SR 99 Tunnel Project Advisory Committee on Tolling and Traffic Management Update

Paula J. Hammond, P.E.
Secretary

Steve Reinmuth
Chief of Staff

Craig Stone, P.E.
Toll Division Director

Linea Laird, P.E.
AWV Program Administrator

Kimberly Farley
AWV Director of Operations

Mark Bandy
Urban Corridors Traffic Engineer

Washington State Transportation Commission
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Overview

Today's topics:

- Review Advisory Committee on Tolling and Traffic Management round 1 scenarios and traffic modeling results.
- Provide overview of tolling revenue related to SR 99 work and ACTT round 1 results.
- Discuss policy questions raised by the ACTT.
- Next steps.

Advisory Committee on Tolling and Traffic Management

- The committee's scope was established via:
  - Federal Highway Administration-issued Record of Decision.
  - Seattle Department of Transportation and WSDOT Memorandum of Agreement.
  - City of Seattle's resolution 31323.
- The committee will make advisory recommendations on strategies for:
  - Minimizing traffic diversion from the tunnel due to tolling.
  - Tolling the SR 99 tunnel.
  - Mitigating traffic diversion effects on city streets and I-5.

ACTT Round One Scenarios Analyzed

- No toll and high toll ($1 - $4) are being studied as benchmarks.
- Scenario 1 ($1 - $3.25): Objective is to achieve funding target.
- Scenario 2 ($0.75 - $2.25): Objective is to reduce diversion.
- Scenario 3 ($0.75 - $2.50): Objective is to balance funding and diversion.
- Scenarios 1 – 3 each have time periods with no tolls such as overnight or weekends.

Toll Rates by Time of Day - High Toll Benchmark

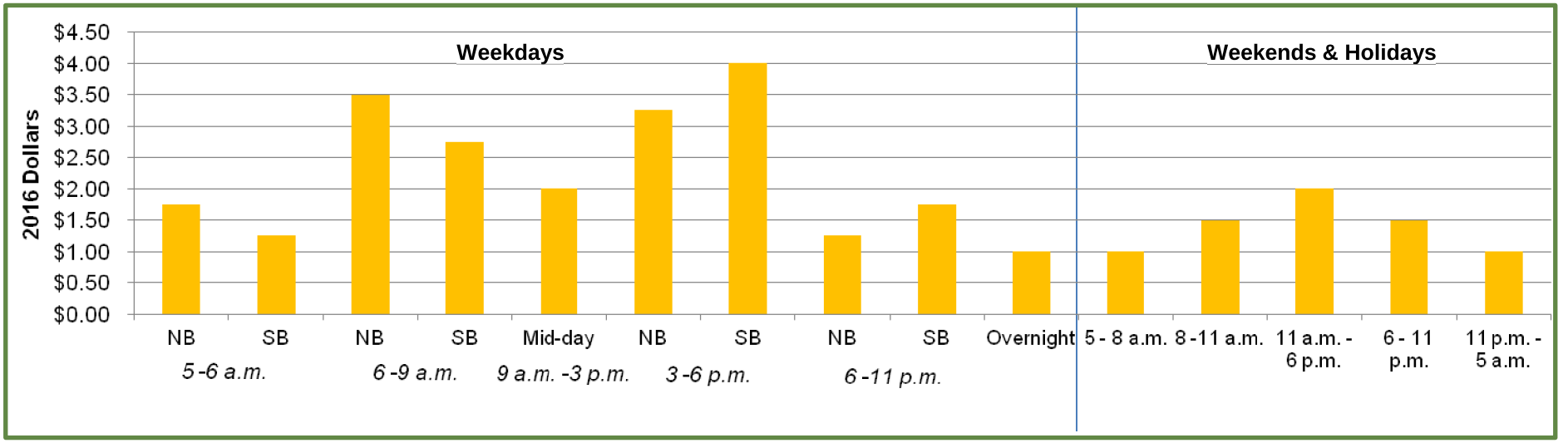

Chart represents *Good To Go!* rates. Pay by mail rates are approximately $1.70 more.

Toll Rates by Time of Day - by Scenario

- Scenario 3 includes a 20 percent one-time adjustment for all toll rates in July 2030.
- Scenarios 2 and 3 reduce the freight toll to a 1.25 multiplier for all trucks, regardless of size or axle count.
- Chart represents *Good To Go!* rates. Current pay by mail rates are approximately $1.70 more.

Washington State Department of Transportation

Initial Observations From Traffic Modeling

- Even modest mid-day tolls lead to diversion.
  - 30 – 50% of traffic leaves the tunnel.
- P.M. peak tolls caused some congestion in some areas and better performance in others.
- Higher southbound tolls resulted in higher diversion than we anticipated.
- Drivers making longer trips generally use the tunnel and pay the toll. Shorter, or in-city trips often use Alaskan Way or divert to other routes.

