SR 520 Toll Proposal Briefing

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Washington State Transportation Commission
July 14, 2010

Washington State Department of Transportation

Agenda

- Agenda review

  Craig Stone
- Recap of Available Funds

  Amy Arnis
- Recap of toll assumptions / convergence of toll alternatives

  Craig Stone
- Recap of Tolling Implementation Committee Work

  Jennifer Ziegler
- Alternatives tested and financial results

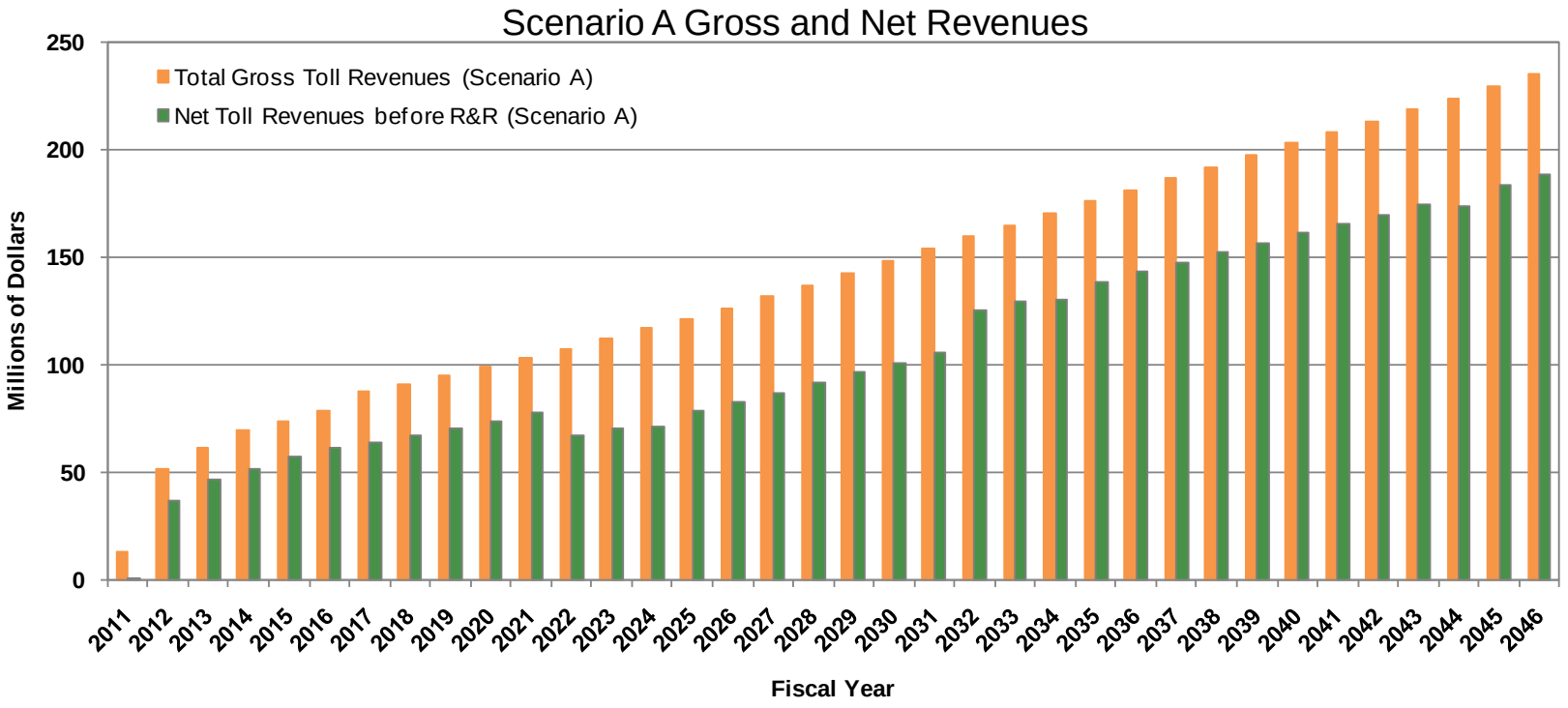
  Amy Arnis
- Toll schedule charts / rate tables: Alternatives 4.1 and D.1

  Craig Stone
- Commission discussion, recommendations and next steps

  Craig Stone

Net Revenues = Funds Available for Debt Service

- Deductions from gross revenues to yield net revenues include:
  - Operations and maintenance
  - Uncollectible accounts
  - Bridge insurance premiums
  - Deferred sales tax payments over 10 years starting in FY 2022
- Other uses of toll revenues after debt service
  - Deferred sales tax payments if not paid prior to debt service
  - Facility R&R costs
  - Revenue stabilization account and other reserves



Recap of Toll Assumptions

- 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 UPA
  - WSP, WSDOT bridge maintenance vehicles, vehicles on emergency calls

520 Tolling Implementation Committee Convened in Summer 2008 – Winter 2009

Bob Drewel, Committe Chair, Executive Director, PSRC

Paula Hammond, Secretary, Washington State DOT

Dick Ford, Washington State Transportation Commission

520 Tolling Implementation Committee Charge

- Evaluate
  - Traffic diversion from 520 to other routes, including 522, and recommend mitigation,
  - Advanced tolling technology,
  - New applications of emerging technology to better manage traffic.

- Explore opportunities to partner with the business community to reduce congestion and contribute financially.

- Confer with mayors and city councils.

- Conduct public work sessions and open houses to solicit citizen views on tolling the existing 520 bridge, tolling both 90 and 520, providing incentives for transit and carpooling, implementing variable tolling.

- Provide a report to the governor and legislature in January 2009.

520 Tolling Implementation Committee Public engagement charge

Engage citizens on the following topics:

- Funding a portion of the 520 replacement project with tolls on the existing bridge.
- Funding the 520 replacement project and improvements on the 90 Bridge with a toll paid by drivers on both bridges.
- Providing incentives and choices for transit and carpooling.
- Implementing variable tolling as a way to reduce congestion.

Extensive Public Engagement in 2008

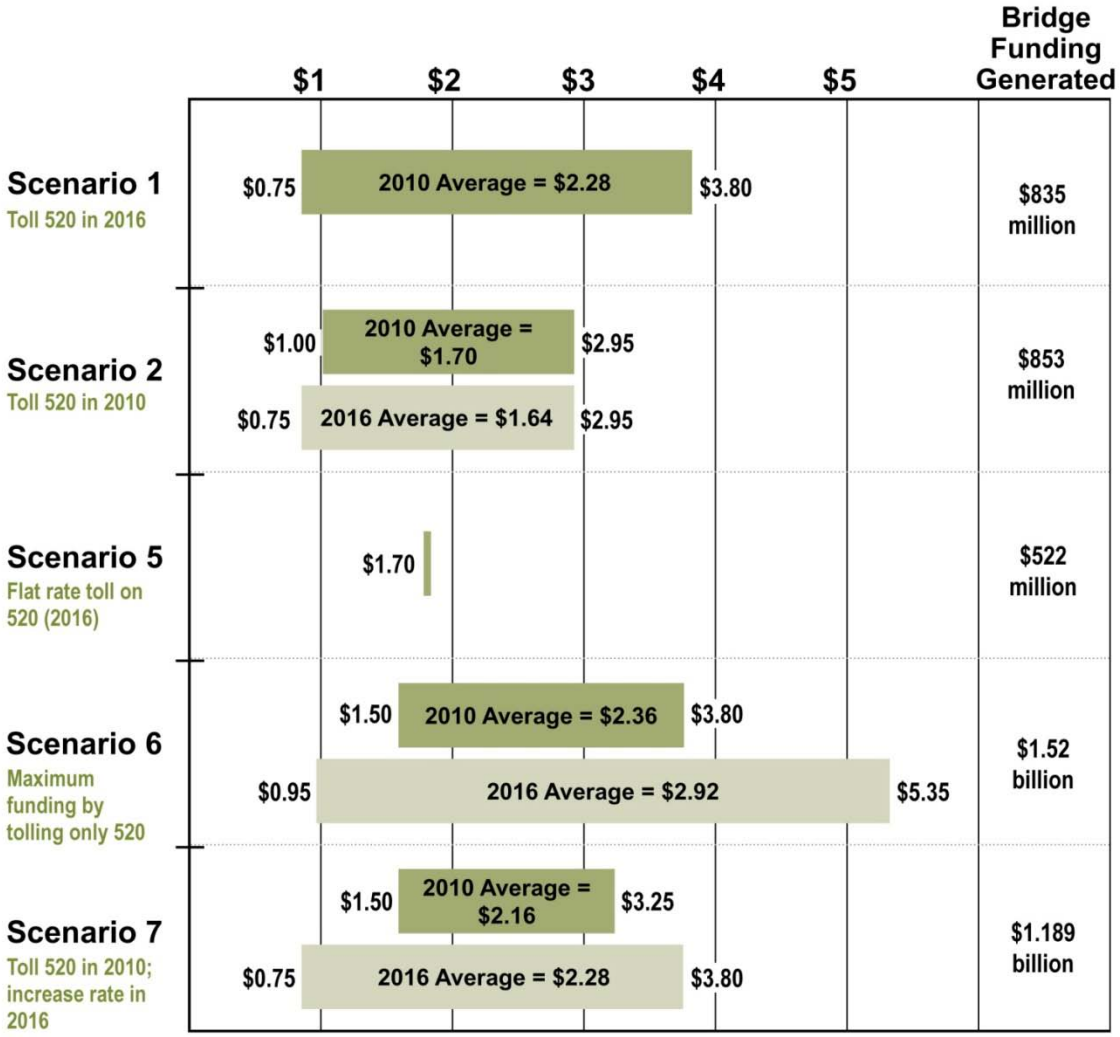
- 16,000 build520.org Website visitors
- 7,800 web survey participants
- 1,200 phone survey respondents
- 8,000 written comments
- 700 open house attendees
- 1,000+ Sierra Club postcards
- 3,300+ No Toll on I-90 petition signatures

