

# SR 520 Toll Rate Setting

**Craig J. Stone, P.E.**  
Assistant Secretary  
Toll Division

**Washington State Transportation Commission**  
**January 21, 2015**

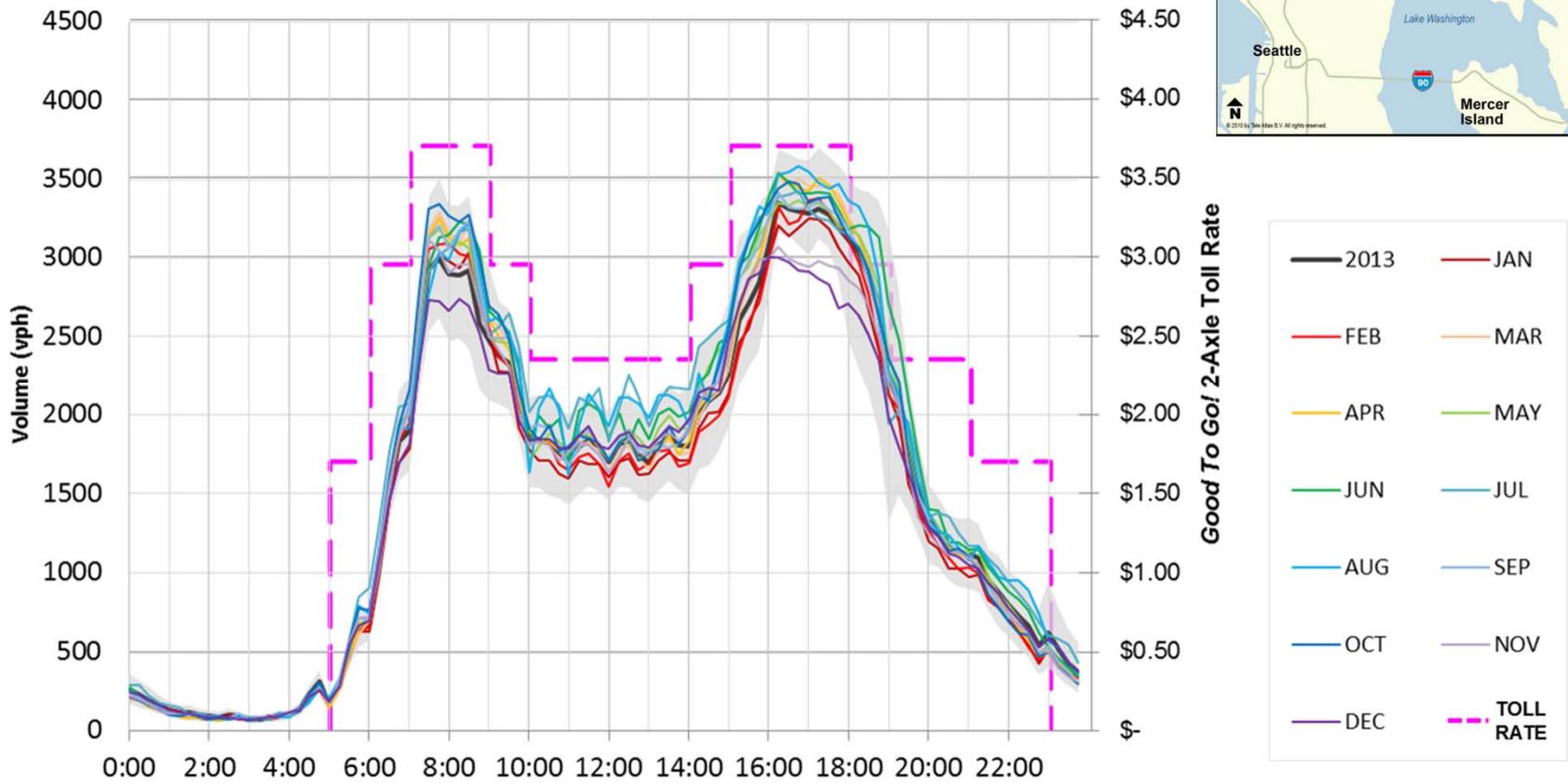


Washington State  
Department of Transportation

# Agenda

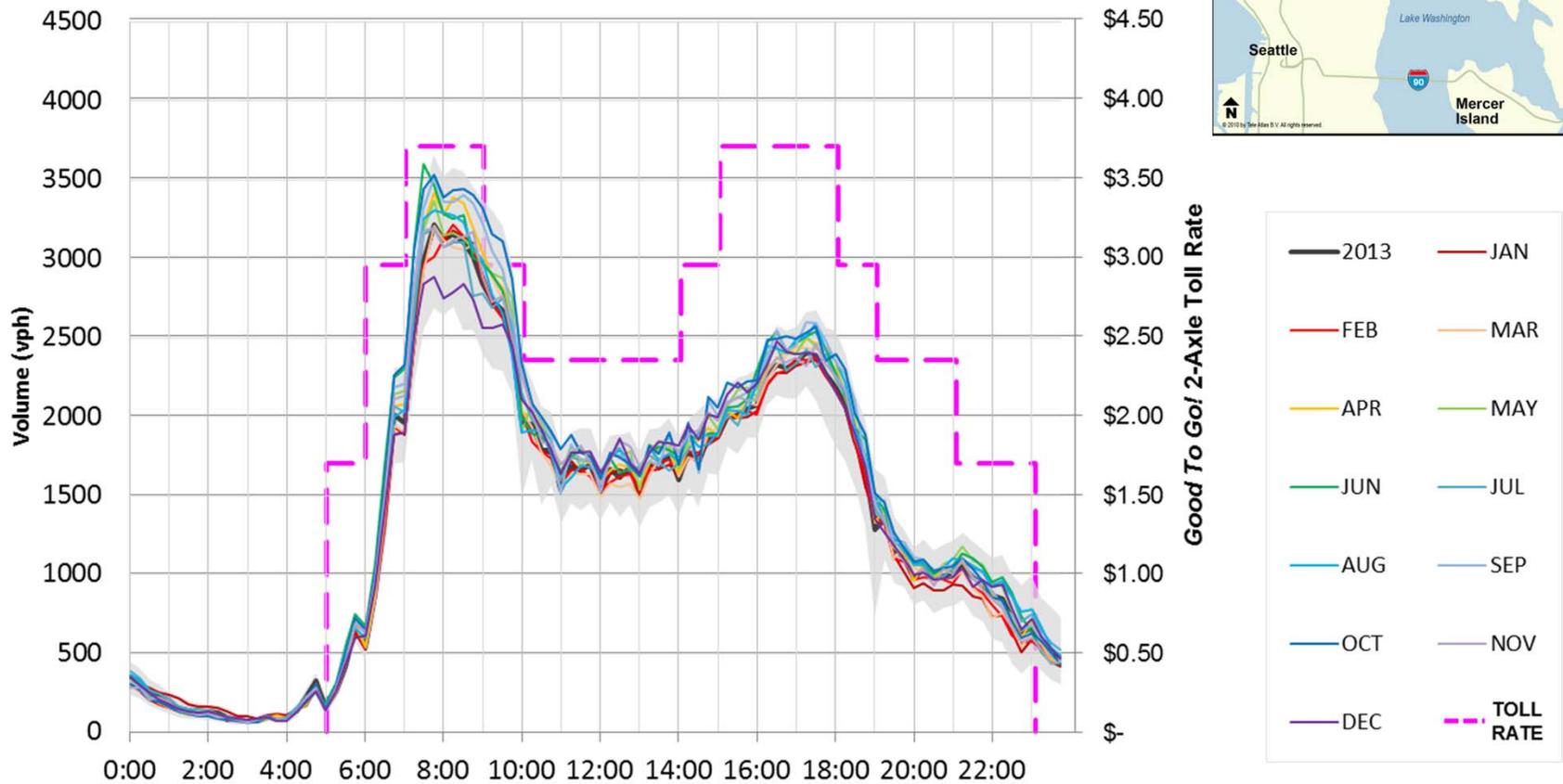
- **Update on SR 520 Traffic and Average Speed Performance**
- **Actual and Forecast Comparison for FY 2014 and 1Q FY 2015**
  - Toll Transactions
  - Gross Toll Revenue Potential
  - Net Toll Revenues
- **Financial Requirements of Tolls and the Certification Process**
- **November 2014 Forecast Update**
  - Toll Transactions
  - Gross Toll Revenue Potential
  - Net Toll Revenues
- **WSTC Adopted 2.5% Increase and Financial Plan Toll Schedule**
- **Determination of Toll Revenue Financial Plan Sufficiency**

# Traffic Volume: Westbound SR 520



Annual average is for all CY 2013 weekdays  
 Monthly averages are for January – December 2014 weekdays  
 Toll rates for FY 2014 (\$3.70 peak period toll)

# Traffic Volume: Eastbound SR 520

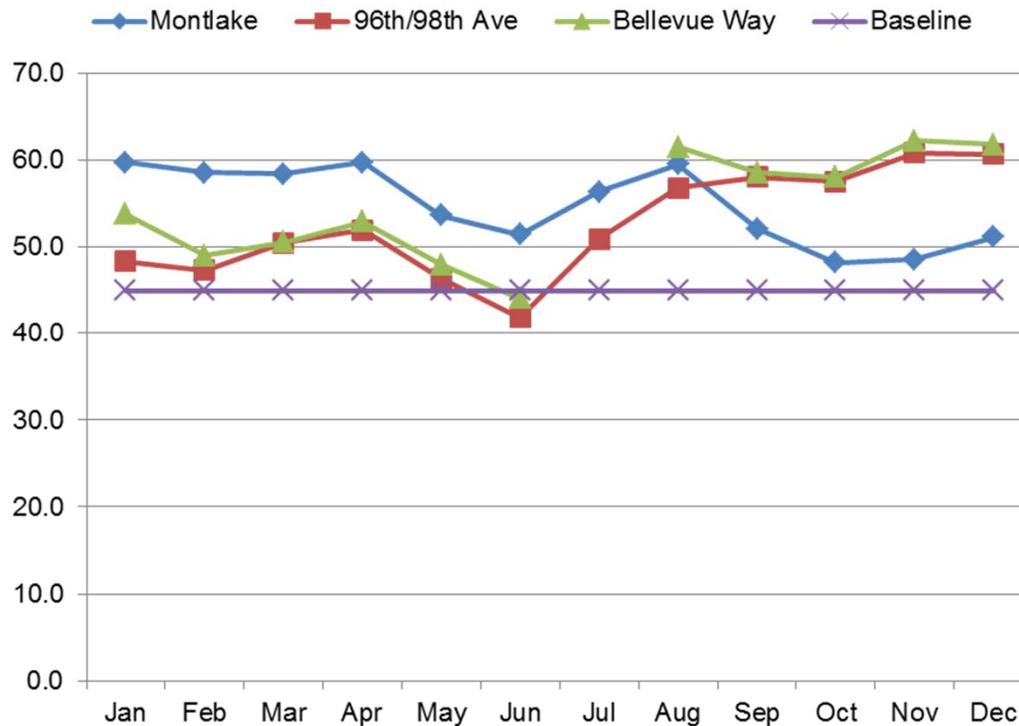


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 Toll rates for FY 2014 (\$3.70 peak period toll)

