

# **Transportation Revenue Forecast Council**

## **September 2018 Transportation Economic and Revenue Forecasts**

### **Volume I: Summary**

# Washington Transportation Economic and Revenue Forecast September 2018 Forecast

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## Preface

Washington law mandates the preparation, adoption of economic, and revenue forecasts. The organizations primarily responsible for revenue forecasts are the Economic and Revenue Forecast Council and the Office of Financial Management. The Office of Financial Management has the statutory responsibility to prepare and adopt those forecasts not made by the Economic and Revenue Forecast Council (RCW 43.88.020). The Office of Financial Management carries out its forecast responsibilities for transportation revenues through the Transportation Revenue Forecast Council. Each quarter, technical staff of the Department of Licensing, Department of Transportation, Washington State Patrol and the Office of Forecast Council produce forecasts. The revenue forecasts agreed upon by the Transportation Revenue Forecast Council members become the official estimated revenues under RCW 43.88.020 21.

## September 2018 Transportation Forecast Overview

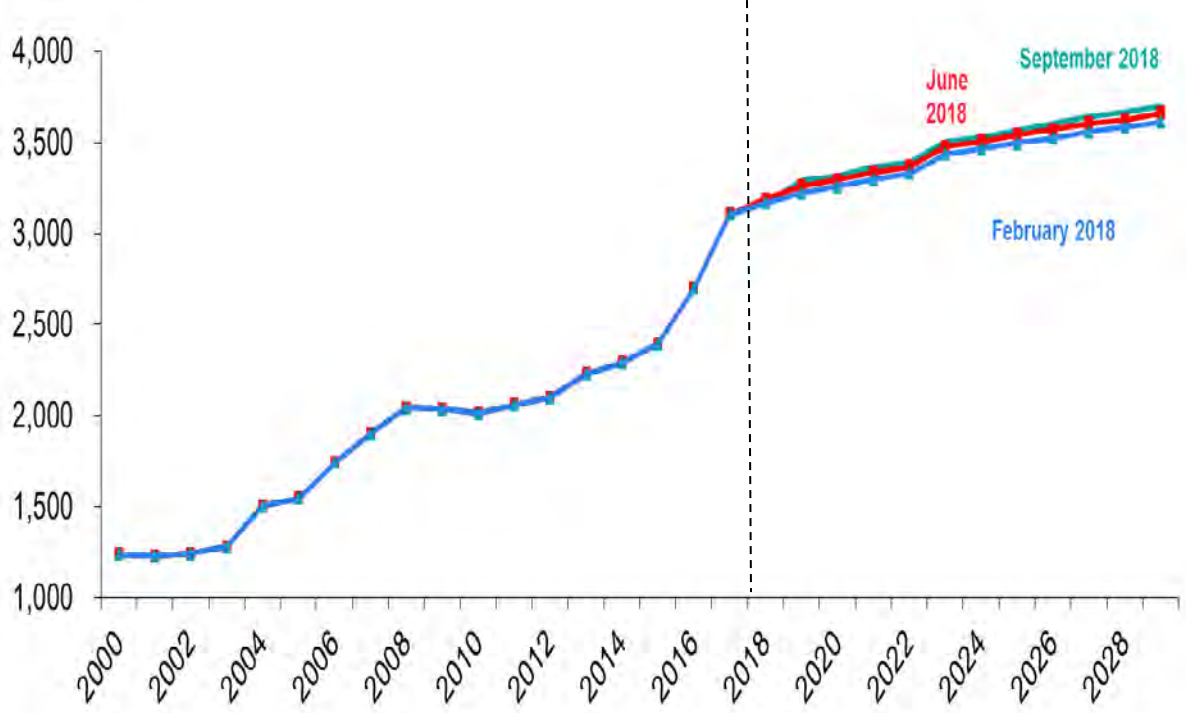
### Forecast Overview

Here are key conclusions from the September 2018 transportation revenue forecast.

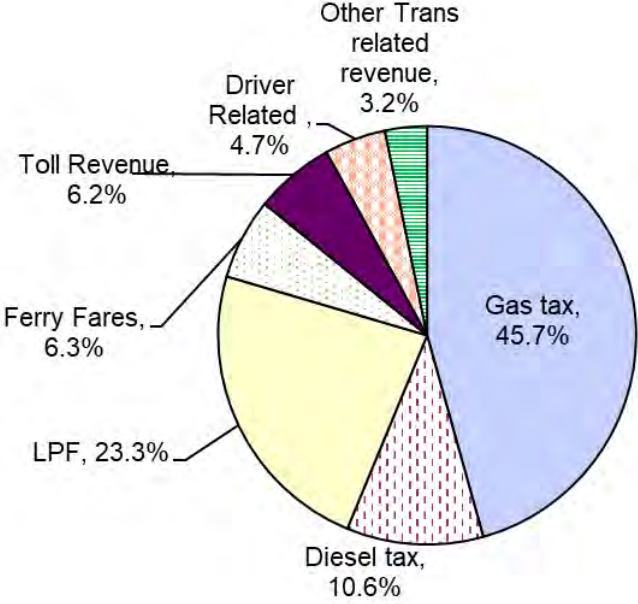
- September 2018 transportation forecast of revenues: \$6.46 billion for the current biennium, which represents an increase of 10.7% over the prior 2015-17 biennium of \$5.836 billion.
- Overall transportation revenue is up forecast to forecast in the current biennium, by \$7.29 million or 0.11%. In next biennium, transportation revenues are up from the last forecast by \$48.2 million compared to the June forecast. The largest share of the increase in the current biennium is due to higher fuel tax and vehicle licenses, permits and fee revenue compared to the adoption of the last forecast. Other revenue sources like ferry revenue is up minimally or no change at all except for driver related fees which are down in the current biennium by \$12 million.
- For the 10-year forecast horizon, total revenue is projected to be \$34.38 billion, which is up by \$220 million (0.64%) from June due primarily to two sources: higher diesel tax anticipated and a higher vehicle licenses, permits and fee revenue forecast. The increase in fuel taxes were \$88.7 million or 0.5% from the last forecast. The change in vehicle licenses, permits and fees forecasts was \$155.6 million or 1.9%. The current vehicle licenses, permits and fee revenue forecast increase accounts for 70% of the September forecast increase over the prior forecast in the 10 year period.
- New projections of real personal income growth rates are minor revisions upward in FY 2018 and 2019 but down in 2021. This September forecast brings in rebased real personal income. Employment projections are also up in the near-term FY 2018-2020. Also in FY 2023 and 2024, the forecasted growth rates for employment for trade, transportation and utilities is up compared to the last forecast. Inflation is down through FY 2024 and no change thereafter. Retail gas and diesel prices are up slightly in the near term from the June projections. This trend continues throughout the forecast horizon. The current B5 biodiesel price forecast for ferries is up significantly in the remaining quarters of calendar year 2018. This trend continues through fiscal year 2020.
- The change in fuel tax revenue is up \$3.7 million or 0.1% from the last forecast in the current biennium. Next biennium, fuel taxes are up by \$14.9 million or 0.4% over the last forecast. This is due to diesel tax collections coming in above actuals during the last four months but gasoline has been brought down slightly compared to the last forecast. Over the next 10 years, fuel tax collections are up by \$88.7 million, or 0.5%, from June.
- The licenses, permits and fee revenue is a large revision upward by \$15.5 million from the June forecast for the 2017-19 biennium. For the next biennium, licenses permits and fee revenue are also up more by \$31.3 million from the last forecast. Over the next 10 years, the forecast for license, permits and fee revenue is up by \$155.6 million or 1.9% more than the June forecast projections.
- Another forecast with a major change in June is the driver license fees forecast which is down by \$12 million in the current biennium and over the next 10 years, that forecast is down \$20.9 million.

In FY 2018, total transportation revenues were \$3.17 billion, which was a 4% increase annually. In the current fiscal year, total transportation revenues are anticipated to be \$3.29 billion. This increase in transportation revenues is due to fuel and LPF growth in particular. In comparing this current forecast with the last forecast, this September forecast is up from the last forecast for all fiscal years. Overall, during the next 10-year horizon, transportation revenues are projected to be \$34.377 billion and up \$220.1 million or 0.64% from the projections in June with an average annual growth rate of 1.4% beginning in the current fiscal year. This current September forecast is also above the February forecast which was our last baseline forecast.

**Figure 1: Total Transportation Revenues Comparison**  
**September, June vs February 2018 forecasts** *millions of dollars*



**Figure 2: Revenue by Source  
2017-19 biennium (\$6.46 billion)**



Washington’s transportation revenues come from numerous taxes, fees, permits, tolls, and other revenues. Revenues forecasted each quarter include the sources contained in Figure 2. This pie graph reveals the anticipated share of each state revenue source to the total transportation revenues for the 2017-19 biennium, (\$6.46 billion). Gasoline fuel taxes comprise the largest share at 45.7%. With the addition of diesel fuel taxes, all motor vehicle fuel taxes comprise 56.3% of all revenues. Licenses, permits, and fee revenues comprise the second largest share at 23.3%. The three largest revenue sources are projected to consist of 79.6% of revenues in the 2017-19 biennium. The remaining 20.4% consists of ferry fares, toll revenue, driver related revenue and other transportation related revenue.

