

Toll Operations Cost of Service Analysis

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Washington State Transportation Commission
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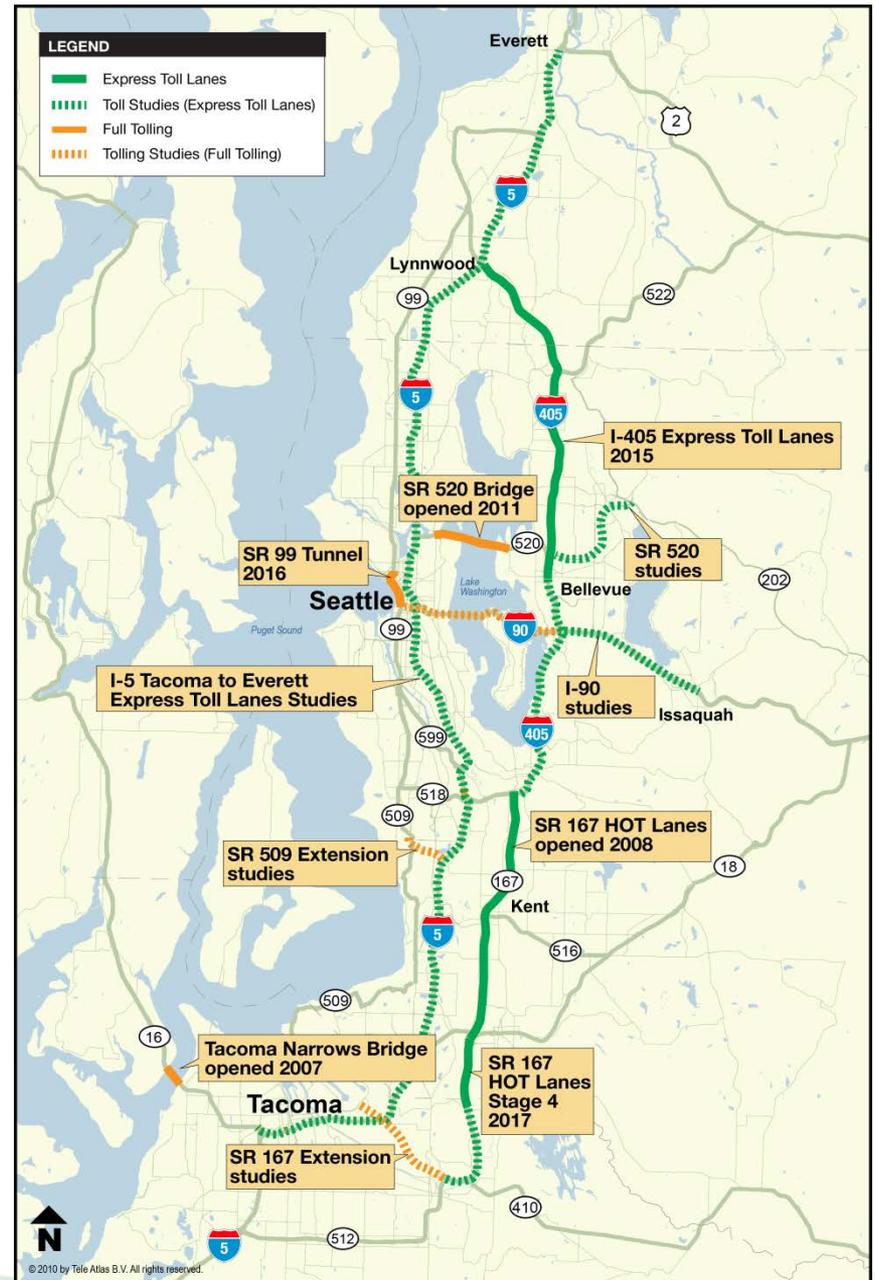
Tolling Facilities

Current toll facilities:

- Tacoma Narrows Bridge
- SR 167 HOT Lanes
- SR 520 Bridge

Authorized toll facilities:

- I-405 Express Toll Lanes
- SR 99 Tunnel



Background

- **2009 Joint Transportation Committee Toll Operations Costs Expert Review Panel Recommendation**

“Determine fixed and variable costs of *key customer service account and payment method activities* and establish a management process to report on the same as performance indicators and other information that can be used to modify business rules.”