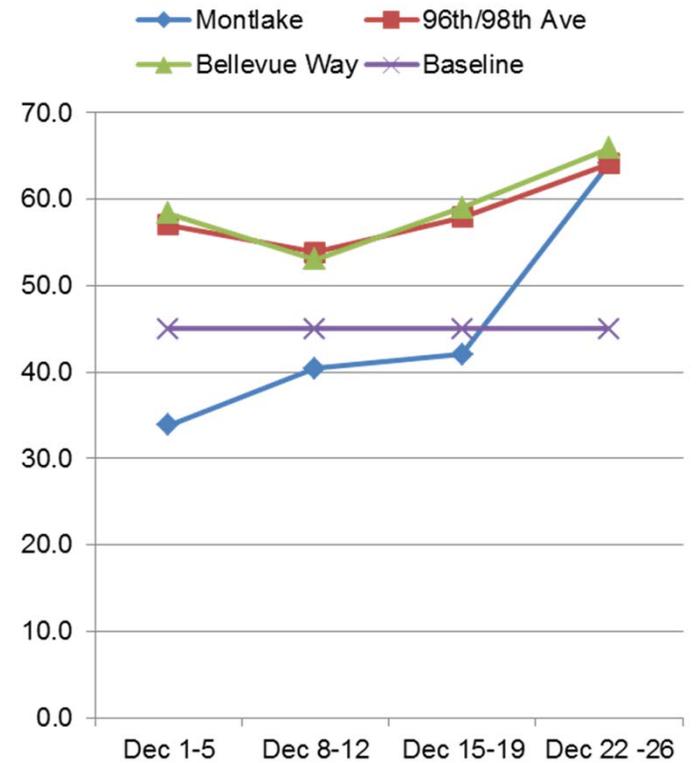
# Average Weekday Speeds: AM Peak Hour (7–9 AM)



### January - December 2014 Monthly Averages



### December 2014 Weekly Averages

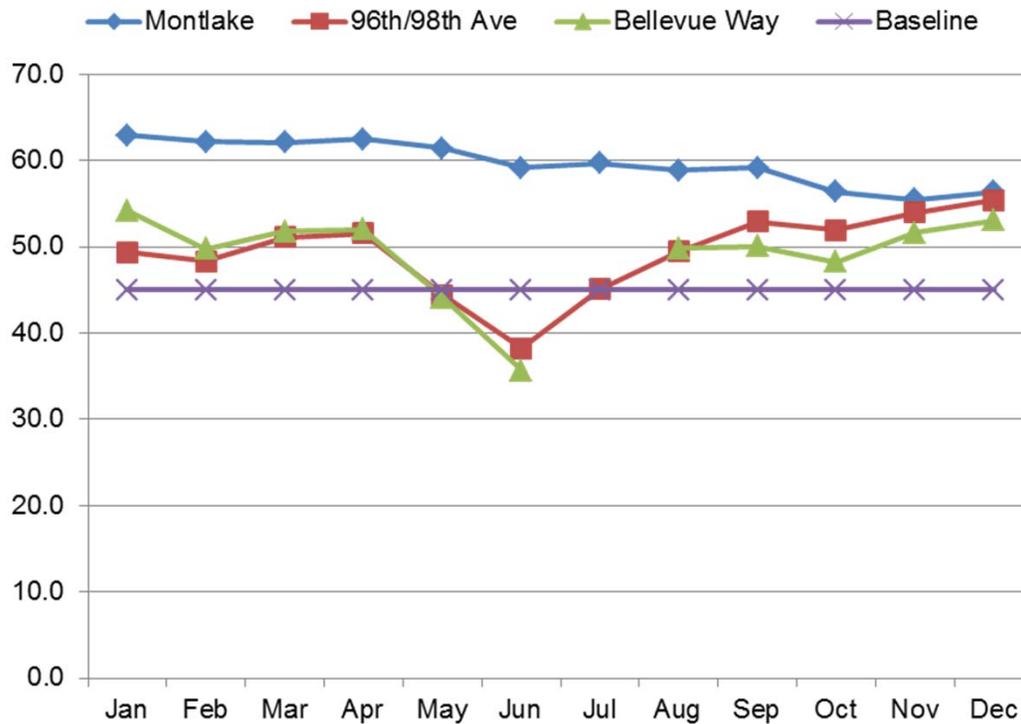


Due to the ongoing construction in this corridor, the 96<sup>th</sup>/98<sup>th</sup> loops were switched on August 11<sup>th</sup>, and the Bellevue Way loops had incomplete data between June 16<sup>th</sup> and August 11<sup>th</sup>.

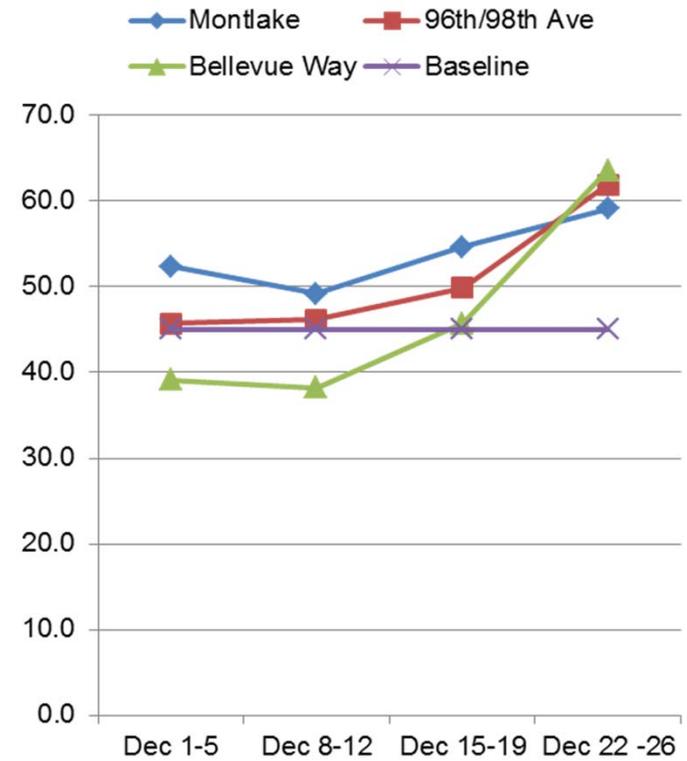
# Average Weekday Speeds: PM Peak Hour (3–6 PM)



### January - December 2014 Monthly Averages



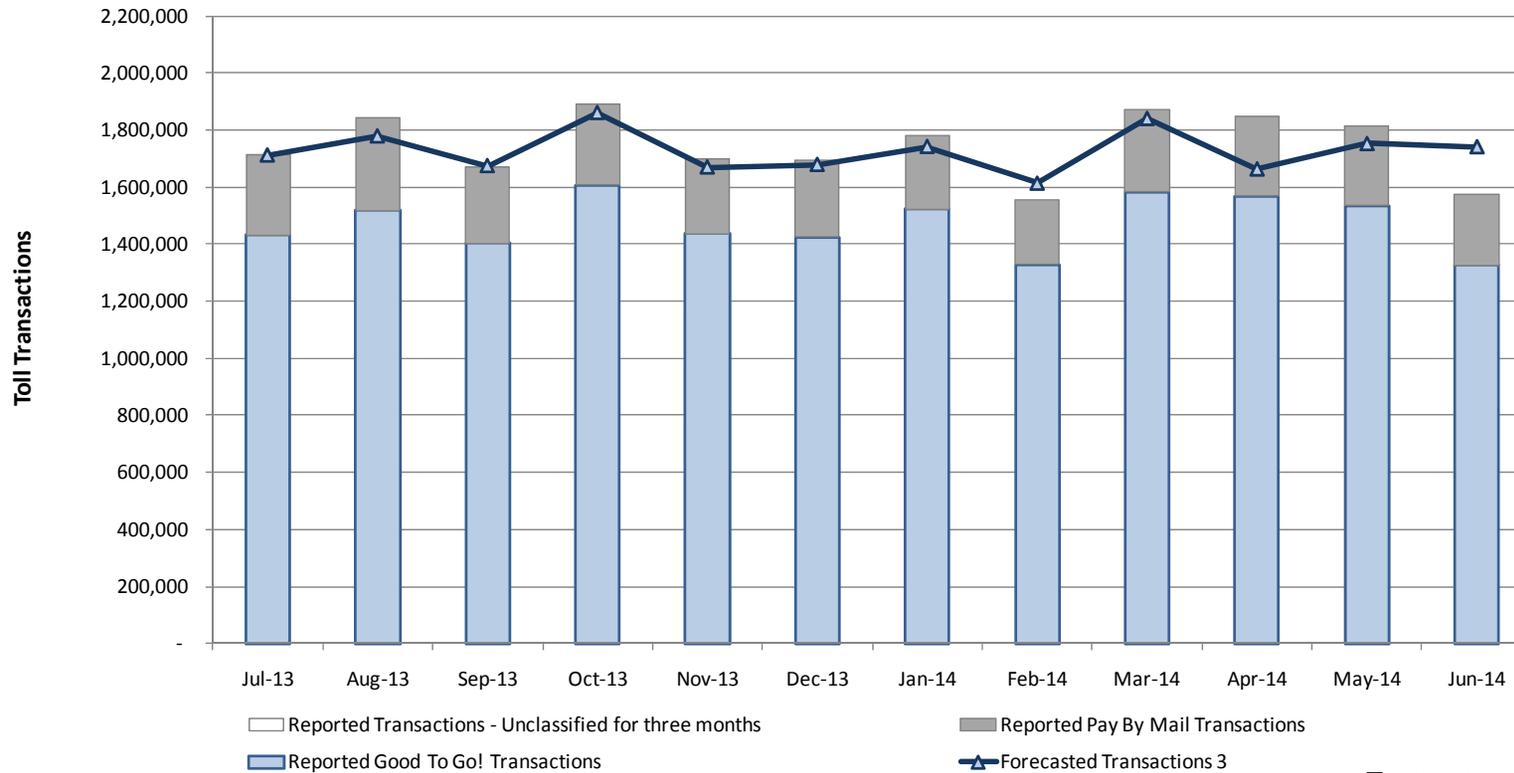
### December 2014 Weekly Averages



Due to the ongoing construction in this corridor, the 96<sup>th</sup>/98<sup>th</sup> Ave loops were switched on August 11<sup>th</sup>, and the Bellevue Way loops had incomplete data between June 16<sup>th</sup> and August 11<sup>th</sup>.