520 Tolling Implementation Committee
Examples of Variable Toll Ranges Evaluated

Time of Day	Range of Tolls Evaluated (2007$)
Morning Commute (5 AM – 9 AM)	**$2.15 - $4.25**
Mid-Day (9 AM – 3 PM)	**$1.05 - $2.75**
Afternoon Commute (3 PM – 7 PM)	**$2.80 - $5.35**
Evening (7 PM -10 PM)	**$1.00 - $2.60**
Overnight (10 PM – 5 AM)	**$0.00 – $0.90**
Weekend	**$0.80 - $1.60**

Note: *Tolls assumed to increase at rate of inflation*

520 Tolling Implementation Committee
Toll Ranges Evaluated by Scenario (2007$)



Notes:

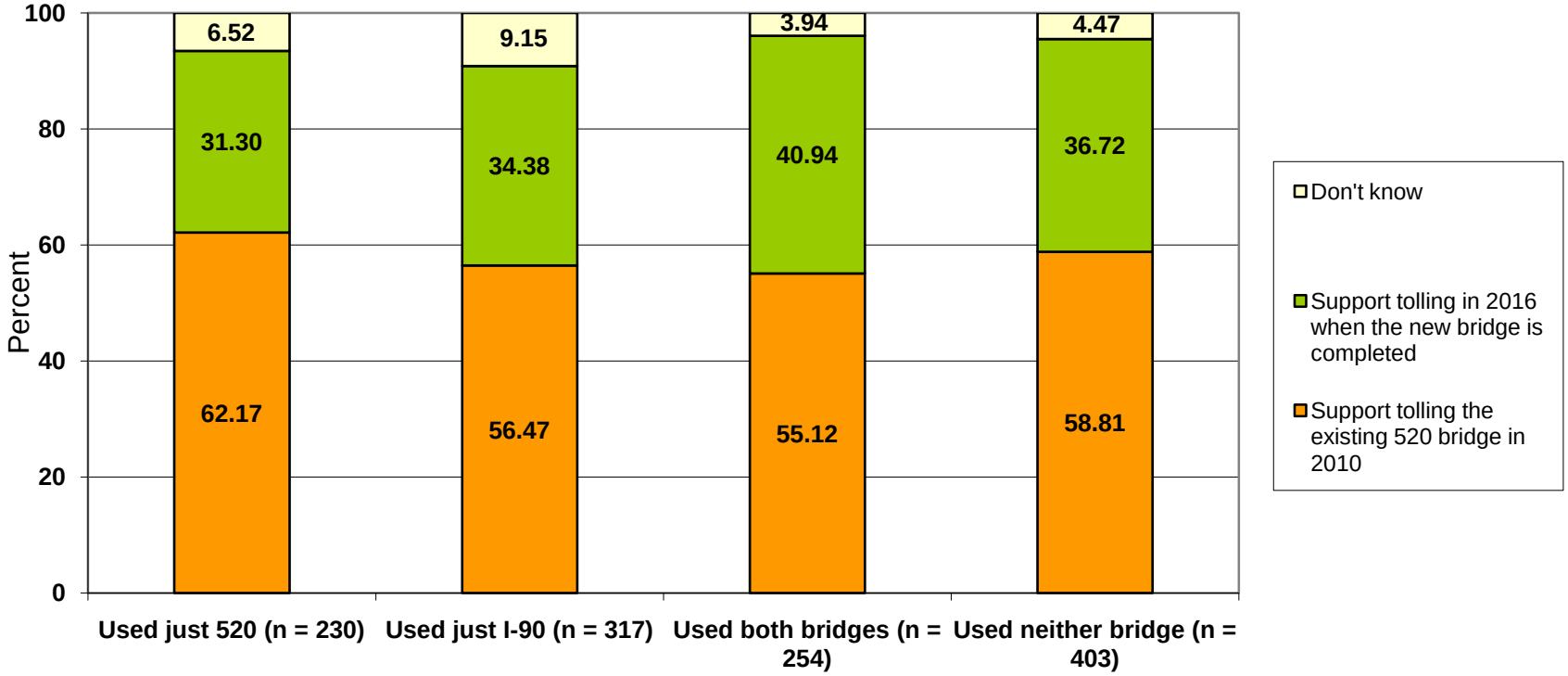
- *All toll rates are one-way.*
- *All tolls are 2007 dollars.*
- *2010 scenarios do not charge an overnight toll.*

Key Findings from 2008 Phone Survey

Support Early Tolling If Results in Lower Tolls and Financing Costs

Q11 - If you knew that tolling the existing 520 Bridge sooner would result in lower tolls and financing costs for the project would you:

Base = All Respondents



Findings from 2008 Tolling Implementation Committee Random-Sample Phone Survey

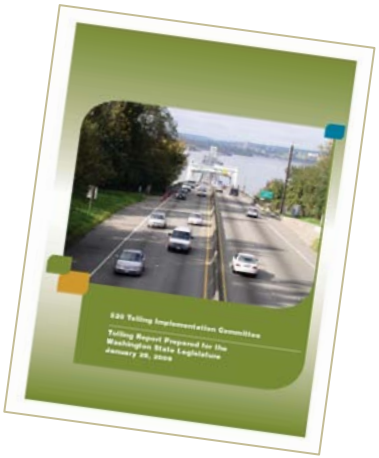
Most Supported Tolling the 520 Bridge
Three-fifths or more of the respondents supported tolling the 520 Bridge as a means of paying for a portion of the bridge replacement.

Electronic Tolling Increased Support for Tolling
When respondents learned that electronic tolling means vehicles travel at normal speeds through the toll area, a third or more were *much more likely* to support tolling the 520 Bridge.

Most Supported Early Tolling When They Considered Its Impact on Toll Amounts and Financing Costs
Well more than half supported beginning tolling of the existing 520 Bridge in 2010 when they knew that such early tolling would result in lower tolls and financing costs.

Most Supported Early Tolling When They Considered Its Impact on Travel Speeds
About half supported beginning tolling of the existing 520 Bridge in 2010 when they knew that such early tolling would result in faster travel speeds on the 520 Bridge.

Most Supported Variable Rate Tolling
There was support for variable rate tolling and it was even more appealing when respondents knew that the toll rates during off-peak times would be about half of peak toll rates.



Convergence of Alternatives

What we heard…

- Toll escalation set at 2.5% per year.
- Allow flexibility to adjust shoulder and off-peak periods to manage traffic effectively.

