

TNB Photo Toll Rates and System-Wide Fees

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Today's Agenda

- **Recommended Systemwide Toll-related Fees**
- **Tacoma Narrows Bridge Photo Toll Rates**
 - Proposed rule
 - Exemptions – when to consider
- **Proposed Rate-setting and Rule-making schedule**
 - Rulemaking overview
 - Schedule and key dates



Toll-related Fees - Background

- **As the toll authority, the Commission is charged with setting rates and related fees**
 - ESSB 6499 clarified the Commission's role as toll authority to set both toll rates and associated fees.
 - Previously, WSDOT had set some toll-related fees. These existing fees need to be re-evaluated by the Commission. WSDOT WAC sections related to fees will be removed.
 - Some fees are set in statute and are not subject to Commission action.
- **Generally fees are set system-wide, not for individual toll facilities**
- **Total fees collected must not exceed total cost of toll collection**
 - Fees should be reasonably related to actual business costs of administering the toll program.
 - Tolls owed but not collected are considered a business cost.

Toll-related Fees – Cost Basis

- Historical cost information is available for the existing customer service vendor contract, but not for the new vendor contract and soon-to-open toll facilities.
- Costs have been projected for the new customer service center and for SR 520 operation. A range of possible loss scenarios has been assessed, but many key factors are not yet known.
- Projections are used for the new customer service center vendor contract, which will be reviewed once actual cost data is available.

Recommended Fees - Objectives

- **Most toll collection costs are included in toll rates**
- **In some cases, fees are desirable as an incentive for toll payment behaviors that reduce collection costs and losses**
- **Fees are proposed for the following:**
 - Printing documents and statements
 - Late payments
 - Closing an account that's been inactive for two years
 - Pre-paid license plate tolls
 - Transit/vanpool application
- **One credit is proposed:**
 - For customer-initiated payments
- **Two other fees are set in statute (included for information only):**
 - NSF charges
 - Collection charges

Paper Copy Fees

- **Proposed fees**

- Paper statement fee (non-commercial): **\$1.50 per statement**
- Paper statement fee (commercial): **\$0.50 per page,
(\$1.50 minimum)**
- Reprinting fee (for any document): **\$1.50 per item**

- **Cost basis**

- Historical costs are \$1.06 per statement.
- Estimated future costs are \$1.12 per statement and \$0.43 per page.
- Estimated cost for reprinting other documents is \$1.56.
- Includes paper, envelope, postage and labor to process the request.

- **Notes**

- Retains existing \$1.50 paper statement fee (in WSDOT WAC).
- Comparable facilities in other states charge up to \$2.00 per statement.
- Customers can access these documents electronically for no charge.

Late Payment Fee

- **Proposed fees**

- Late payment fee **\$5.00 per bill**

- **Cost basis**

- Estimated billing cost is \$1.12, including supplies, postage and labor.

- **Notes**

- Comparable facilities charge \$2.50 - \$5.00 per bill.
- Estimating that about 1/3 of customers will not pay the first bill.
- Provides incentive for prompt payment.

Inactive Account Fee

- **Proposed fees**

- Inactive account fee **\$5.00 (one-time charge)**

- **Cost basis**

- Historical cost at TNB estimated at \$11.80.
- Projected cost is \$3.84.
- Includes two letters, one phone call.

- **Notes**

- This is an existing fee in WSDOT WAC.
- After two years with no activity, accounts are closed.
- Balance in account is sent to Department of Revenue unclaimed funds.
- This fee captures the cost of notifying the customer.

Transit/Vanpool Application Fee

- **Proposed fees**

- Transit/Vanpool Application **\$20.00 per year**

- **Cost basis**

- Intended to cover costs of certifying transit or vanpool status for toll exemption on SR 520.
- Projected cost is \$20.94, including labor, transponder and packaging, and postage.
- Includes a free transponder.

- **Notes**

- Similar to Washington State Ferries charge for vanpool registration.
- Private buses eligible for exemption under specific conditions.