**Figure 3: Forecast to Forecast Biennium Comparison of All Transportation Revenues September 2018 forecast - 10-year period**

<b>Forecast to Forecast Comparison for Transportation Revenues and Distributions 10-Year Period</b>									
<b>September 2018• millions of dollars</b>									
	<b>Current Biennium</b>						<b>10-Year Period</b>		
	<b>2017-2019</b>			<b>2019-2021</b>			<b>(2017-2027)</b>		
	<b>Forecast Sep-18</b>	<b>Chg from Jun-18</b>	<b>Percent Change</b>	<b>Forecast Sep-18</b>	<b>Chg from Jun-18</b>	<b>Percent Change</b>	<b>Forecast Sep-18</b>	<b>Chg from Jun-18</b>	<b>Percent Change</b>
<b>Sources of Transportation Revenue</b>									
Motor Vehicle Fuel Tax Collections	3,633.05	3.68	0.10%	3,732.83	14.90	0.40%	18,894.58	88.65	0.47%
Licenses, Permits and Fees	1,505.63	15.46	1.04%	1,557.25	31.25	2.05%	8,347.86	155.57	1.90%
Ferry Revenue†	404.84	1.45	0.36%	419.51	(0.84)	-0.20%	2,143.59	(4.85)	-0.23%
Toll Revenue §	399.90	0.00	0.00%	416.66	0.00	0.00%	2,200.39	0.00	0.00%
Aviation Revenues	7.28	0.05	0.62%	7.45	(0.01)	-0.13%	37.92	(0.02)	-0.05%
Rental Car Tax	69.27	0.56	0.82%	72.90	1.15	1.61%	379.23	5.46	1.46%
Vehicle Sales Tax	103.21	(1.40)	-1.34%	108.94	(0.48)	-0.44%	567.21	(2.42)	-0.42%
Driver-Related Fees	306.35	(12.12)	-3.80%	335.19	2.46	0.74%	1,649.96	(20.88)	-1.25%
Business/Other Revenues ‡	30.00	(0.39)	-1.27%	31.20	(0.27)	-0.86%	156.73	(1.43)	-0.90%
<b>Total Revenues</b>	<b>6,459.54</b>	<b>7.29</b>	<b>0.11%</b>	<b>6,681.92</b>	<b>48.16</b>	<b>0.73%</b>	<b>34,377.47</b>	<b>220.10</b>	<b>0.64%</b>
<b>Distribution of Revenue</b>									
Motor Fuel Tax Refunds and Transfers	217.07	4.71	2.22%	225.40	12.30	5.77%	1,142.74	57.63	5.31%
<b>State Uses</b>									
Motor Vehicle Account (108)	1,257.35	6.66	0.53%	1,297.47	17.54	1.37%	6,633.28	85.09	1.30%
Transportation 2003 (Nickel) Account (550)	432.69	(2.85)	-0.65%	445.38	0.80	0.18%	2,253.83	3.85	0.17%
Transportation 2005 Partnership Account (09H)	645.90	1.46	0.23%	662.93	3.12	0.47%	3,361.24	19.29	0.58%
Connecting Washington Account (20H)	818.22	(0.02)	0.00%	839.80	0.27	0.03%	4,250.30	7.21	0.17%
Multimodal Account (218)	521.67	1.08	0.21%	544.77	3.90	0.72%	3,122.09	21.14	0.68%
Special Category C Account (215)	51.57	(0.00)	0.00%	52.93	0.02	0.03%	267.88	0.45	0.17%
Puget Sound Capital Construction Account (099)	37.52	(0.00)	0.00%	38.51	0.01	0.03%	194.91	0.33	0.17%
Puget Sound Ferry Operations Account (109)	472.15	2.52	0.54%	488.16	(0.32)	-0.07%	2,492.92	(1.08)	-0.04%
Capital Vessel Replacement Account (18J)	41.10	(0.74)	-1.77%	44.07	1.15	2.67%	223.01	4.28	1.96%
Tacoma Narrows Bridge Account (511)	166.52	0.00	0.00%	170.68	0.00	0.00%	874.16	0.00	0.00%
High Occupancy Toll Lanes Account (09F)¶	7.40	0.00	0.00%	0.00	0.00	0.00%	7.40	0.00	0.00%
SR 520 Corridor Account (16J)	167.85	0.00	0.00%	178.07	0.00	0.00%	937.98	0.00	0.00%
SR 520 Corridor Civil Penalties Account (17P)	7.47	0.00	0.00%	8.03	0.00	0.00%	41.86	0.00	0.00%
Interstate 405 Express Toll Lanes Operations (595)	50.66	0.00	0.00%	59.88	0.00	0.00%	338.98	0.00	0.00%
Aeronautics Account (039)	7.21	0.06	0.78%	7.32	0.01	0.11%	37.20	0.05	0.14%
Washington State Aviation Account (21G)	0.07	(0.01)	-12.19%	0.13	(0.02)	-12.00%	0.72	(0.07)	-8.83%
State Patrol Highway Account (081)	458.88	6.54	1.45%	469.84	6.50	1.40%	2,422.04	35.46	1.49%
Highway/Motorcycle Safety Accts. (106 & 082)	270.79	(12.96)	-4.57%	299.98	1.95	0.65%	1,470.50	(23.74)	-1.59%
School Zone Safety Account (780)	0.83	0.00	0.00%	0.83	0.00	0.00%	4.13	0.00	0.00%
Other accounts (201, 06T, 09E, 216, 07C)	18.42	0.00	0.00%	18.82	0.00	0.00%	95.30	0.79	0.84%
Ignition Interlock Devices Revolving Acct 14V	7.87	0.36	4.82%	7.37	0.54	7.99%	37.33	2.54	7.30%
Multituse Roadway Safety Account Collections-571	0.25	0.02	9.04%	0.27	0.04	16.91%	1.36	0.18	14.83%
<b>Total for State Use</b>	<b>5,442.14</b>	<b>2.20</b>	<b>0.04%</b>	<b>5,634.95</b>	<b>35.68</b>	<b>0.64%</b>	<b>29,067.06</b>	<b>155.59</b>	<b>0.54%</b>
<b>Local Uses</b>									
Cities	197.77	(0.01)	0.00%	202.99	0.07	0.03%	1,027.33	1.74	0.17%
Counties	319.43	0.41	0.13%	327.24	0.05	0.02%	1,657.51	2.97	0.18%
Transportation Improvement Board (112 & 144)	211.70	(0.02)	-0.01%	217.66	0.05	0.02%	1,105.72	1.70	0.15%
County Road Administration Board (102 & 186)	71.44	(0.01)	-0.02%	73.69	0.01	0.01%	377.11	0.46	0.12%
<b>Total for Local Use</b>	<b>800.33</b>	<b>0.38</b>	<b>0.05%</b>	<b>821.57</b>	<b>0.18</b>	<b>0.02%</b>	<b>4,167.67</b>	<b>6.88</b>	<b>0.17%</b>
<b>Total Distribution of Revenue</b>	<b>6,459.54</b>	<b>7.29</b>	<b>0.11%</b>	<b>6,681.92</b>	<b>48.16</b>	<b>0.73%</b>	<b>34,377.47</b>	<b>220.10</b>	<b>0.64%</b>

† Ferry Fares plus non-farebox revenue

‡ Business/Other Revenues net of amounts transferred to General Fund in the forecast.

§ 167 HOT lanes is a pilot program that is currently scheduled to sunset June 30, 2019

As Figure 3 indicates, in the current biennium, actual revenue for transportation is anticipated to be \$6.46 billion, which was \$7.3 million above the June forecast mainly due to higher fuel taxes and vehicle licenses, permits and fee forecast being updated with actuals for FY 2018. In the next biennium, September's transportation revenues are projected at \$6.68 billion, which is up \$48.2 million or 0.7% from June. This current fuel tax forecast is being revised upward because recent months of actuals for FY 2018 have been higher than anticipated for diesel taxes. In addition, the vehicle LPF forecast is up significantly due to realizing higher FY 2018 revenue and vehicle registrations. There is a significant change downward by \$12 million in the driver-related fees in the current biennium due new accounting reports in recent months. Most other revenue sources are either up or down minimally or no change from the last forecast. Over the 10-year forecast horizon, the transportation revenue forecast for September is anticipated to be

\$34.38 billion, which is up \$220 million or 0.64% from the last forecast. The change in transportation revenue for this 10-year forecast is driven mainly by the increase in vehicle licenses, permits and fee revenue, which is anticipated to be up \$155.6 million or 70% of the 10-year total increase for all transportation revenues.

The comparison of the September forecast to the baseline forecast (February 2018) is provided below in Figure 4. The current September forecast is up \$69.88 million or 1.1% since the February forecast. Next biennium, the current forecast is up \$124.2 million over the last forecast. Over the 10 year time period, total transportation revenues are up by \$618.7 million or 1.8% from the baseline forecast.

