

SR 520 Toll Rate Setting Update

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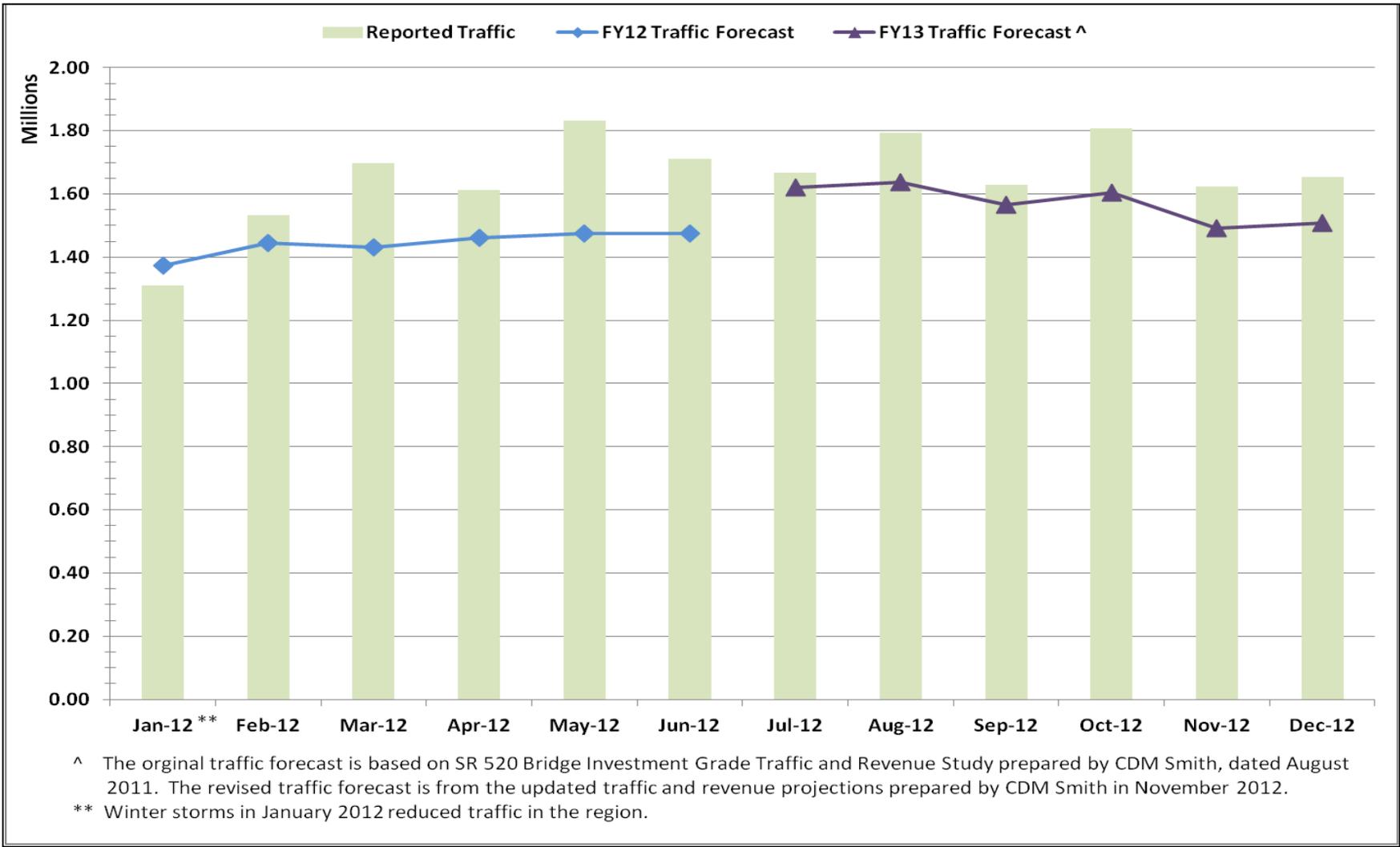
Helena Kennedy Smith
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Washington State Transportation Commission
March 19, 2013

Agenda

- SR 520 Pontoons
- Projected Traffic and Revenue
- Toll Rate Scenarios
- Traffic Volumes by hour in the PM peak

