



SR520 FY 2014 Toll Rate Adjustment

Goals for Fiscal Year 2014 Rate Setting

- Generate Toll Revenue sufficient to:
 - Pay operating and maintenance expenses
 - Pay debt service
 - Meet the State's financial and other covenants under the Master Bond Resolution
- Maintain travel time, speed, and reliability

Financial Tests

- Projected Net Revenues for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds must be at least equal to 100% of the aggregate amount of the required payments; and
- Coverage ratios (Net Revenue/ debt service + reserves):
 - 1st Tier: 2.00x ABT coverage/ 1.5x covenant
 - 3rd Tier: 1.30x ABT coverage/ 1.25x covenant
 - 4th Tier: 1.15x ABT coverage/ 1.1x covenant
- Provide “pay-go” construction funding.

Toll Rate Proposal

Certificate Requirements

- Resolution 1117, a Master Bond Resolution providing for the issuance of bonds to help fund the SR 520 Bridge Replacement and HOV Program, outlines specific conditions that must be met in order for the State to issue additional debt or for the Tolling Authority to change rates. Both events require:
 - A certificate from a Traffic Consultant stating that the revised traffic and revenue projections are based upon reasonable assumptions;
 - A certificate from a Consulting Engineer stating that the projected operating and maintenance expenses are based upon reasonable and typical assumptions; and
 - A certificate from a representative of the Office of the State Treasurer stating that, based upon the information contained in the aforementioned certificates, that the projected annual net revenues for the current fiscal year through the final maturity of all outstanding bonds are sufficient to meet all bond coverage requirements and other covenants.

Toll Rate Proposal

- **The Commission is proposing a 2.5% across the board increase, with rates rounded to the nearest nickel. This proposal continues with the original base case financial assumptions.**
 - The proposal results in an approximate \$0.10 increase in the peak period (rounded to the nearest nickel).

The Base Case financial assumptions are defined as follows:

- 2.5 percent rate increase for fiscal year 2013, 2014, 2015, and 2016. One time increase in fiscal year 2017 (15 percent-weekdays; 2.5 percent-weekends). No increases thereafter for financial purposes.
 - With the addition of sequential rounding to the nearest nickel.
- **This proposal has met the financial tests as evidenced by the three accompanying certificates as required by bond covenant. The three certificates are as follows:**
 - Certificate from the Traffic and Revenue Consultant (CDM Smith)
 - Certificate from the Consulting Engineer on operation and maintenance expenses (HDR's)
 - Certificate from the Office of the State Treasurer stating the proposed toll rate changes satisfy the Master Bond Resolution requirements.

Toll Rate Scenario's Tested

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 Global 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
Test Scenario F: Base Case plus Sequential Nickel Rounding FY 2014-16	\$0.17 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.

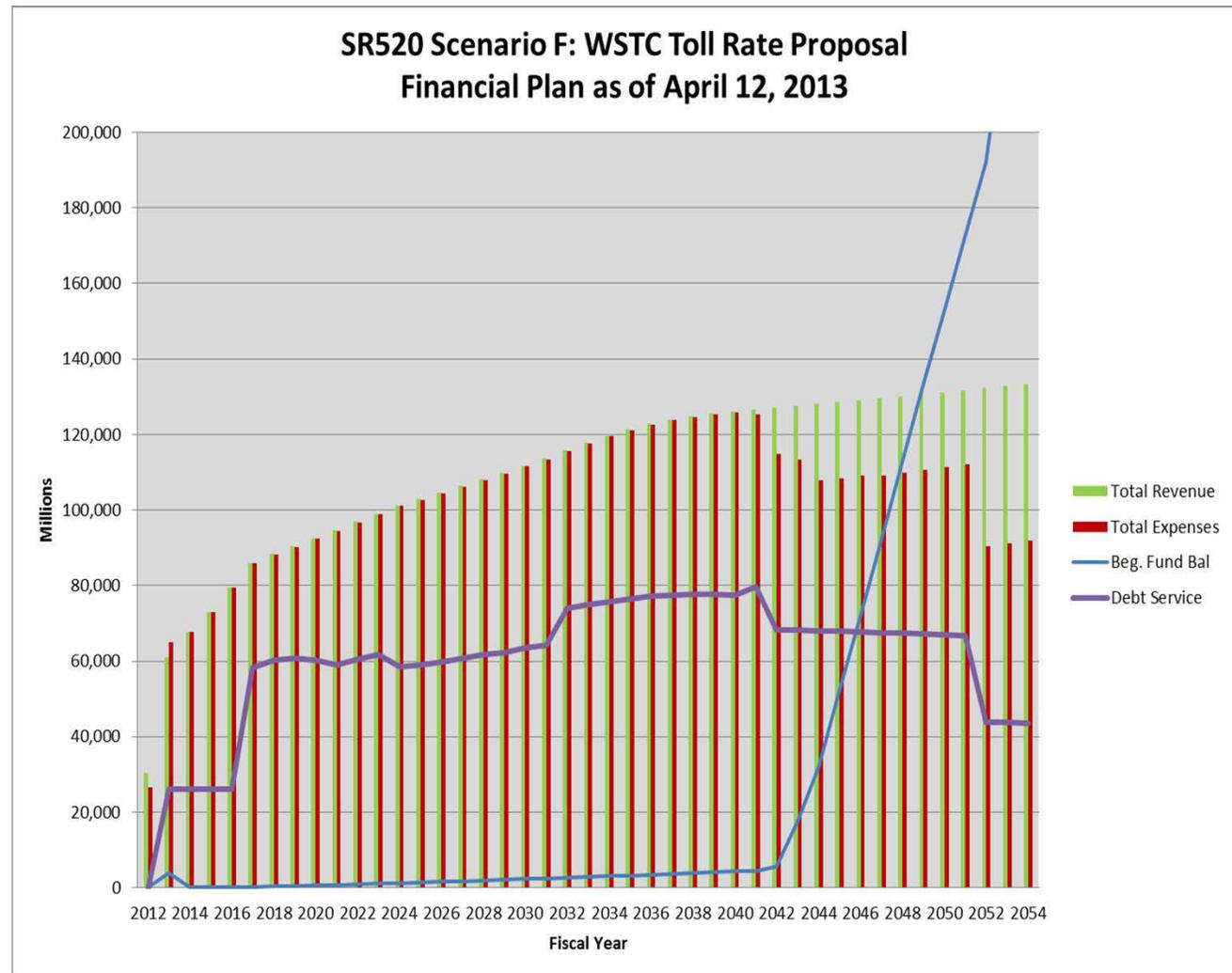
² Resolution No. 1117 requires 1.10× coverage on the 4th Tier in order to issue additional bonds; however, the TIFIA Base Case Financial Plan calls for 1.15×.