Photo Toll Fees – Options Considered

- ***Good To Go!* account holders will have the option of using either transponders or license plate (photo tolls)**
- **Even with pre-payment, not all photo tolls can be collected**
 - Initial estimates suggest up to 10% of license plate transactions may not be read correctly, leading to lost revenues.
 - Some customers may choose photo tolling if they know there is a chance the toll won't be collected.
 - An incentive is needed to ensure that frequent customers will use transponders.
- **Considered four different options to provide incentive for frequent *Good To Go!* customers to choose transponders**
 - No fee
 - \$0.25 fee per photo-toll transaction
 - \$1.00 fee charged to account per month for photo-toll use
 - \$7.50 per month for frequent users only (10 or more trips/month)

Photo Tolling Fee

- **Proposed fees**

- Pre-paid license plate transaction fee **\$0.25 per transaction**

- **Cost basis**

- Covers the estimated toll losses due to unsuccessful license plate reads.
- Assumes 10% of license plates are not read successfully.
- Assumes average toll of \$2.61 (subject to final rate-setting).
- Estimated at \$0.29/transaction when spread over 90% successful reads.

- **Notes**

- Fee applies to *Good To Go!* account holders only.
- Easier to explain to customers than other options considered.
- Provides stronger incentive for more frequent customers.
- Account holders informed of this fee when they enroll in *Good To Go!*.
- Would apply on both SR 520 and SR 16.

Customer-Initiated Payment Credit

- **Proposed credit**

- Customer-initiated payment credit **\$0.50 per transaction**

- **Cost basis**

- Estimate savings of \$0.93 per transaction, offset by the cost of processing the customer contact (approximately \$0.50).
- Eliminates the need for billing and losses from unbillable transactions.
- No cost history, based on projections only.