# FY 2014 Forecasted and Reported Toll Traffic

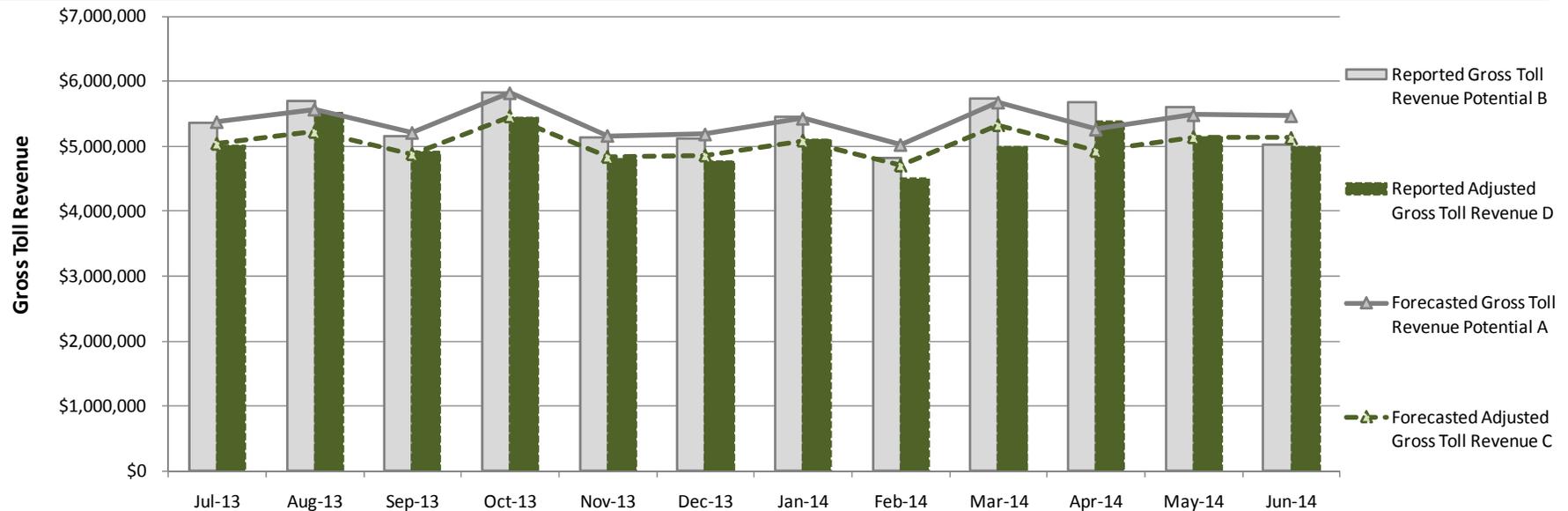
TOLL TRANSACTIONS	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Fiscal Year To Date	Annual Total
Forecasted Closure Days <sup>1</sup>	2.0	2.0	2.0	0.7	0.7	0.7	0.3	0.3	0.3	3.0	3.0	3.0	18.0	18.0
Reported Closure Days <sup>2</sup>	2.0	-	1.2	-	-	-	-	2.0	-	-	1.6	7.0	13.8	13.8
Forecasted Transactions <sup>3</sup>	1,712,000	1,779,000	1,675,000	1,861,000	1,670,000	1,679,000	1,742,000	1,613,000	1,840,000	1,663,000	1,752,000	1,741,000	20,727,000	20,727,000
Reported Transactions <sup>4</sup>	1,714,340	1,843,593	1,672,627	1,891,073	1,698,416	1,692,471	1,782,226	1,555,759	1,871,405	1,848,497	1,816,370	1,572,796	20,959,574	20,959,574
Variance From Forecast	2,340	64,593	(2,373)	30,073	28,416	13,471	40,226	(57,241)	31,405	185,497	64,370	(168,204)	232,574	232,574
Variance - % Change	0.1%	3.6%	(0.1%)	1.6%	1.7%	0.8%	2.3%	(3.5%)	1.7%	11.2%	3.7%	(9.7%)	1.1%	1.1%
Reported Good To Go!	83.5%	82.3%	83.9%	85.0%	84.6%	84.2%	85.5%	85.4%	84.6%	84.9%	84.5%	84.4%	84.39%	84%
Reported Pay By Mail	16.5%	17.7%	16.1%	15.0%	15.4%	15.8%	14.5%	14.6%	15.4%	15.1%	15.5%	15.6%	15.61%	16%



Footnotes provided at the end of the presentation

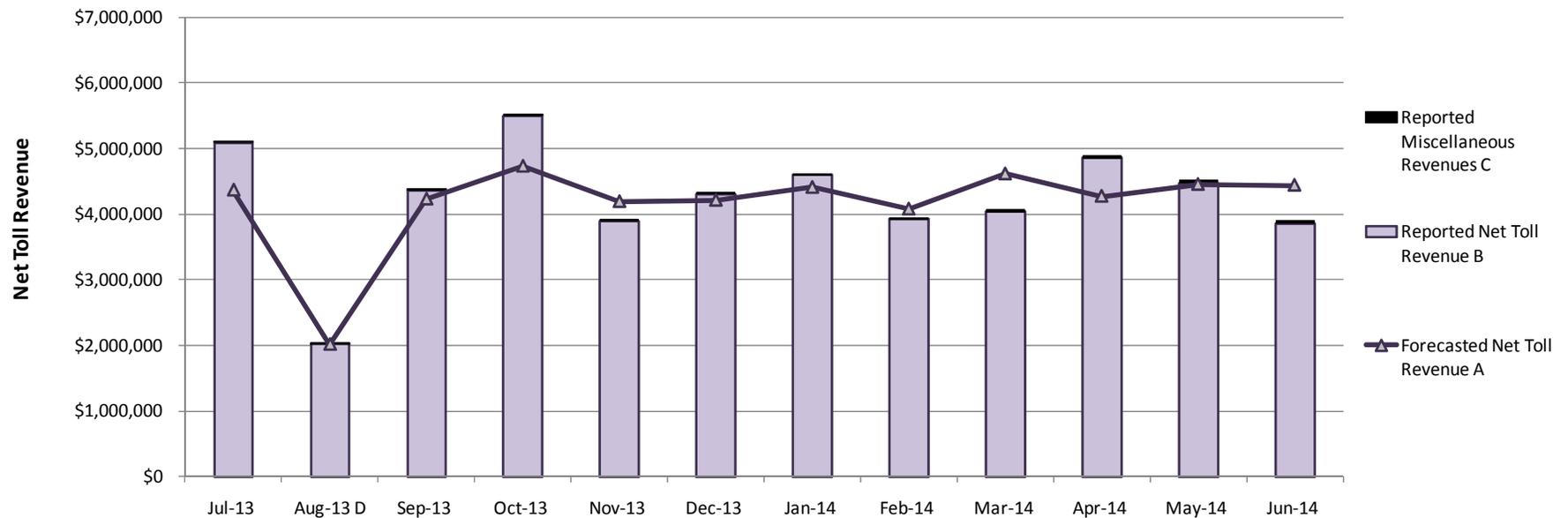
# FY 2014 Forecasted and Reported Gross Toll Revenue

GROSS TOLL REVENUE	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14*	Apr-14	May-14	Jun-14	Fiscal Year To Date	Annual Total
Forecasted Closure Days <sup>1</sup>	2.0	2.0	2.0	0.7	0.7	0.7	0.3	0.3	0.3	3.0	3.0	3.0	18.0	18.0
Reported Closure Days <sup>2</sup>	2.0	-	1.2	-	-	-	-	2.0	-	-	1.6	7.0	13.8	13.8
Forecasted Potential <sup>A</sup>	\$5,375,000	\$5,568,000	\$5,209,000	\$5,820,000	\$5,163,000	\$5,185,000	\$5,427,000	\$5,024,000	\$5,676,000	\$5,260,000	\$5,482,000	\$5,467,000	\$64,656,000	\$64,656,000
Reported Potential <sup>B</sup>	\$5,359,491	\$5,693,623	\$5,149,693	\$5,827,248	\$5,138,744	\$5,108,936	\$5,458,848	\$4,821,340	\$5,726,176	\$5,683,192	\$5,598,529	\$5,023,328	\$64,589,147	\$64,589,147
Variance From Forecast	(\$15,509)	\$125,623	(\$59,307)	\$7,248	(\$24,256)	(\$76,064)	\$31,848	(\$202,660)	\$50,176	\$423,192	\$116,529	(\$443,672)	(\$66,853)	(\$66,853)
Variance - % Change	(0.3%)	2.3%	(1.1%)	0.1%	(0.5%)	(1.5%)	0.6%	(4.0%)	0.9%	8.0%	2.1%	(8.1%)	(0.1%)	(0.1%)
Forecasted Adjusted <sup>C</sup>	\$5,039,000	\$5,220,000	\$4,883,000	\$5,456,000	\$4,840,000	\$4,861,000	\$5,087,000	\$4,709,000	\$5,322,000	\$4,931,000	\$5,139,000	\$5,126,000	\$60,613,000	\$60,613,000
Reported Adjusted <sup>D</sup>	\$4,996,403	\$5,513,532	\$4,911,760	\$5,440,469	\$4,807,019	\$4,752,848	\$5,100,401	\$4,498,718	\$4,987,471	\$5,368,907	\$5,131,820	\$4,986,169	\$60,495,518	\$60,495,518
Variance From Forecast	(\$42,597)	\$293,532	\$28,760	(\$15,531)	(\$32,981)	(\$108,152)	\$13,401	(\$210,282)	(\$334,529)	\$437,907	(\$7,180)	(\$139,831)	(\$117,482)	(\$117,482)
Variance - % Change	(0.8%)	5.6%	0.6%	(0.3%)	(0.7%)	(2.2%)	0.3%	(4.5%)	(6.3%)	8.9%	(0.1%)	(2.7%)	(0.2%)	(0.2%)



