



SR 520 Toll Rate Adjustment

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Agenda

- Update on current FY 2014 Revised Forecasted and Reported Traffic and Revenue

Toll Rate Adjustment

- Goals for Fiscal Year 2015 Rate Setting
- Financial Tests
- Certification Requirements
- Toll Rate Proposal
- Toll Rate Setting Milestones

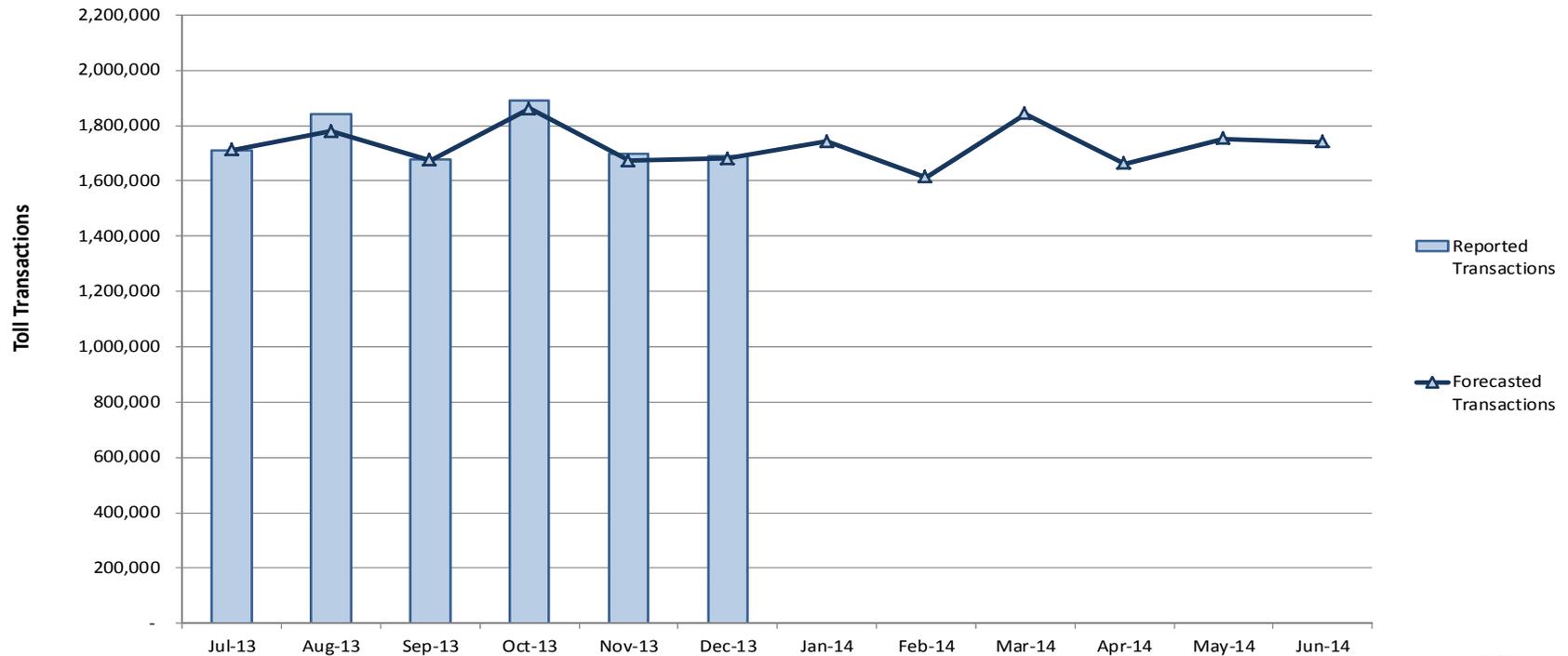
Update on Fiscal Year 2014



FY 2014 Forecasted and Reported Toll Transactions

Reported transactions are 1.2% above the revised forecast

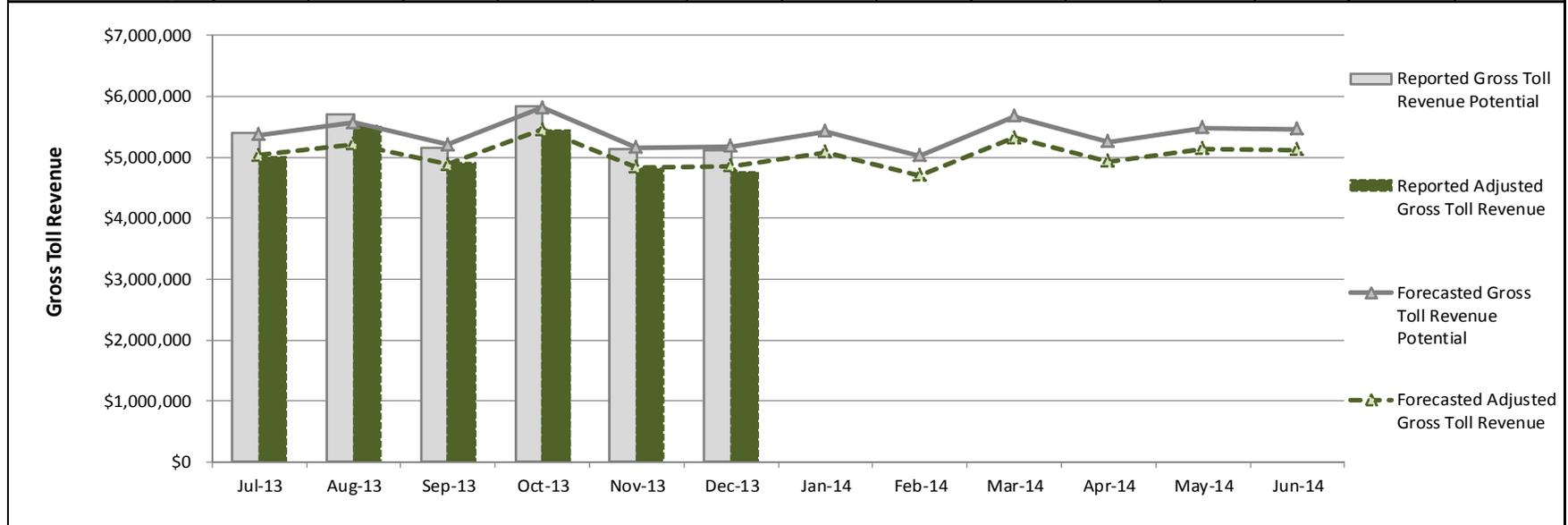
TOLL TRANSACTIONS	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Fiscal Year To Date	Annual Total
Forecasted Closure Days	2.0	2.0	2.0	0.7	0.7	0.7	0.3	0.3	0.3	3.0	3.0	3.0	8.0	18.0
Reported Closure Days	2.0	-	1.2	-	-	-							3.2	
Forecasted Transactions	1,711,000	1,778,000	1,675,000	1,861,000	1,672,000	1,680,000	1,742,000	1,613,000	1,842,000	1,661,000	1,752,000	1,740,000	10,377,000	20,727,000
Reported Transactions	1,708,484	1,841,483	1,675,903	1,891,692	1,699,102	1,689,620							10,506,284	
Variance From Forecast	(2,516)	63,483	903	30,692	27,102	9,620							129,284	
Variance - % Change	(0.1%)	3.6%	0.1%	1.6%	1.6%	0.6%							1.2%	