SR 520 Projected and Reported Traffic



SR 520 Projected and Reported Traffic and Revenue FY2013 – Q1 and Q2

SR 520 Projected and Reported Traffic and Revenue Traffic and Revenue Statistics for Fiscal Year 2013 - December (Month 6) January 28, 2013

	Original Projected Traffic Forecast ¹	Revised Projected Traffic Forecast ¹	Reported Traffic	Variance from Revised Forecast	Original Projected Toll Revenue ²	Revised Projected Toll Revenue ²	Reported Toll Revenue	Variance from Revised Forecast
Jul-12	1,620,155	1,682,000	1,666,994	A (15,006)	\$ 4,339,220	\$ 4,383,112	\$ 4,230,904	B \$ (152,208)
Aug-12	1,637,851	1,700,000	1,792,997	A 92,997	\$ 4,934,937	\$ 4,978,005	\$ 5,059,454	B \$ 81,449
Sep-12	1,565,786	1,625,000	1,629,673	A 4,673	\$ 4,717,801	\$ 4,760,649	\$ 4,577,504	B \$ (183,145)
Oct-12	1,604,985	1,666,000	1,807,526	A 141,526	\$ 4,835,910	\$ 4,878,537	\$ 5,554,772	B \$ 676,235
Nov-12	1,491,828	1,548,000	1,622,698	A 74,698	\$ 4,494,961	\$ 4,533,162	\$ 4,879,344	B \$ 346,182
Dec-12	1,506,775	1,564,000	1,653,584	A 89,584	\$ 4,539,997	\$ 4,581,975	\$ 4,746,432	B \$ 164,457
Jan-13	1,554,782	1,611,000			\$ 4,684,644	\$ 4,719,204		
Feb-13	1,445,015	1,498,000			\$ 4,353,911	\$ 4,388,565		
Mar-13	1,647,699	1,708,000			\$ 4,964,607	\$ 5,002,872		
Apr-13	1,595,321	1,654,000			\$ 4,806,790	\$ 4,844,460		
May-13	1,624,055	1,684,000			\$ 4,893,367	\$ 4,931,034		
Jun-13	1,678,747	1,742,000			\$ 5,600,553	\$ 5,644,736		
YTD Totals	9,427,381	9,785,000	10,173,472	388,472	\$ 27,862,825	\$ 28,115,439	\$ 29,048,410	\$ 932,970
Year Totals	18,973,000	19,682,000	10,173,472		\$ 57,166,697	\$ 57,646,310		

Notes:

¹ The original traffic forecast is based on *SR 520 Bridge Investment Grade Traffic and Revenue Study* prepared by CDM Smith, dated August 2011. The revised traffic forecast is from the updated traffic and revenue projections prepared by CDM Smith in November 2012.

² The original and revised toll revenue projections are based on values from the same sources referenced in footnote 1 above, with adjustments made for uncollectible revenue (leakage), Pay By Plate fees, and customer discounts. The July revenue projection accounts for the year-end business rule which allows 23 days of revenue in July to apply towards the closing month of the previous fiscal year. This reduction will be offset at the end of the fiscal year.

A = Reported Traffic - While we are not aware of any material discrepancies on traffic counts for SFY13, key ETCC reconciliations have not been completed. Final transaction counts will not be known until reconciliations are complete.

B = Toll Revenue - As of February 13, 2011, WSDOT transitioned toll customer service center operations to a new vendor - Electronic Transaction Consultants Corporation (ETCC). With this transition, the new ETCC system encountered problems in the accuracy and timeliness of recording revenue and other accounting transactions. WSDOT and ETCC have investigated and corrected accounting records for known discrepancies. While we are not aware of any material discrepancies in the accounting records, ETCC has not completed key reconciliations which ensure timely and accurate processing of financial transactions. Upon completion of these reconciliations, any discrepancies identified will be addressed and necessary correcting adjustments made.

Toll Rate Scenarios

Base Case

- Currently used for financial plan
- Assumes 2.5 percent rate increase in FY 14, 15 and 16. One time increase in FY17 (15 percent-weekdays; 2.5 percent-weekends). No increases thereafter for financial purposes.