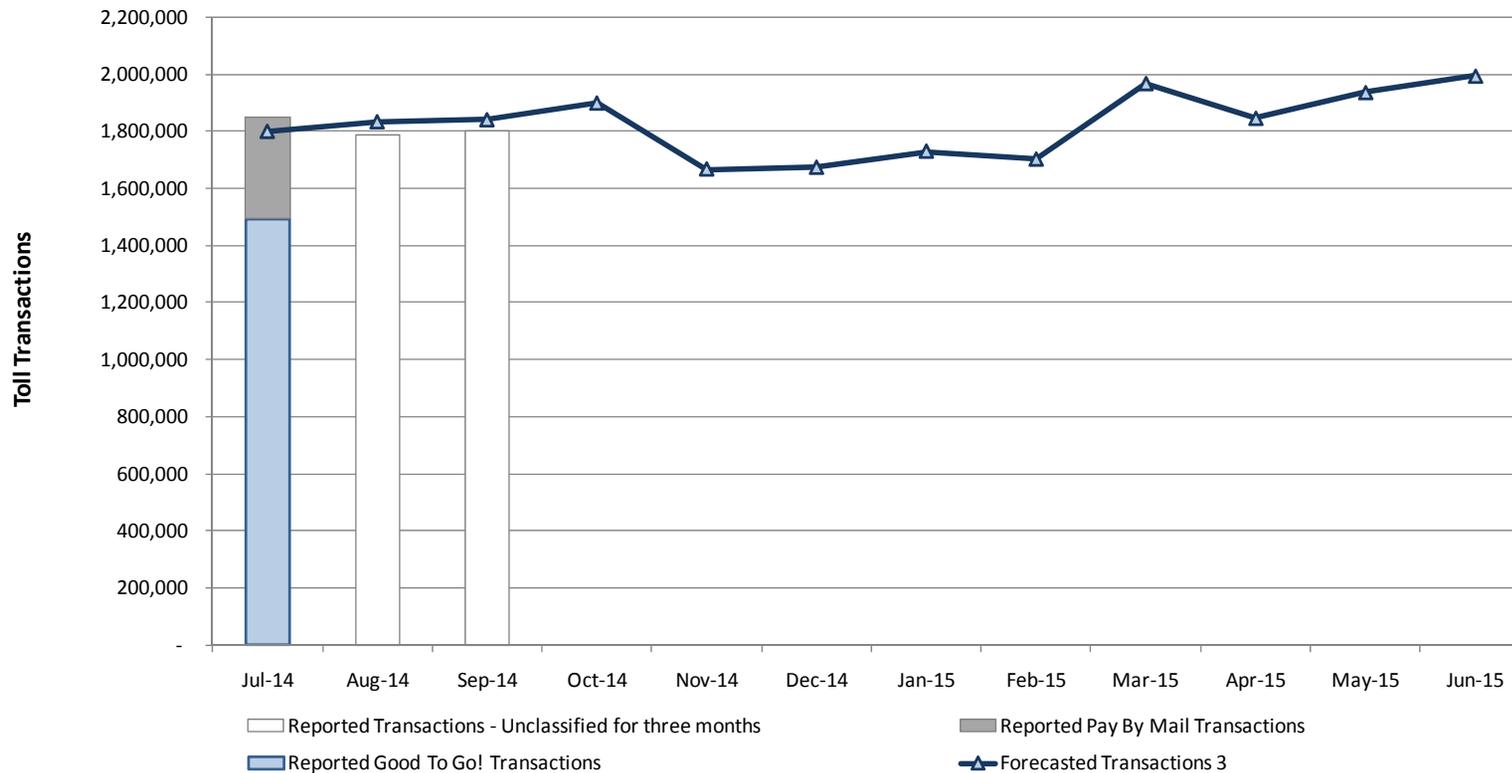
# FY 2014 Forecasted and Reported Net Toll Revenue

NET TOLL REVENUE	Jul-13	Aug-13 D	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Fiscal Year To Date	Annual Total
Forecasted Net Revenue <sup>A</sup>	\$4,367,000	\$2,016,000	\$4,231,000	\$4,731,000	\$4,192,000	\$4,212,000	\$4,408,000	\$4,078,000	\$4,614,000	\$4,273,000	\$4,454,000	\$4,441,000	\$50,017,000	\$50,017,000
Reported Net Revenue <sup>B</sup>	\$5,091,813	\$2,023,170	\$4,365,138	\$5,504,263	\$3,898,883	\$4,310,140	\$4,592,568	\$3,922,676	\$4,036,219	\$4,853,743	\$4,475,085	\$3,857,503	\$50,931,202	\$50,931,202
Variance From Forecast	\$724,813	\$7,170	\$134,138	\$773,263	(\$293,118)	\$98,140	\$184,568	(\$155,324)	(\$577,781)	\$580,743	\$21,085	(\$583,497)	\$914,202	\$914,202
Variance - % Change	16.6%	0.4%	3.2%	16.3%	(7.0%)	2.3%	4.2%	(3.8%)	(12.5%)	13.6%	0.5%	(13.1%)	1.8%	1.8%
Miscellaneous Revenues <sup>C</sup>	\$54	\$6,458	\$11,645	\$6,051	\$4,592	\$9,129	\$4,386	\$16,349	\$29,775	\$32,076	\$34,022	\$52,478	\$207,015	\$207,015



# FY 2015 Q1 Forecasted and Reported Toll Traffic

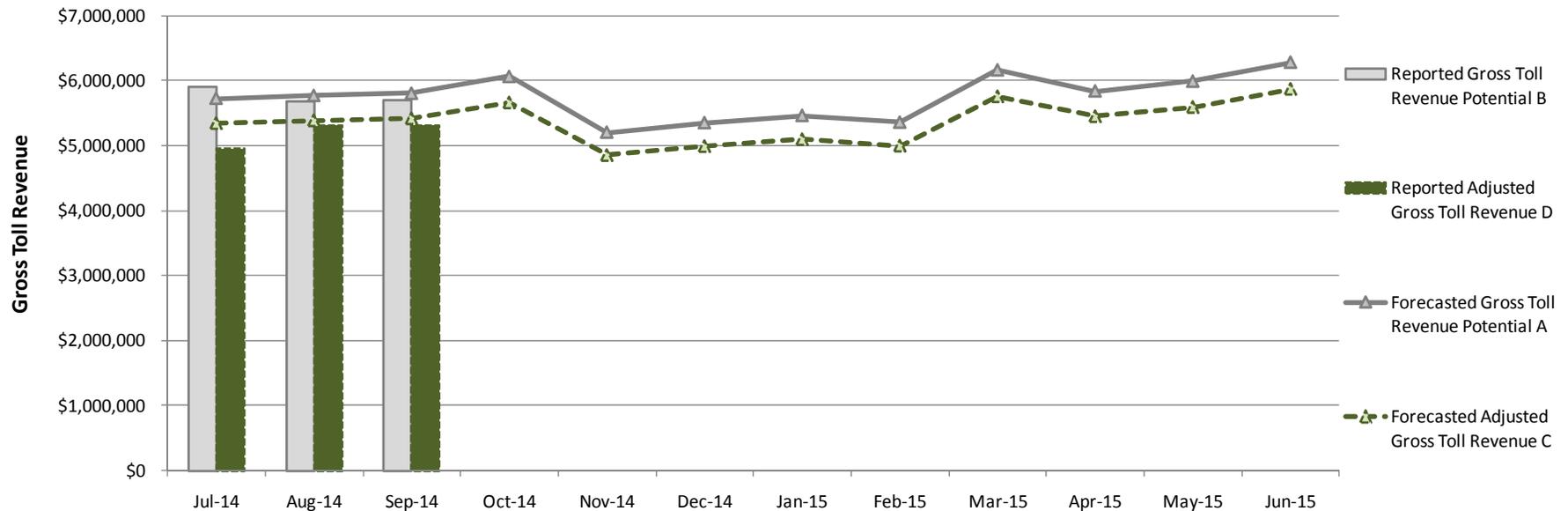
TOLL TRANSACTIONS	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Fiscal Year To Date	Annual Total
Forecasted Closure Days <sup>1</sup>	2.0	2.0	1.0	2.0	2.0	3.5	2.0	0.5	-	0.5	-	-	5.0	15.5
Reported Closure Days <sup>2</sup>	2.0	2.0	1.1										5.1	
Forecasted Transactions <sup>3</sup>	1,799,000	1,833,000	1,840,000	1,899,000	1,666,000	1,672,000	1,729,000	1,701,000	1,968,000	1,845,000	1,936,000	1,994,000	5,472,000	21,882,000
Reported Transactions <sup>4</sup>	1,847,821	1,786,962	1,800,267										5,435,050	
Variance From Forecast	48,821	(46,038)	(39,733)										(36,950)	
Variance - % Change	2.7%	(2.5%)	(2.2%)										(0.7%)	
Reported Good To Go!	80.8%	-	-	-	-	-	-	-	-	-	-	-	80.8%	
Reported Pay By Mail	19.2%	-	-	-	-	-	-	-	-	-	-	-	19.2%	



Footnotes provided at the end of the presentation

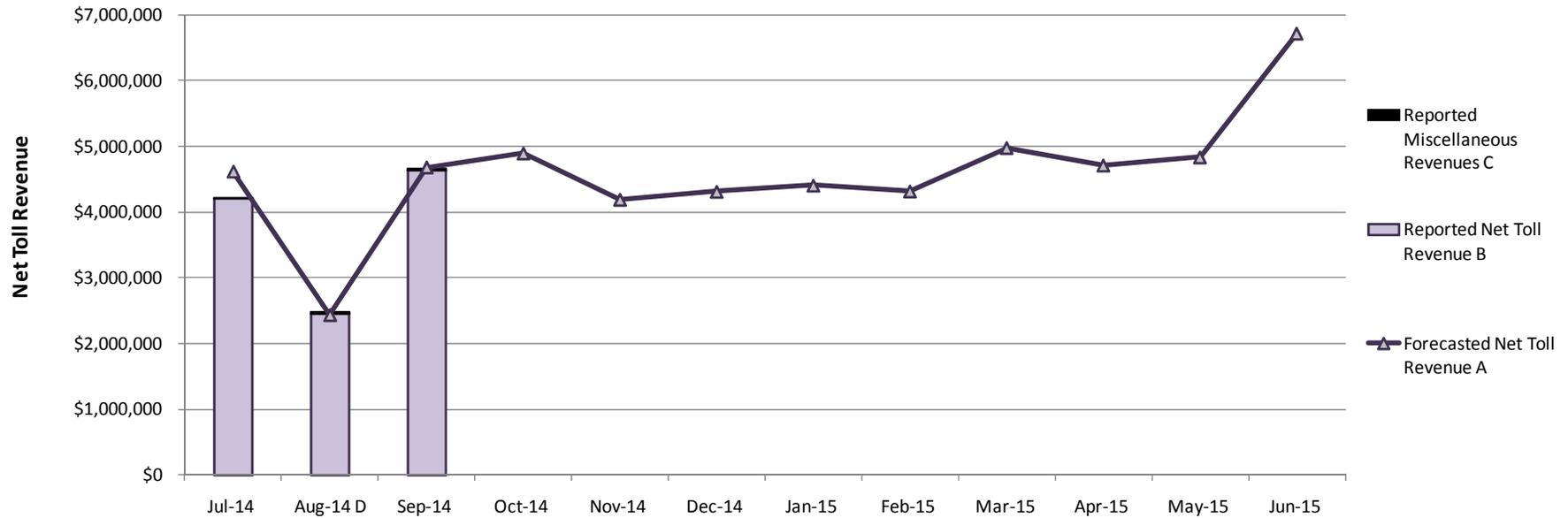
# FY 2015 Q1 Forecasted and Reported Gross Toll Revenue

GROSS TOLL REVENUE	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Fiscal Year To Date	Annual Total
Forecasted Closure Days <sup>1</sup>	2.0	2.0	1.0	2.0	2.0	3.5	2.0	0.5	-	0.5	-	-	5.0	15.5
Reported Closure Days <sup>2</sup>	2.0	2.0	1.1										5.1	
Forecasted Potential <sup>A</sup>	\$5,725,000	\$5,769,000	\$5,802,000	\$6,063,000	\$5,199,000	\$5,346,000	\$5,459,000	\$5,354,000	\$6,165,000	\$5,838,000	\$5,990,000	\$6,285,000	\$17,296,000	\$68,995,000
Reported Potential <sup>B</sup>	\$5,911,949	\$5,681,322	\$5,701,029										\$17,294,300	
Variance From Forecast	\$186,949	(\$87,678)	(\$100,971)										(\$1,700)	
Variance - % Change	3.3%	(1.5%)	(1.7%)										(0.0%)	
Forecasted Adjusted <sup>C</sup>	\$5,345,000	\$5,387,000	\$5,417,000	\$5,661,000	\$4,854,000	\$4,992,000	\$5,098,000	\$4,999,000	\$5,756,000	\$5,451,000	\$5,592,000	\$5,871,000	\$16,149,000	\$64,423,000
Reported Adjusted <sup>D</sup>	\$4,961,388	\$5,308,963	\$5,308,762										\$15,579,113	
Variance From Forecast	(\$383,612)	(\$78,037)	(\$108,238)										(\$569,887)	
Variance - % Change	(7.2%)	(1.4%)	(2.0%)										(3.5%)	