**Figure 4: Forecast to Baseline Forecast - 10-year period**

Forecast to Baseline Comparison for Transportation Revenues and Distributions 10-Year Period									
September 2018* millions of dollars									
	Current Biennium						10-Year Period		
	2017-2019			2019-2021			(2017-2027)		
	Forecast Sep-18	Chg from Baseline ¥	Percent Change	Forecast Sep-18	Chg from Baseline ¥	Percent Change	Forecast Sep-18	Chg from Baseline ¥	Percent Change
<b>Sources of Transportation Revenue</b>									
Motor Vehicle Fuel Tax Collections	3,633.05	28.19	0.78%	3,732.83	56.30	1.53%	18,894.58	331.50	1.79%
Licenses, Permits and Fees	1,505.63	30.90	2.10%	1,557.25	34.39	2.26%	8,347.86	179.13	2.19%
Ferry Revenue †	404.84	1.87	0.46%	419.51	(1.23)	-0.29%	2,143.59	(5.56)	-0.26%
Toll Revenue §	399.90	0.00	0.00%	416.66	0.00	0.00%	2,200.39	0.00	0.00%
Aviation Revenues ‡	7.28	(1.68)	-18.73%	7.45	0.04	0.50%	37.92	(1.47)	-3.72%
Rental Car Tax	69.27	0.13	0.19%	72.90	0.82	1.14%	379.23	4.06	1.08%
Vehicle Sales Tax	103.21	(1.17)	-1.12%	108.94	(0.18)	-0.17%	567.21	0.06	0.01%
Driver-Related Fees	306.35	12.28	4.18%	335.19	34.38	11.43%	1,649.96	113.94	7.42%
Business/Other Revenues ±	30.00	(0.66)	-2.15%	31.20	(0.34)	-1.09%	156.73	(1.99)	-1.25%
<b>Total Revenues</b>	<b>6,459.54</b>	<b>69.88</b>	<b>1.09%</b>	<b>6,681.92</b>	<b>124.18</b>	<b>1.89%</b>	<b>34,377.47</b>	<b>619.68</b>	<b>1.84%</b>
<b>Distribution of Revenue</b>									
Motor Fuel Tax Refunds and Transfers	<b>217.07</b>	<b>13.53</b>	<b>6.65%</b>	<b>225.40</b>	<b>28.35</b>	<b>14.39%</b>	<b>1,142.74</b>	<b>138.97</b>	<b>13.84%</b>
<b>State Uses</b>									
Motor Vehicle Account (108)	1,257.35	17.88	1.44%	1,297.47	25.03	1.97%	6,633.28	132.46	2.04%
Transportation 2003 (Nickel) Account (550)	432.69	0.02	0.00%	445.38	4.26	0.96%	2,253.83	25.39	1.14%
Transportation 2005 Partnership Account (09H)	645.90	5.43	0.85%	662.93	7.54	1.15%	3,361.24	48.32	1.46%
Connecting Washington Account (20H)	818.22	3.64	0.45%	839.80	6.50	0.78%	4,250.30	46.73	1.11%
Multimodal Account (218)	521.67	1.50	0.29%	544.77	2.88	0.53%	3,122.09	17.61	0.57%
Special Category C Account (215)	51.57	0.23	0.45%	52.93	0.41	0.78%	267.88	2.95	1.11%
Puget Sound Capital Construction Account (099)	37.52	0.17	0.45%	38.51	0.30	0.78%	194.91	2.14	1.11%
Puget Sound Ferry Operations Account (109)	472.15	3.28	0.70%	488.16	(0.34)	-0.07%	2,492.92	0.68	0.03%
Capital Vessel Replacement Account (18J)	41.10	(0.31)	-0.74%	44.07	2.80	6.77%	223.01	11.40	5.39%
Tacoma Narrows Bridge Account (511)	166.52	0.00	0.00%	170.68	0.00	0.00%	874.16	0.00	0.00%
High Occupancy Toll Lanes Account (09F)	7.40	0.00	0.00%	0.00	0.00	0.00%	7.40	0.00	100.00%
SR 520 Corridor Account (16J)	167.85	0.00	0.00%	178.07	0.00	0.00%	937.98	0.00	0.00%
SR 520 Corridor Civil Penalties Account (17P)	7.47	0.00	0.00%	8.03	0.00	0.00%	41.86	0.00	0.00%
Interstate 405 Express Toll Lanes Operations (595)	50.66	0.00	0.00%	59.88	0.00	0.00%	338.98	0.00	0.00%
Aeronautics Account (039)	7.21	(1.65)	-18.64%	7.32	0.07	1.03%	37.20	(1.31)	-3.40%
Washington State Aviation Account (21G)	0.07	(0.01)	-12.19%	0.13	(0.02)	-12.00%	0.72	(0.07)	-8.83%
State Patrol Highway Account (081)	458.88	10.74	2.40%	469.84	6.15	1.33%	2,422.04	37.69	1.58%
Highway/Motorcycle Safety Accts. (106 & 082)	270.79	10.18	3.91%	299.98	32.90	12.32%	1,470.50	105.82	7.75%
School Zone Safety Account (780)	0.83	0.00	0.00%	0.83	0.00	0.00%	4.13	0.00	0.00%
Other accounts (201, 06T, 097, 09E, 216, 07C)	18.42	0.37	2.04%	18.82	0.45	2.47%	95.30	1.99	2.13%
Ignition Interlock Device Revolving Acct 14V	7.87	0.84	11.88%	7.37	0.72	10.83%	37.33	3.72	11.05%
Multisuze Roadway Safety Account Collections-571	0.14	(0.06)	-28.44%	0.25	0.04	20.46%	1.22	0.18	16.90%
<b>Total for State Use</b>	<b>5,442.14</b>	<b>52.29</b>	<b>0.97%</b>	<b>5,634.95</b>	<b>89.62</b>	<b>1.62%</b>	<b>29,067.06</b>	<b>435.53</b>	<b>1.52%</b>
<b>Local Uses</b>									
Cities	197.77	0.88	0.45%	202.99	1.57	0.78%	1,027.33	11.30	1.11%
Counties	319.43	1.94	0.61%	327.24	2.41	0.74%	1,657.51	18.13	1.11%
Transportation Improvement Board (112 & 144)	211.70	0.93	0.44%	217.66	1.67	0.77%	1,105.72	11.93	1.09%
County Road Administration Board (102 & 186)	71.44	0.31	0.44%	73.69	0.55	0.76%	377.11	3.92	1.05%
<b>Total for Local Use</b>	<b>800.33</b>	<b>4.06</b>	<b>0.51%</b>	<b>821.57</b>	<b>6.20</b>	<b>0.76%</b>	<b>4,167.67</b>	<b>45.27</b>	<b>1.10%</b>
<b>Total Distribution of Revenue</b>	<b>6,459.54</b>	<b>69.88</b>	<b>1.09%</b>	<b>6,681.92</b>	<b>124.18</b>	<b>1.89%</b>	<b>34,377.47</b>	<b>619.68</b>	<b>1.84%</b>

¥ Baseline is the February 2018 forecast.

† Ferry Fares plus non-farebox revenue

‡ Aviation Revenues and Business/Other Revenues net of amounts transferred to General Fund in the June baseline forecast.

§ 167 HOT lanes is a pilot program due to sunset June 30, 2019

## Economic Variables Forecast

Several economic variables are used in forecasting Washington's transportation revenues each quarter. Key economic variables include the following: Washington real personal income, driver age population, driver-in population, inflation, employment, oil price index, fuel efficiency, US sales of new light vehicles and various employment sectors.

**Figure 5: Annual Percentage Change (%) in Select Economic Variables  
September 2018 Forecast**

Fiscal Year	WA Real Personal Income	Annual Driver Age Population	Driver-In Population	US General Prices (IPDC)	US Oil & Gas Price Index	US Fuel Efficiency (MPG)	Nominal Consumer Sales on New Vehicles	WA Non-ag. employment	WA Trade, Transportation and Utilities Employment	WA Retail Trade Employment
	2017	3.4%	1.8%	-4.2%	1.6%	3.2%	1.9%	2.1%	2.8%	3.4%
2018	4.3%	1.7%	2.2%	1.9%	13.3%	1.8%	2.5%	2.6%	2.9%	3.8%
2019	3.4%	1.6%	0.0%	2.2%	13.9%	1.8%	-1.7%	2.7%	2.4%	2.7%
2020	3.2%	1.4%	1.1%	2.0%	0.3%	1.9%	1.7%	1.7%	1.3%	1.4%
2021	2.8%	1.3%	1.0%	1.9%	5.0%	1.9%	6.3%	1.1%	0.3%	0.4%
2022	2.9%	1.2%	0.9%	1.8%	-0.4%	1.9%	5.1%	0.9%	0.1%	0.2%
2023	3.0%	1.2%	0.6%	1.8%	-0.7%	1.9%	6.0%	0.8%	0.1%	0.1%
2024	2.7%	1.2%	0.6%	1.8%	-1.1%	2.0%	5.4%	0.7%	0.1%	0.2%
2025	2.0%	1.2%	0.7%	2.0%	-1.2%	2.0%	3.0%	0.8%	0.4%	0.5%
2026	2.2%	1.2%	0.7%	1.9%	-0.6%	2.1%	2.8%	0.8%	0.6%	0.7%
2027	2.2%	1.1%	0.7%	1.9%	0.8%	2.2%	2.8%	0.8%	0.6%	0.8%
2028	2.2%	1.1%	0.7%	1.9%	1.5%	2.1%	2.2%	0.7%	0.7%	1.0%
2029	2.4%	1.1%	0.6%	1.9%	2.4%	2.1%	3.2%	0.8%	0.8%	1.1%

Source: Washington Economic and Revenue Forecast Council, Washington Office of Financial Management 2018 long-range forecast, August 2018 Global Insight forecast adjusted for Blue Chip average GDP growth rates and NYMEX crude oil prices



**Figure 6: Difference in Annual Percent Changes in Select Economic Variables from Last Forecast - September 2018 Forecast**

Fiscal Year	WA Real Personal Income	Annual Driver Age Population	Driver-In Population	US General Prices (IPDC)	US Oil & Gas Price Index	US Fuel Efficiency (MPG)	Nominal Consumer Sales on New Vehicles	WA Non-ag. employment	WA Trade, Transportation and Utilities Employment	WA Retail Trade Employment
2017	▬	▬	▬	▬	▬	▬	▼	▬	▬	▬
2018	▲	▬	▲	▬	▲	▬	▼	▲	▬	▼
2019	▲	▬	▼	▼	▲	▬	▲	▲	▲	▬
2020	▬	▬	▬	▼	▲	▬	▬	▲	▲	▲
2021	▼	▬	▬	▼	▲	▬	▲	▬	▬	▬
2022	▬	▬	▬	▼	▲	▬	▼	▬	▬	▲
2023	▬	▬	▬	▼	▼	▬	▼	▬	▲	▲
2024	▬	▬	▬	▼	▼	▬	▼	▬	▲	▲
2025	▬	▬	▬	▬	▼	▬	▼	▬	▬	▬
2026	▬	▬	▬	▬	▼	▬	▼	▬	▬	▬
2027	▬	▬	▬	▬	▼	▬	▼	▬	▬	▬
2028	▬	▬	▬	▬	▼	▬	▬	▬	▬	▬
2029	▬	▬	▬	▬	▼	▬	▼	▬	▬	▬

▲	Difference in percentage change is greater than 1%
▲	Difference in percentage change is less than 1% and greater than 0.1%
▬	Difference in percentage change is less than 0.1% and greater than -0.1%
▼	Difference in percentage change is greater than -0.1% and less than -1%
▼	Difference in percentage change is greater than -1%

### Motor Fuel Price Forecast

Washington’s transportation revenues are affected by fuel prices. In particular, gasoline tax collections are negatively related to the price of gasoline. WSDOT’s budget is heavily impacted by changes in fuel prices. Therefore, projections of fuel prices are made quarterly to assist in the near and long-term budgeting process for WSDOT. The forecast includes the following price projections: U.S. West Texas Intermediate crude oil (WTI) and Washington retail prices of gasoline, diesel, and biodiesel (B5 & B99).

