



**Washington State
Department of Transportation**

Paula Hammond
Secretary of Transportation

February 11, 2013

The Honorable Tracey Eide
The Honorable Curtis King
Co-Chairs, Senate Transportation Committee
Post Office Box 40482
Olympia, WA 98504-04820

The Honorable Judy Clibborn
Chair, House Transportation Committee
Post Office Box 40600
Olympia, WA 98504-0600

Dear Senators Eide and King, and Representative Clibborn:

I am pleased to submit the State Route 167 Corridor Completion Comprehensive Tolling Study Final Report. This study was completed as a result of 2011 legislative direction (ESHB 1175).

The purpose of this study was to conduct a detailed analysis of how much revenue could be generated from tolling the completion of the SR 167 corridor in Pierce County and how much revenue would be needed from other funding sources to fund corridor construction. Specifically, this study examined the following topics:

- Level of public support for tolls as a means to help fund the project.
- The effect of the recent economic recession on population and employment forecasts.
- What toll amounts travelers would be willing to pay to use the corridor once built (described as “value of time”).
- The effect of tolling on potential travel demand.
- Possible incremental construction scenarios that could be completed as funding became available.

In the study process, WSDOT created a stakeholder committee comprised of representatives from affected cities and jurisdictions, the Port of Tacoma, the Puget Sound Regional Council and the Federal Highway Administration. We also solicited public opinion through a public opinion survey, focus group workshops and other means of outreach. These efforts helped gauge the level of support for the project and the level of acceptance of tolls to fund construction of the highway completion.

Study results revealed that among the six construction options analyzed, the highest toll scenario is expected to generate \$40 million to \$65 million in net toll revenues to help fund project construction. This range is significantly lower than the revenue projected in WSDOT’s 2010 Toll Feasibility Study. Several factors contribute to this outcome:

- **No tolling of existing facilities:** The 2010 study assumed that the existing SR 167 highway east of Meridian Ave. would be tolled, reducing travelers' ability to divert to a non-tolled facility. However, in this study, stakeholders strongly objected to tolling any existing facilities.
- **Lower Time Value:** Drawing from experience gained by tolling State Route 520, a lower 'value of time' was used in this study compared to the 2010 study. The lower value of time indicates that travelers would be less willing to pay a toll, leading to lower toll rates and higher traffic diversion to non-tolled facilities.
- **Lower population and employment growth forecasts** were used in this study to reflect the impact of the recent economic recession.
- **No toll rate escalation:** The 2010 study assumed toll rates would increase over time to keep pace with inflation. This study assumed no increase, per directive from the Washington State Treasurer's Office.

Although estimated toll revenues are not significant compared to the overall project cost, tolling could contribute in other ways: 1) tolling could help manage traffic demand on the corridor; 2) tolling could make a phased construction approach more viable (using incremental investments) from a traffic operations and financing standpoint; and 3) tolling would help fund future corridor maintenance and preservation needs.

A high degree of uncertainty exists in toll revenue projections, especially for a corridor that does not exist today. The study findings could change significantly if market conditions and public willingness to pay tolls are different than the assumptions that were used in this study.

I would like to thank the stakeholders and members of the public who participated in this study, as well as, the WSDOT staff that were instrumental in this effort. I look forward to continuing to work with you to move forward on completing this critical link in our transportation system.

Sincerely,



Paula J. Hammond, P.E.
Secretary of Transportation

CC: Craig Stone, WSDOT
Kevin Dayton, WSDOT
House and Senate Transportation Committee Members