What we learned…

- Matching AM and PM peak tolls has some benefits
  - Simplifies toll schedule / reduces number of toll levels
  - Duration of peak periods can be adjusted to balance traffic
  - Opportunity to revisit if traffic warrants

Still on the table…

- *Should there be a "step increase" in tolls when the authorized Floating Bridge, Landings and Eastside project is completed?*

Alternative Toll Schedules Tested

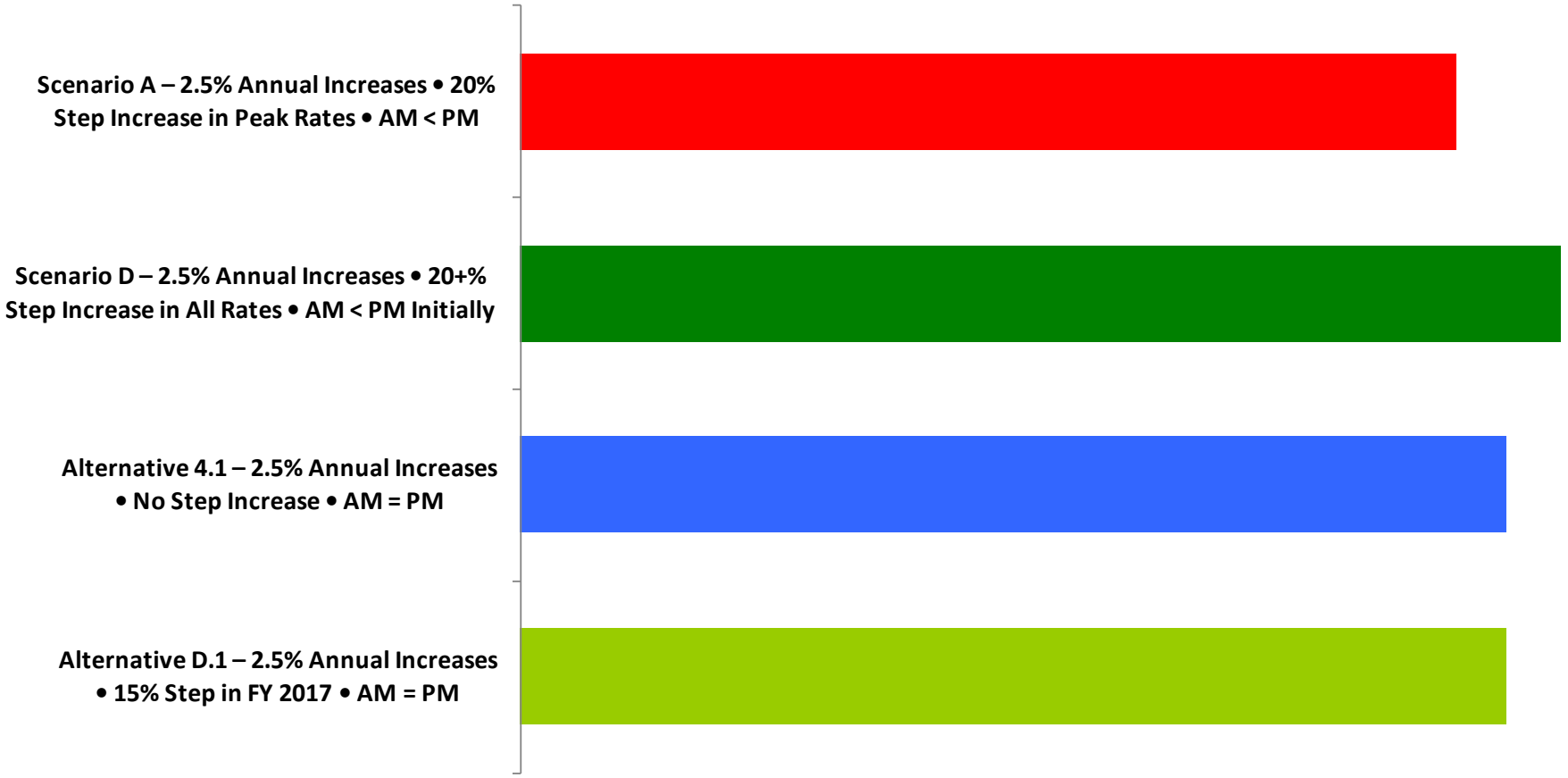
Tolling Subcommittee Preference

Toll Schedule	Escalation	Initial AM | PM Peak Tolls	FY 2017 AM | PM Peak Tolls	Initial Off-Peak Tolls	Initial Weekend Peak Toll	Financial Score 1 = Scenario A 10 = Scenario D	Comments
Scenario A	2.5% / year 20% Step Peak Rates FY 2017	$2.80 | $3.50	$3.85 | $4.75	**Base**	**$1.70**	**1**	Same as TIC Scenario 7 • 20% step increase in AM and PM peak tolls in FY 2017
Scenario D	2.5% / year 20%+ Step All Rates FY 2017	$2.80 | $3.50	$4.75 | $4.75	**Base**	**$2.15**	**10**	Same initial tolls as Scenario A • Higher AM peak, off-peak and weekend tolls FY 2017+ to increase funding capacity
Alternative 1	2.5% / year No Step Increase	$3.40 | $4.20	$3.85 | $4.75	**Base**	**$2.20**	**4**	Variant of Scenario A • Same tolls FY 2017+ except higher overnight and weekends • No FY 2017 step increase
Alternative 1.1	2.5% / year No Step Increase	$3.80 | $4.00	$4.30 | $4.75	**Base**	**$2.20**	**6**	Same as Alternative 1 except lower AM / PM peak toll differential
Alternative 4	2.5% / year No Step Increase	$4.00 | $4.00	$4.50 | $4.50	**Higher than Base**	**$2.20**	**8**	Matching AM and PM peak tolls • Initial peak tolls are 80% of max revenue levels • No FY 2017 step increase
Alternative 4.1	2.5% / year No Step Increase	$3.80 | $3.80	$4.30 | $4.30	**Higher than Base**	**$2.20**	**5**	Lower toll version of Alternative 4 • Initial peak tolls are 75% of max revenue levels
Alternative D.1	2.5% / year 15% Step All Rates FY 2017	$3.50 | $3.50	$4.35 | $4.35	**Base**	**$2.20**	**5**	Variant of Scenario D with matching initial AM and PM peak tolls • Smaller (15%) FY 2017 step increase

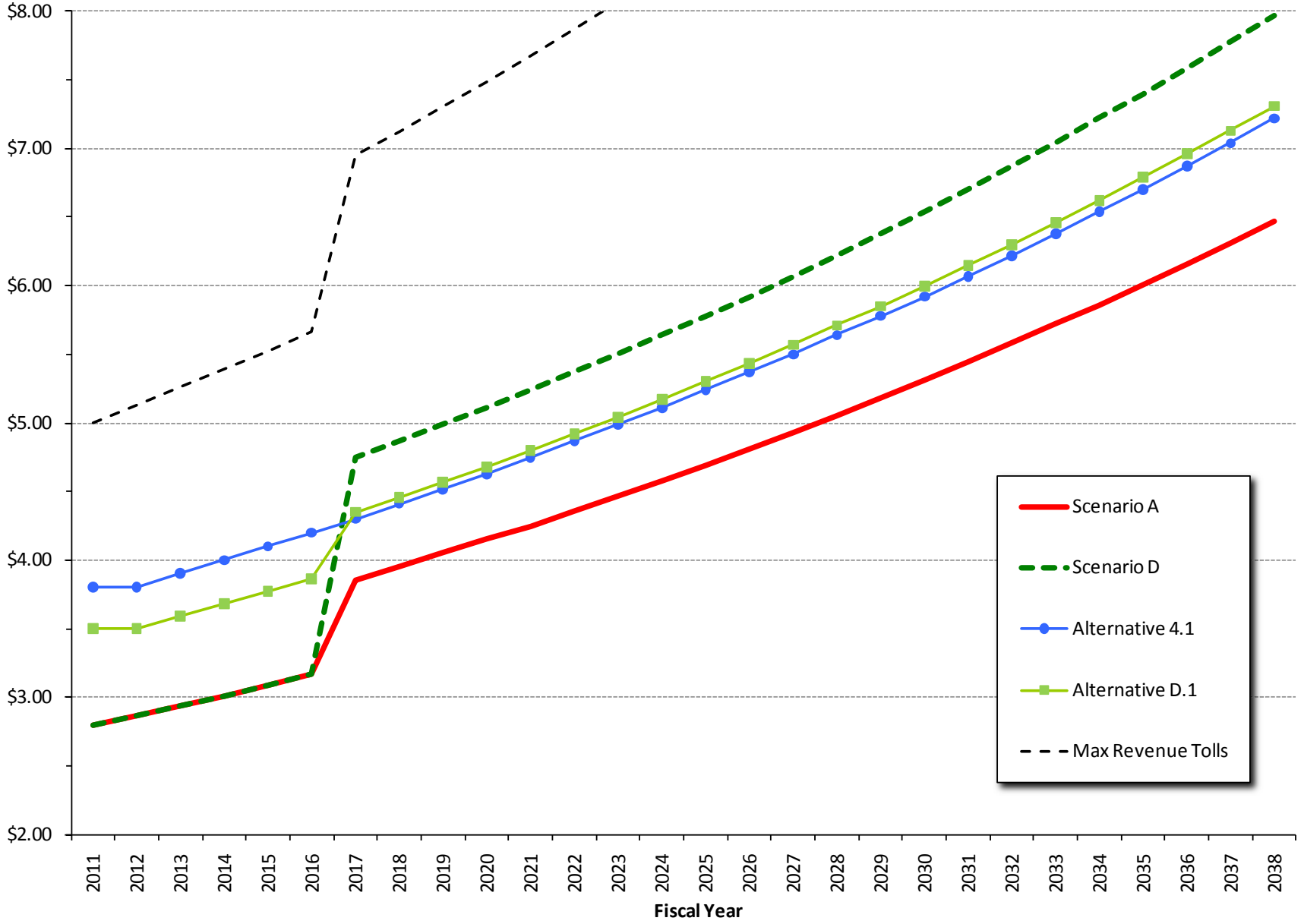
Note: In all cases, overnight tolling assumed to begin in FY 2017.