*Source of data for the forecast*

For the Washington retail price of gasoline, fuel prices are collected from the Energy Information Administration’s (EIA) survey of retail prices for regular gasoline. For the retail price of diesel, the actual prices are collected from AAA’s weekly publication of retail prices for diesel in Washington. The actual ferry B5 biodiesel prices are reported by the Washington State Ferries (WSF). In the short term (through calendar year 2019), the retail gas price forecasts are based on the growth in the national gas price forecast

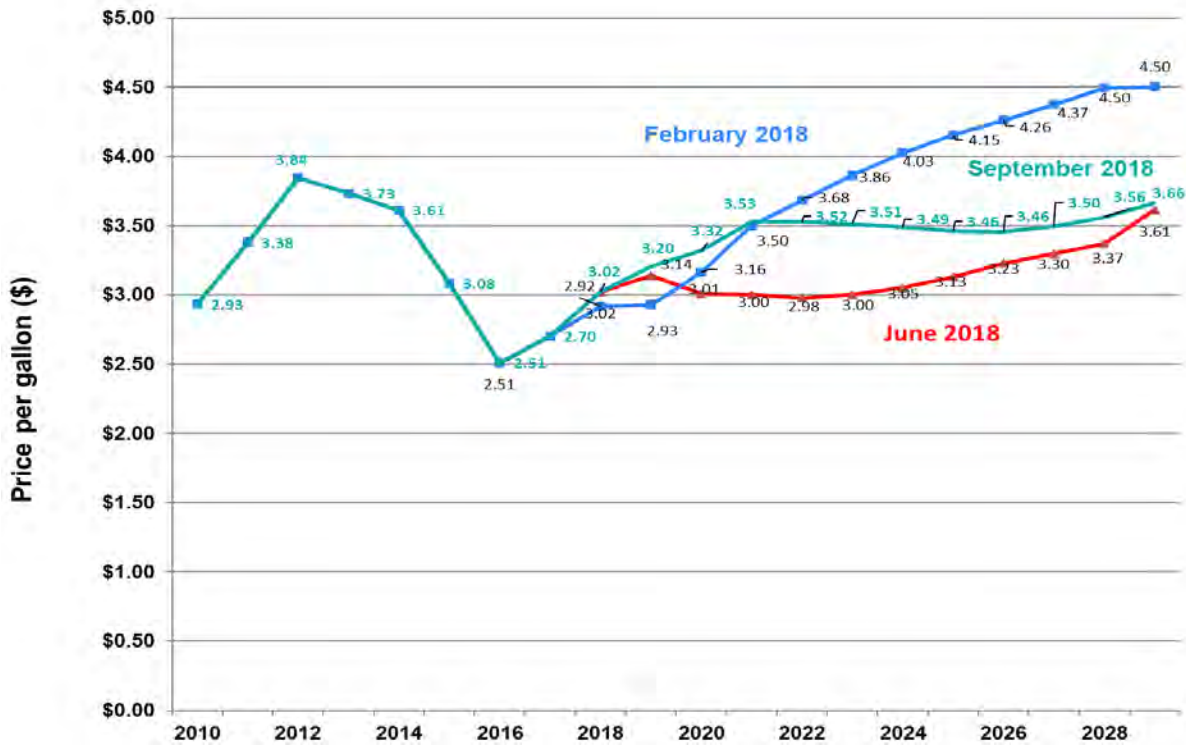
by EIA. The diesel and biodiesel fuel prices are projected based on the growth in national diesel prices from the Energy Information Agency (EIA) monthly projections. Beyond calendar year 2019, the fuel price projections are based on August's Global Insight national gas price forecast for future Washington gas prices and the producer price index (PPI) projections for refined petroleum products for the diesel price forecasts.

**Figure 7: Near-term UNADJUSTED BASELINE Qtrly Fuel Prices: September 2018**

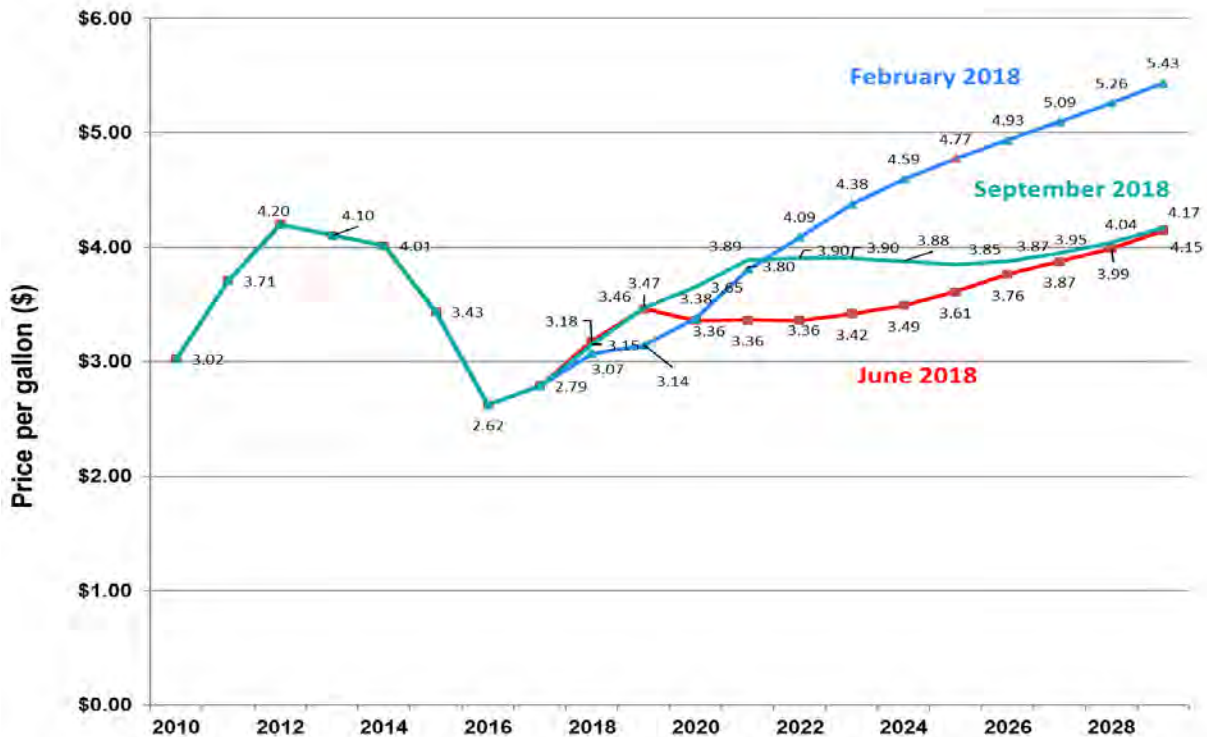
Fiscal Year Quarter	Crude Oil Price (\$/barrel)	WA Retail Gasoline Price (\$/gal)	WA Retail Diesel Price (\$/gal)
2017: Q3	48.16	2.89	2.93
2017: Q4	55.37	2.94	3.15
2018: Q1	62.89	2.97	3.17
2018: Q2	68.03	3.30	3.35
<b>FY 2018</b>	<b>58.61</b>	<b>3.02</b>	<b>3.15</b>
2018: Q3	69.38	3.29	3.55
2018: Q4	64.33	3.19	3.53
2019: Q1	62.00	3.09	3.40
2019: Q2	62.33	3.25	3.41
<b>FY 2019</b>	<b>64.51</b>	<b>3.20</b>	<b>3.47</b>
2019: Q3	65.00	3.25	3.48
2019: Q4	68.00	3.15	3.56
2020: Q1	72.47	3.20	3.71
2020: Q2	75.44	3.67	3.85
<b>FY 2020</b>	<b>70.23</b>	<b>3.32</b>	<b>3.65</b>
2020: Q3	76.52	3.62	3.87
2020: Q4	76.76	3.42	3.89
2021: Q1	76.52	3.35	3.89
2021: Q2	76.15	3.72	3.90
<b>FY 2021</b>	<b>76.49</b>	<b>3.53</b>	<b>3.89</b>

The forecasts of biodiesel prices include two different biodiesel prices: B5 and B99 without the renewable identification number (RIN). WSF currently purchases biodiesel B5. WSDOT also purchases B99 biodiesel without RIN for vehicle fleet needs. WSDOT receives OPIS fuel prices with the latest prices for B5 in Seattle and B99 biodiesel prices without RIN in Tacoma. The B99 prices represent those paid by other state entities' purchases of biodiesel. The B5 price is based on Washington State ferries' latest reported purchase price of biodiesel with the markup, delivery, and other tax costs included and the latest B5 OPIS prices for the current forecast month. The base for the price forecast for the B99 price without RIN for non-WSF purchases is the OPIS base price without markup, delivery, and tax costs.

**Figure 8: Forecast of UNADJUSTED Washington Retail Gasoline Prices, Regular September, June and February 2018**



**Figure 9: Forecast of UNADJUSTED Washington Retail Diesel Prices September, June and February 2018**



Comparison of several current U.S. crude oil price forecasts

The WTI crude oil prices from five surveyed forecasting entities, EIA, NYMEX, Global Insight, Consensus Economics, and Moody's Economy.com were compared in this forecast. WSDOT's baseline fuel price forecasts use the Energy Information Administration (EIA) forecasts in the near-term through calendar year 2019 and then use the growth rates from Global Insight forecasts for subsequent years. The forecast for WTI crude oil in FY 2019 ranged from \$67.45 per barrel from NYMEX to \$70.56 per barrel from Global Insight with an average of \$68.24 per barrel. This FY 2019 average crude oil price is 5.78% above the baseline WSDOT forecast. In FY 2020, the crude oil price projections range from \$63.25 per barrel from Economy.com to \$71.43 per barrel by Global Insight with an average of \$67.64 per barrel. In FY 2020, there is a downward adjustment needed for the forecast of 3.69%. The forecast for WTI crude oil in FY 2021 ranged from \$60 per barrel by Moody's Economy.com to \$77 per barrel in the Global Insight forecast. The baseline crude oil price forecast in FY 2021 was 10.9% above the 5 entity average so a downward adjustment was made to the baseline forecast in FY 2021. Figure 10 reveals the WSDOT baseline WTI price forecast compared to the other entity's crude oil price forecasts.