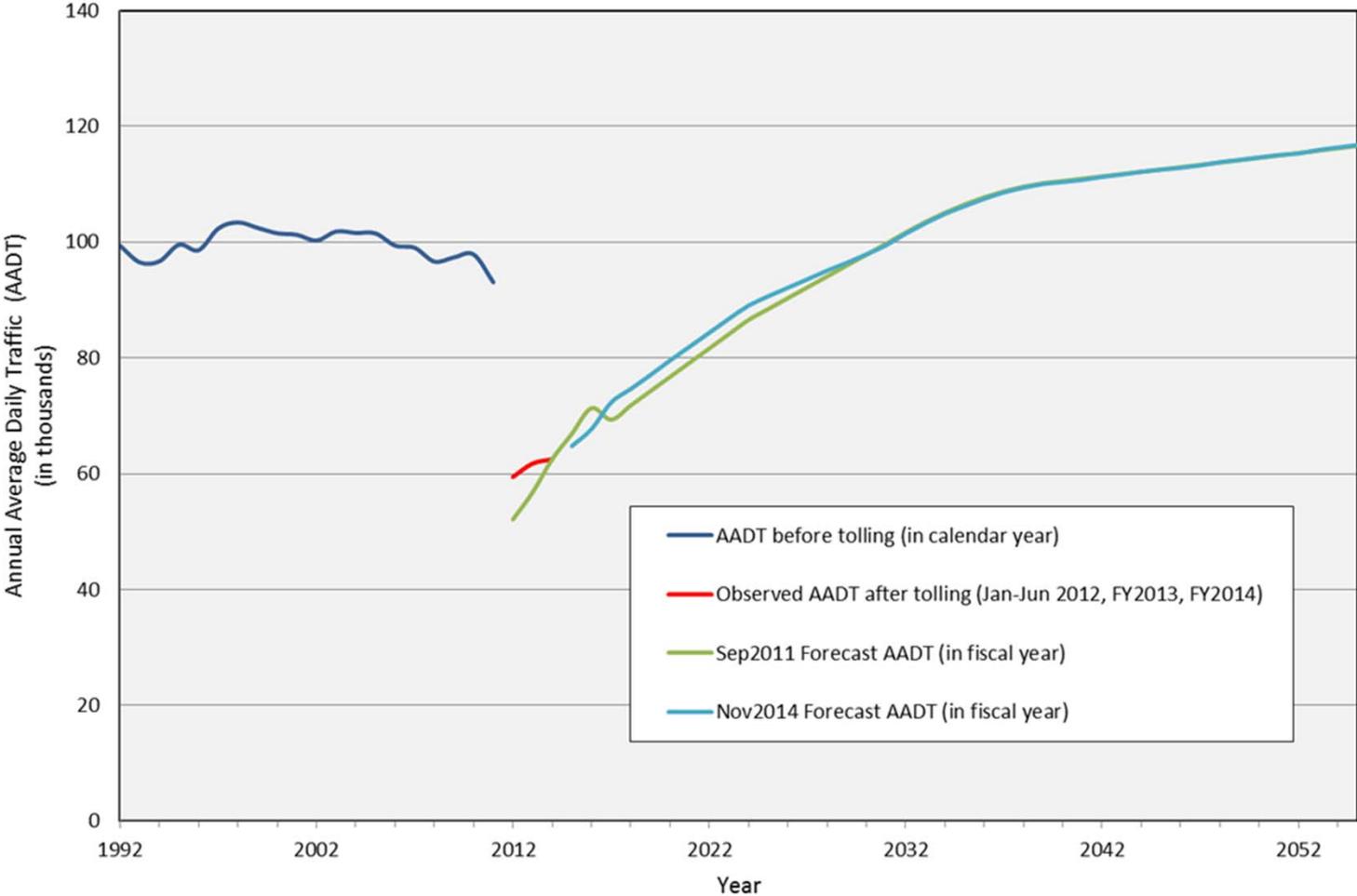


# FY 2015 Q1 Forecasted and Reported Net Toll Revenue

NET TOLL REVENUE	Jul-14	Aug-14 D	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Fiscal Year To Date	Annual Total
Forecasted Net Revenue <sup>A</sup>	\$4,621,000	\$2,436,000	\$4,684,000	\$4,897,000	\$4,191,000	\$4,312,000	\$4,406,000	\$4,318,000	\$4,980,000	\$4,713,000	\$4,836,000	\$6,721,000	\$11,741,000	\$55,115,000
Reported Net Revenue <sup>B</sup>	\$4,204,325	\$2,449,305	\$4,630,670										\$11,284,300	
Variance From Forecast	(\$416,675)	\$13,305	(\$53,330)										(\$456,700)	
Variance - % Change	(9.0%)	0.5%	(1.1%)										(3.9%)	
Miscellaneous Revenues <sup>C</sup>	\$21,788	\$30,382	\$31,023										\$83,192	



# Average Annual Daily Traffic Trends and Forecast



Note: Includes all traffic (non-revenue, overnight, and weekends) but adjusted to exclude closed weekends.  
 Sources: WSDOT traffic recorders for history; CDM Smith September 2011 and November 2014 Forecasts.

# The Financial Charge for Rate Setting

## Section 7.02 Master Bond Resolution.

“The State, acting by and through the Tolling Authority, covenants to set and adjust the Toll Rate Schedule and maintain Tolls on the SR 520 Corridor and on any Additional Eligible Toll Facilities at rates that will generate Toll Revenue sufficient to pay Operating and Maintenance Expenses; to pay, when due, the principal of and interest on all Outstanding Bonds; and to meet the State’s financial and other covenants under this Master Resolution and applicable law. “

# Pledged Toll Revenue Must Sufficiently Cover

- Operations & Maintenance (O&M)
- Timely deposit of required amounts into the reserves, including but not limited to debt service, O&M, and R&R reserves
- Minimum debt service coverage covenants\*
- “Other payments to comply with all financial and other covenants made by the State in this Master Resolution, in any Bond Sale Resolution and in other proceedings related to the issuance of Bonds.”
- Other anticipated funding obligations of the System, giving due regard to the Projected Toll Rate Schedule provided to the Tolling Authority by WSDOT and the State Treasurer pursuant to Section 7.03(b) of this Master Resolution.

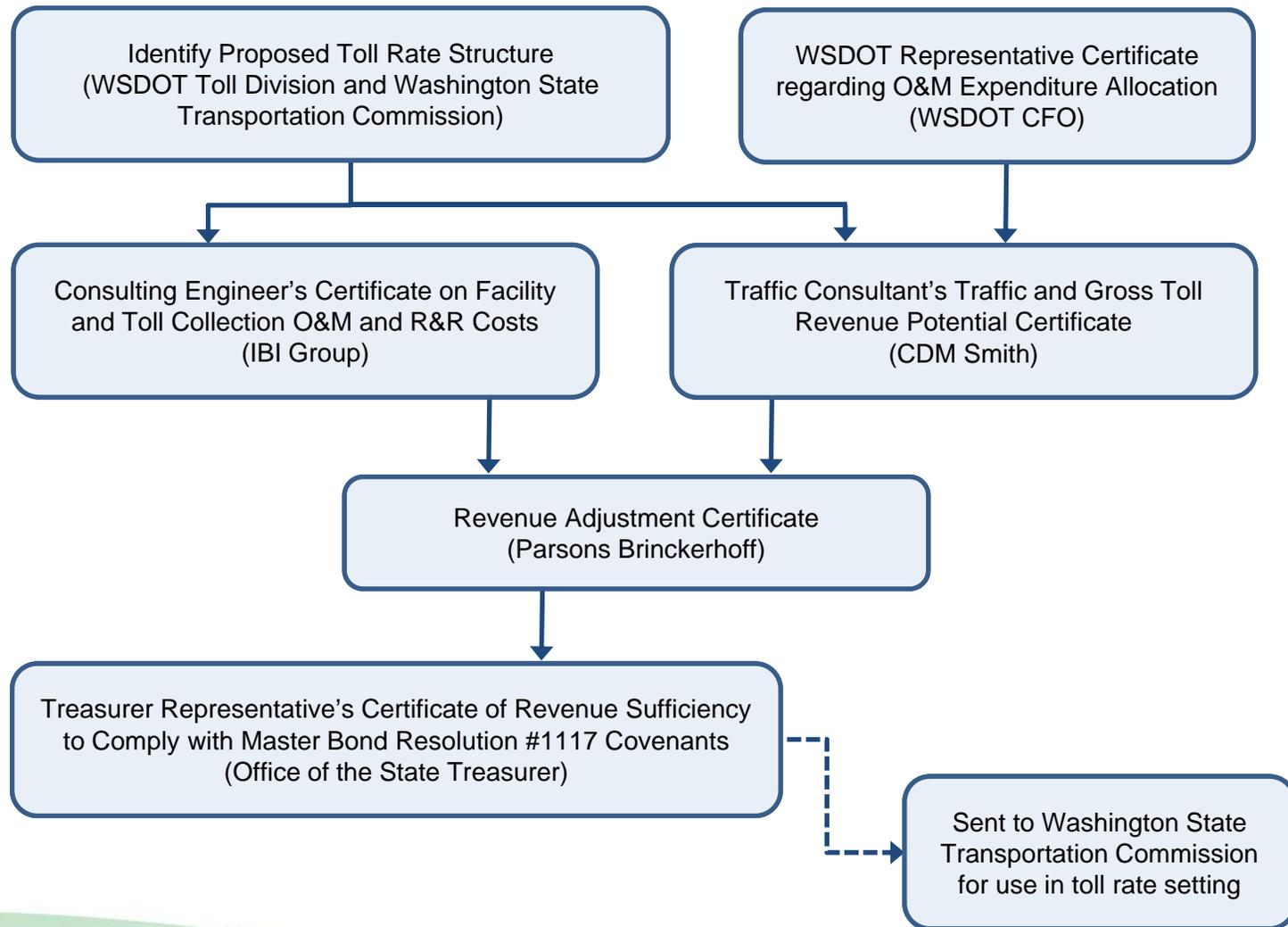
\* *Meet “Additional Bonds Test” requirements in order for scheduled bond sales to occur*

# Other Requirements

## **Section 7.02 Master Bond Resolution.**

- The Tolling Authority shall include variable pricing in adopting Toll Rate Schedules.
- Tolls shall be set to maintain travel time, speed, and reliability and to generate sufficient Toll Revenue to meet all requirements previously outlines.
- Tolls may vary for type of vehicle, time of day, traffic conditions, or other factors designed to improve performance of the System.