In December, scenarios selected for testing:

- **Scenario A:** No rate increase for FY 14 (This scenario did not meet the financial tests.)
- **Scenario B:** 3.5 percent rate increase for FY 14 (all other years continue with rate increases currently used for financial plan)
- **Scenario C:** Base Case rate increase, peak afternoon period is extended until 7:00 pm (currently peak period is 3-6 pm)
- **Scenario D:** Gradually growing rate increases in order to avoid larger increases later
- **Scenario E:** Base Case rate increase, with nickel rounding FY 14, 15 and 16

SR 520 Financial Plan Toll Sensitivity Test Impacts

Sensitivity Test Case*	Change in Pay-Go Toll Construction Funding	Minimum Coverage Ratios				Unrestricted Fund Balance ¹				
		1st Tier	3rd Tier	4th Tier ²	Overall ³	FY 2014 Period End	FY 2015 Period End	FY 2016 Period End	# FYs w/ Negative Balance	First / Last Fiscal Year with Negative Balance
Base Case Financial Plan (10/25/12)	—	2.00 ×	1.37 ×	1.15 ×	1.00 ×	\$0.2 M	\$0.2 M	\$0.2 M	None	N/A
Test Scenario A: No Toll Increase in FY 2014	(\$2.0 M)	1.95 ×	1.34 ×	1.13 ×	0.99 ×	\$0.2 M	\$0.2 M	(\$0.8 M) <i>Decrease of (\$1.0 M)</i>	28	2016 2043
Test Scenario B: 3.5% Increase in FY 2014	\$1.5 M	2.03 ×	1.38 ×	1.17 ×	1.01 ×	\$0.2 M	\$0.2 M	\$0.2 M	None	N/A N/A
Test Scenario C: Extend PM Peak Period Toll	\$1.6 M	2.03 ×	1.38 ×	1.17 ×	1.01 ×	\$0.2 M	\$0.2 M	\$0.2 M	None	N/A N/A
Test Scenario D: Constant Toll Increases through FY 2017	\$8.0 M	2.00 ×	1.37 ×	1.15 ×	1.00 ×	\$0.2 M	\$0.2 M	\$0.2 M	None	N/A N/A
Test Scenario E: Base Case plus Nickel Rounding FY 2014-16	\$0.02 M	2.00 ×	1.37 ×	1.15 ×	1.00 ×	\$0.2 M	\$0.2 M	\$0.2 M	None	N/A N/A
Minimum Coverage Required for Issuing Additional Bonds (Debt)		2.00 ×	1.30 ×	1.15 ×	1.00 ×					

Notes:

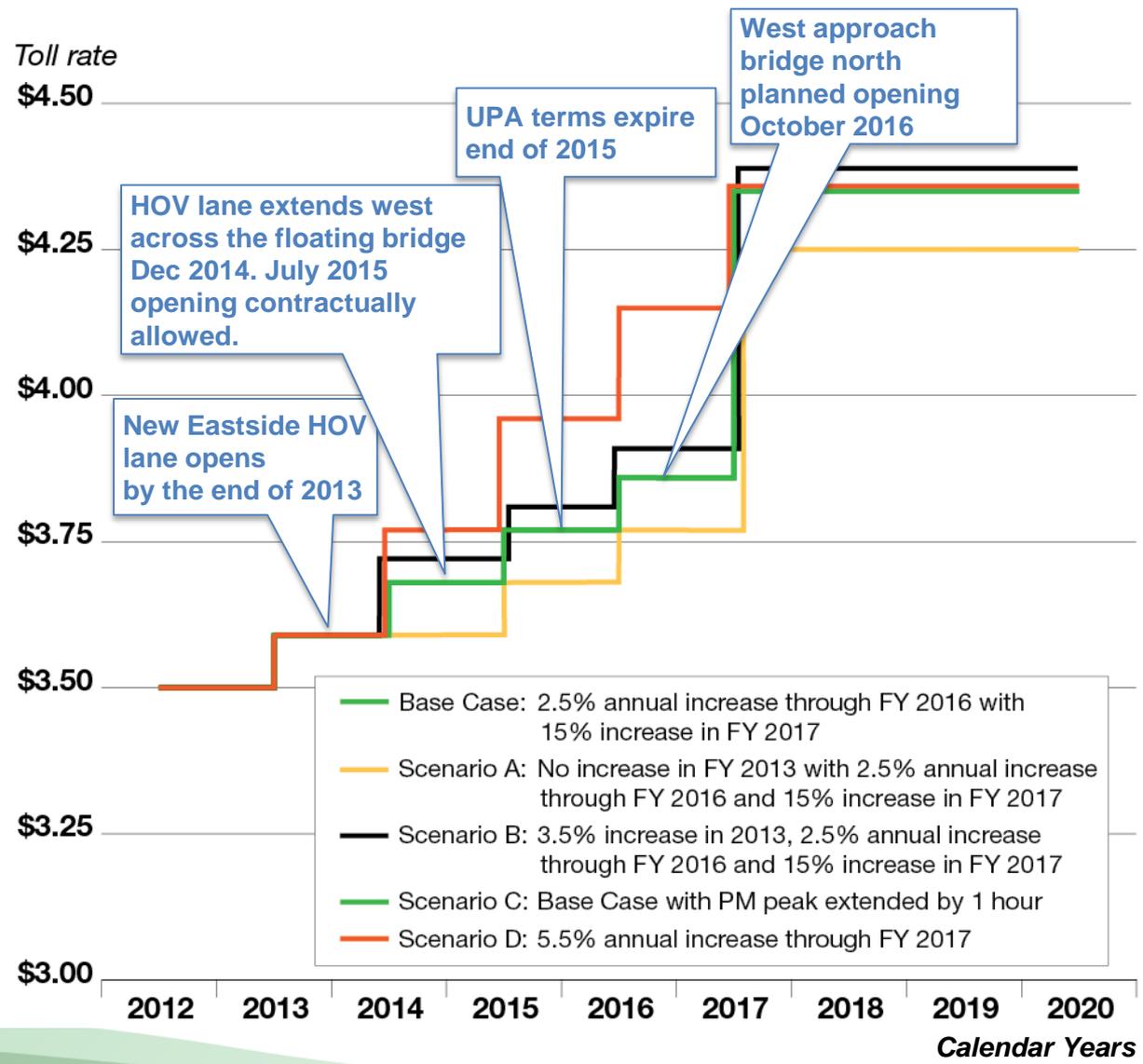
¹ Based on existing Base Case Financial Plan debt structuring, with interest earnings included in the available funding for pay-go construction.

² Resolution No. 1117 requires 1.10× coverage on the 4th Tier in order to issue additional bonds; however, the TIFIA Base Case Financial Plan calls for 1.15×.

³ Coverage inclusive of reserve account deposits, including deferred sales tax, O&M, and R&R reserves.