SR 99 Corridor Through Downtown Seattle

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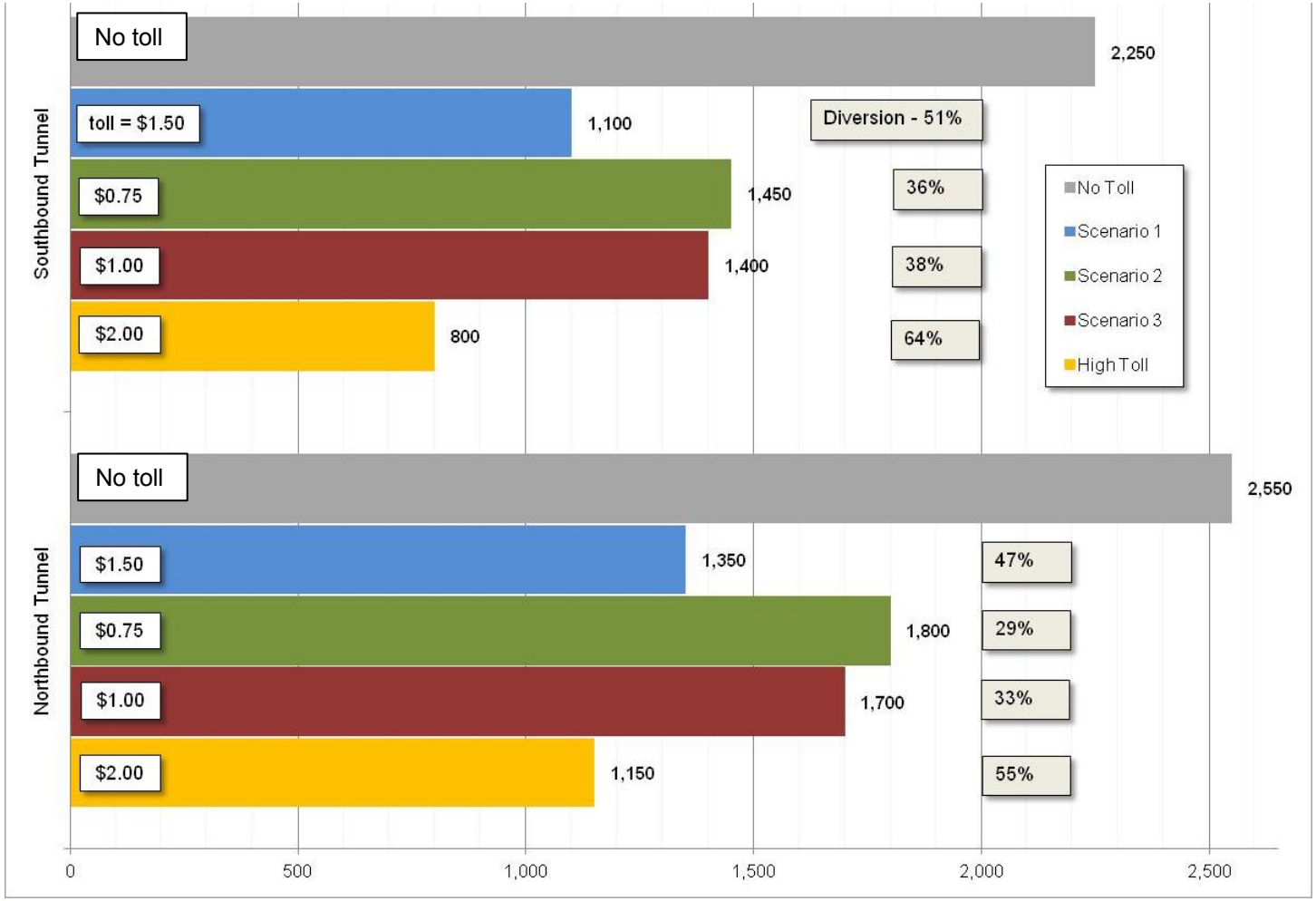
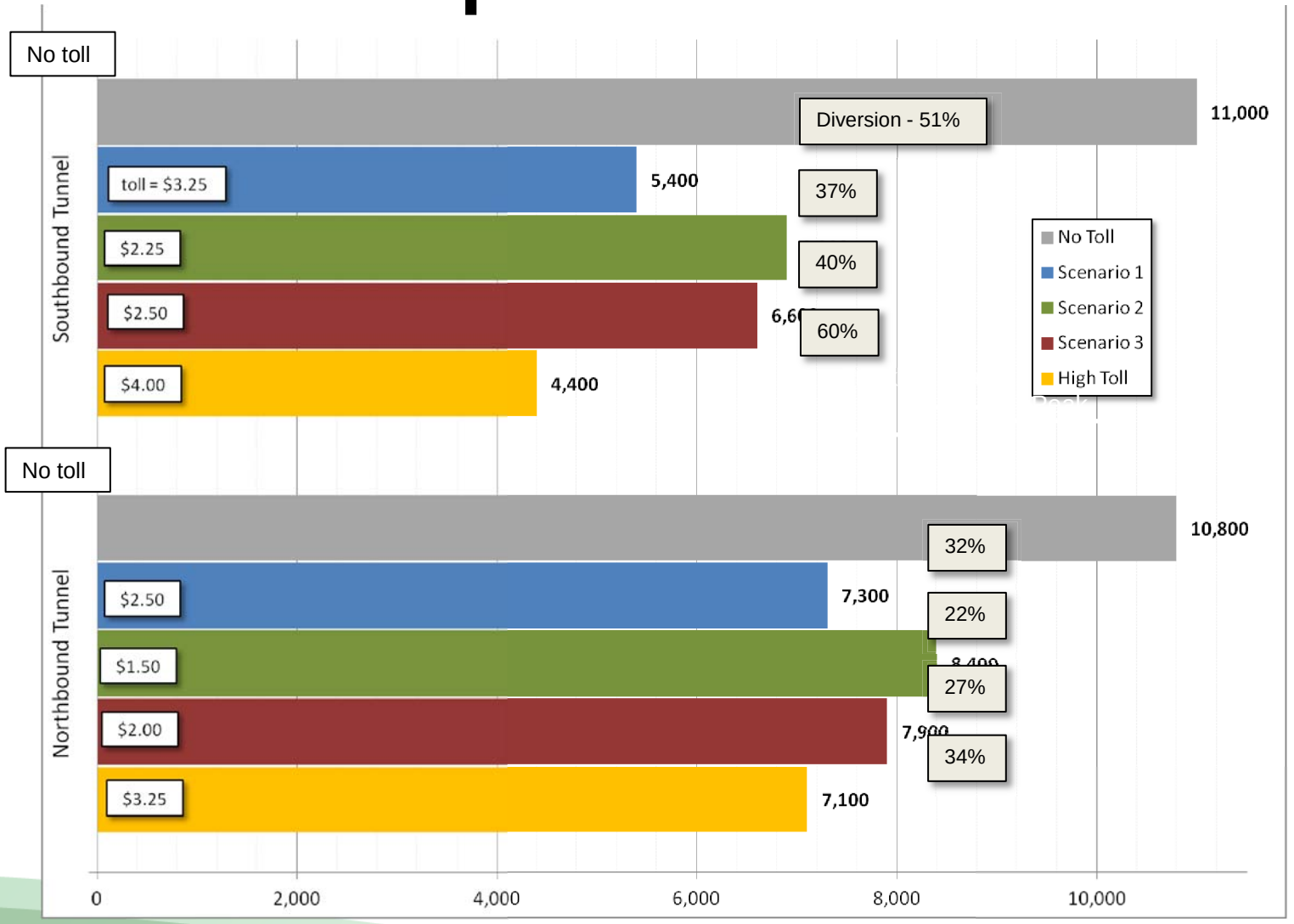
2017 Tunnel Volumes
Mid-Day 1:30 – 2:30 p.m.