# Certification Process



# Toll Forecasting History

Traffic and Gross Toll Revenue Potential Forecasts	Gross to Net Toll Revenue Projections
<b>September 2011 Forecast</b>	
<i>SR 520 Bridge Investment Grade Traffic and Revenue Study</i>	<i>SR 520 Bridge Net Toll Revenue Report</i>
<b>September 2012* Forecast</b>	
<i>SR 520 Bridge Traffic and Revenue Update Letter</i>	<i>SR 520 Net Revenue Forecast – September 2012 Update (memorandum)</i>
<b>October 2013 Forecast</b>	
<i>SR 520 Bridge Investment Grade Traffic and Revenue Study Update</i>	<i>SR 520 Bridge Net Toll Revenue Report 2013 Update</i>
<b>November 2014 Forecast</b>	
<i>SR 520 Bridge Investment Grade Traffic and Revenue Study Update (forthcoming)</i>	<i>SR 520 Bridge Net Toll Revenue Report 2014 Update (forthcoming)</i>

\* Modified to incorporate nickel rounding of toll rates in fiscal years 2014-16, as adopted by the Washington State Transportation Commission in May 2013.

# November 2014 Forecast — Key Changes in the Traffic and Gross Toll Revenue Potential Forecasts

- Updated assumptions
  - Traffic growth performance review
  - Upward revision to *Good To Go!* share of transactions (maximum rate increase from 86% to 88%)
  - Truck share of transactions reduced (down to 0.7% from 1.1% near term)
  - Incorporated 16 additional construction closure days
  - Updated socio-economic projections have little impact on cross-lake traffic
- Forecasted toll transactions are slightly lower through FY 2025 and higher thereafter through FY 2056
- Forecasted gross toll revenue potential is 1.2% lower over the forecast horizon

Source: CDM Smith

# Key Change Factors and Impacts on Gross Revenue

Forecast Horizon FY 2015-56 | November 2014 vs. October 2013 Forecast

Factor	Changes in Nov2014 Forecast*	Effect on Gross Toll Revenue Potential
Growth performance review	Decreases revenue	↓ Medium (FY 2015, FY 2016)
Raised Share of <i>Good To Go!</i> transactions and lowered proportion of trucks	Decreases revenue per transaction	↓ Medium
Closures	Decreases revenue (FY 2015, FY 2016)	↓ Medium (FY 2015, FY 2016)

\* Compared with the October 2013 Forecast  
Source: CDM Smith

# Net Revenue Components

## GROSS TOLL REVENUE POTENTIAL

### ± Revenue Adjustments

- Toll Payment Discounts and Fees
- Revenue Not Recognized
- Unpaid Toll Revenue
- Miscellaneous Pledged Revenue (actual/not forecasted)
- Transponder Sales Revenue
- Pay By Mail Rebilling Fees
- Recovered Toll Revenue

### — Operations and Maintenance (O&M) Costs

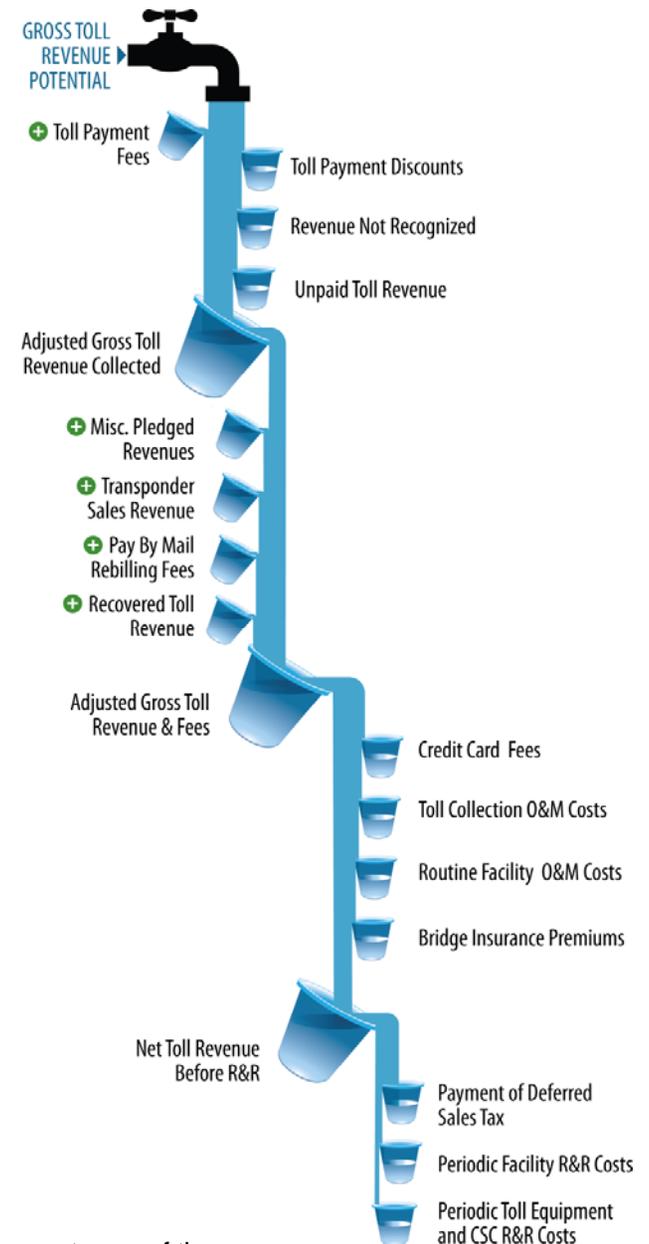
- Credit Card Fees
- Toll Collection O&M (includes transponder costs)
- Routine Facility O&M Costs
- Bridge Insurance Premiums

## NET TOLL REVENUE (BEFORE R&R)

### — Repair and Replacement (R&R) Costs

- Periodic Facility R&R
- Periodic Toll Equipment and CSC R&R

Note: The waterfall follows the structure of the SR 520 T&R table; however, the subsequent uses of the net toll revenues in the bottom three buckets actually follow a separate flow of funds in the financial plan that accounts for annual contributions to debt service and various reserve accounts.



# November 2014 Forecast — Key Changes in the Net Toll Revenue Projections

- Revenue Adjustments
  - Upward revision to Pay By Plate share of total *Good To Go!* trips
  - Refinements to the revenue leakage calculations result in higher unpaid toll revenue projections
- O&M and R&R Costs
  - Higher transaction forecast (after FY 2025) increases toll collection costs
  - Changes to system-wide toll collection costs and allocation by facility decreases SR 520's dollar amount
    - Addition of I-405 and SR 99 (assumed FY 2018) increases system facility count by 2/3; yet costs increase by less than 2/3 due to economies of scale
  - Additional state general and administrative costs now included in the shared system-wide costs increases SR 520's dollar amount
  - Facility O&M costs increase with higher energy costs for under-lid lighting
  - Overall R&R cost estimates are slightly lower

# Key Change Factors and Impacts on Net Revenue

## Forecast Horizon FY 2015-56 | November 2014 vs. October 2013 Forecast

Factor	Change in November 2014 Forecast	Net Revenue Impact (FY 2015-56)	
Revenue Adjustments	Toll Payment Discounts & Fees	Fee revenue increased due to higher Good To Go! transaction forecast and increased Pay By Plate use among Good To Go! customers	Moderate increase in fee revenue + ↑
	Unpaid Toll Revenue	Upward revision to average revenue loss per unbillable and unpaid toll transactions	Moderate increase in leakage cost - ↓
	Pay By Mail Rebilling Fees	Decrease in Pay By Mail transactions combined with slightly higher first invoice payment rate results in fewer late fees	Moderate decrease in fee revenue - ↓
	Recovered Toll Revenue	Upward revision to assumption for tolls recovered after 80 days from NOCP transactions	Moderate increase in recovered revenue + ↑
O&M Costs	Toll Collection O&M	Economies of scale from adding I-405 & SR 99 to the allocation of system costs plus decrease in Pay By Mail transactions lower costs, more than offsetting higher state operations and RTS costs	Moderate decrease in cost + ↑
	Routine Facility O&M	Increase primarily due to higher estimates for energy consumption costs	Moderate increase in cost - ↓

# Summary of November 2014 Forecast Changes

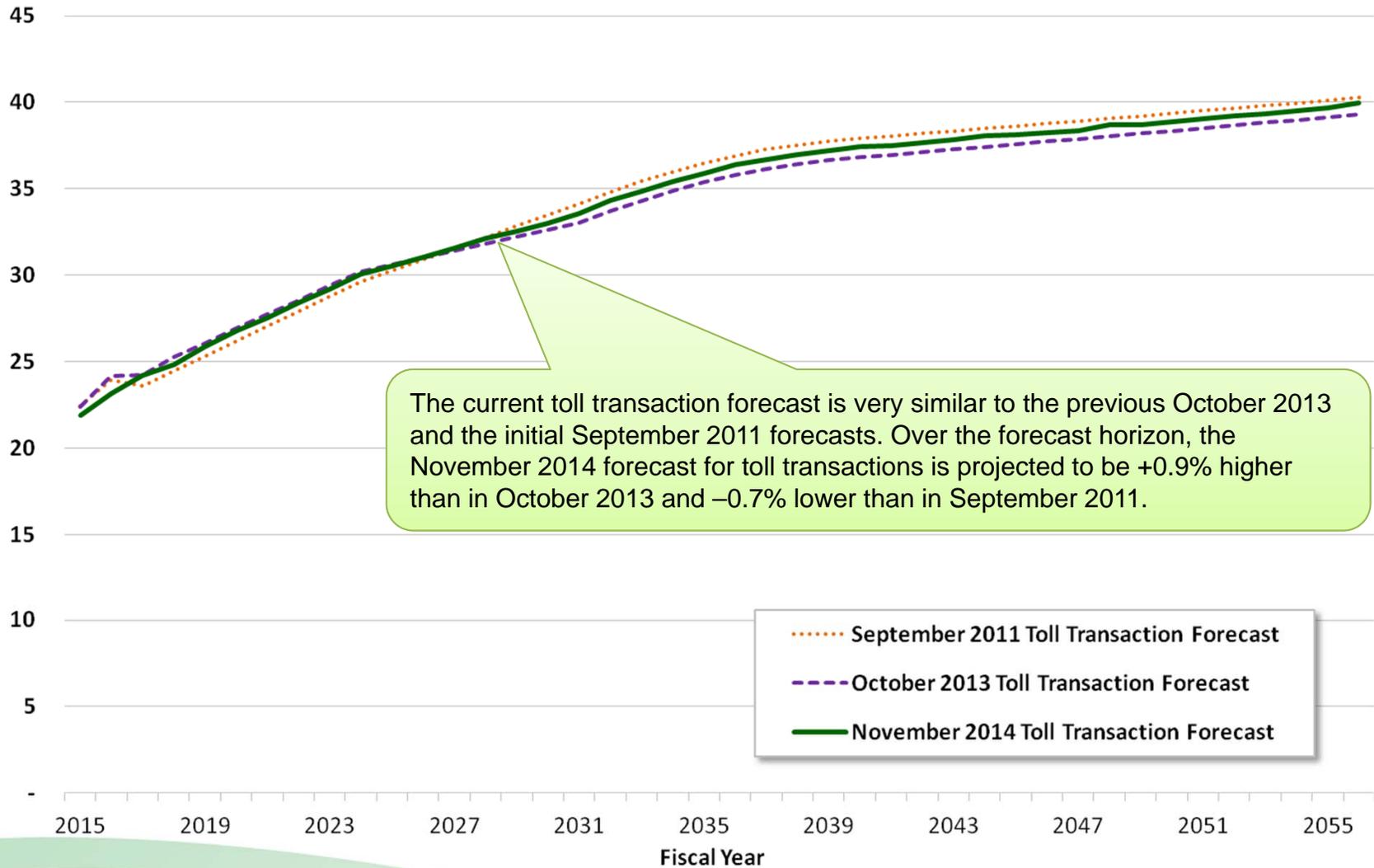
- Gross Toll Revenue Potential is 1.2% lower than the October 2013 Forecast over the FY 2015-56 forecast period
- Net Toll Revenues before R&R are 1.7% lower
- Net Toll Revenues after R&R / deferred sales tax are 1.8% lower