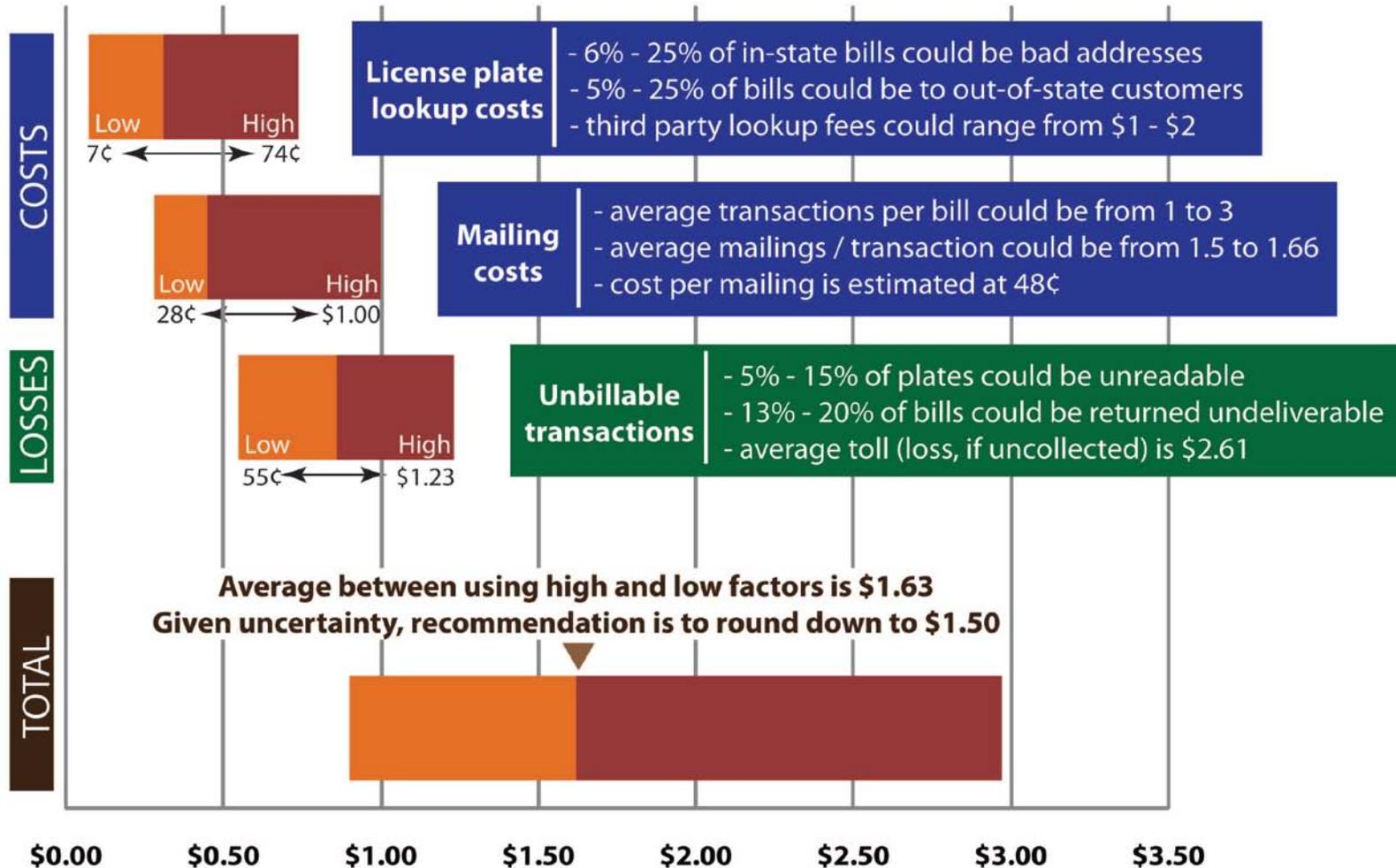
- **Notes**

- Applies to non-account holders who initiate payment rather than waiting to be billed.
- Customer initiates credit card payment by phone or online before or within 72 hours after the toll is assessed.

Pay by Mail Rate Differential

- **The policy objective behind setting a higher rate for Pay by Mail transactions is to provide an incentive for frequent users to use lower cost payment methods**
- **Proposed rate differential is based on estimates of incremental costs and losses for Pay by Mail users**
 - Costs of billing
 - Costs of license plate look-ups (out-of-state and bad addresses)
 - Losses from tolls that can't be billed (unreadable plates, returned bills)
- **Losses due to failure of customers to pay toll bills are not included**
- **Without data on actual Pay by Mail costs and losses, there is significant uncertainty**
 - Costs and losses have been projected using low and high risk factors.

Pay by Mail Cost/Loss Calculations



Tolls and Fees Combined on SR 520

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

	Pre-Pay		Post-Pay	
TOLLS	Good To Go! account holders \$3.50		Pay By Mail \$5.00	
FEES	No fees for transponder users	\$0.25 Fee (\$3.75 Total)	\$0.50 Credit (\$4.50 Total)	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

Photo Tolling For the TNB

- **Photo tolling begins in January for the Tacoma Narrows Bridge**
- **When the new customer service center is ready to open, TNB customers who don't pay using cash or a transponder will no longer be "violators"**
- **Three new payment types will be introduced:**
 - ***Good To Go!* photo tolling:** Customers can open a *Good To Go!* account without using a transponder, or register license plates with an existing account, and have tolls assessed by reading their license plate.
 - **Customer-initiated payment:** Customers without accounts can initiate payment before or shortly after using the bridge.
 - **Pay by Mail:** Customers without an account and who don't initiate payment will be sent a bill. They have 80 days to pay before being subject to civil penalty.

TNB Proposed Approach

- **No change to existing toll rates**
- **Set Pay by Mail rate = the *Good To Go!* rate + \$1.50 (\$4.25 total)**
 - Uses same rate differential as proposed for SR 520.
 - Differential is within the range of estimated costs and losses.
- **New toll rates are not needed for *Good To Go!* photo tolls or customer-initiated payments**
 - The *Good To Go!* rate will apply to all account-holders.
 - Proposed system-wide fees and credits will adjust the cost of these transactions to reflect differences in the costs of collection.
- **Reconsider rate differential and whether to change exemptions when rates are next adjusted**
 - Allows faster adoption in time for new customer service center opening.
 - Cost and loss data will become available with operating experience.