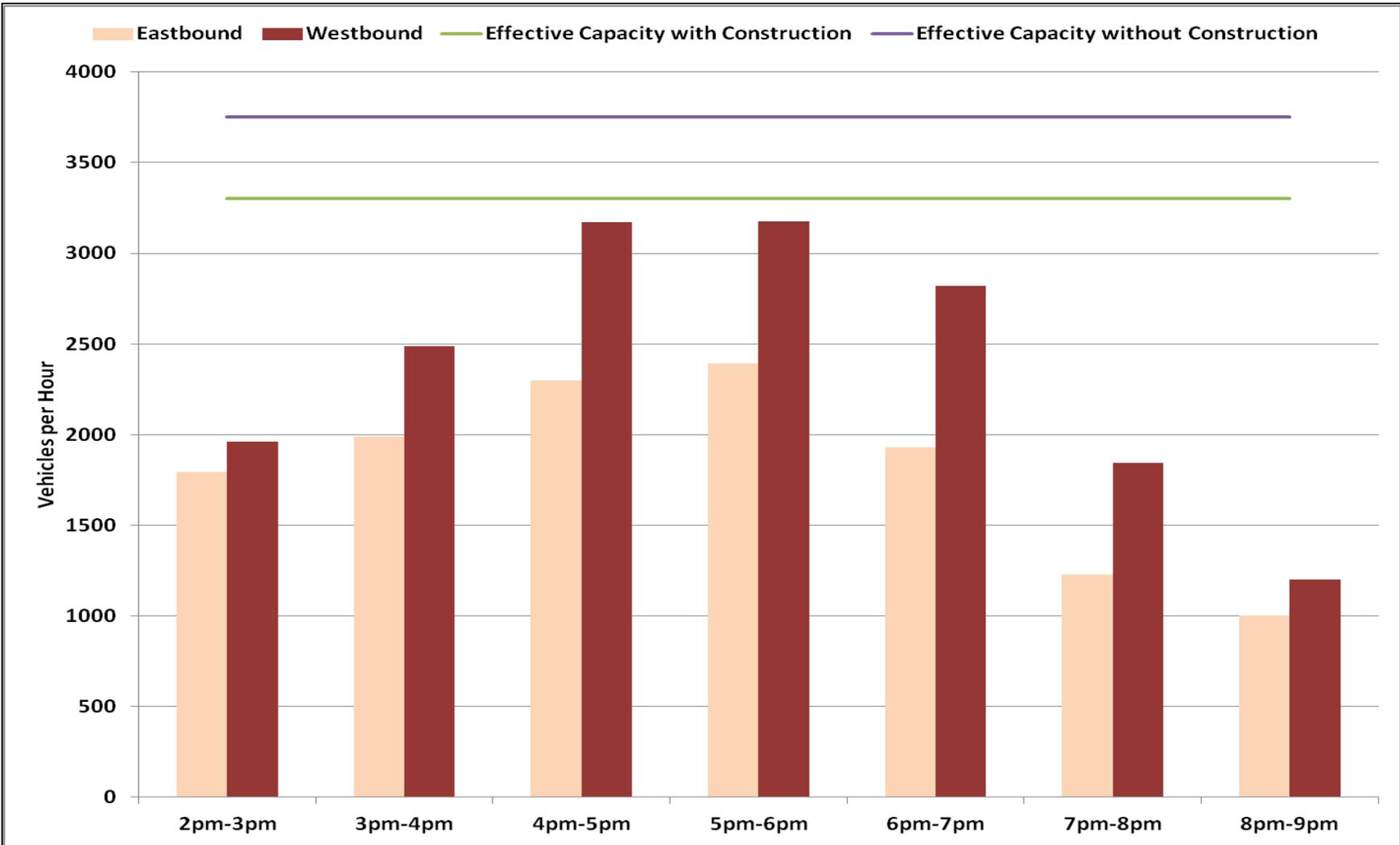
* Impacts of the sensitivity test cases are based on Dec '12/Jan '13/Mar '13 T&R forecasts prepared by CDM Smith and net revenues by Parsons Brinckerhoff.