FY 2014 Forecasted and Reported Gross Toll Revenue

Reported Adjusted Gross Toll Revenue is 0.4% above the revised forecast

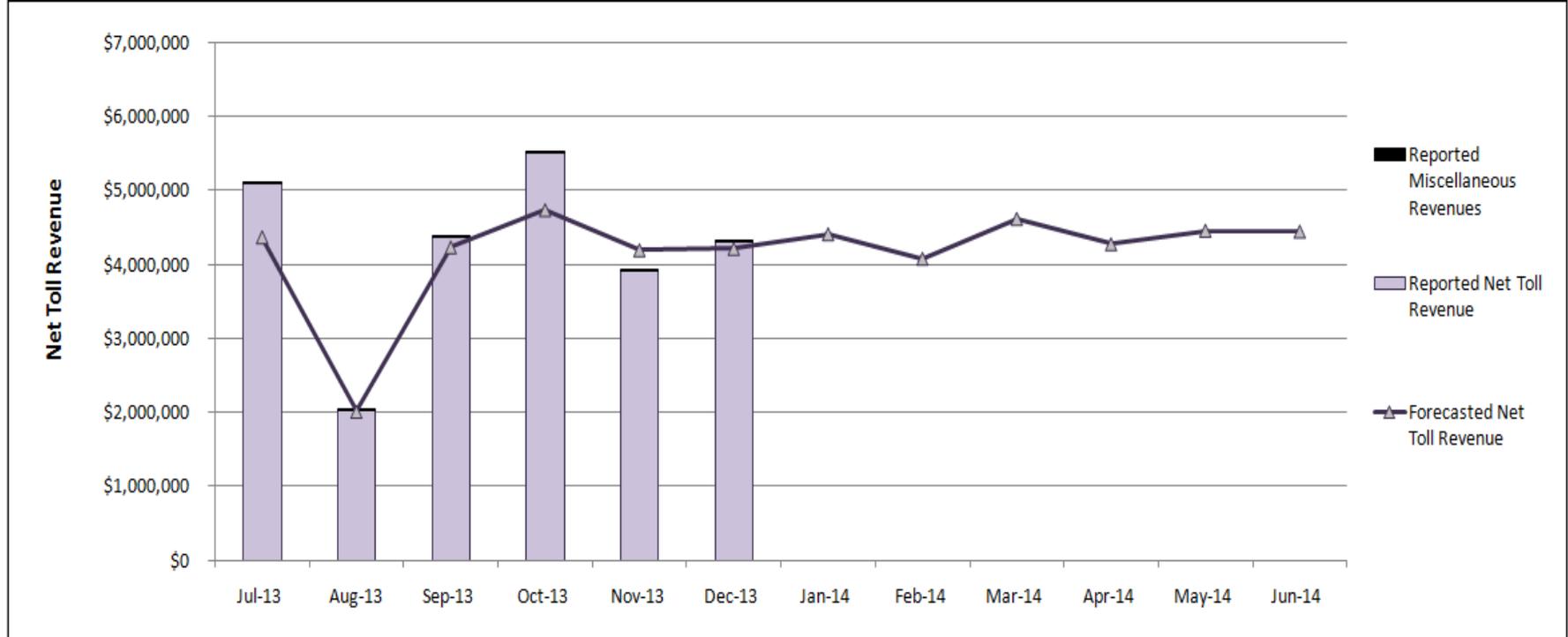
GROSS TOLL REVENUE	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Fiscal Year To Date	Annual Total
Forecasted Closure Days	2.0	2.0	2.0	0.7	0.7	0.7	0.3	0.3	0.3	3.0	3.0	3.0	8.0	18.0
Reported Closure Days	2.0	-	1.2	-	-	-							3.2	
Forecasted Potential	\$5,375,000	\$5,568,000	\$5,209,000	\$5,820,000	\$5,163,000	\$5,185,000	\$5,427,000	\$5,024,000	\$5,676,000	\$5,260,000	\$5,482,000	\$5,467,000	\$32,320,000	\$64,656,000
Reported Potential	\$5,403,386	\$5,703,900	\$5,149,164	\$5,836,834	\$5,143,835	\$5,109,875							\$32,346,994	
Variance From Forecast	\$28,386	\$135,900	(\$59,836)	\$16,834	(\$19,165)	(\$75,125)							\$26,994	
Variance - % Change	0.5%	2.4%	(1.1%)	0.3%	(0.4%)	(1.4%)							0.1%	
Forecasted Adjusted	\$5,039,000	\$5,220,000	\$4,883,000	\$5,456,000	\$4,840,000	\$4,861,000	\$5,087,000	\$4,709,000	\$5,322,000	\$4,931,000	\$5,139,000	\$5,126,000	\$30,299,000	\$60,613,000
Reported Adjusted	\$4,996,403	\$5,513,532	\$4,911,760	\$5,440,469	\$4,807,019	\$4,752,848							\$30,422,032	
Variance From Forecast	(\$42,597)	\$293,532	\$28,760	(\$15,531)	(\$32,981)	(\$108,152)							\$123,032	
Variance - % Change	(0.8%)	5.6%	0.6%	(0.3%)	(0.7%)	(2.2%)							0.4%	