Alternative Toll Schedule Financial Results

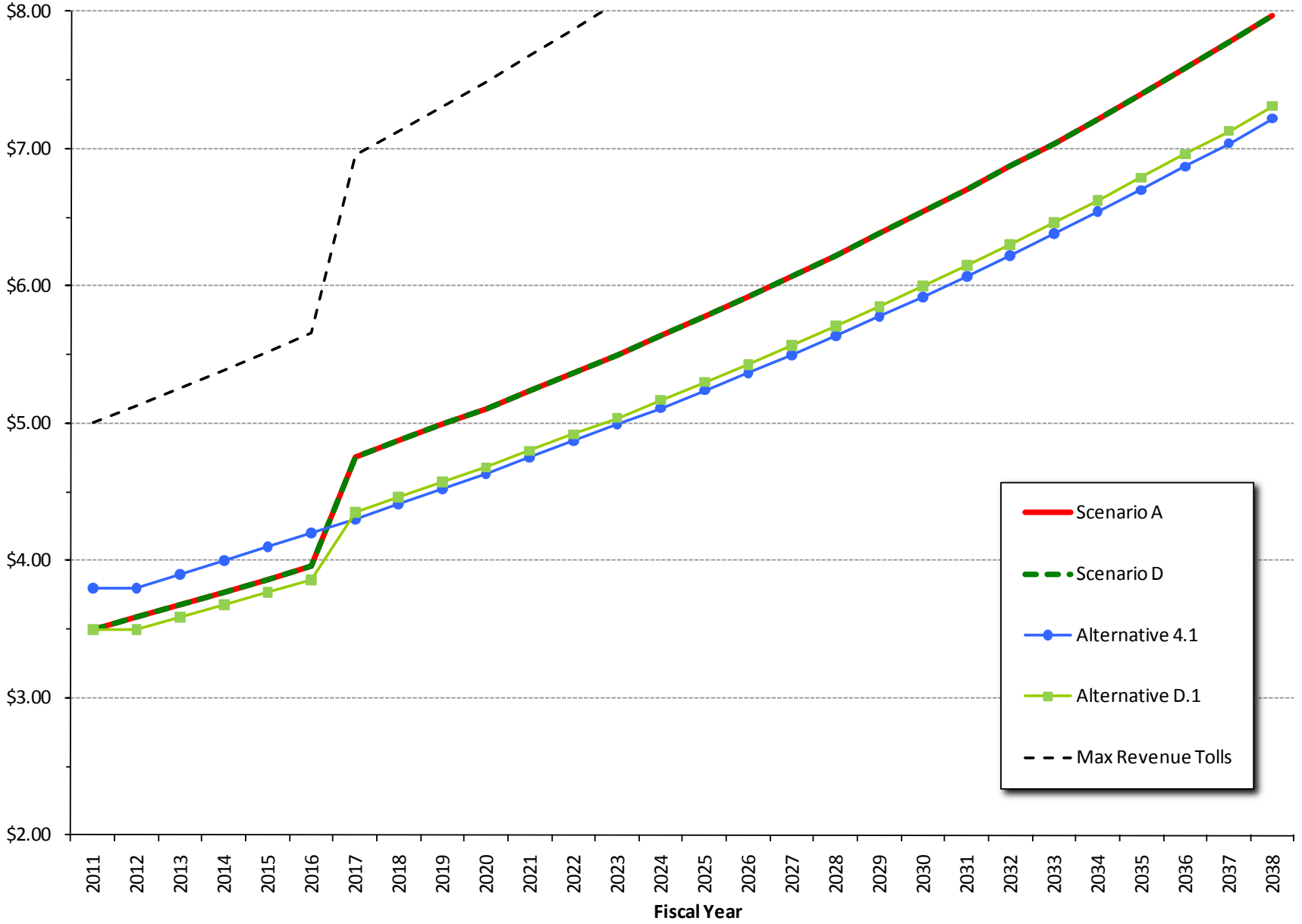
Financial Capacity Comparison of Toll Scenarios A and D with Commission Alternatives 4.1 and D.1