Tolls and Fees Combined on SR 16

	Pre-Pay		Post-Pay		Cash
TOLLS	Good To Go! account holders \$2.75		Pay By Mail \$4.25		Cash Toll \$4.00
FEES	No fees for transponder users	\$0.25 Fee (\$3.00 Total)	\$0.50 Credit (\$3.75 Total)	No fees for billing	
Customer Payment Method	Transponder	Photo	Customer Initiated Payment	Pay By Mail	

Incremental costs

- Manual image inspections
- Mailing costs
- Manual toll collection

Incremental losses

- Unreadable license plates
- Bad addresses
- Uncollected bills

Rule-Making Overview

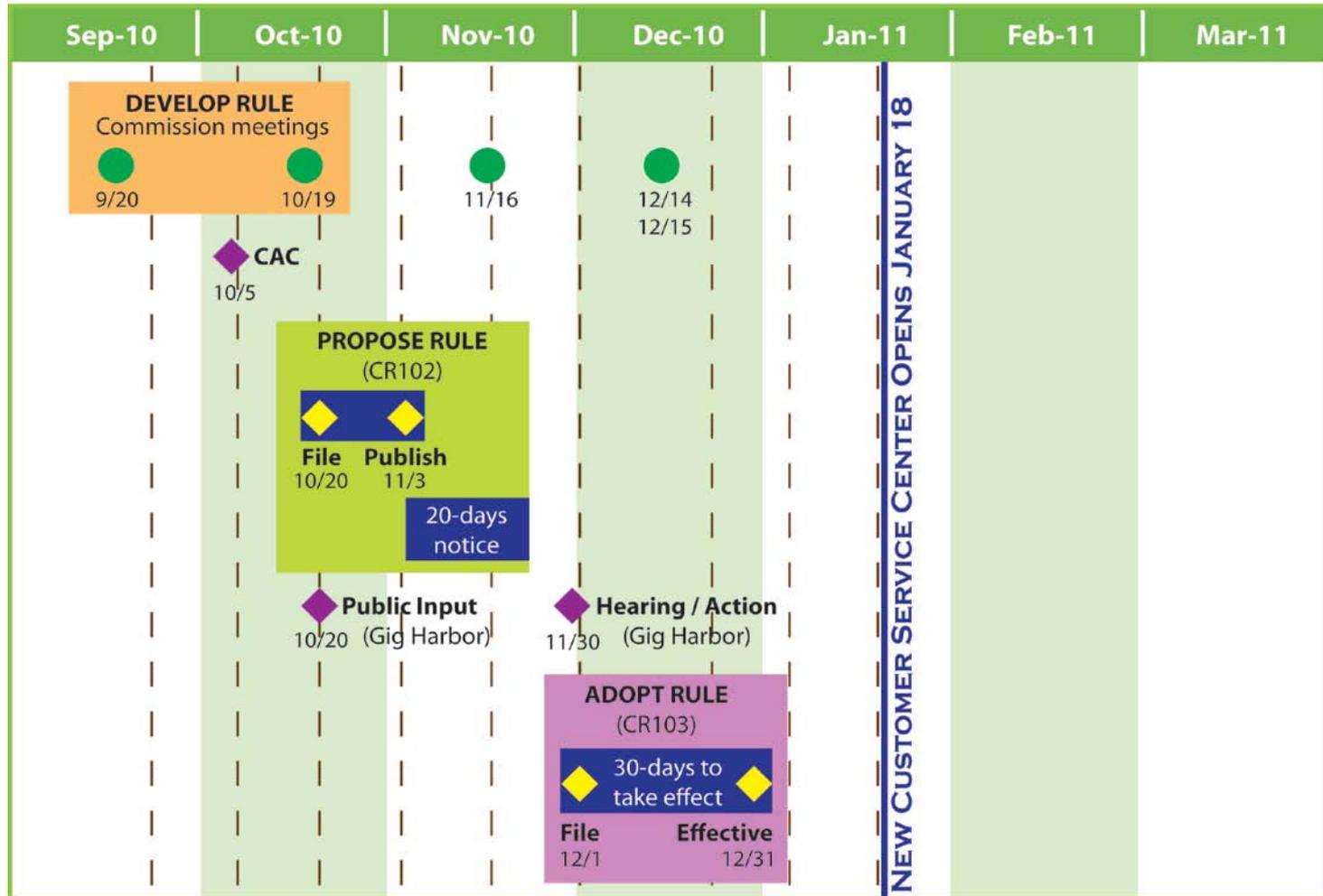
- **Rulemaking actions needed this fall:**

- TNB photo toll rates and system-wide fees need to be adopted and implemented by January 2011 when the new customer service center begins operation.
- SR 520 rates must be adopted and implemented by March 2011 when tolling begins.