2017 Tunnel Volumes
Peak Period 3 – 6 p.m.



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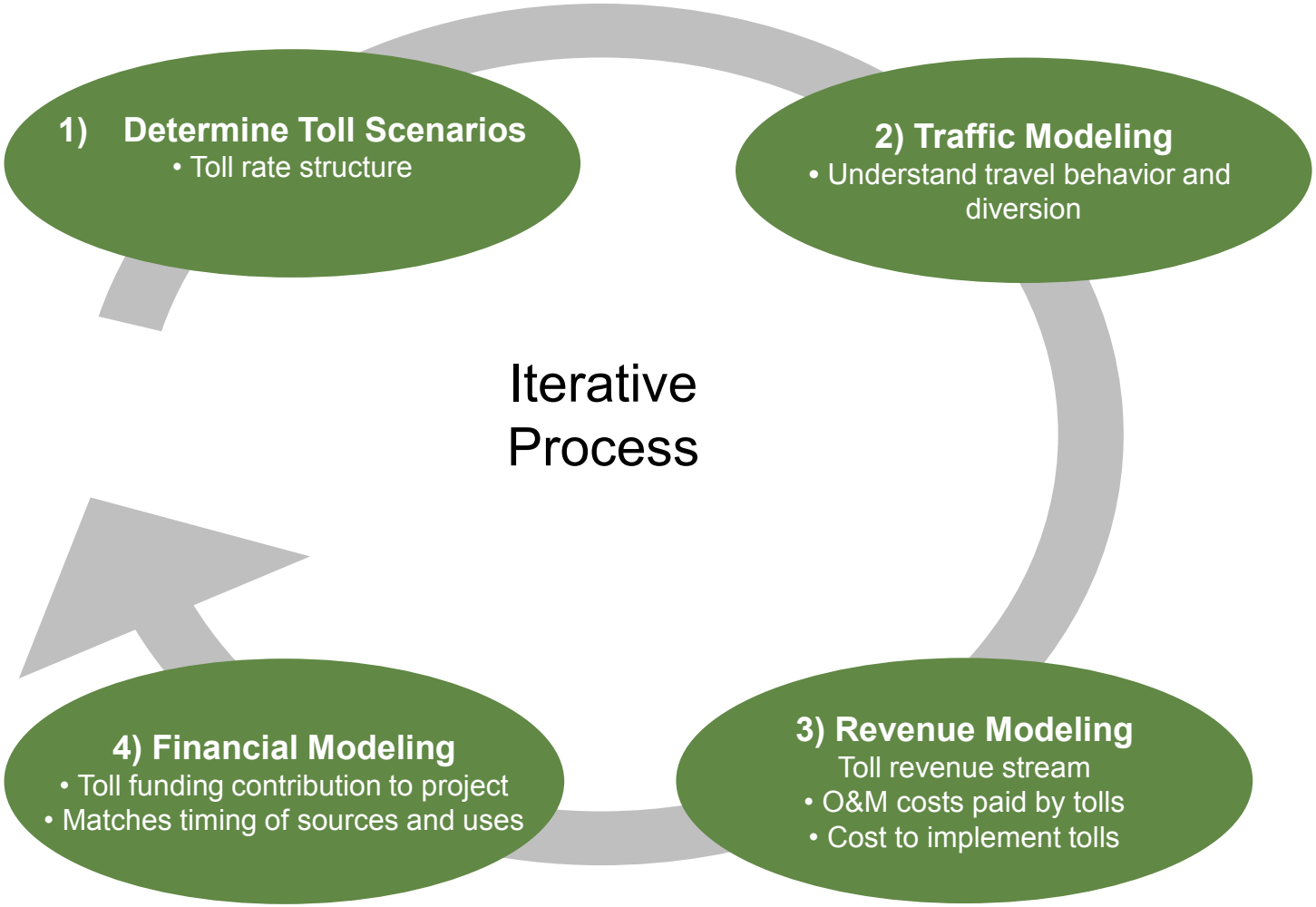
Tolling Revenue Overview and Round 1 Revenue Results

Four-Step Planning Process



Toll Revenues Cover Various Costs

- Framework for walking through how toll revenues would be used.

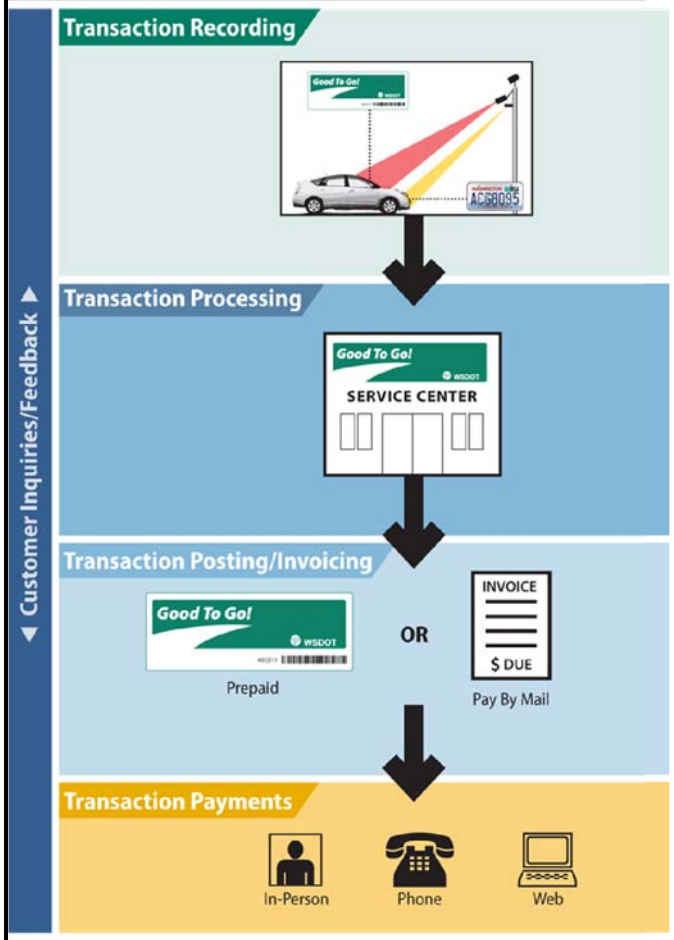
	Revenue Collected from Tolls	Toll Collection Costs	Tunnel Ownership: Operations and Maintenance	Tunnel Ownership: Repair and Replacement	Facility Insurance Costs	Net Revenue
High Toll Benchmark						
Scenario 1						
Scenario 2						
Scenario 3						

Toll Collection Costs

Types of costs include:

- Vendors: Toll collections equipment on SR 99 and statewide customer service.
- Credit card fees.
- Postage for mailing toll invoices.
- State support staff: Toll operations including information technology, accounting and audit, marketing, customer service and program management.
- Maintenance of toll collection systems.