**Figure 10: Near-term Annual WTI Crude Oil Price Forecasts – 5 Different Forecast Comparisons: September 2018** Dollars per barrel

Fiscal Year	WSDOT (EIA/GI)	NYMEX	Global Insight	Economy.com	Consensus Economics	5 Entity Avg	% Diff Lowest	% Diff Highest	% Diff Average
2019	\$64.51	\$67.45	\$70.56	\$69.57	\$69.11	\$68.24	0.00%	9.38%	5.78%
2020	\$70.23	\$65.48	\$71.43	\$63.25	\$67.81	\$67.64	-9.94%	1.71%	-3.69%
2021	\$76.49	\$62.18	\$77.13	\$60.02	\$64.90	\$68.14	-21.53%	0.84%	-10.91%

**Figure 11: Near-term Average Adjusted Quarterly Fuel Prices and B5 Biodiesel Prices and Unadjusted B99 Biodiesel Prices Used for Budgeting Purposes: September 2018** Dollars per gallon

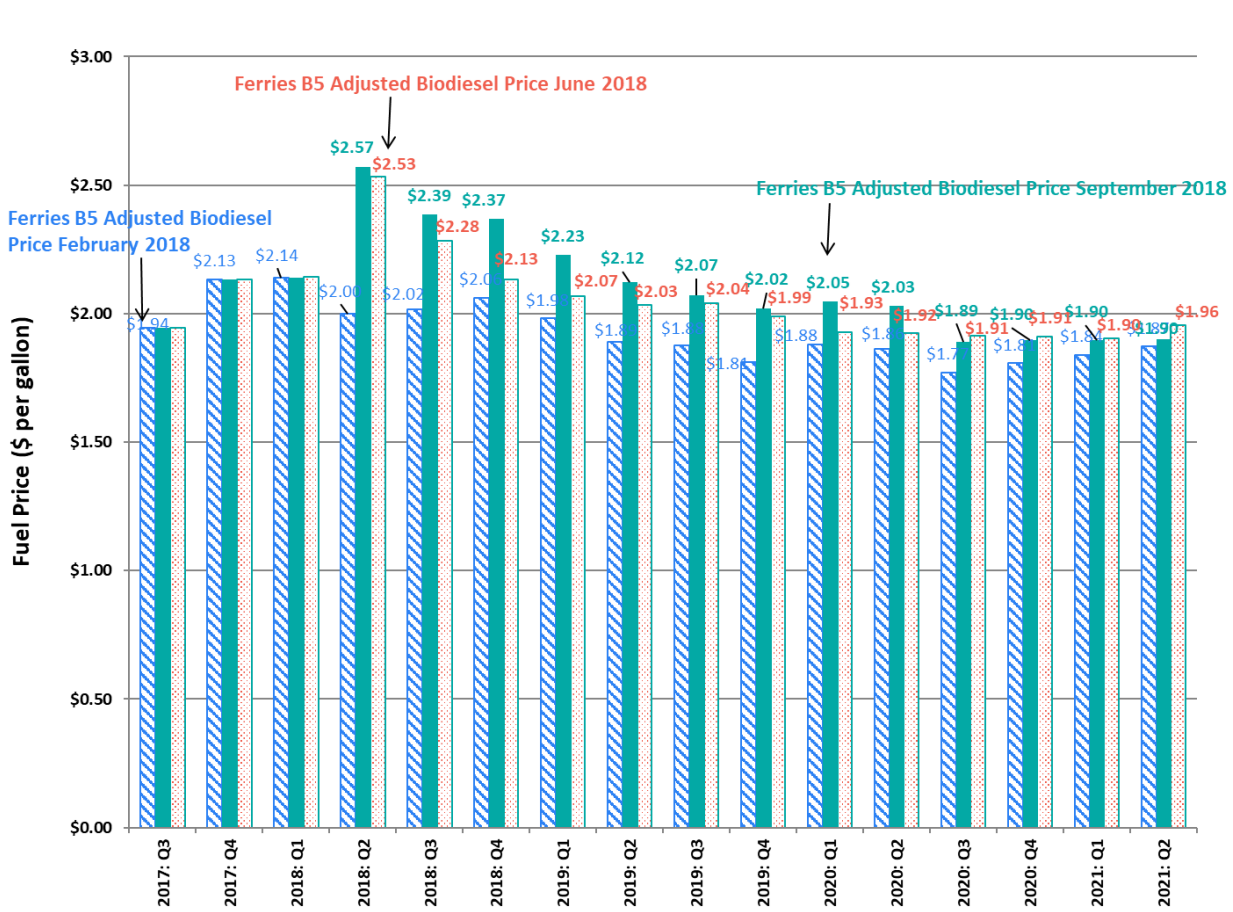
Fiscal Year Quarter	Adjusted WA Retail Gasoline Price (\$/gal)	Adjusted WA Retail Diesel Price (\$/gal)	Adjusted B5 Biodiesel Price (\$/gal)	Unadjusted B99 Biodiesel price
2017Q3	2.89	2.93	1.93	2.39
2017Q4	2.94	3.15	2.14	2.37
2018Q1	2.96	3.17	2.14	2.57
2018Q2	3.30	3.35	2.57	2.99
<b>FY2018</b>	<b>3.02</b>	<b>3.15</b>	<b>2.20</b>	<b>2.59</b>
2018Q3	3.29	3.55	2.39	3.07
2018Q4	3.37	3.73	2.37	3.07
2019Q1	3.27	3.60	2.23	2.96
2019Q2	3.44	3.61	2.12	2.94
<b>FY2019</b>	<b>3.34</b>	<b>3.62</b>	<b>2.28</b>	<b>3.01</b>
2019Q3	3.13	3.35	2.07	3.00
2019Q4	3.04	3.43	2.02	3.08
2020Q1	3.08	3.57	2.05	3.20
2020Q2	3.53	3.71	2.03	3.32
<b>FY2020</b>	<b>3.20</b>	<b>3.52</b>	<b>2.04</b>	<b>3.15</b>
2020Q3	3.23	3.45	1.89	3.34
2020Q4	3.04	3.46	1.90	3.36
2021Q1	2.98	3.47	1.90	3.36
2021Q2	3.31	3.47	1.90	3.36
<b>FY2021</b>	<b>3.14</b>	<b>3.46</b>	<b>1.90</b>	<b>3.36</b>

WSDOT applies the five entity forecast average adjustment to the baseline September 2018 retail gasoline, diesel, and B5 biodiesel prices. The fuel prices listed in Figure 11 will be used to estimate the future costs to WSDOT agency's 2017-19 biennium budget and next biennium budget for gas, diesel and

biodiesel fuel purchases for fiscal years 2018 through 2021. The latest adjusted forecast requires a -0.14% adjustment downward in the baseline fuel prices for retail gas, diesel and B5 biodiesel prices for FY 2018 and 1.9% upward adjustment to the baseline fuel prices in FY 2019. In FY 2020, the baseline fuel prices are adjusted upward by 1.7%. The adjustment in FY 2021 is only 0.6% in FY 2021.

As Figure 12 reveals, the new B5 fuel price forecast is much higher in the second and third quarters of 2018 than in February. This September forecast is slightly higher in those quarters than in the last June forecast. Over the long-term, this new B5 biodiesel price forecast is slightly above or nearly the same as the last forecast throughout the forecast horizon but well above the baseline forecast in February. By the end of FY 2021, this September forecast is slightly below the June forecast and nearly the same as the February baseline B5 forecast.

**Figure 12: Quarterly Ferries Adjusted B5 Biodiesel Prices Used for Budgeting the 2017-19 and 2019-21 Biennia September, June vs. February 2018 Forecasts**



## Motor Vehicle Fuel Tax Forecast

### Overview

Tax collections from motor vehicle fuel sales of gasoline and diesel for June through August 2018 came in above the June 2018 forecast by 0.2 percent or \$ 0.7 million. Gasoline tax collections underperformed June projections by \$3.93 million or 1.0%. Diesel collections came in above projections by \$4.65 million or 5.3%.

Projected gross fuel tax revenue for the 2017-2019 biennium is \$3.631 billion, or 0.1 percent above the June 2018 forecast. In the 2019-2021 biennium, gross fuel tax collections rise to \$3.73 billion or \$14.90 million (0.40%) higher than forecasted in June 2018. The overall motor vehicle fuel tax revenue for the 10-year period beginning in the current biennium and ending in the 2025-27 biennium increased to \$18.89 billion in total, or a net of \$88.65 million higher or 0.5% more than the June revenue forecast. Generally, throughout the forecast horizon, current fuel tax revenue forecast projections are higher than June's forecast.

### Primary reasons for the change in the September 2018 forecast

- In the current biennium, gross fuel tax collections increase by \$3.68 million due to actuals coming in higher than anticipated by the June forecast. The current biennium projections for gasoline tax revenue is down \$6.62 million over the last forecast while the projection for special fuels is up \$10.30 million.
- Gasoline tax collections decrease by \$52.80 million in total over the 10-year forecast horizon. The long-term decrease results from slightly lower actuals in FY2018 and correspondingly lower rates growth rates from short-term monthly ARIMA modeling in FY2019-FY2020. From FY2021 through FY2029, the June gasoline forecast model incorporated higher real gasoline prices compared to June 2018 projections of real gasoline prices.
- Special fuel tax revenue is projected to increase by \$141.46 million in the next ten years compared to the June forecast. The increase in revenues is driven by FY18 actuals and an increase in projected employment in the state's Trade/Transportation/Utilities sector.
- Non-highway refunds, particularly tribal refunds, are a major damper on fuel tax revenue growth. The current forecast anticipates refunds to be \$4.7 million higher than the June 2018 forecast in the current biennium. Non-highway refunds are forecasted to increase \$57.63 million over the ten year horizon when compared to the June 2018 forecast. The higher tribal fuel tax refund in this September forecast is due to incorporating FY 2018 totals which were significantly up from last year and prior projections.
- 

## Motor Vehicle Revenue (Licenses, Permits, and Fees)

### Overview

Vehicle related forecasts fall into two main categories: motor vehicle registrations and license plate-related fees. This forecast has a variety of small fees but the majority of the revenue is from registration-based fees. There are five main economic drivers for the vehicle licenses, permits, and fees (LPF) forecast: Washington population and net migration, Washington real personal income, Washington Retail Employment, Washington - U.S. real income share, and U.S. sales of light vehicles.

Washington State anticipates collecting \$1.51 billion from vehicle licenses, permits, and fees (LPFs) in the 2017-2019 biennium, an increase of \$15.5 million or 1% compared to the forecast in June. Over the next 10-year period, the LPF forecast is anticipated to be \$8.4 billion, which is up \$155.6 million or 1.9% from the previous forecast.