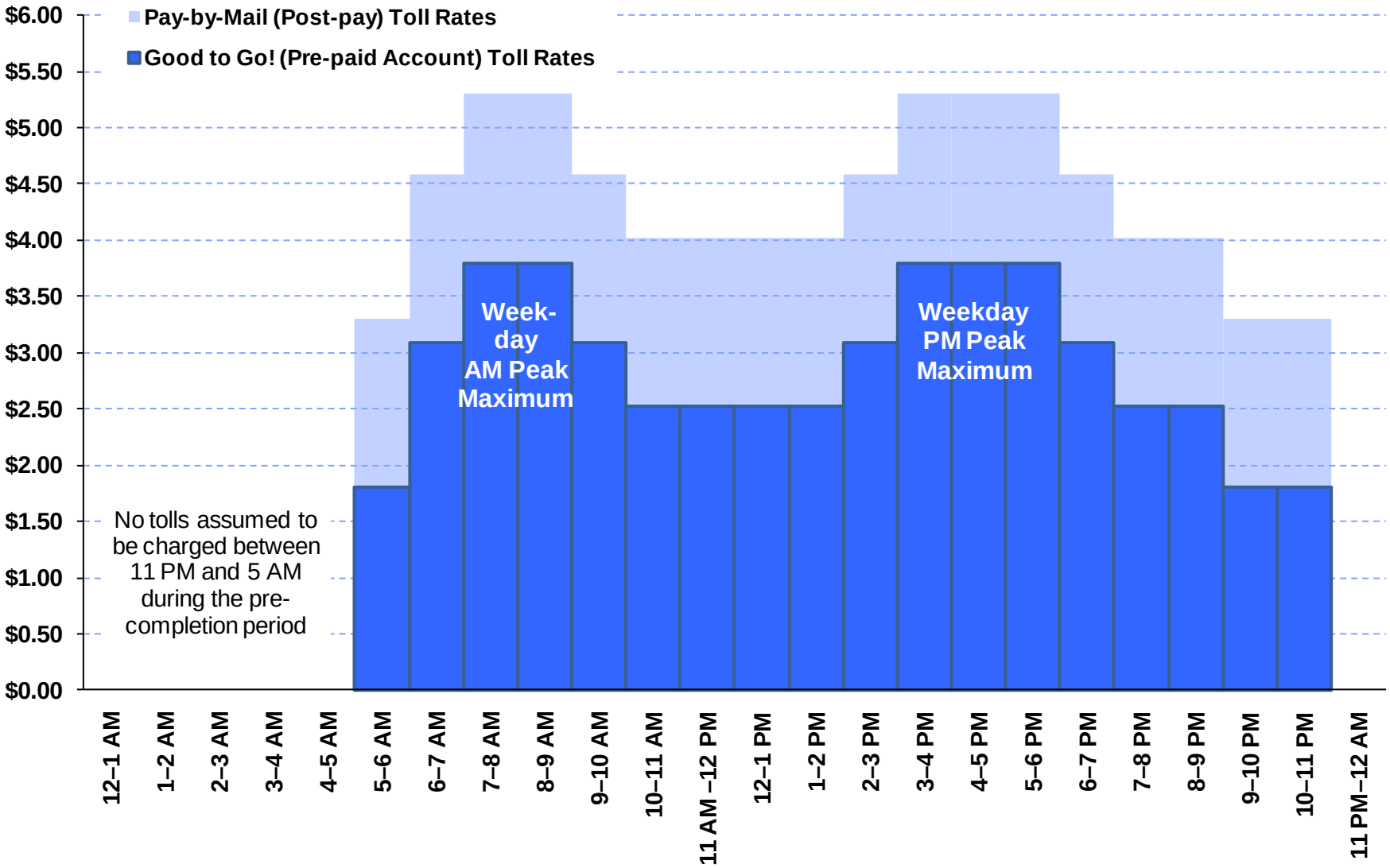
Comparison of AM Peak Toll Rates



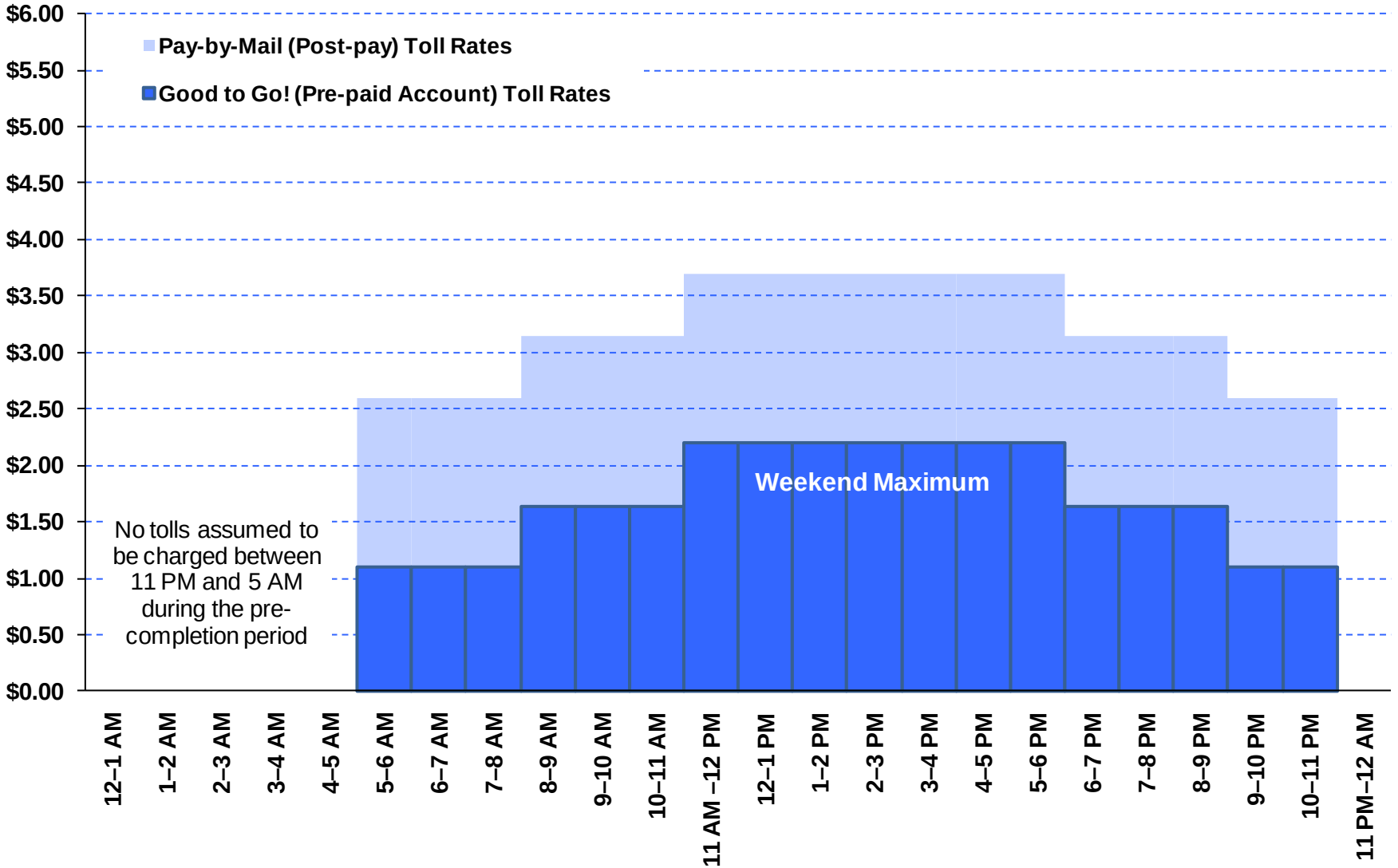
Comparison of PM Peak Toll Rates



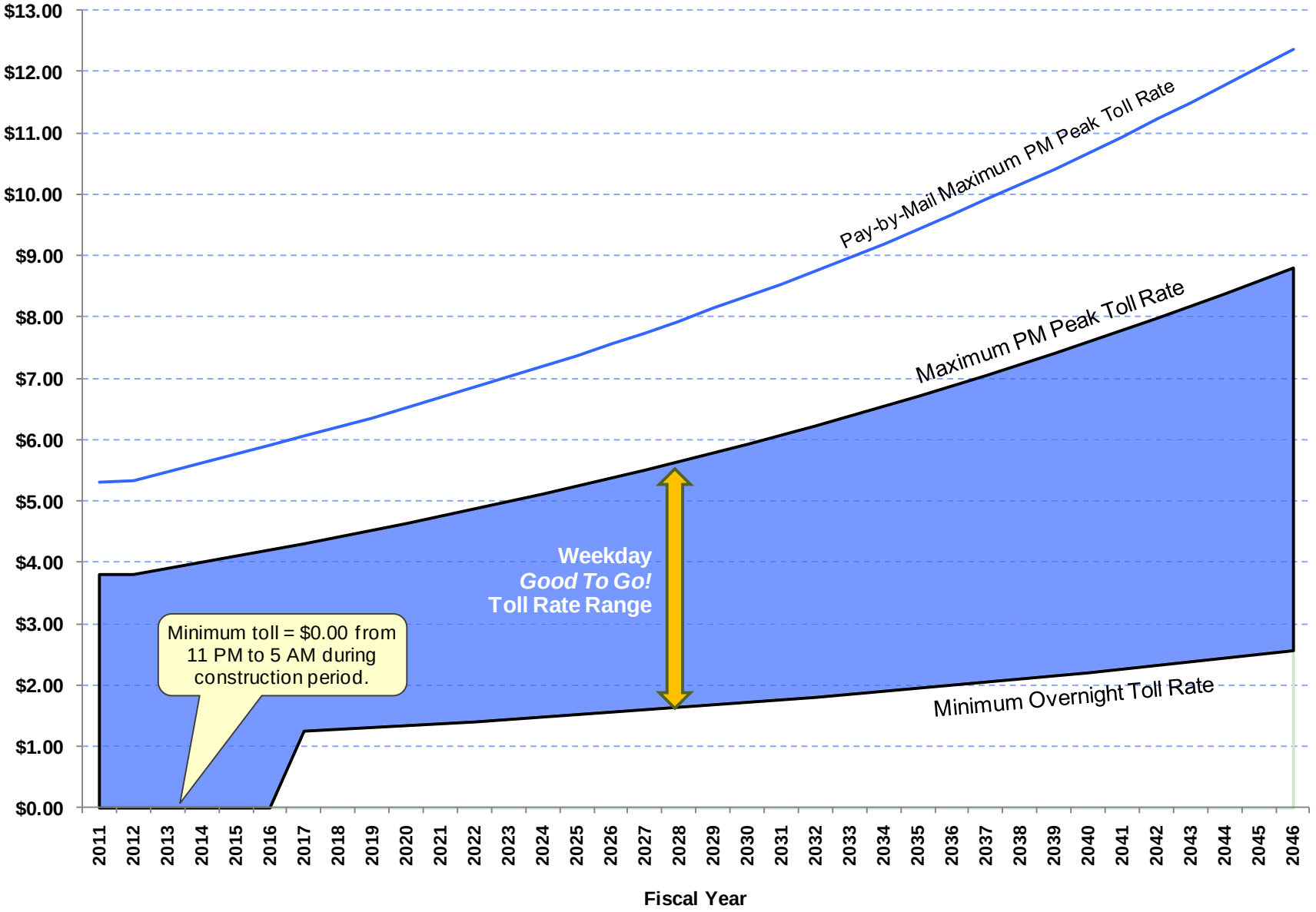
Spring 2011 Weekday Toll Rates – Alternative 4.1



