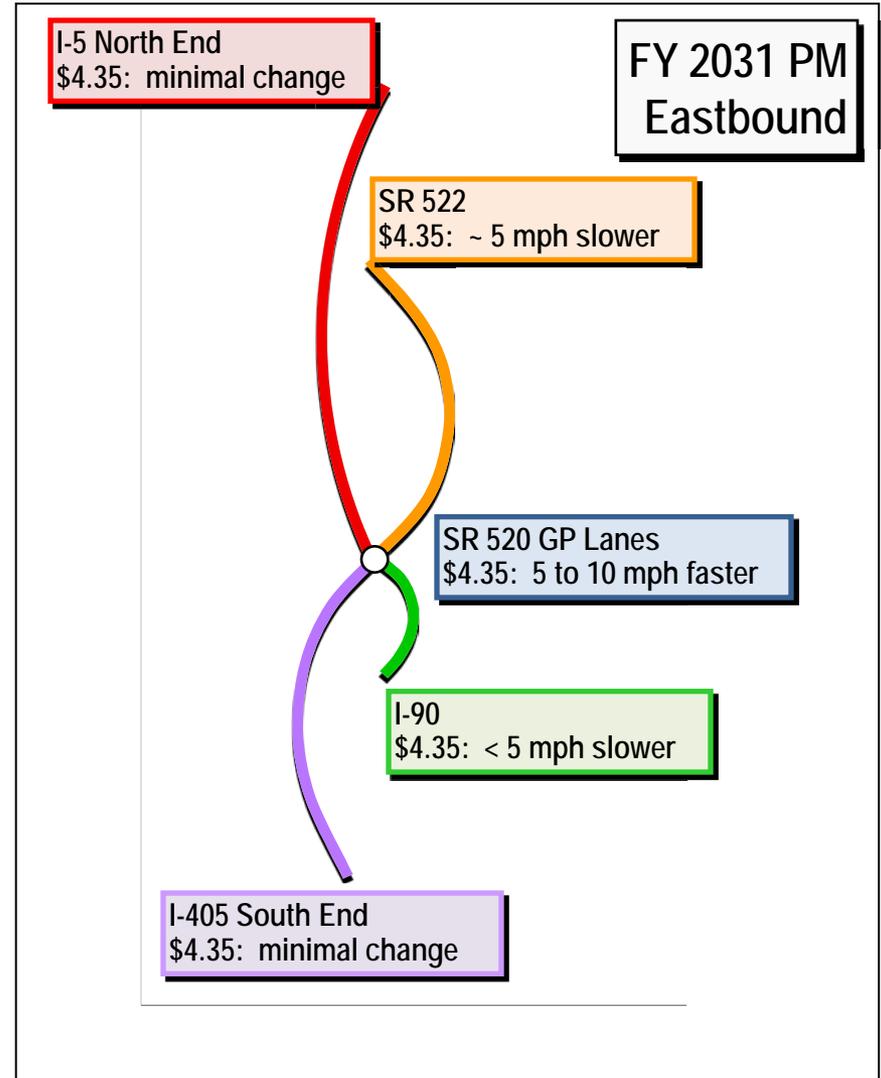
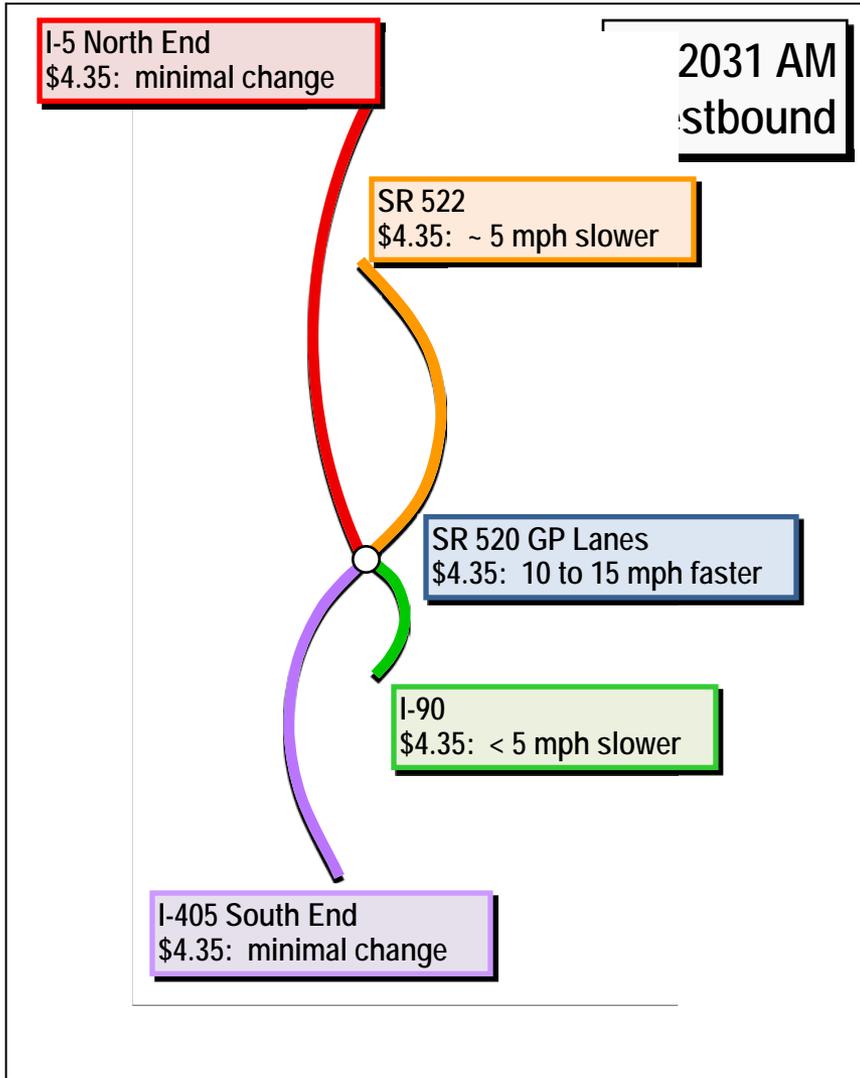
FY 2031 Peak Hour/Peak Direction SR 520 Volumes and Diversion Impacts to Other Routes