WSTC Peak Toll Rate Scenarios



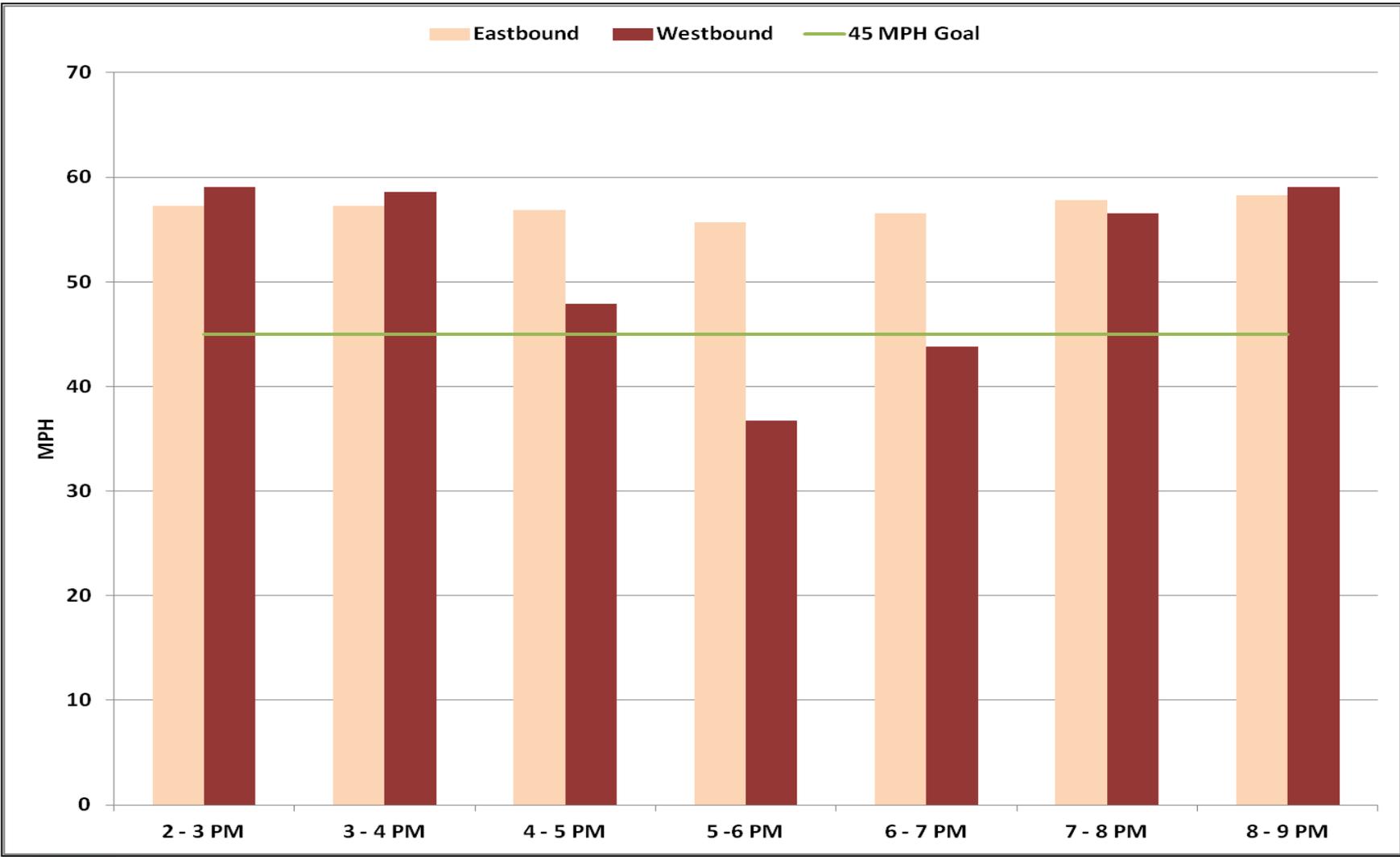
Average Traffic Volumes by Hour

FY2013 – Q1 and Q2, Monday through Friday



Average Speed by Direction

FY2013 – Q1 and Q2, Monday through Friday



SR 520 Certificate Process

Certificate	From	Certificate in hand for "Base Case" Financial Plan	Certificate in-hand or pending for Scenarios B, C, D (meet financial criteria)
Traffic & Revenue	CDM Smith	✓	✓
Consulting Engineer	HDR	✓	✓
Net Revenue	Parsons/ Brinckerhoff	✓	✓
Office of the State Treasurer	Office of the State Treasurer		✓

Certificates are in hand for the Base Case and Scenarios B, C, and D.