Spring 2011 Weekend Toll Rates – Alternative 4.1



Toll Rate Range over Time — Alternative 4.1



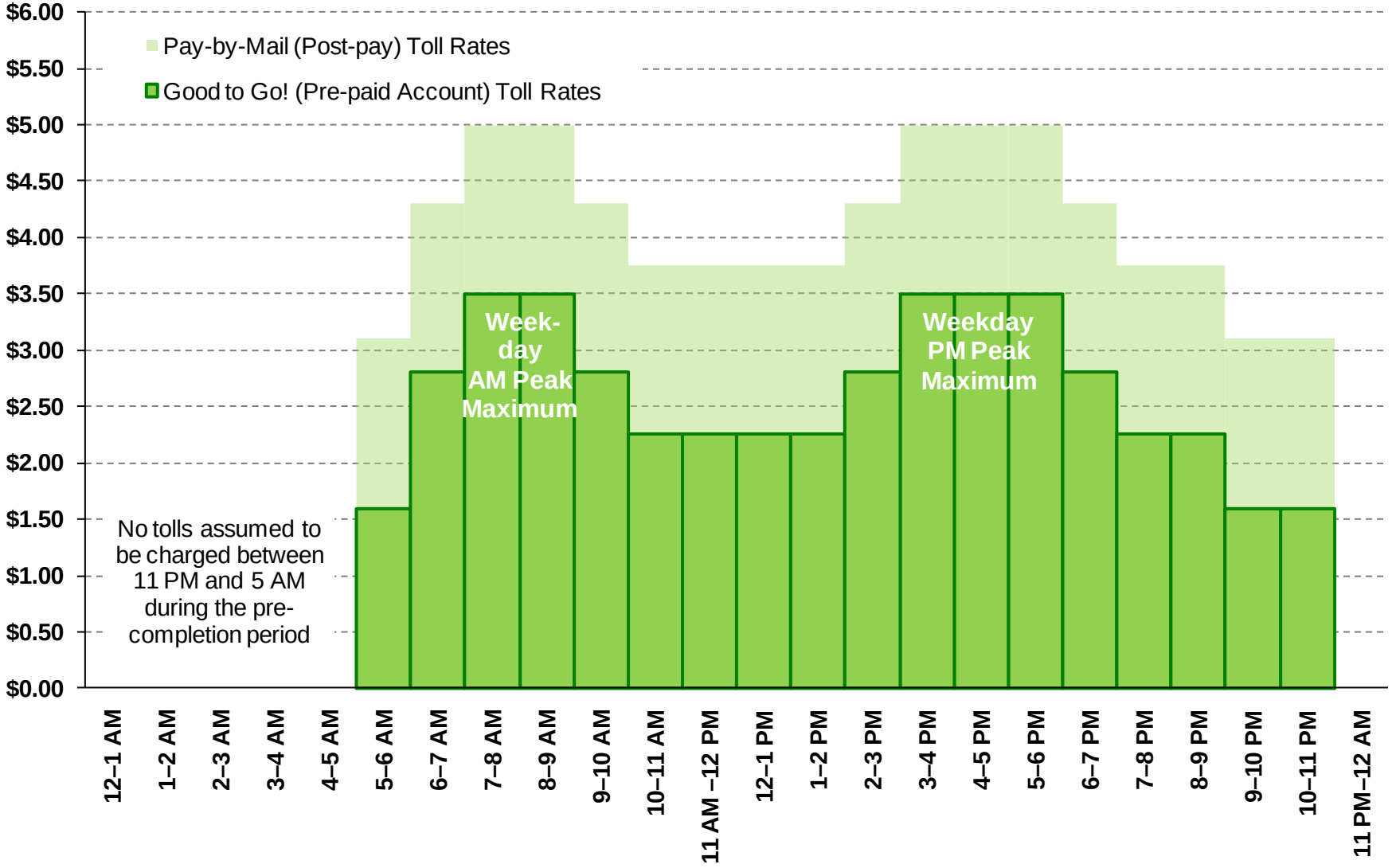
Alternative 4.1 Summary

- $3.80 weekday peak toll starting in FY 2011
- $2.20 maximum weekend toll
- Pay-by-Mail toll $1.50 higher
- 2.5% annual escalation
- No step increase in FY 2017
- $1.25 overnight toll added in FY 2017

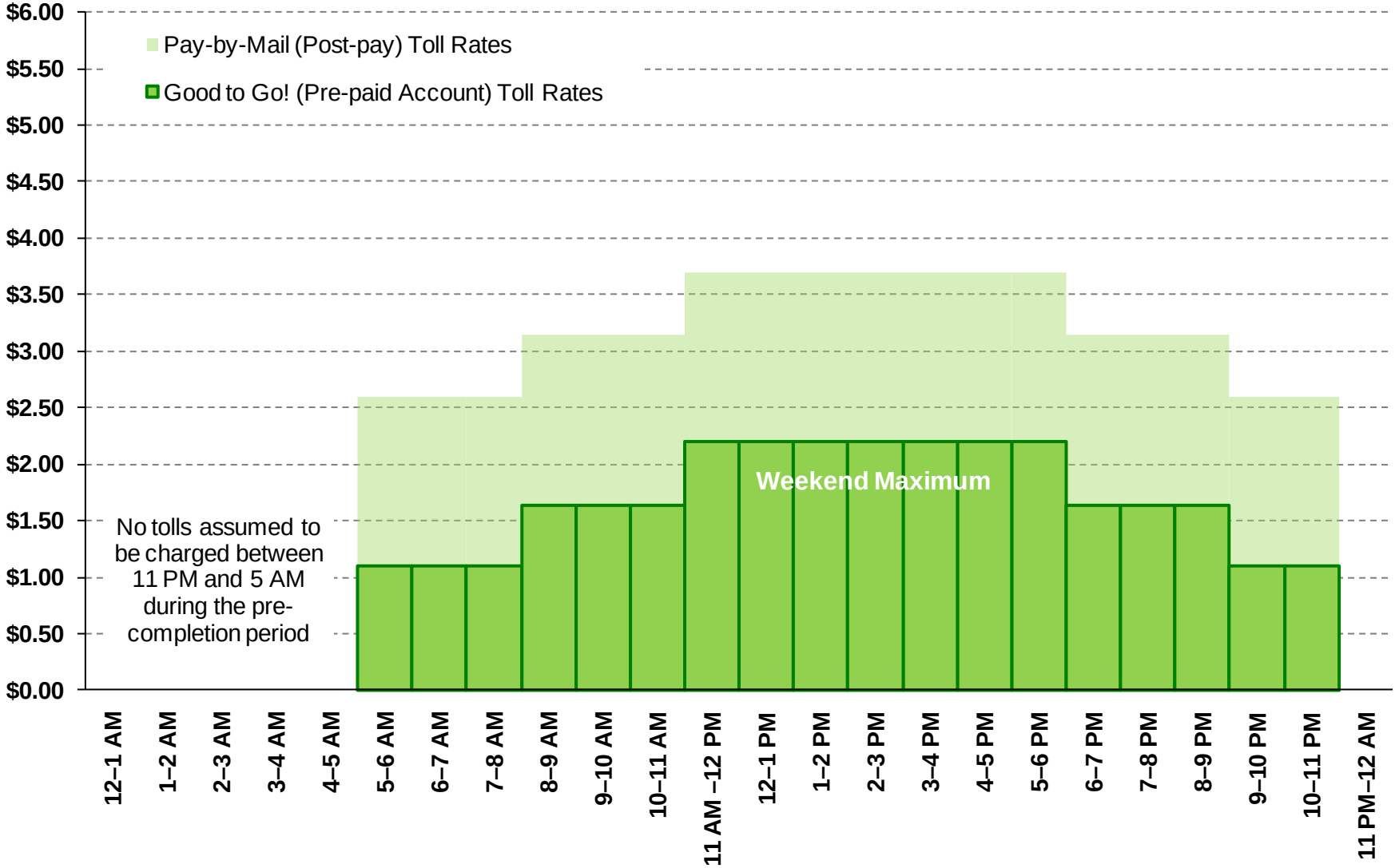
Spring 2011 Toll Rates

	Weekdays		Weekends	
	Good To Go!	Pay-by-Mail	Good To Go!	Pay-by-Mail
12–1AM	Toll-free	Toll-free	Toll-free	Toll-free
1–2AM				
2–3AM				
3–4AM				
4–5AM				
5–6AM	$ 1.80	$ 3.30		
6–7AM	$ 3.10	$ 4.60	$ 1.10	$ 2.60
7–8AM	$ 3.80	$ 5.30		
8–9AM				
9–10AM	$ 3.10	$ 4.60	$ 1.65	$ 3.15
10–11AM	$ 2.50	$ 4.00		
11AM–12PM				
12–1PM				
1–2PM				
2–3PM	$ 3.10	$ 4.60	$ 2.20	$ 3.70
3–4PM	$ 3.80	$ 5.30		
4–5PM				
5–6PM				
6–7PM	$ 3.10	$ 4.60		
7–8PM	$ 2.50	$ 4.00	$ 1.65	$ 3.15
8–9PM				
9–10PM	$ 1.80	$ 3.30	$ 1.10	$ 2.60
10–11PM				
11PM–12AM	Toll-free	Toll-free	Toll-free	Toll-free