Forecast Category	Oct 2013 Forecast (\$ millions)	Nov 2014 Forecast (\$ millions)	Variance (\$ millions)	Variance (%)
<b>Gross Toll Revenue Potential</b>	<b>4,843.9</b>	<b>4,783.8</b>	<b>(60.1)</b>	<b>-1.2%</b>
Subtotal: Revenue Adjustments	(109.3)	(112.8)	(3.4)	+3.1%
Subtotal: O&M Costs	(1,253.8)	(1,249.9)	3.8	-0.3%
<b>Net Toll Revenue before R&amp;R</b>	<b>3,480.8</b>	<b>3,421.1</b>	<b>(59.7)</b>	<b>-1.7%</b>
Subtotal: R&R Costs + Deferred Sales Tax	(476.9)	(472.6)	4.2	-0.9%
<b>Net Toll Revenue after R&amp;R</b>	<b>3,003.9</b>	<b>2,948.5</b>	<b>(55.5)</b>	<b>-1.8%</b>

# Toll Transaction Comparison

## November 2014 Forecast compared to October 2013 and September 2011

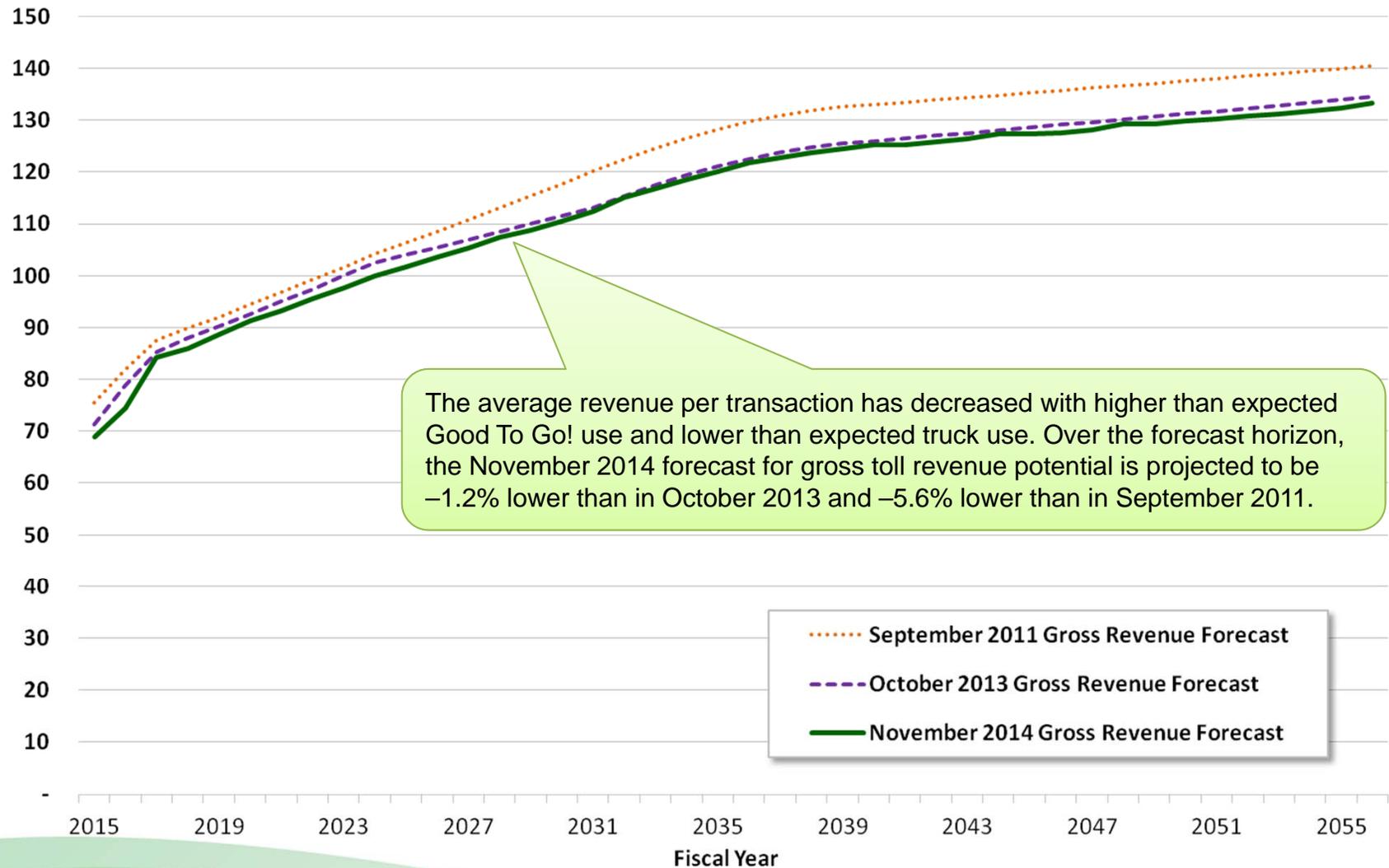
millions of transactions



# Gross Toll Revenue Potential Comparison

November 2014 Forecast compared to October 2013 and September 2011

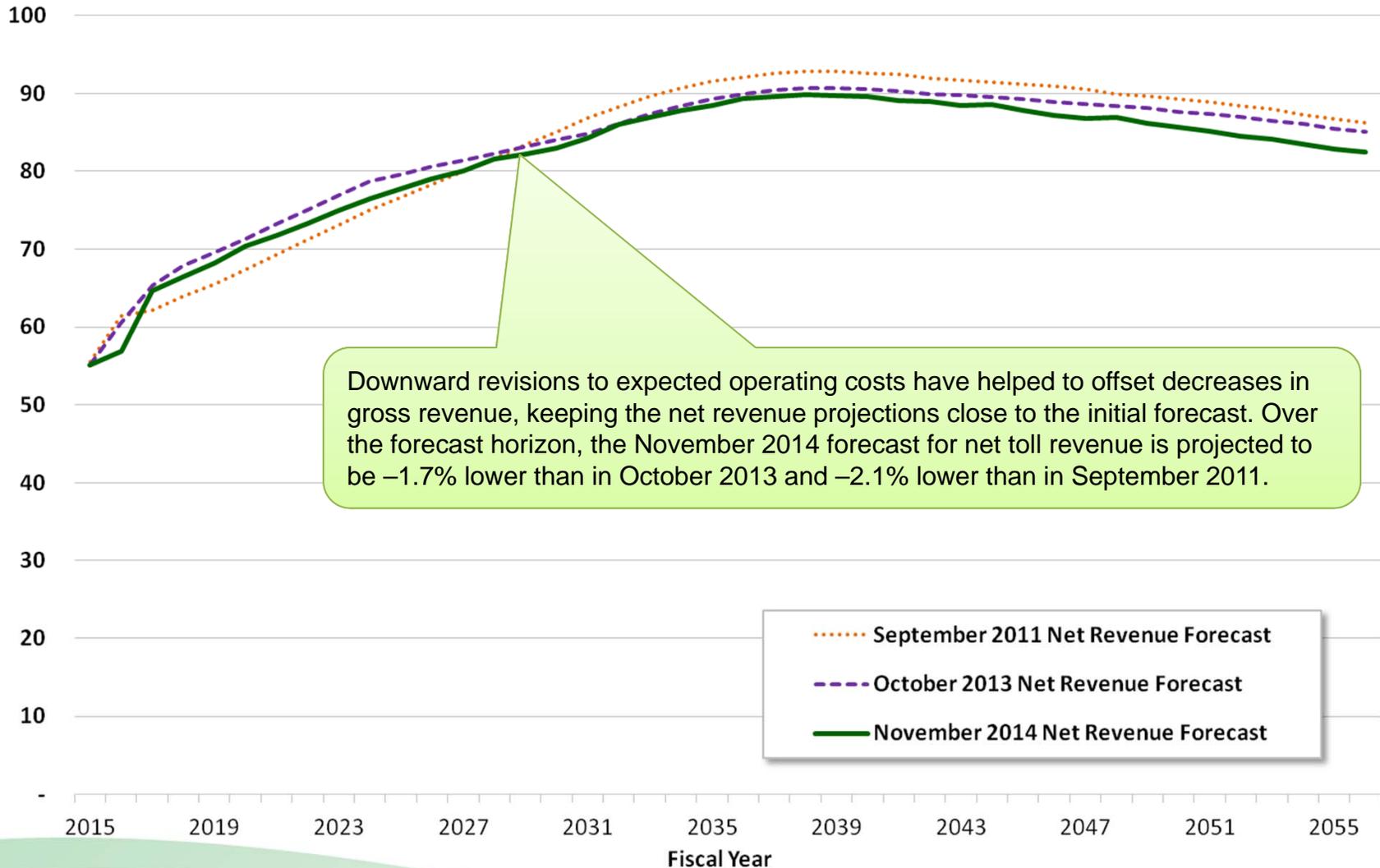
\$ millions



# Net Toll Revenue Comparison

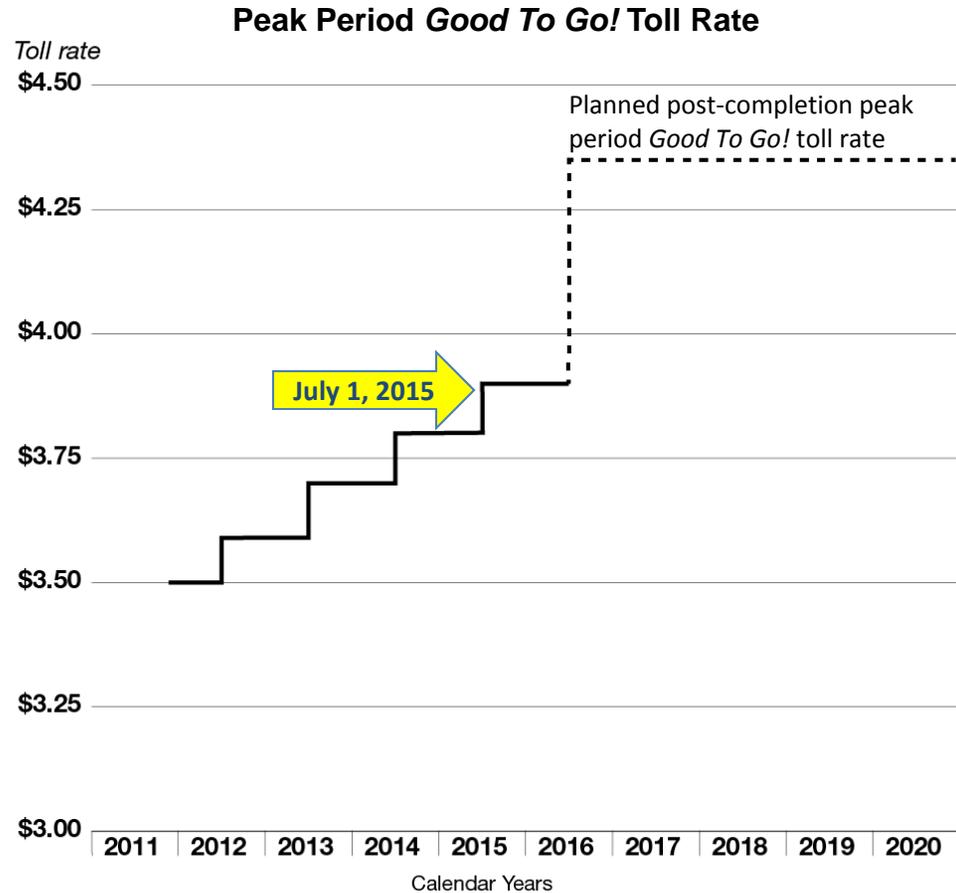
## November 2014 Forecast compared to October 2013 and September 2011