- **Rulemaking process:**

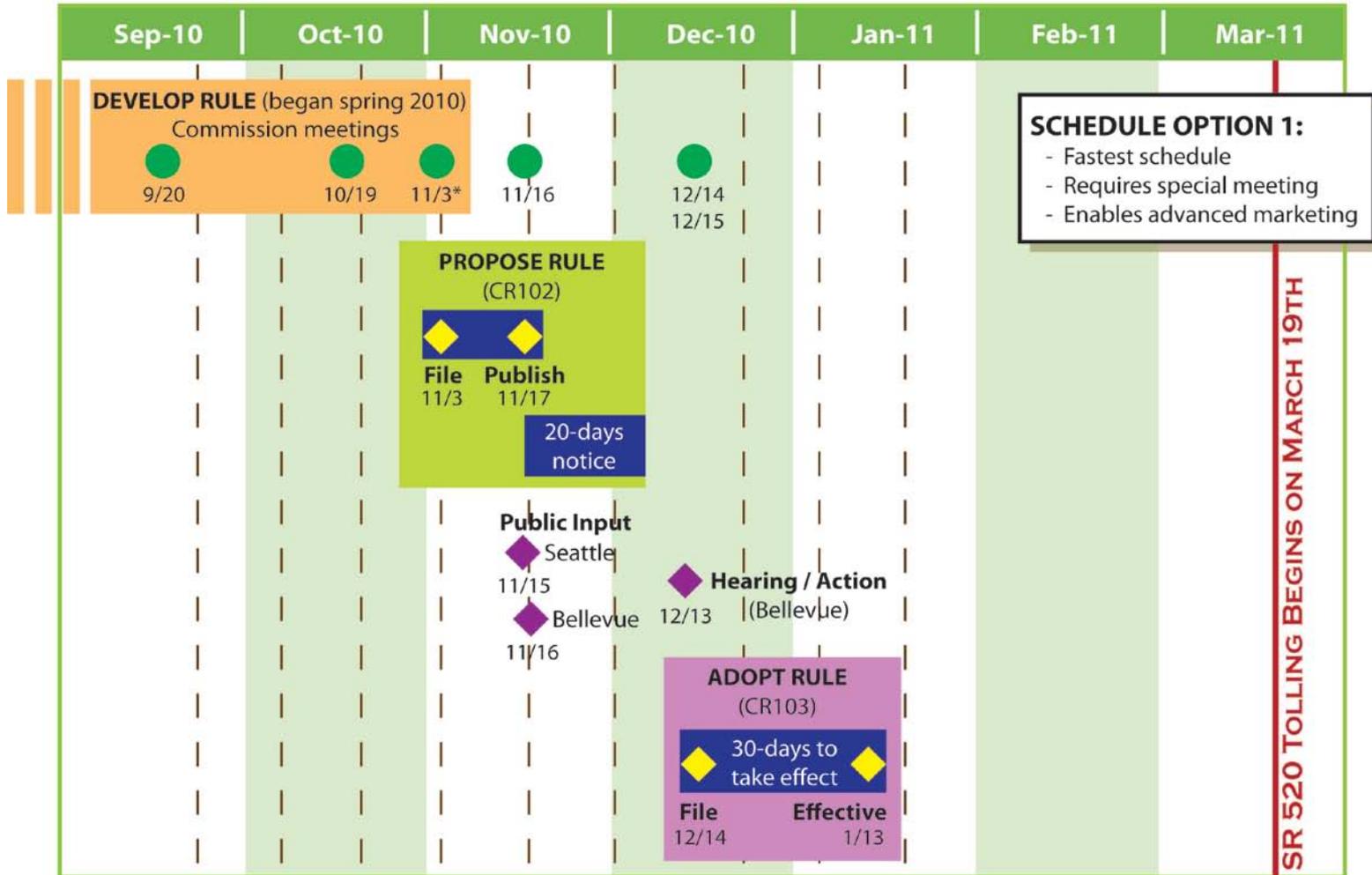
- CR 101 – Notice of intent (filed already)
- CAC must have opportunity to comment (TNB rates and fees only)
- CR 102 – Commission files when a proposed rule is ready for review
- Public hearing needed after proper notice and before final rulemaking
- CR 103 – Commission files final proposed rule following public input
- There is a 30-day waiting period before the rule takes effect.