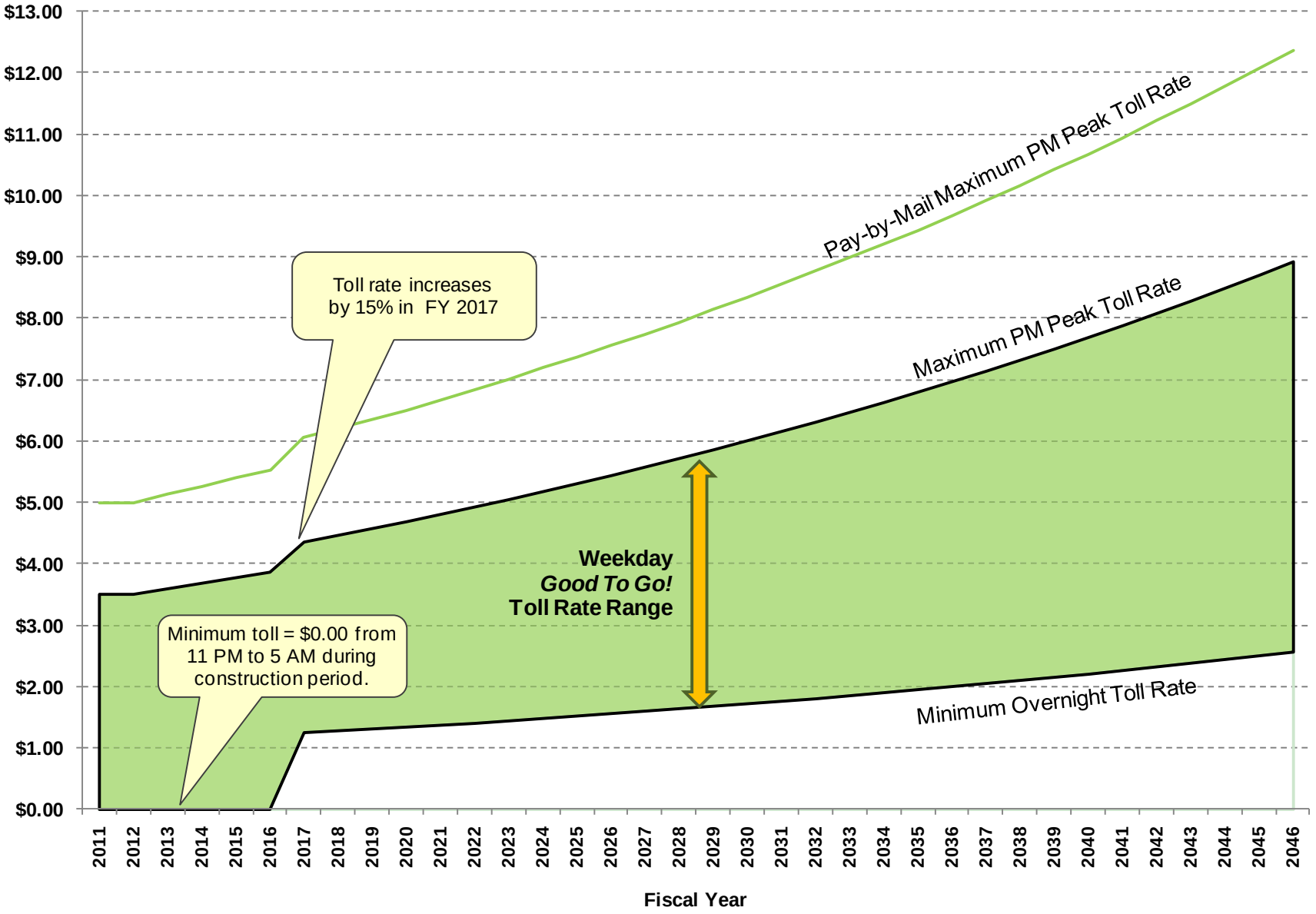
Spring 2011 Weekday Toll Rates – Alternative D.1



Spring 2011 Weekend Toll Rates – Alternative D.1



Toll Rate Range over Time — Alternative D.1



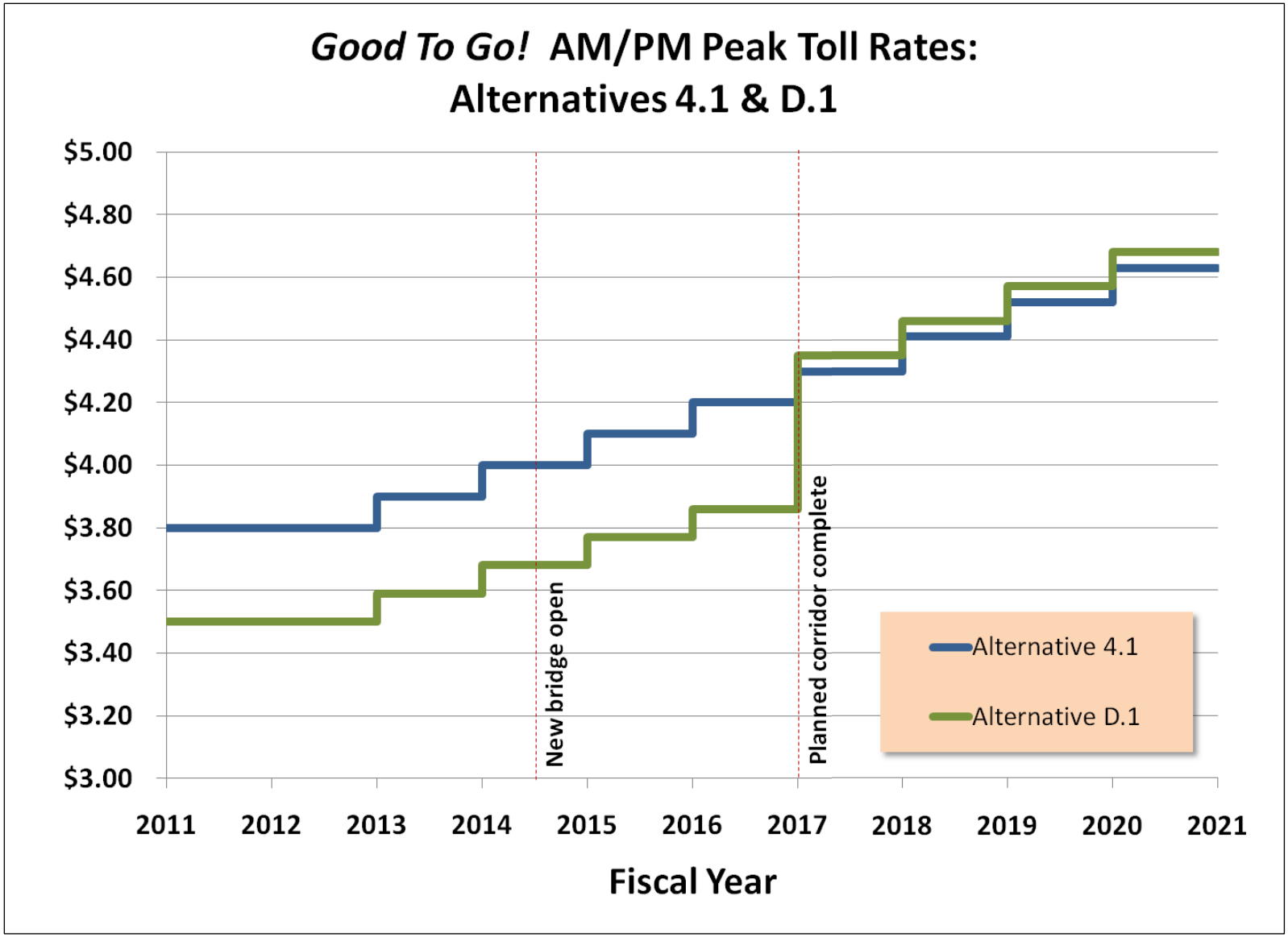
Alternative D.1 Summary

- $3.50 weekday peak toll starting in FY 2011
- $2.20 maximum weekend toll
- Pay-by-Mail toll $1.50 higher
- 2.5% annual escalation
- 15% step increase in FY 2017 (10¢ + 40¢)
- $1.25 overnight toll added in FY 2017