Toll Collection Costs

Process	Functions	Cost Activities
	**Toll Collection Systems (TCS)** identify and record transactions via transponder readers and camera equipment designed to capture vehicle license plates.	• Maintenance of toll collection equipment, communications network, signage, and other IT components • Annual auditing to ensure functionality and reliability of toll equipment. • Routine software updates to toll collection systems.

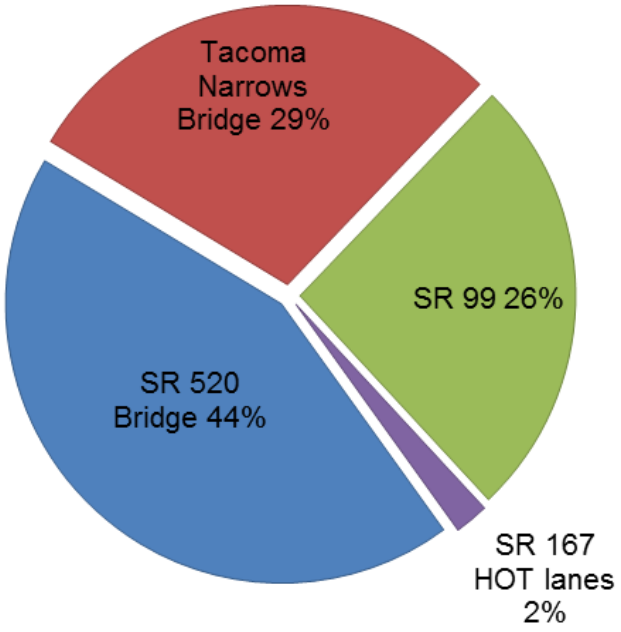
	Customer Service Center (CSC) collects transaction data from TCS, provides manual review and reconciliation of Pay By Mail transactions, maintains *Good To Go!* accounts, and provides general customer service.	• Vendor operations costs include:
		  • Service center rent, supplies, materials, phones, computers, utilities, etc.
		  • Staffing (image reviewers, customer service reps, IT support, accounting, and management

	State Oversight provides management, accounting, marketing, and other support to supplement vendor operations.	• State operations costs include:
		  • Pay By Mail printing and postage
		  • Office rent, supplies, materials, phones, computers, utilities, etc.
		  • Staffing (marketing, accounting, IT support, and management)
		  • Consultant support

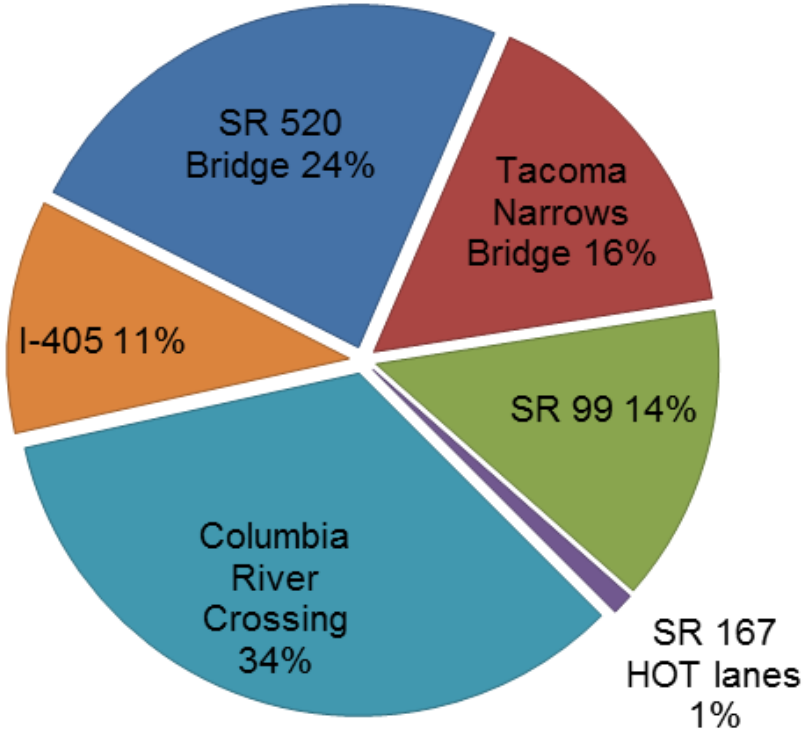
Allocating Costs Among WSDOT Toll Facilities

Customer service center and state oversight costs of toll collection

Existing and SR 99



All Legislatively Authorized



Tunnel Ownership Costs: Operations and Maintenance

Types of operations and maintenance costs include:

- Incident response teams.
- Maintenance of lighting; heating, ventilation and air conditioning; and electrical systems.
- Maintenance of fire, life and safety systems.