- **Louthan Consulting baseline study in 2010 to review Tacoma Narrows Bridge and SR 167 HOT Lanes operational expenses**
- **Louthan Consulting FY 2012 Q3 – Q4 analysis released in August 2013**
- **Louthan Consulting FY 2013 Q1 – Q3 analysis released in October 2013**

Expected Uses

Premise of the analysis is to understand cost drivers to allow the Toll Division to better evaluate its business model and the effects of its business rules. Additionally, the work will help inform current and future Toll Division processes and studies, such as:

- Budget preparation
- Rate setting
- Review of fees and discounts
- Pay By Mail differential
- Financial forecasting
- LEAN Reviews
- Ferry Integration Study
- Improvements to business rules and processes

Setting Expectations

- **Changes to 2010 model**
 - Inclusion of overhead expenses
 - Additional facility (SR 520)
 - New transaction types (Pay By Plate, Short Term Account, Pay By Mail, Notice of Civil Penalty)
 - Removed transaction type (Violations)
 - Split transaction type (Tollbooth => Cash Only, Credit/Debit Card)
 - Inclusion of adjudication process
 - Change in back office vendor (TransCore => ETCC)
- **Analysis represents appropriated Toll Division expenses rather than actual costs incurred by the vendor**
 - Services only customer service center contract, no direct insight into vendor's actual expenses
 - Informed by the vendor that their actual expenses exceed the value of the original contract
 - Due to a settlement agreement, actual vendor payments have been reduced from the original contract terms
- **Directionally accurate but not precise due to data quality issues**

Flexibility in Analysis

- **Analyze all facility costs, including debt service**
- **Analyze cost of collection only**
- **Analyze expenses paid by toll revenue only**
- **Analyze facility level costs**
- **Analyze cost by payment method**

Payment Methods

- **Toll booths**

- Pay with cash or credit card
(only available on
Tacoma Narrows Bridge)



- **Electronic Tolling**

- *Good To Go!* Pass (available on Tacoma Narrows Bridge, SR 520 and SR 167)
- Photo Tolling (only available on Tacoma Narrows Bridge and SR 520)
 - Pay By Plate
 - Pay By Mail
 - Short Term Account



Tacoma Narrows Bridge

FY 2012 Q3 & Q4 Results

Transaction Type	Transaction Count ¹	Cost to Operate and Maintain ²	Cost to Collect ³	Cost to Operate and Maintain ²	Cost to Collect ³
		All Funding Sources ⁴		Toll Funding Only ⁴	
Good To Go! Pass	4,702,305	\$0.36	\$0.34	\$0.32	\$0.30
Tollbooth	1,587,412	\$1.14	\$1.12	\$1.11	\$1.09
Pay By Mail	263,172	\$0.94	\$0.92	\$0.89	\$0.85
Pay By Plate	246,627	\$0.58	\$0.56	\$0.52	\$0.50
Non-Revenue	2,489	\$0.30	\$0.28	\$0.26	\$0.24
Short Term Account	278	\$6.73	\$6.71	\$6.16	\$6.14
Weighted Average	6,802,283	\$0.58	\$0.55	\$0.53	\$0.51

¹ Transaction counts for this analysis have been adjusted to represent final disposition.

² Cost to Operate and Maintain excludes debt payments, transponder costs, insurance, capital outlays for software, and adjudication costs.

³ Cost to Collect is a subset of Cost to Operate and Maintain and additionally excludes supporting roadway expansion, maintaining bridges/roads, providing ongoing bond support, patrol services, and services rendered by other state agencies or government.

⁴ In Q3 statewide costs were allocated using SR 520 planned traffic levels, rather than actuals.