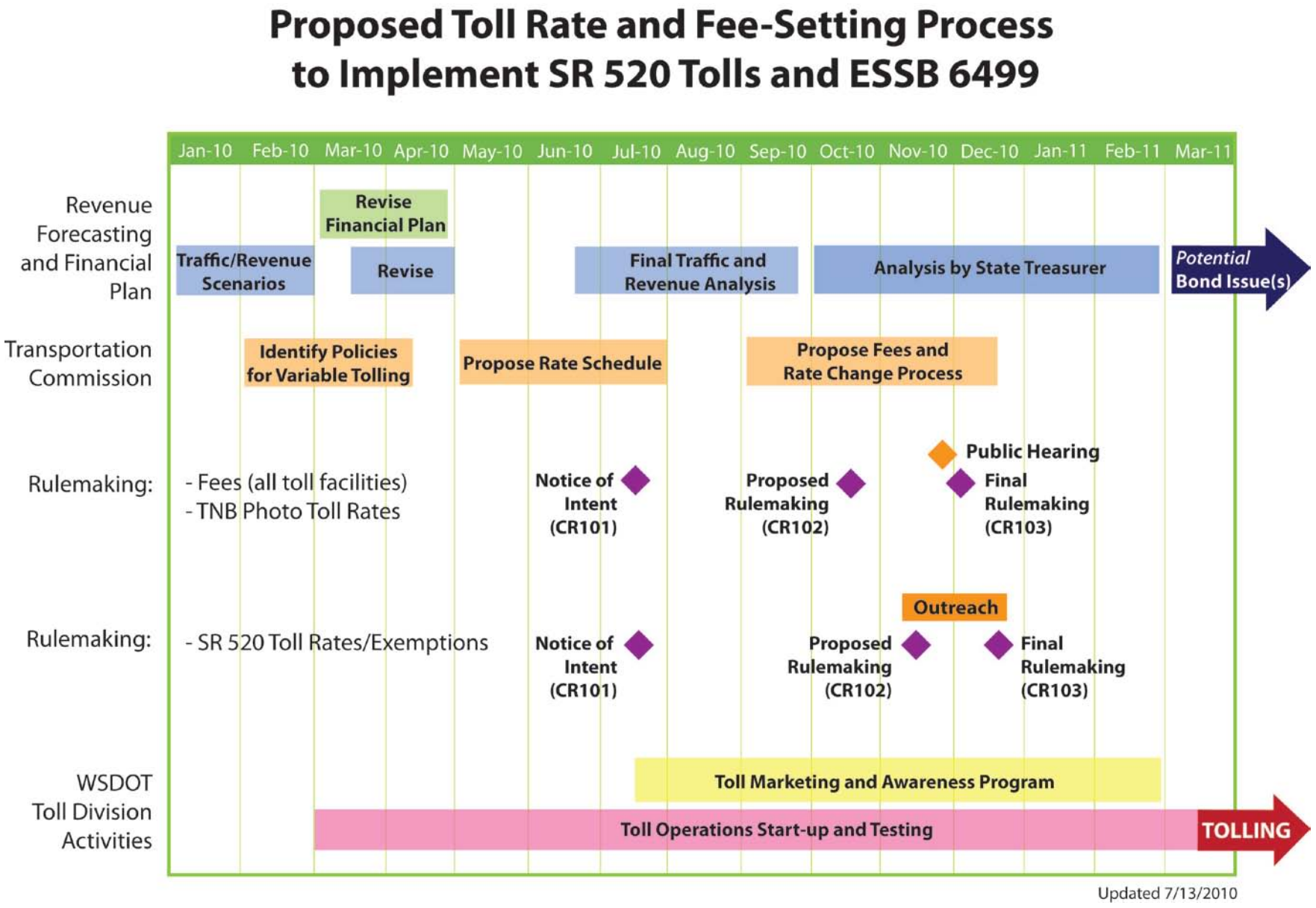
Spring 2011 Toll Rates

	Weekdays		Weekends	
	Good To Go!	Pay-by-Mail	Good To Go!	Pay-by-Mail
12–1AM	Toll-free	Toll-free	Toll-free	Toll-free
1–2AM				
2–3AM				
3–4AM				
4–5AM				
5–6AM	$ 1.60	$ 3.10		
6–7AM	$ 2.80	$ 4.30	$ 1.10	$ 2.60
7–8AM	$ 3.50	$ 5.00		
8–9AM				
9–10AM	$ 2.80	$ 4.30	$ 1.65	$ 3.15
10–11AM				
11AM–12PM	$ 2.25	$ 3.75		
12–1PM				
1–2PM				
2–3PM	$ 2.80	$ 4.30	$ 2.20	$ 3.70
3–4PM				
4–5PM	$ 3.50	$ 5.00		
5–6PM				
6–7PM	$ 2.80	$ 4.30		
7–8PM	$ 2.25	$ 3.75	$ 1.65	$ 3.15
8–9PM				
9–10PM	$ 1.60	$ 3.10	$ 1.10	$ 2.60
10–11PM				
11PM–12AM	Toll-free	Toll-free	Toll-free	Toll-free

Comparative Rate Changes Over Time



Next Steps


Proposed Toll Rate and Fee-Setting Process
to Implement SR 520 Tolls and ESSB 6499
Jan-10
Feb-10
Mar-10
Apr-10
May-10
Jun-10
Jul-10
Aug-10
Sep-10
Oct-10
Nov-10
Dec-10
Jan-11
Feb-11
Mar-11
Revenue Forecasting and Financial Plan
Revise Financial Plan
Traffic/Revenue Scenarios
Revise
Final Traffic and Revenue Analysis
Analysis by State Treasurer
Potential Bond Issue(s)
Transportation Commission
Identify Policies for Variable Tolling
Propose Rate Schedule
Propose Fees and Rate Change Process
Rulemaking:
- Fees (all toll facilities)
- TNB Photo Toll Rates
Notice of Intent (CR101)
Proposed Rulemaking (CR102)
Public Hearing
Final Rulemaking (CR103)
Rulemaking:
- SR 520 Toll Rates/Exemptions
Outreach
Notice of Intent (CR101)
Proposed Rulemaking (CR102)
Final Rulemaking (CR103)
WSDOT Toll Division Activities
Toll Marketing and Awareness Program
Toll Operations Start-up and Testing
TOLLING
Updated 7/13/2010

Questions?

For more information, please contact:

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WSDOT Toll Division
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Washington State Department of Transportation

EXTRA SLIDES

Pay-by-Mail Toll Rate Differential

- Policy intent: Incentivize use of lower-cost, minimal-loss *Good-to-Go!* payment method
- Considerations:
  - Recover similar net revenue per customer as *Good-To-Go!* rate
  - Stay below revenue maximizing rate
- Why a $1.50 increment?
  - Roughly the midpoint between high and low estimates of costs and losses attributable to pay-by-mail customers
  - Costs include license plate look-ups, mailings
  - Losses include unbillable tolls (unreadable license plates and bad addresses), but exclude losses from unpaid toll bills
  - Escalates over time so that both toll tiers keep pace with inflation

Review of Toll-Backed Bond Options

Tolls/MVFT/GO (Triple Pledge)

- First payable from toll revenues
  - Contractually pledged to investors
- Second, backed by MVFT
- Third backed by the full faith and credit pledge of the State
- Lower cost
- Pressure on State's credit rating
  - Potential for raising costs of financing on all of State's borrowing

Stand-alone Toll Revenue Bonds

- Only payable from toll revenues
  - Contractually pledged to investors
- Supported by credible revenue forecasts
  - Investment-grade T&R study
- Supported by commitments to set tolls to maintain:
  - Coverage (net revenues / debt service)
  - Reserve accounts (debt service, O&M, R&R)
- Higher cost
- Requires amending bond authorization legislation