Rulemaking Schedule: TNB and Fees



--- Washington State Register filing dates (by noon)

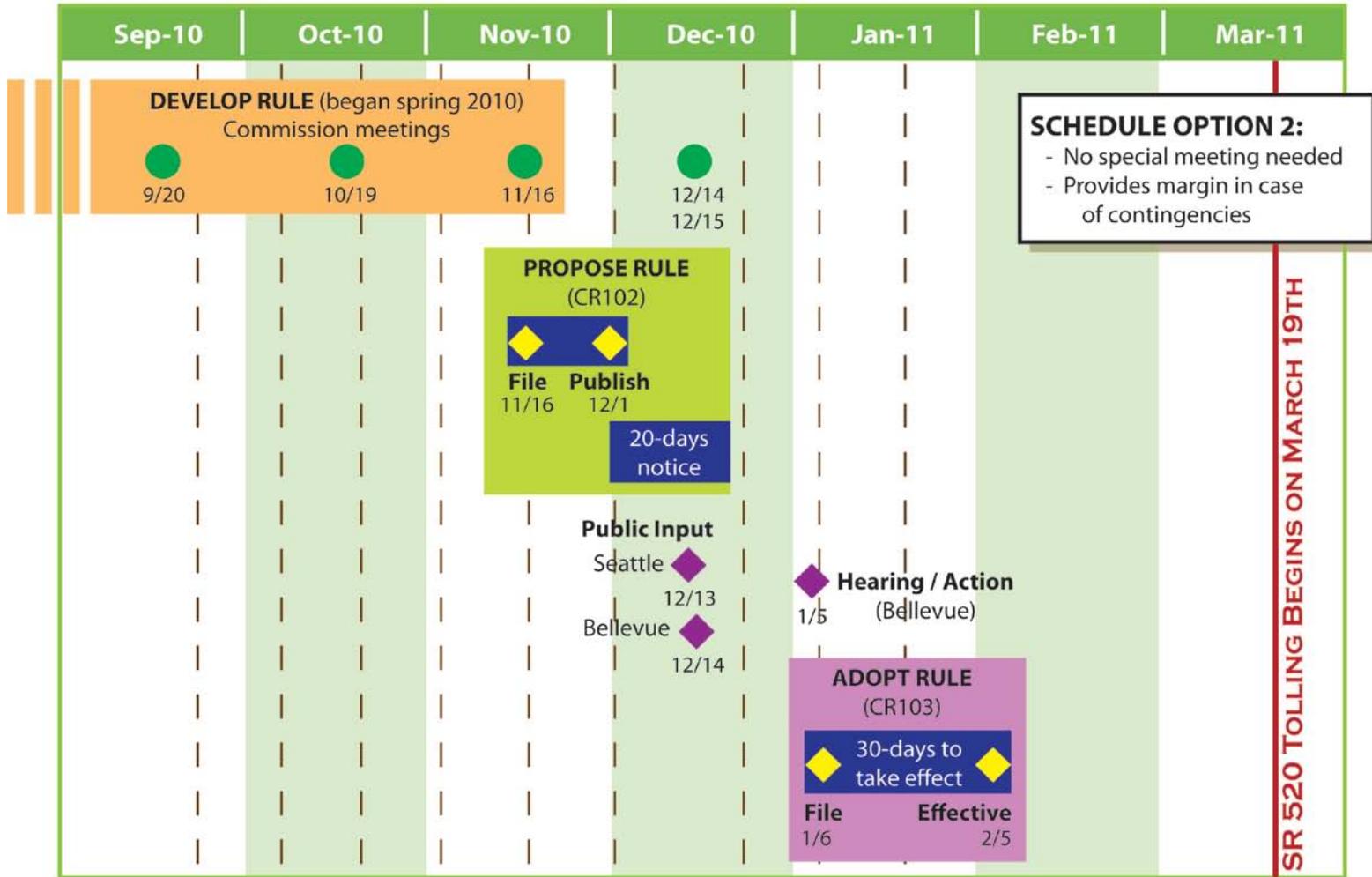
SR 520 Rulemaking Schedule: Option 1



— — — Washington State Register filing dates (by noon)