Tacoma Narrows Bridge

FY 2013 Q1-Q3 Results

Transaction Type	Transaction Count ¹	Cost to Operate and Maintain ²	Cost to Collect ³	Cost to Operate and Maintain ²	Cost to Collect ³
		All Funding Sources		Toll Funding Only	
Good To Go! Pass	6,801,750	\$0.51	\$0.33	\$0.47	\$0.30
Tollbooth	2,455,663	\$1.26	\$1.06	\$1.22	\$1.04
Pay By Mail	473,239	\$1.30	\$1.11	\$1.23	\$1.05
Pay By Plate	390,607	\$0.62	\$0.45	\$0.57	\$0.40
Non-Revenue	2,846	\$0.45	\$0.27	\$0.41	\$0.24
Short Term Account	446	\$7.49	\$7.20	\$7.12	\$6.84
Weighted Average	10,124,551	\$0.73	\$0.55	\$0.69	\$0.52

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SR 167 HOT Lanes

FY 2012 Q3 & Q4 Results

Transaction Type	Transaction Count ¹	Cost to Operate and Maintain ²	Cost to Collect ³	Cost to Operate and Maintain ²	Cost to Collect ³
		All Funding Sources ⁴		Toll Funding Only ⁴	
Good To Go! Pass	445,620	\$1.45	\$0.79	\$1.29	\$0.67
Non-Revenue	7,056	\$1.34	\$0.76	\$1.17	\$0.63
Pay By Plate	N/A	N/A	N/A	N/A	N/A
Short Term Account	N/A	N/A	N/A	N/A	N/A
Pay By Mail	N/A	N/A	N/A	N/A	N/A
Tollbooth	N/A	N/A	N/A	N/A	N/A
Weighted Average	452,676	\$1.45	\$0.79	\$1.29	\$0.67

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SR 167 HOT Lanes

FY 2013 Q1-Q3 Results

Transaction Type	Transaction Count ¹	Cost to Operate and Maintain ²	Cost to Collect ³	Cost to Operate and Maintain ²	Cost to Collect ³
		All Funding Sources		Toll Funding Only	
Good To Go! Pass	740,509	\$1.19	\$0.76	\$1.04	\$0.67
Non-Revenue	19,783	\$1.04	\$0.70	\$0.89	\$0.61
Pay By Plate	N/A	N/A	N/A	N/A	N/A
Short Term Account	N/A	N/A	N/A	N/A	N/A
Pay By Mail	N/A	N/A	N/A	N/A	N/A
Tollbooth	N/A	N/A	N/A	N/A	N/A
Weighted Average	760,292	\$1.18	\$0.76	\$1.04	\$0.67

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SR 520 Bridge

FY 2012 Q3 & Q4 Results

Transaction Type	Transaction Count ¹	Cost to Operate and Maintain ²	Cost to Collect ³	Cost to Operate and Maintain ²	Cost to Collect ³
		All Funding Sources ⁴		Toll Funding Only ⁴	
Good To Go! Pass	6,760,175	\$0.34	\$0.31	\$0.30	\$0.29
Pay By Mail	1,686,111	\$0.80	\$0.77	\$0.74	\$0.72
Pay By Plate	949,090	\$0.82	\$0.79	\$0.73	\$0.72
Non-Revenue	165,540	\$0.28	\$0.26	\$0.24	\$0.23
Short Term Account	3,399	\$6.30	\$6.27	\$5.74	\$5.73
Tollbooth	N/A	N/A	N/A	N/A	N/A
Weighted Average	9,564,315	\$0.47	\$0.44	\$0.42	\$0.41

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⁴ In Q3 statewide costs were allocated using SR 520 planned traffic levels, rather than actuals.