FY 2011 Peak Hour/Peak Direction Changes in Speeds by Route due to Tolling



FY 2031 Peak Hour/Peak Direction Changes in Speeds by Route due to Tolling



Considerations

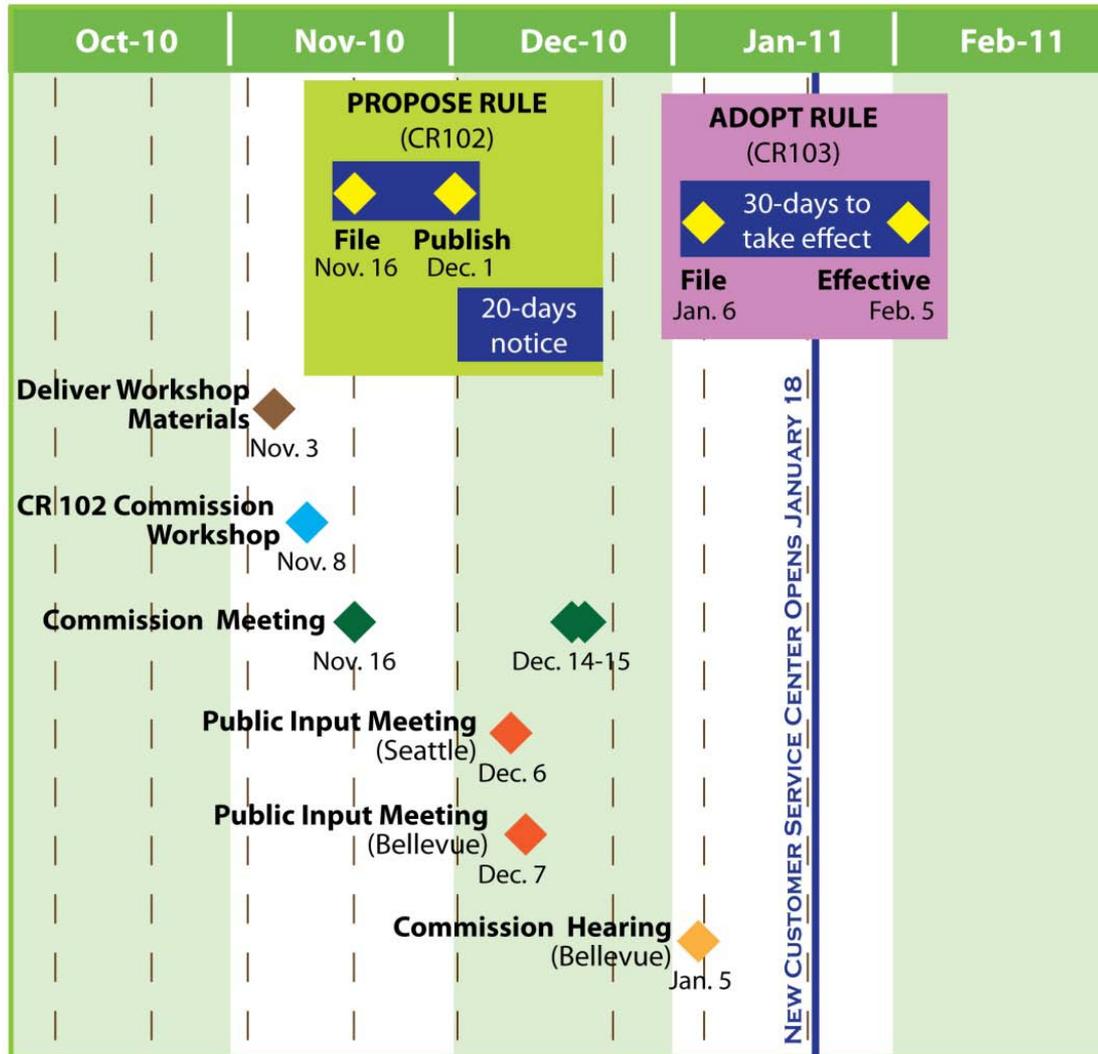
- Why start with **\$3.50**?
 - Consistent message
 - Slightly more traffic / slightly less diversion
 - Larger step increase for weekday tolls in FY 2017 is targeted to coincide with the completion of the 6-lane improvements
 - May prove to be sufficient without a large step increase if traffic exceeds expectations
- Why start with **\$3.80**?
 - Provides at least \$10 M more toward closing the funding gap
 - A large step increase in FY 2017 may be difficult to achieve
 - It may be easier to defer/eliminate toll increases if traffic exceeds expectations than to raise tolls if traffic falls short of expectations

Key Action Items

- Adopt one of the following initial maximum toll rates:
 - **\$3.50**
 - **\$3.80**
- Consider 2017 toll estimates in establishing 2011 rates:
 - ~15% increase in 2017 weekday tolls may be needed if initial maximum peak toll is \$3.50 in 2011
 - ~3.8% increase in 2017 weekday tolls may be needed if initial maximum peak toll is \$3.80 in 2011