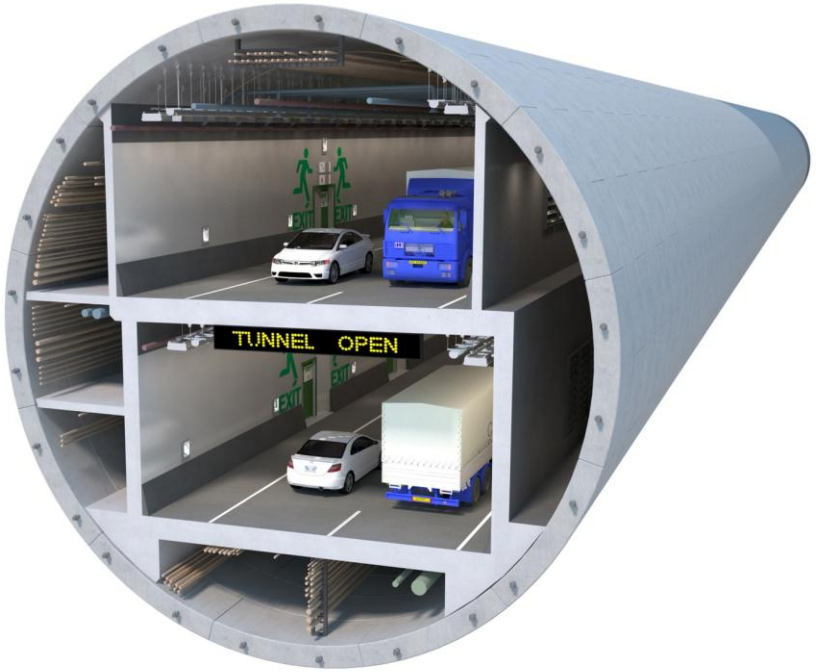
WSDOT's tunnel washing machine.

Tunnel Ownership Costs: Repair and Replacement

Policymakers and requirements of the bond market help determine how much money is set aside for long-term repairs.

Types of costs include:

- Repaving and restriping.
- Replacement of fans and HVAC systems.
- Electrical and software upgrades for fire, life and safety systems.



Facility Insurance Costs

Insurance is necessary to:

- Protect against potential loss of revenue if the tunnel and tolling had to be shut down temporarily.
- Provide funding for repairs in the event of a catastrophic loss.

Revenue Results

Minimum and Maximum Tolls by Scenario

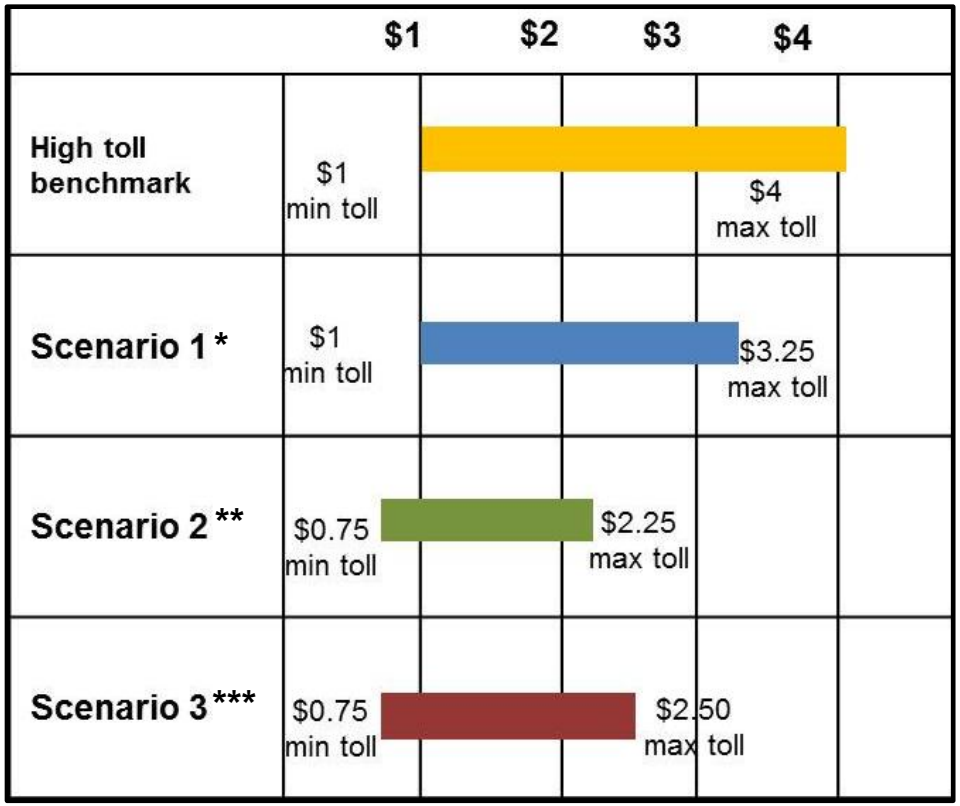


Chart represents *Good To Go!* rates. Pay by mail rates are approximately $1.70 more. Scenarios 2 and 3 reduce the freight toll to a 1.25 multiplier for all trucks, regardless of size or axle count.