SR 520 Bridge

FY 2013 Q1-Q3 Results

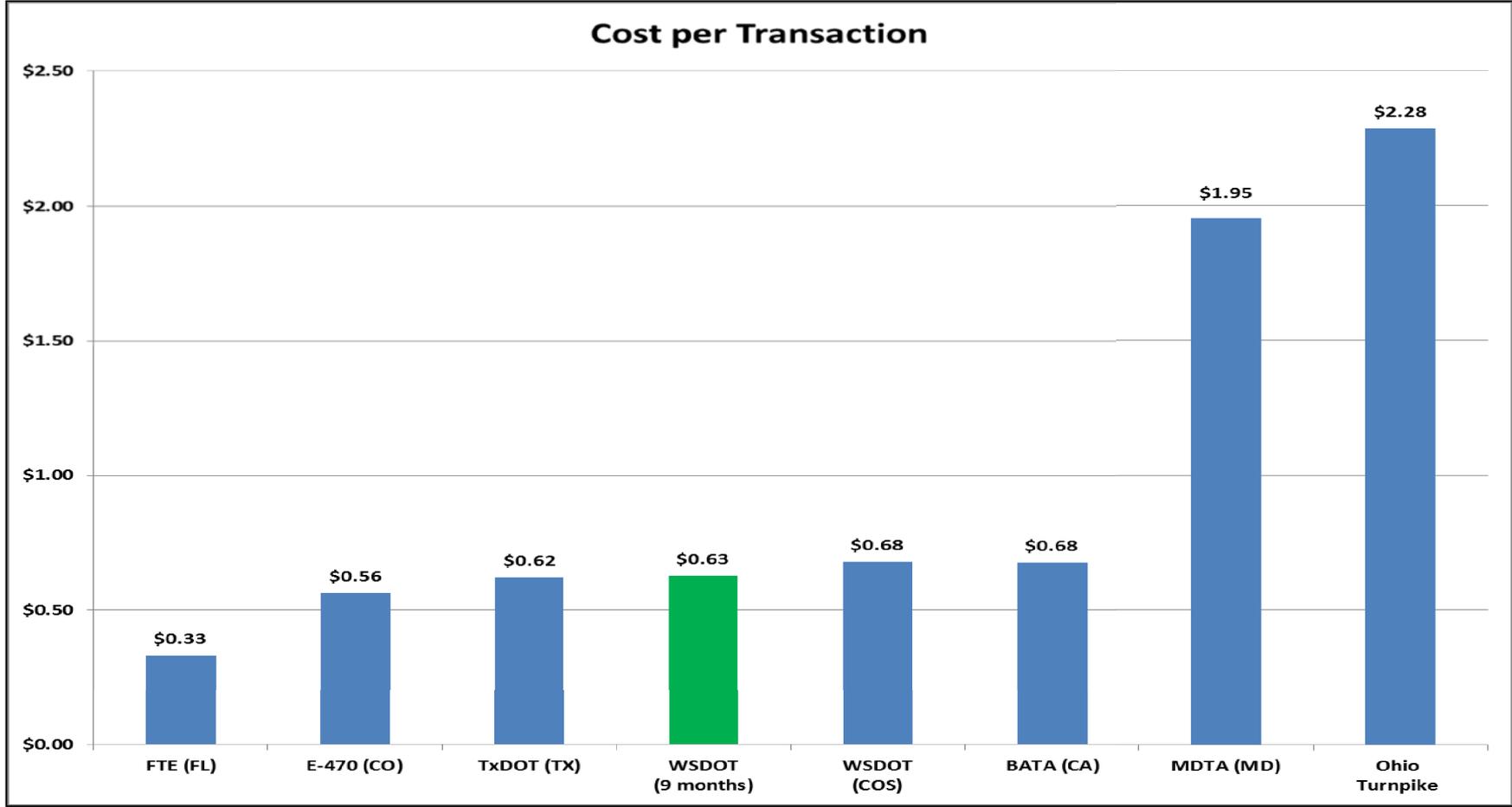
Transaction Type	Transaction Count ¹	Cost to Operate and Maintain ²	Cost to Collect ³	Cost to Operate and Maintain ²	Cost to Collect ³
		All Funding Sources		Toll Funding Only	
Good To Go! Pass	10,520,515	\$0.49	\$0.31	\$0.45	\$0.29
Pay By Mail	2,445,848	\$1.17	\$0.98	\$1.10	\$0.93
Pay By Plate	1,811,068	\$0.59	\$0.41	\$0.53	\$0.37
Non-Revenue	100,467	\$0.66	\$0.25	\$0.61	\$0.23
Short Term Account	5,089	\$7.47	\$7.22	\$7.08	\$6.85
Tollbooth	N/A	N/A	N/A	N/A	N/A
Weighted Average	14,882,987	\$0.62	\$0.44	\$0.57	\$0.40

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Agency Comparisons



1. Peer agency comparison is based on agencies' published financial statements from 2012. WSDOT cost of service (COS) information is from the FY 2013 1st -3rd Quarter Cost of Service Analysis.
2. Only FTE and Ohio Turnpike report interest expenses under Operating Expenses; all other agencies report interest expenses under Non-Operating Revenue (Expenses) so those have been removed from the analysis.

Next Steps

- **FY 2013 4th Quarter results expected late 2013**
- **Annual updates going forward**
- **Evaluating doing the analysis internally**

For questions or further information...

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