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.

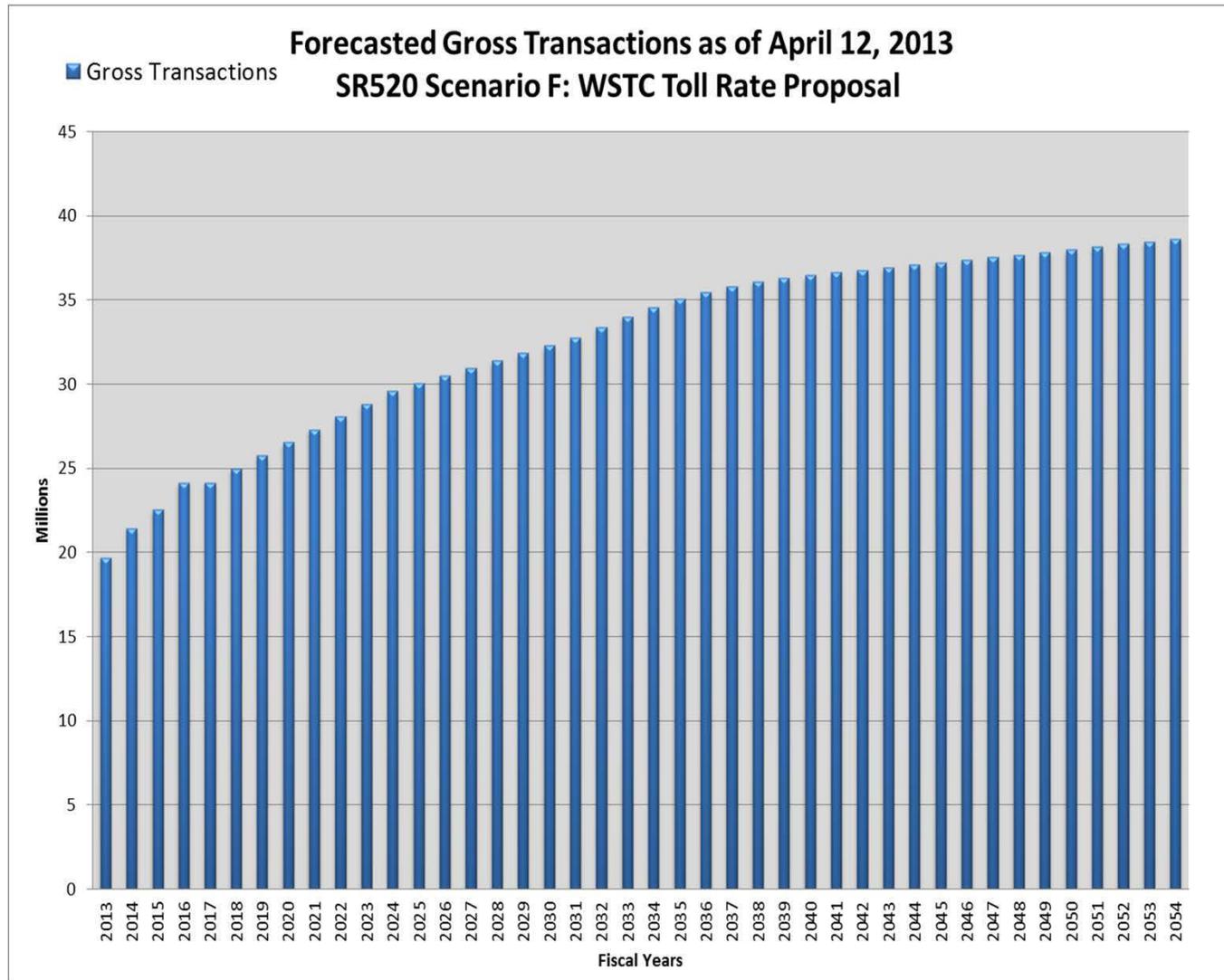
WSTC Toll Rate Proposal Forecasted Financial Plan

- Total Revenue is forecasted to be sufficient to meet Total Expenses.
- Total Expenses include O&M, Debt Service, and deposits to reserve accounts (DFSTX, O&M,RR, Rev Stabilization, Working Capital)



CDM Smith Traffic Forecast

- CDM Smith forecasts gross transactions will grow by 7-9% thru FY 2017.
- CDM Smith forecasts gross transactions will grow by 1-3% from FY 2018-2054.





Questions?

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