* No tolls from 11 p.m. – 5 a.m.

** No tolls from 7p.m. – 5 a.m. and no weekend tolls

*** No tolls from 11 p.m. – 5 a.m. and no weekend tolls. Includes a 20 percent one-time adjustment for all toll rates in July 2030.

Preliminary Revenue Results for High Toll and Scenarios 1 - 3

	Revenue Collected from Tolls*	Toll Collection Costs**	Tunnel Ownership: Operations and Maintenance	Tunnel Ownership: Repair and Replacement	Facility Insurance Costs***	Net Revenue
High Toll Benchmark	$1,340	$220 to $280	$170	$180	$80	$630 to $690
Scenario 1	$1,220	$230 to $300				$490 to $560
Scenario 2	$770	$200 to $260				$80 to $140
Scenario 3	$980	$210 to $260				$290 to $340

Numbers represent estimates for approximately 30 years. Costs in millions of dollars.

* After adjustments for fees, credits and uncollectible accounts.

** Varies based on number of operational toll facilities.

*** Insurance study in progress.

ACTT Toll Revenue / Funding Assumptions

Revenue

- No toll rate escalation assumed for financial planning purposes. Toll rate when the tunnel opens could be the same as the toll rate in 2030.
- Exception: Scenario 3 has a one-time, 20% toll-rate increase in 2030.
- Toll collection and tunnel ownership costs will increase over time.

Financing

- Detailed financial analysis by the Office of the State Treasurer has not yet been completed.
- Net present value (NPV) analysis by the Office of the State Treasurer has not yet been completed.
    - Interest rate: 6.5%
    - Timing: Bond proceeds would be needed in 2015.
    - Coverage ratio: 1.3 times (net revenues must be at least 130% of debt service).

Preliminary Revenue Results for High Toll and Scenarios 1 - 3

	Net Revenue*	Potential Financing and Coverage**	Potential Project Funding**
High Toll Benchmark	$630	$380 to $420	$210 to $250
Scenario 1	$490	$280 to $320	$170 to $210
Scenario 2	$80		
Scenario 3	$290	$140 to $180	$110 to $150

Costs in millions of dollars.

Likely couldn't finance scenario 2 for tunnel project funding.

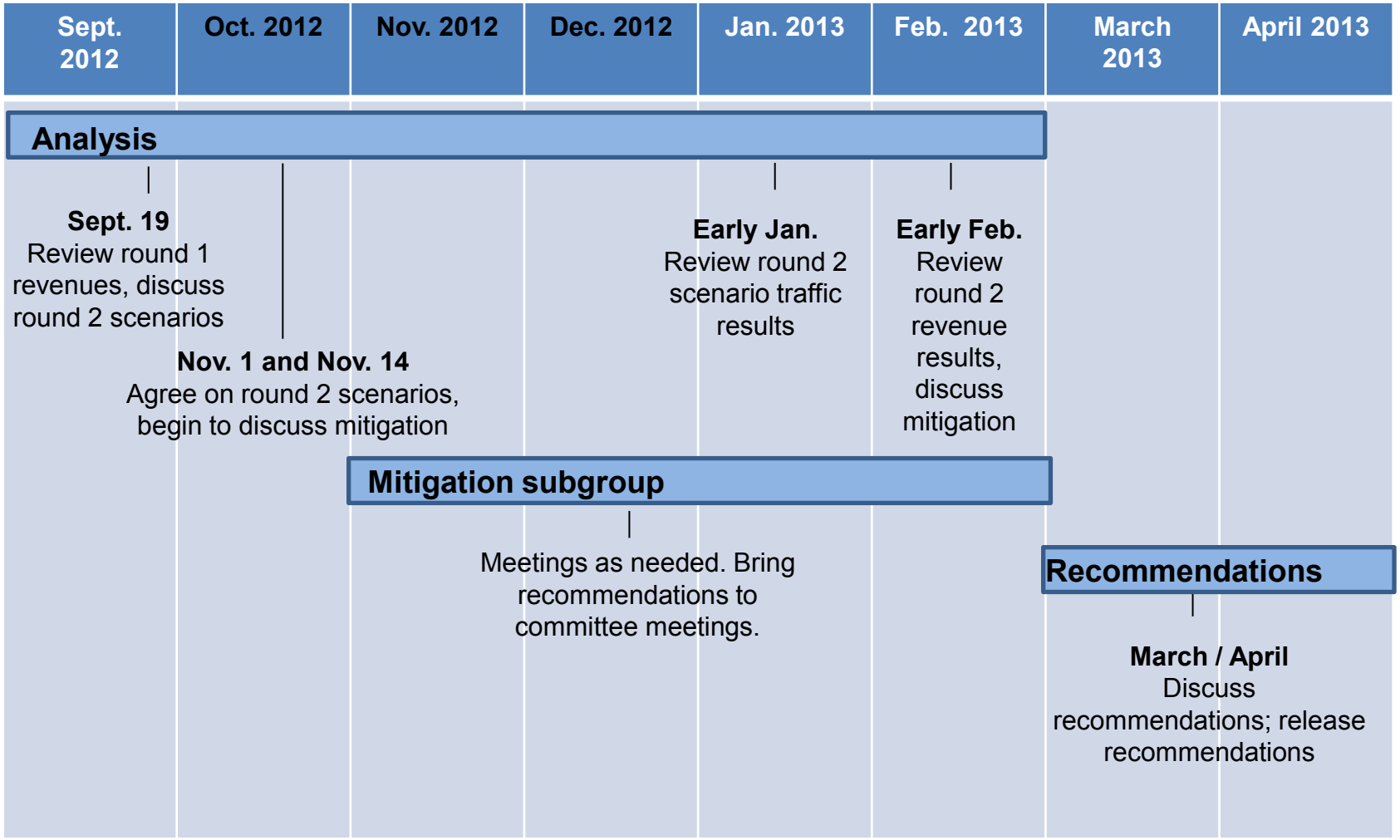
* The low end of the net revenue range was assumed for financial calculations.