\$ millions



# WSTC Adopted SR 520 Toll Rate Schedule

Current adopted rate schedule in WAC 468.270.040 states, “(b) Starting July 1, 2012, the toll rates will increase two and one-half percent annually, subject to review and potential adjustment by the commission, in order to generate toll revenue sufficient to meet the costs and obligations listed in RCW 47.56.830 through 47.56.850.”



# Financial Plan Weekday *Good To Go!* Toll Rate Schedule

Time Period	Actual and Planned Rate Assumptions	5-6 AM	6-7 AM	7-9 AM	9-10 AM	10 AM-2 PM	2-3 PM	3-6 PM	6-7 PM	7-9 PM	9-11 PM	11 PM-5 AM
FY 2012	Opening Rates	\$1.60	\$2.80	\$3.50	\$2.80	\$2.25	\$2.80	\$3.50	\$2.80	\$2.25	\$1.60	\$0.00
FY 2013	+2.5% (No Rounding)	\$1.64 +2.5%	\$2.87 +2.5%	\$3.59 +2.6%	\$2.87 +2.5%	\$2.31 +2.7%	\$2.87 +2.5%	\$3.59 +2.6%	\$2.87 +2.5%	\$2.31 +2.7%	\$1.64 +2.5%	\$0.00
FY 2014	+2.5% with Nickel Rounding	\$1.70 +3.7%	\$2.95 +2.8%	\$3.70 +3.1%	\$2.95 +2.8%	\$2.35 +1.7%	\$2.95 +2.8%	\$3.70 +3.1%	\$2.95 +2.8%	\$2.35 +1.7%	\$1.70 +3.7%	\$0.00
FY 2015	+2.5% with Nickel Rounding	\$1.75 +2.9%	\$3.00 +1.7%	\$3.80 +2.7%	\$3.00 +1.7%	\$2.40 +2.1%	\$3.00 +1.7%	\$3.80 +2.7%	\$3.00 +1.7%	\$2.40 +2.1%	\$1.75 +2.9%	\$0.00
FY 2016	+2.5% with Nickel Rounding	\$1.80 +2.9%	\$3.10 +3.3%	\$3.90 +2.6%	\$3.10 +3.3%	\$2.45 +2.1%	\$3.10 +3.3%	\$3.90 +2.6%	\$3.10 +3.3%	\$2.45 +2.1%	\$1.80 +2.9%	\$0.00
FY 2017+	Pre-Defined Post- Completion Toll Schedule	\$2.05 +13.9%	\$3.55 +14.5%	\$4.35 +11.5%	\$3.55 +14.5%	\$2.90 +18.4%	\$3.55 +14.5%	\$4.35 +11.5%	\$3.55 +14.5%	\$2.90 +18.4%	\$2.05 +13.9%	\$1.25

Effect of planned July 1, 2015  
2.5% toll rate increase with nickel  
rounding on weekday toll rates

# The November 2014 Toll Revenue Forecast Meets Master Resolution Sufficiency Requirements

- The Office of the State Treasurer has reviewed the November 2014 forecasts for traffic, gross toll revenue potential, and net toll revenue
- Financial modeling indicates that forecasted toll revenues are sufficient to meet all obligations, including O&M expenditures, debt service, and contributions to required reserve accounts
- However, there are minimal excess net revenues forecasted prior to FY 2030

# For questions or further information...

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# Footnote Slides

# Footnotes for Slide 7

## FY 2014 Forecasted and Reported Toll Traffic

- 1 Planned weekend construction related closures as preliminarily scheduled by WSDOT - uniformly distributed over each quarter.
- 2 Actual weekend construction related closures as observed during the month.
- 3 Values based on CDM Smith October 2013 Forecast.
- 4 Reported values are based on total monthly transactions adjusted for non-revenue and duplicate transactions. Values may be subject to change with final audited reports.

# Footnotes for Slide 8

## FY 2014 Forecasted and Reported Gross Toll Revenue

- 1 Planned weekend construction related closures as preliminarily scheduled by WSDOT - uniformly distributed over each quarter.
- 2 Actual weekend construction related closures as observed during the month.
- A Values based on CDM Smith October 2013 Forecast, reflects potential revenue if the correct toll were collected from every vehicle, before fee and discount adjustments.
- B Reported gross toll revenue potential values coincide with CDM Smith gross toll revenue forecasts. Values exclude duplicate transactions and toll revenue associated to non-revenue transactions. Additional adjustments are incorporated to reflect the toll rate the customer intended to pay, consistent with the values provided in the forecast. For example a Good To Go! customer who intended to pay the account based rate but has an invalid credit card associated to the account and is charged the Pay By Mail rate is reflected as a Good To Go! transaction and the incremental Pay By Mail fee has been excluded.
- C Values based on Parsons Brinckerhoff October 2013 Forecast. Adjusted gross toll revenue equals the gross toll revenue potential after the following forecast adjustments:
- a) \$0.50 short-term account discounts for non-account customers who self-initiate payment without waiting to receive a bill
  - b) \$0.25 per transaction fee charged for pre-paid Good To Go! Pay By Plate transactions
  - c) Revenue not recognized; associated with unreadable license plates, or when a vehicle owner with a readable license plate cannot be identified
  - d) Unpaid toll revenue; associated with non-payment of toll bills within 80 days and two invoices
- D Reported adjusted gross toll revenue is calculated using adjustments as referenced in footnote C above, and correspond to "tolling revenue" values provided in WSDOT financial statements.
- \* Adjustments: Toll Bill Reconciliation Report was updated, large impact to rebilling fee deferral

# Footnotes for Slide 9

## FY 2014 Forecasted and Reported Net Toll Revenue

- A Values based on Parsons Brinckerhoff October 2013 Forecast. Monthly amounts are prior to adjustments for payment of deferred sales tax, debt service, periodic facility repair & replacement costs, and periodic toll equipment and customer service center repair & replacement costs. Miscellaneous pledged revenue values are not forecasted.
- B Reported net toll revenue values are prior to adjustments for payment of deferred sales tax, debt service, periodic facility repair & replacement costs and periodic toll equipment and customer service center repair & replacement costs. Miscellaneous pledged revenue values are excluded and provided separately.
- C Miscellaneous revenues are pledged and include the following; sale of right of way excess, recovery of prior biennium expenditures, cash over & short amounts, liquidated damages, interest earned in state route 520 corridor account, cost of investment activities, and Washington State Treasurer deposit interest.
- D Annual insurance premium incurred in both the forecasted and reported O&M costs used to calculate monthly net revenue.

# Footnotes for Slide 10

## FY 2015 Q1 Forecasted and Reported Toll Traffic

- 1 Planned weekend construction related closures as preliminarily scheduled by WSDOT - Projected Closures from Project Office.
- 2 Actual weekend construction related closures as observed during the month.
- 3 Values based on CDM Smith November 2014 Forecast.
- 4 Reported values are based on total monthly transactions adjusted for non-revenue and duplicate transactions. Values may be subject to change with final audited reports.

# Footnotes for Slide 11

## FY 2015 Q1 Forecasted and Reported Gross Toll Revenue

- 1 Planned weekend construction related closures as preliminarily scheduled by WSDOT - uniformly distributed over each quarter.
- 2 Actual weekend construction related closures as observed during the month.
- A Values based on CDM Smith November 2014 Forecast, reflects potential revenue if the correct toll were collected from every vehicle, before fee and discount adjustments.
- B Reported gross toll revenue potential values coincide with CDM Smith gross toll revenue forecasts. Values exclude duplicate transactions and toll revenue associated to non-revenue transactions. Additional adjustments are incorporated to reflect the toll rate the customer intended to pay, consistent with the values provided in the forecast. For example a Good To Go! customer who intended to pay the account based rate but has an invalid credit card associated to the account and is charged the Pay By Mail rate is reflected as a Good To Go! transaction and the incremental Pay By Mail fee has been excluded.
- C Values based on Parsons Brinckerhoff November 2014 Forecast. Adjusted gross toll revenue equals the gross toll revenue potential after the following forecast adjustments:
  - a) \$0.50 short-term account discounts for non-account customers who self-initiate payment without waiting to receive a bill
  - b) \$0.25 per transaction fee charged for pre-paid Good To Go! Pay By Plate transaction
  - c) Revenue not recognized; associated with unreadable license plates, or when a vehicle owner with a readable license plate cannot be identified
  - d) Unpaid toll revenue; associated with non-payment of toll bills within 80 days and two invoices
- D Reported adjusted gross toll revenue is calculated using adjustments as referenced in footnote C above, and correspond to "tolling revenue" values provided in WSDOT financial statements.

# Footnotes for Slide 12

## FY 2015 Q1 Forecasted and Reported Net Toll Revenue

- A Values based on Parsons Brinckerhoff November 2014 Forecast. Monthly amounts are prior to adjustments for payment of deferred sales tax, debt service, periodic facility repair & replacement costs, and periodic toll equipment and customer service center repair & replacement costs. Miscellaneous pledged revenue values are not forecasted.
- B Reported net toll revenue values are prior to adjustments for payment of deferred sales tax, debt service, periodic facility repair & replacement costs and periodic toll equipment and customer service center repair & replacement costs. Miscellaneous pledged revenue values are excluded and provided separately.
- C Miscellaneous revenues are pledged and include the following; sale of right of way excess, recovery of prior biennium expenditures, cash over & short amounts, liquidated damages, interest earned in state route 520 corridor account, cost of investment activities, and Washington State Treasurer deposit interest.
- D Annual insurance premium incurred in both the forecasted and reported O&M costs used to calculate monthly net revenue.