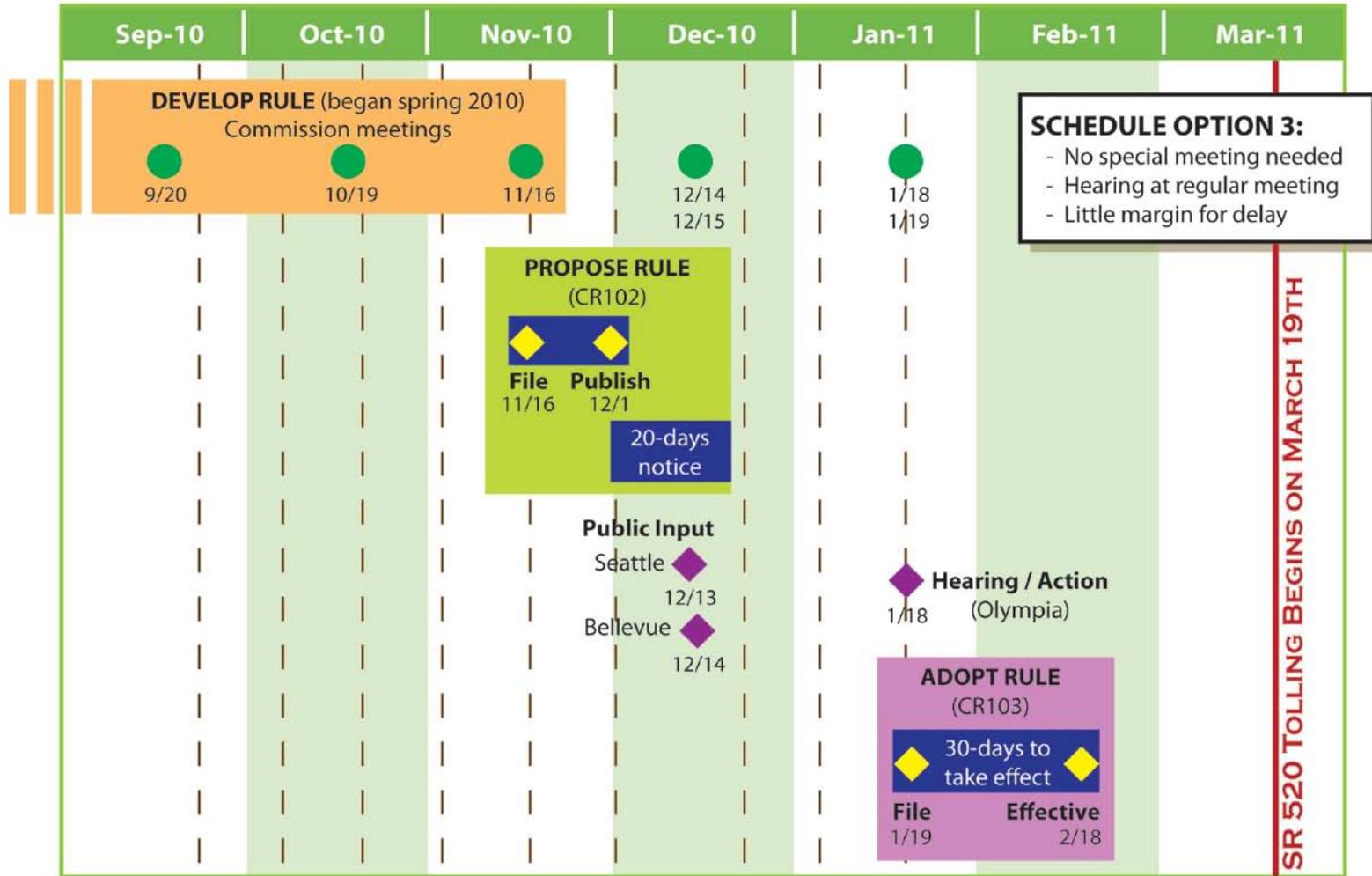
* Special Commission Meeting

SR 520 Rulemaking Schedule: Option 2



— — — Washington State Register filing dates (by noon)

SR 520 Rulemaking Schedule: Option 3



— — — Washington State Register filing dates (by noon)

Questions?

For more information,
please contact

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