** This is a preliminary calculation and requires analysis by the Office of the State Treasurer.

ACTT Policy Questions From Sept. 19 Meeting

- What does toll revenue pay for and at what funding level?
- Could toll rates escalate over time to match inflation and cover costs?
- How should toll collection costs be allocated among state toll facilities?
- What should the toll rate structure look like: single point or multi-point toll, shoulder rates, freight toll rate?
- Is there a segment or system-wide tolling study?
- Could incentive programs be created?

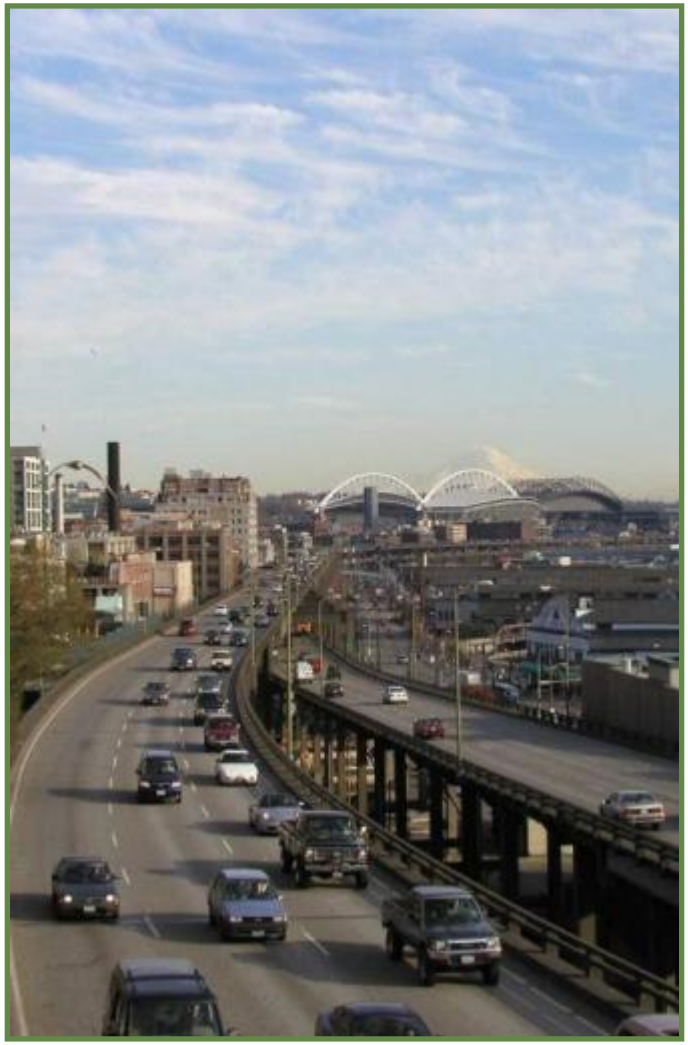
Draft ACTT Work Plan



Coordination with Transportation Commission

- Coordinate with Commission staff prior to each ACTT committee meeting.
- Commission staff attend ACTT committee meetings.
- Commission coordination:
  - Oct. 19, 2011 meeting
  - Feb. 21, 2012 meeting
  - May 23, 2012 meeting
  - July 17, 2012 meeting
  - Oct. 17, 2012 meeting
  - Dec. 11-12, 2012 meeting
  - 2013 meetings

Questions?



Website:
www.alaskanwayviaduct.org

Email:
viaduct@wsdot.wa.gov

Hotline:
1-888-AWV-LINE