FY 2014 Forecasted and Reported Net Toll Revenue

Reported Net Toll Revenue is 6.1% above revised forecast through Dec.

NET TOLL REVENUE	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Fiscal Year To Date	Annual Total
Forecasted Net Revenue	\$4,367,000	\$2,016,000	\$4,231,000	\$4,731,000	\$4,192,000	\$4,212,000	\$4,408,000	\$4,078,000	\$4,614,000	\$4,273,000	\$4,454,000	\$4,441,000	\$23,749,000	\$50,017,000
Reported Net Revenue	\$5,091,813	\$2,023,170	\$4,365,138	\$5,504,263	\$3,898,883	\$4,310,140							\$25,193,407	
Variance From Forecast	\$724,813	\$7,170	\$134,138	\$773,263	(\$293,118)	\$98,140							\$1,444,407	
Variance - % Change	16.6%	0.4%	3.2%	16.3%	(7.0%)	2.3%							6.1%	
Miscellaneous Revenues	\$54	\$6,458	\$11,645	\$1,910	\$474	\$4,862							\$25,404	



Toll Rate Adjustments



Goals for Fiscal Year 2015 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 section 7.02

- **Maintain travel time, speed, and reliability**

Financial Tests

- Projected Net Revenues must meet the financial test in each and every fiscal year as long as there are bonds outstanding
- The financial test includes certain Coverage ratios of Net Revenue, debt service and reserves
 - For Example:**
 - 1st Tier Bond : 2.00x ABT coverage/ 1.5x covenant
 - 3rd Tier Bond: 1.30x ABT coverage/ 1.25x covenant
 - 4th Tier Bond: 1.15x ABT coverage/ 1.1x covenant
- Provide “pay-go” construction funding.

Certificate Requirements

- **Resolution 1117, of the SR 520 Master Bond Resolution outlines specific requirements that must be met in order for the Tolling Authority to change rates.**
 - ✓ 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.

SR 520 Toll Rate Increase

Upon Commission approval, a 2.5% across the board increase on all SR 520 rates, rounded to the nearest nickel, will be implemented on July 1, 2014 per the requirements set forth in the administrative rule adopted by the Commission in 2011 (WAC 468-270-040)

- The rate increase results in an approximate \$0.10 increase in the peak period (rounded to the nearest nickel).
 - For example the peak period, weekday rate will increase from \$3.70 to \$3.80.
- The financial assumptions guiding rate setting, and noted in the administrative rule, are as follows:
 - 2.5 percent rate increase for fiscal years 2013, 2014, 2015, and 2016.
 - A one time rate increase in fiscal year 2017 once the new bridge is opened: 15 percent-weekdays; 2.5 percent-weekends.
 - No planned increases thereafter.
- **This year's planned 2.5% increase meets financial tests and requirements of the bond resolution as evidenced by the required three certificates:**
 - ✓ Certificate from the Traffic and Revenue Consultant (CDM Smith)
 - ✓ Certificate from the Consulting Engineer on operations and maintenance expenses (HDR)
 - ✓ Certificate from the Office of the State Treasurer stating the proposed toll rate changes satisfy the Master Bond Resolution requirements.

Questions?

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