*Primary reasons for the change in the September 2018 forecast*

- Forecasted passenger vehicle registrations for FY 2018 came in higher than anticipated by 10.3% for passenger cars for the last 2 months of the fiscal year. For FY 2018, passenger car registrations came in 1.7% above the last forecast. FY 2019 are up 39,600 vehicles or 0.75% over the previous forecast. This same trend continued throughout the forecast horizon with a 0.8% to 0.7% average annual increase in passenger car registrations. The increased registrations are mainly due to the higher actual registrations in FY 2018 and slightly higher personal income growth rates forecasted by the Economic Revenue Forecast Council in the short term.
- In FY 2018, trucks came in 1.5% above the June actual registrations. As a result, in FY 2019, trucks are forecasted up by 8,300 vehicles, or 0.51% over the previous forecast. The current higher truck registration forecast is due to a higher actuals we received for FY2018, as well as the increased employment rate forecasted by the Economic Revenue Forecast Council.
- In recent months, the basic license fee revenue was down \$3 million from the June forecast based on the balance forward report totals. After examining AFRS reports for FY 2018, the \$30 basic license fee revenue was up \$7 million from the balance forward totals. As a result, in the 2017-19 biennium, the current September forecast for \$30 basic license fee revenue is up 1.02% or over \$3.6 million due to higher actual revenue and car registrations. In the next biennium, revenue from \$30 basic license fee revenue is \$1.6 million higher than the previous forecast. The forecast runs more than \$1.7 million (0.46%) higher than the June forecast from 2021-23 biennium throughout the end of the forecast.
- In recent months, the truck combined license fee revenue was up \$3 million from June forecast based on the balance forward report totals. After examining the AFRS report for FY 2018, truck combined license fee revenue came in higher. As a result, in the 2017-19 biennium, truck revenue is forecasted \$11.3 million higher than the previous forecast. This is due to higher actual combined license fee revenue and the September higher truck registration forecast. In addition, the combined license fee revenue is higher also due to the application of new 2018 truck weight distribution to this forecast. The revenue starts to pick up in the following biennium, and by the end of the forecast horizon, we see \$25.6 million increased truck combined license fee revenue in 2027-29 biennium.
- In recent months, the freight project fee has been tracking the June forecast. In the 2017-19 biennium, the Freight Project fee is about \$1.6 million more than the previous forecast due to the higher truck registration forecast and the application of new 2018 truck weight distribution, which has additional heavier trucks forecasted. This keeps happening in the out years. By the end of this forecast horizon, we will see a \$3.8 million increase in freight project revenue in 2027-29 biennium.
- In recent months, the passenger weight fee revenue was coming in below the June forecast by \$0.56 million based on the balance forward reports totals. Once AFRS reports were examined, additional passenger weight fee revenue was identified. As a result in the September forecast, the Passenger weight revenue is increased in the 2017-19 biennium by \$0.4 million, or 0.13% forecast to forecast change. This trend continues and by the end of the forecast horizon, the increase in revenue grows to \$3.1 million, or 0.62%.
- Title fee revenue in the current biennium is -\$2.9 million lower (-4.0%), most of this variance at this point is due to an unexplained gap between actual FY18 transaction total and revenue deposits. We have raised the issue with DRIVES as well as DOL Accounting Office. Pending a resolution of this issue, the forecast into future years is still transaction based which is about -1% lower throughout the forecast horizon.
- Capital Vessel Replacement Account (18J) title service fee revenue for FY18 also closed lower by -\$1.8 million (-15%) than prior forecast. This is an issue similar in nature to the overall gap between title transactions and revenue deposits discussed above. Again outer years are forecasted based on transactions which are only slightly lower by about -1%.

## Driver Related Revenue Forecasts

### Overview

The *September 2018* forecast of driver related revenue projected by the Department of Licensing includes the following revenues: driver license fees (including commercial driver licenses, enhanced driver licenses, and temporary restricted licenses), ID card fees, driver exam application fees, copies of records, motorcycle operator fees, ignition interlock fees, and other miscellaneous fees. The miscellaneous fees include vehicle filing fees, limousine licenses, fines and forfeitures, and driver school instructor license fees. These driver-related fees are deposited into the Highway Safety Fund (HSF), Motorcycle Safety Education Account (MSEA), the State Patrol Highway Account (SPHA), and Ignition Interlock Revolving Account (IIRA).

All driver-related revenue for FY2017-19 biennium closed at \$306.4 million, about \$12.1 million lower (or -3.8%) than the prior forecast. Revenue for FY2019-21 biennium is forecasted at \$335.2 million, about \$2.5 million (or 0.7%) higher than the prior forecast. Over the next ten year period (FY18-FY27), driver related revenue is anticipated to total \$1,650.0 million, about \$20.9 million (-1.2%) lower from the prior forecast.

It is important to note that many of the driver related revenue streams follow a five-year renewal cycle until FY2015 when DOL started issuing six year licenses. Caution is advised in year over year comparisons.

### *Primary reasons for the change in the September 2018 forecast*

- EDL actual transactions came in lower than expected for each month after the June estimates. We believe this is due to delayed public information campaign around changes to Washington's driver licenses and IDs as well as DOL's major system DRIVES roll out two. Future years are left unchanged until the November forecast.
- Original driver license issuances is revised lower for the current biennium based on actuals to date. Further years are .3% higher given better long term employment outlook.
- DOL conducted a year-end analysis of variable-year driver license renewals other than full 6 year term renewals or expected extensions to date. This analysis suggested that we needed to raise one year extension in FY19 (the last of 6-year license implementation/transition) to fill the so called "orphan year" of FY2020. Therefore, while the overall renew volume in FY19 is hardly changed from prior forecast, expected revenue collection is significantly lower because more customers selected for extension would be paying \$9.00 rather than \$54 for the full 6-year renewals.

## Other Transportation Related Revenue Forecast

### Overview

This category of transportation related revenue forecasts consist of four primary components: vehicle sales and use taxes, rental car sales taxes, studded tire fees, business and other revenue and aeronautics revenue. The business and other revenue category includes the following revenue sources:

- Sales of property
- WSP and DOT services and publications and documents
- Filing fees and legal services
- Property management
- Access Permits (Highways)
- Outdoor Advertising
- Other revenues



State Patrol Highway Account miscellaneous revenue consists of ACCESS fees (fees charged for usage of our statewide law enforcement telecommunications system), Breathalyzer Test fines, DUI Cost Reimbursement, Commercial Vehicle Penalties and Communication Tower Site Leases and Terminal Safety Inspection fees.

Washington State collected \$192.66 million from Other Transportation Related revenues in the 2015-2017 biennium and are projected to be \$209.76 million in the 2017-19 biennium, an increase of 8.9% biennium to biennium. For the next 10-year period, the transportation related revenue forecast is anticipated to be \$1,141 million, which is up \$0.7 million from the previous estimate in June 2018 mainly due to higher rental car taxes and higher WSP publications and documents revenue and fees from communication tower leases which cause a slight increase in transportation related revenue forecasts over prior projections.

#### *Primary reasons for the change in the September 2018 forecast*

- Motor vehicle sales and use tax revenue came in \$853,000 below forecast for FY2018. Sales tax collections were \$966,000 lower, or 2.2%. Use tax collections were \$112,000 higher, or 1.4%. In the four months of collections since the June forecast, collections were \$875,000 lower, or 4.8%. In addition, the forecast for U.S. new vehicle sales is higher in the near term but lower in the outer year compared to June. The biennial forecast change ranges from -1.3% in the near term to essentially unchanged in the long term.
- Rental car collections came in \$83,000 above forecast for FY2018. In the four months of collections since the last forecast, rental car tax collections were \$552,000 above forecast, or 4.2%. The economic variables were little change since the June forecast. Growth is expected to be slightly stronger in FY 2019 compared to June. In the current forecast, the rental car tax FY 2019 growth is forecasted to be 3.5%, up from 2.3% expected in June. The biennial change ranges from 0.8% in the current biennium to 1.9% in 2027-29.
- WSDOT Business and other miscellaneous revenue for September has been revised up slightly by \$195,356 or 1.3% forecast compared to the June forecast in the current biennium. This is due mainly to an increase in other revenues, publications, and services. WSP Access fees has been decreased by \$0.1 million (5%) due to actuals in contract payments throughout FY18. In consultation with WSDOT Real Estate Services Department, property sales continue to be projected at \$10 million a biennium. Overall, WSDOT Business related revenues are up marginally in the long-term by \$0.02 million or less than 1% from the last forecast in the next ten-year horizon due to the increase in inflation.
- The school zone fines forecast is unchanged since the June forecast.
- WSP business related revenue for *September has been revised downward* from the *June* forecast. All business related revenue has been adjusted for June actuals and new four year averages have been calculated. The reduction in the anticipated Commercial Vehicle Penalties is due to stronger enforcement efforts resulting in more compliance and less penalties being assessed. The reduction in Breathalyzer Test Fines is a result of a downward trend in DUI arrests which effects ignition interlock installations and the associated fines. There is an increase in the fee from the Communications towers which is due contracts reconciliations and new contracts with cell phone companies using WSP towers.
- The aircraft excise tax revenues have been revised downward in September due to incorporating the latest actuals for FY 2018. In the current biennium, aircraft excise taxes are down \$30,466 or 4% from the last forecast. This same trend continues throughout the forecast horizon.
- The aeronautics fuel tax refund transfer had been revised slightly downward in the current and future biennium due to lower gasoline tax projections in this September forecast.
- Aviation Fuel Tax 039 forecast has been updated with actuals thru August 2018. FY 2017-19 biennium is higher by \$92,933 or 1.74% than the June 2018 forecast due to incorporating the closed FY 2018. The forecast continues slightly higher throughout the rest of the forecast horizon (FY 2021-29) on average by \$37,400 or 0.7% per biennium.
- Aviation Specialty Plate Forecast per HB 1400 (2017) with an effective date of July 22, 2017. This forecast is lower FY 2017-19 by -\$16,130 or -14.4% than the June forecast based on

actuals thru August 2018. The forecast continues lower on average by -\$15,060 or -7.72% per biennium throughout the forecast horizon.

## Ferry Ridership and Revenue

### Overview

For the current forecast, the ferry fare revenue and ridership forecasts for Washington State Ferries are completed in four stages applying to seven fare categories. The seven fare categories are:

- Passenger full fares
- Passenger frequent user discounted (commuter) fares
- Passenger other discounted fares (e.g., senior fare, youth fare)
- Auto / driver full fares
- Auto / driver frequent user discounted (commuter) fares
- Other vehicle / driver discounted (senior/disabled and motorcycle) fares
- Oversize vehicle / driver (over 22 feet in length) fares

In August 2017, the Washington State Transportation Commission adopted two annual fare increases, the first of which took effect on October 1, 2017 (FY 2018), to be followed by the second on October 1, 2018 (FY 2019). The first increase on October 1, 2017 will raise passenger fares by 2.1% and vehicle/driver fares by 2.9%, except oversize vehicles, which will receive smaller fare increases averaging about 1.6% overall. A second increase will take place on October 1, 2018, raising passenger fares by another 2.1% and non-oversize vehicle/driver fares by 2.5%. Oversize vehicle fares will remain unchanged over their FY 2018 values. With no further fare increases included in the Baseline Forecast, real fares will slowly decline beyond FY 2019 due to general inflation.