SR 520 Rate Setting Milestones

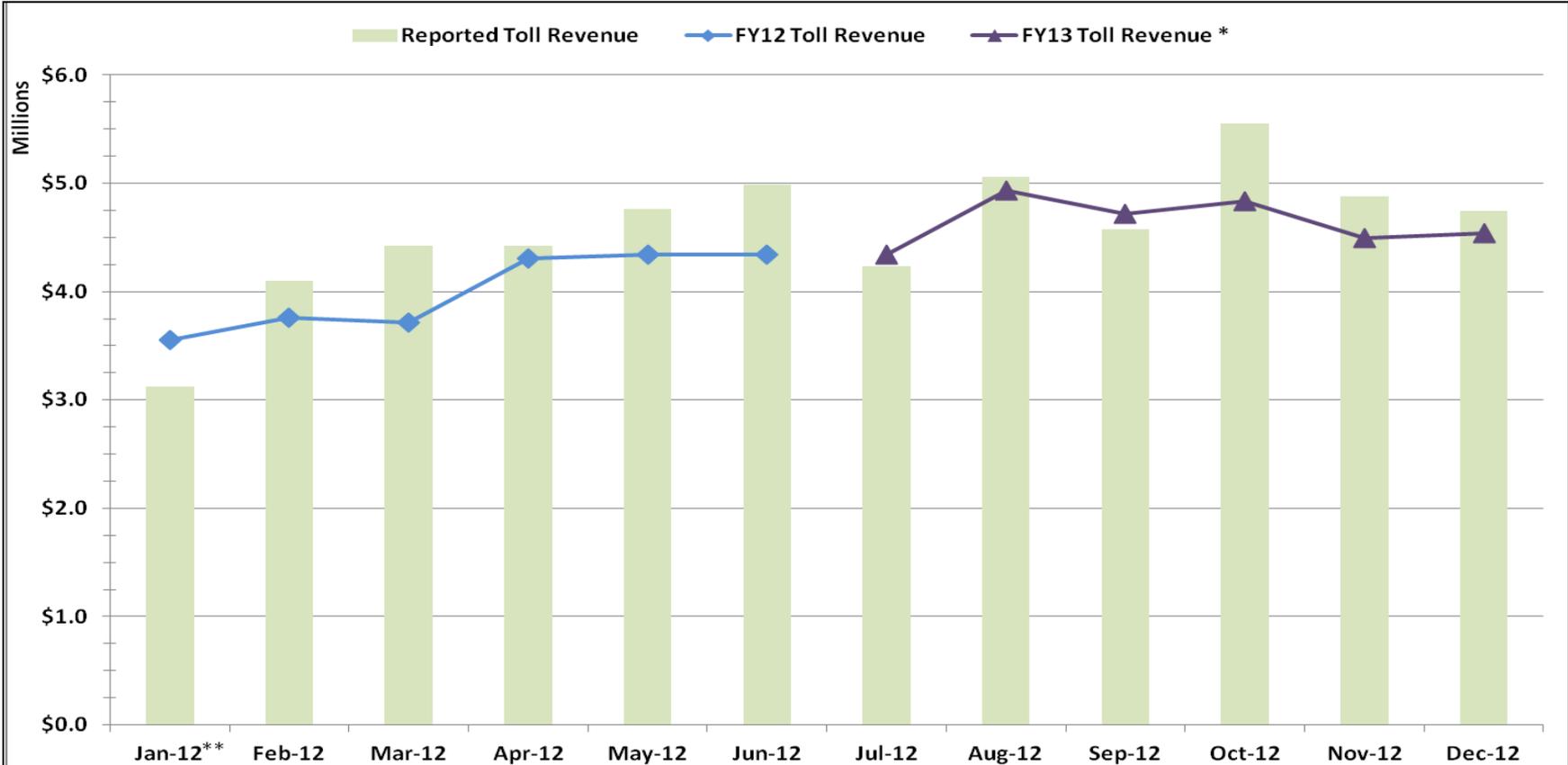
		WAC Revision Process	
	Milestone	Maintain 2.5% increase (unrounded), update to the toll rate tables only	Deviate from the 2.5% increase (including rounding)
October	Rate setting kickoff meeting	✓	✓
	Certification of 2.5% increase	✓	
December	Financial plan/funding needs	✓	✓
	WSTC proposed scenarios		✓
January	File CR 101		✓
February	Preliminary scenario results		✓
	Request any additional scenarios		✓
March	WSTC proposed rates		✓
	File CR 102		✓
	File CR 105	✓	
April	Public Input meetings		✓
	Certification of proposed rates		✓
May	Public Hearing		✓
	Adopt toll rates		✓
	File CR 103	✓	✓

Questions?

For more information, please contact:

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SR 520 Projected and Reported Gross Revenue



* The original and revised toll revenue projections are based on SR 520 Bridge Investment Grade Traffic and Revenue Study prepared by CDM Smith, dated August 2011, with adjustments made for uncollectible revenue (leakage), Pay By Plate fees, and customer discounts. The July revenue projection accounts for the year-end business rule which allows for 23 days of revenue in July to apply towards the closing month of the previous fiscal year. This reduction will be offset at the end of the fiscal year.

** Winter storms in January 2012 reduced traffic in the region.

Comparison of Transactions by Scenario