 - Weekend tolls would be the same for both the \$3.50 and \$3.80 options for initial weekday peak toll rates, and would increase by 2.5% in 2017
- Adopt a policy that toll rates will escalate by 2.5% per year, starting July 1, 2012 (FY 2013) through July 1, 2015 (FY 2016)

Note: all toll rates expressed in year of occurrence dollars (i.e., FY 2017 toll rates are in 2016 dollars)

Proposed WAC Schedule



— — — Washington State Register filing dates

Tolls and Fees Combined on SR 520

(Example of Customer Costs when Toll Rate = \$3.50)

| | Pre-Pay | | Post-Pay | |
|-------------------------|---|---|--|---------------------|
| TOLLS | <p><i>Good To Go!</i> account holders</p> <p>\$350</p> | | <p><i>Pay By Mail</i></p> <p>\$5.00</p> | |
| FEES | No fees for transponder users | <p>\$0.25 Fee (\$3.75 Total)</p> | <p>\$0.50 Credit (\$4.50 Total)</p> | No fees for billing |
| Customer Payment Method | Transponder | Photo | Customer Initiated Payment | Pay By Mail |

Incremental costs

Manual image inspections

Mailing costs

Incremental losses

Unreadable license plates

Bad addresses

Uncollected bills

Questions?

For more information,
please contact

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