Overall, the September Baseline Forecast ridership in the current 2017-19 biennium is 0.1% higher than the June Forecast (including actual ridership data through August 2018), and fare revenues are projected to be 0.3% lower (including actual collections through August 2018). These small increases reflect the most recent performance so far in 2018. Over the rest of the forecast horizon beyond FY 2019, higher real gas prices (which tend to dampen demand for ferry travel in a vehicle) and lower inflation projections (which result in higher real fares over time) more than offset minor changes in the other economic and demographic variables, resulting in slightly lower ridership and revenue projections than in June.

For the current biennium, miscellaneous revenues have been revised for available actual data for FY 2018 but otherwise remain unchanged over the June Forecast values. For 2019/21 biennium and the rest of forecast period, the forecasts remain unchanged from their June values, which had been revised significantly upward over February due to the faster than expected ramp-up for the new on-board concessions vendor, including enhanced product offerings and more year-round operations. A detailed review of performance and a full miscellaneous revenue forecast update will be completed for the November Forecast.

Total fare and miscellaneous revenues forecasted for the 2017-19 biennium amount to \$404.8 million, which is 0.4% higher than the last forecast resulting actual fare and miscellaneous revenues coming in slightly higher for FY 2018 than previously projected, as well as a slightly higher fare revenue forecast for FY 2019. Over 12 years (FY 2018-29), ferry fare and miscellaneous revenue will amount to nearly \$2.60 billion, which is 0.3% lower than the June Forecast.

*Primary reasons for the change in the September 2018 forecast*

- Overall, the September fares forecast is the result of higher real gas prices, higher real fares resulting from lower inflation projections, and a continued trend shift away from frequent user fare “commuter” fare categories.
- WSF’s forecast for miscellaneous revenue remains unchanged from the June Forecast, with a detailed review of recent sales and forecast update coming for the November 2018 Forecast.

**Toll Revenue**

Washington State has four tolled facilities. The Traffic and Revenue Forecast for September 2018 is a no-change forecast since November 2017. There was a formula error corrected for FY 2019 in the total toll revenue section of tables F.2 and F.3 in June 2018 forecast.

Figure 13 below provides actual traffic and adjusted gross toll revenue for the four facilities in FY 2018.

FY 2018 actuals, in comparison to the November 2017 forecast, are 0.7 percent above the forecast for TNB, 4.6 percent lower on SR 167 HOT Lanes, 4.8 percent higher on SR 520 and 0.7 percent lower on I-405 ETLs. Adjusted gross toll revenue is 12.3 percent above forecast on I-405; this 12.3 percent positive variance was due to higher than anticipated toll rates. Similar to toll trips, toll revenue on SR 167 is 3.0 percent lower than forecasted while SR 520 is 4.0 percent above forecast, and TNB is also tracking 2.3 percent above forecast in revenue.

**Figure 13: FY 2018 Actuals vs November 2017 Forecast**

Toll Facility	Toll Traffic				Adjusted Gross Toll Revenue			
	Forecast	Actuals	Variance	Variance %	Forecast	Actuals	Variance	Variance %
TNB	15,238,000	15,348,735	110,735	0.7%	\$ 79,876,000	\$ 81,677,021	\$ 1,801,021	2.3%
SR 167 HOT Lanes	1,683,000	1,604,796	(78,204)	-4.6%	\$ 3,417,000	\$ 3,312,955	\$ (104,045)	-3.0%
SR 520	24,609,000	25,785,356	1,176,356	4.8%	\$ 80,021,000	\$ 83,182,242	\$ 3,161,242	4.0%
I-405 ETLs	10,133,000	10,059,894	(73,106)	-0.7%	\$ 21,445,000	\$ 24,081,748	2,636,748	12.3%
<b>All Toll Facilities</b>	<b>51,663,000</b>	<b>52,798,781</b>	<b>1,135,781</b>	<b>2.2%</b>	<b>\$ 184,759,000</b>	<b>\$ 192,253,966</b>	<b>\$ 7,494,966</b>	<b>4.1%</b>

**Updates to Tacoma Narrows Bridge (TNB) traffic and toll revenue**

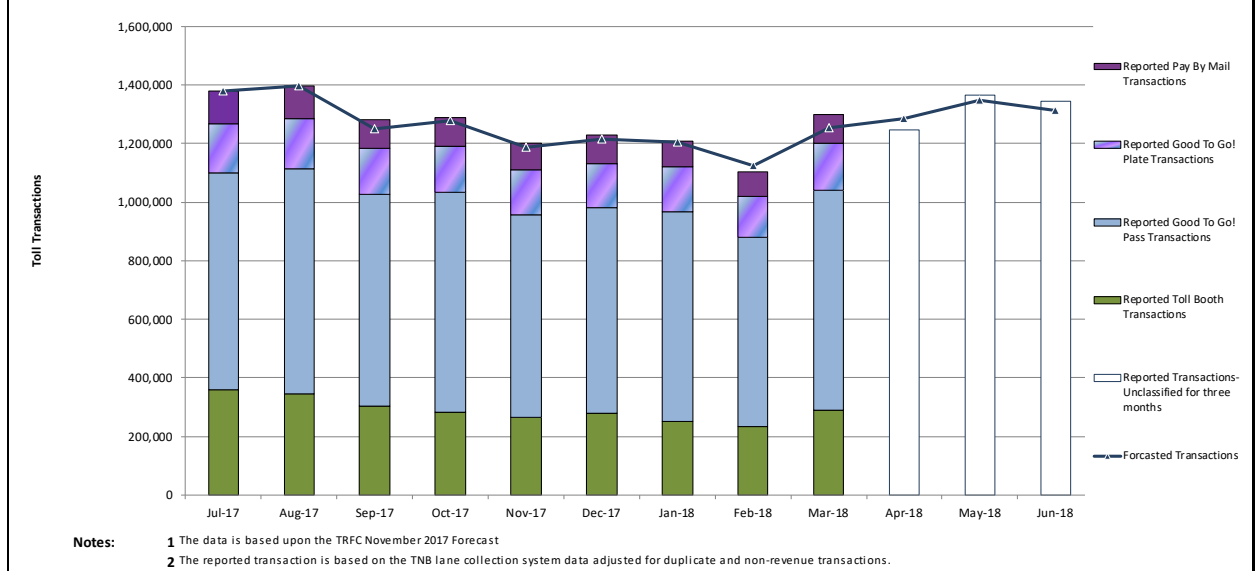
As mentioned in the toll *Overview*, September traffic and revenue forecast update has no change to all toll facilities from the November 2017 forecast. TNB’s primary change in the November 2017 forecast was to reflect FY 2017 actual performance and the revision of the payment mix.

The November 2017 update included a downward adjustment to the prior forecast to reflect FY 2017 actuals lower than the prior forecast. Transactions are about 1.3 to 1.6 percent lower throughout the forecast horizon comparing to last forecast. There was also a revision in the payment mix for TNB. Good To Go (GTG) transponder transactions percent of total was decreased from 59.5 to 58.5 percent in FY 2018 and image-based transactions (PBP and PBM) were increased from 17.0 to 18.0 percent. The decrease in transactional forecast also led to a decrease in the gross toll revenue potential of \$2.61 million or 1.5 percent below the last forecast in the current biennium. This same trend continues throughout the forecast horizon. The November forecast anticipated the transponder transaction share would go up in the future, reaching a steady stage of 64.5% in FY 2026.

For FY 2018, reported transactions are 0.7% above forecast, at 15.3 million transactions; in terms of reported adjusted toll revenue, annual revenue is 2.3% above forecast, at \$81.7 million (\$1.8 million positive variance).

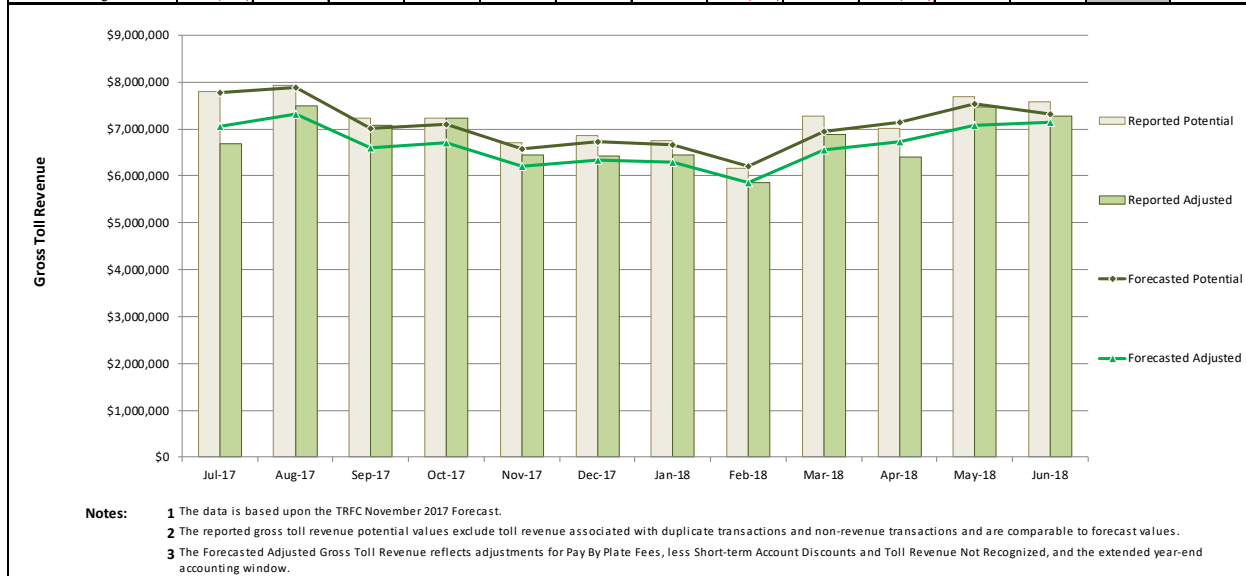
**Figure 14: FY 2018 TNB Reported Toll Transactions Compared to November 2017 Forecast**

TOLL TRANSACTIONS	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	YTD	Forecasted Annual Total
Forecasted Transactions <sup>1</sup>	1,379,000	1,398,000	1,250,000	1,278,000	1,187,000	1,215,000	1,205,000	1,124,000	1,255,000	1,284,000	1,349,000	1,314,000	15,238,000	15,238,000
Reported Transactions <sup>2</sup>	1,378,605	1,396,890	1,282,406	1,288,182	1,200,138	1,229,861	1,210,113	1,102,335	1,299,921	1,248,868	1,365,029	1,346,387	15,348,735	
Variance from Forecast	(395)	(1,110)	32,406	10,182	13,138	14,861	5,113	(21,665)	44,921	(35,132)	16,029	32,387	110,735	
Variance - % change	(0.0%)	(0.1%)	2.6%	0.8%	1.1%	1.2%	0.4%	(1.9%)	3.6%	(2.7%)	1.2%	2.5%	0.7%	
Reported Toll Booth	26.1%	24.7%	23.7%	22.0%	21.9%	22.7%	20.9%	21.3%	22.1%				22.9%	23.1%
Reported Good To Go! Pass	53.7%	55.2%	56.3%	58.2%	57.9%	57.1%	59.0%	58.5%	58.0%				57.0%	58.2%
Reported Good To Go! Plate	12.2%	12.2%	12.4%	12.4%	12.6%	12.3%	12.7%	12.5%	12.3%				12.4%	11.3%
Reported Pay By Mail	8.0%	7.9%	7.6%	7.4%	7.5%	7.8%	7.5%	7.6%	7.6%				7.7%	7.4%



**Figure 15: FY 2018 TNB Reported Toll Revenue Compared to November 2017 Forecast**

GROSS TOLL REVENUE	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	YTD	Annual Total
Forecasted Potential <sup>1</sup>	\$7,784,000	\$7,882,000	\$7,003,000	\$7,091,000	\$6,586,000	\$6,738,000	\$6,667,000	\$6,215,000	\$6,954,000	\$7,141,000	\$7,540,000	\$7,309,000	\$84,910,000	\$84,910,000
Reported Potential <sup>2</sup>	\$7,809,597	\$7,930,144	\$7,240,314	\$7,234,126	\$6,711,011	\$6,870,302	\$6,742,578	\$6,155,893	\$7,268,817	\$7,020,458	\$7,694,635	\$7,590,674	\$86,268,550	
Variance From Forecasted Potential	\$25,597	\$48,144	\$237,314	\$143,126	\$125,011	\$132,302	\$75,578	(\$59,107)	\$314,817	(\$120,542)	\$154,635	\$281,674	\$1,358,550	
Variance - % Change	0.3%	0.6%	3.4%	2.0%	1.9%	2.0%	1.1%	(1.0%)	4.5%	(1.7%)	2.1%	3.9%	1.6%	
Forecasted Adjusted <sup>3</sup>	\$7,049,000	\$7,319,000	\$6,603,000	\$6,702,000	\$6,211,000	\$6,338,000	\$6,284,000	\$5,866,000	\$6,563,000	\$6,723,000	\$7,083,000	\$7,135,000	\$79,876,000	\$79,876,000
Reported Adjusted	\$6,693,248	\$7,486,633	\$7,070,118	\$7,236,455	\$6,445,419	\$6,428,394	\$6,439,794	\$5,846,962	\$6,879,038	\$6,393,889	\$7,478,844	\$7,278,226	\$81,677,021	
Variance From Forecasted Adjusted	(\$355,752)	\$167,633	\$467,118	\$534,455	\$234,419	\$90,394	\$155,794	(\$19,038)	\$316,038	(\$329,111)	\$395,844	\$143,226	\$1,801,021	
Variance - % Change	(5.0%)	2.3%	7.1%	8.0%	3.8%	1.4%	2.5%	(0.3%)	4.8%	(4.9%)	5.6%	2.0%	2.3%	



**Updates to SR 167 High Occupancy Toll (HOT) Lanes traffic and toll revenue**

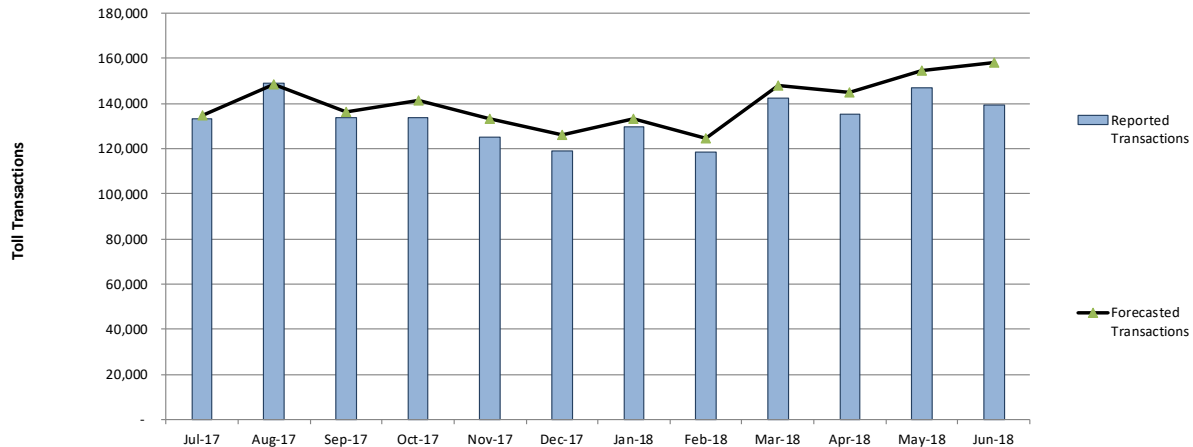
There is no change to SR 167 HOT Lanes traffic and revenue forecast in September.

Under current law, SR 167 HOT lanes pilot program will expire in June 2019. The baseline toll revenue forecast has the HOT lanes traffic and revenue ending at the end of FY 2019.

For FY 2018, reported transactions are 4.6% below forecast, at 1.6 million transactions; in terms of reported toll revenue, annual revenue is 3.0% below forecast, at \$3.3 million (\$0.1 million negative variance):

**Figure 16: FY 2018 SR 167 Reported Toll Transactions Compared to November 2017 Forecast**

Toll Transactions	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	YTD	Annual Total
Forecasted Transactions <sup>1</sup>	134,600	148,400	136,300	141,500	133,000	126,300	133,000	124,500	148,100	144,800	154,400	158,100	1,683,000	1,683,000
Reported Transactions <sup>2</sup>	132,952	148,792	133,840	133,488	125,031	118,881	129,444	118,666	142,169	135,319	146,783	139,431	1,604,796	
Variance from Forecast	(1,648)	392	(2,460)	(8,012)	(7,969)	(7,419)	(3,556)	(5,834)	(5,931)	(9,481)	(7,617)	(18,669)	(78,204)	
Variance - % change	(1.2%)	0.3%	(1.8%)	(5.7%)	(6.0%)	(5.9%)	(2.7%)	(4.7%)	(4.0%)	(6.5%)	(4.9%)	(11.8%)	(4.6%)	

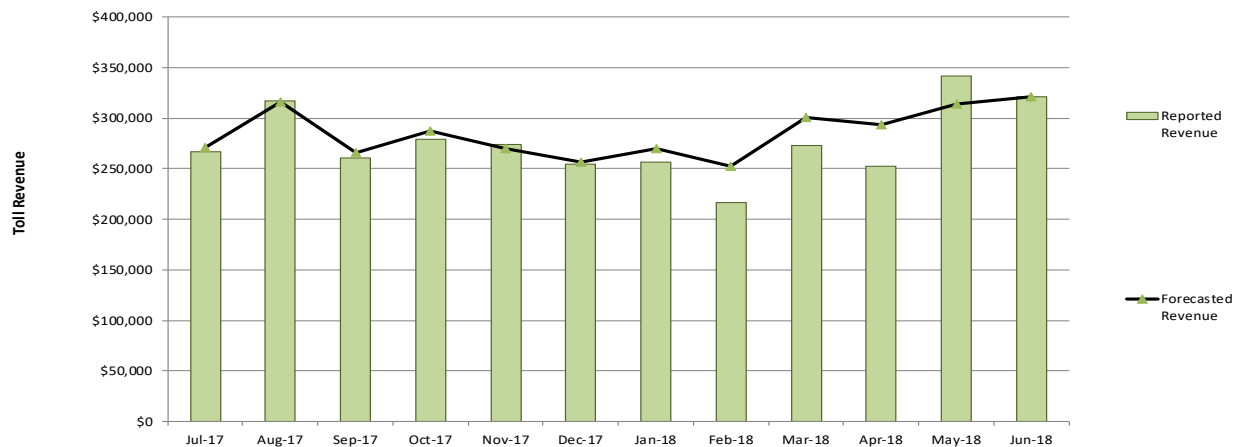


**Notes:**

- <sup>1</sup> Data is based upon the TRFC November 2017 Forecast.
- <sup>2</sup> The Reported Transactions is based on the SR 167 HOT Lanes lane collection system data adjusted for duplicate and non-revenue transactions.

**Figure 17: FY 2018 SR 167 Reported Toll Revenue Compared to November 2017 Forecast**

GROSS TOLL REVENUE	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	YTD	Annual Total
Forecasted Revenue <sup>1</sup>	\$270,500	\$315,600	\$265,800	\$287,200	\$270,000	\$256,300	\$270,000	\$252,800	\$300,700	\$293,700	\$313,500	\$320,900	\$3,417,000	\$3,417,000
Reported Revenue <sup>2</sup>	\$267,016	\$316,607	\$260,842	\$278,723	\$273,799	\$254,842	\$256,246	\$216,177	\$273,383	\$252,727	\$341,875	\$320,719	\$3,312,955	
Variance	(\$3,484)	\$1,007	(\$4,958)	(\$8,477)	\$3,799	(\$1,458)	(\$13,755)	(\$36,623)	(\$27,317)	(\$40,973)	\$28,375	(\$181)	(\$104,045)	
Variance - % Change	(1.3%)	0.3%	(1.9%)	(3.0%)	1.4%	(0.6%)	(5.1%)	(14.5%)	(9.1%)	(14.0%)	9.1%	(0.1%)	(3.0%)	
Forecasted Monthly Toll Rate	\$2.01	\$2.13	\$1.95	\$2.03	\$2.03	\$2.03	\$2.03	\$2.03	\$2.03	\$2.03	\$2.03	\$2.03	\$2.03	\$2.03
Actual Monthly Toll Rate	\$2.01	\$2.13	\$1.95	\$2.09	\$2.19	\$2.14	\$1.98	\$1.82	\$1.92	\$1.87	\$2.33	\$2.30	\$2.06	



**Notes:**

- <sup>1</sup> Data is based upon the TRFC November 2017 Forecast.
- <sup>2</sup> Reported Toll Revenue corresponds to "tolling revenue" values reported in WSDOT financial statements.

## Updates to SR 520 Toll Bridge traffic and toll revenue

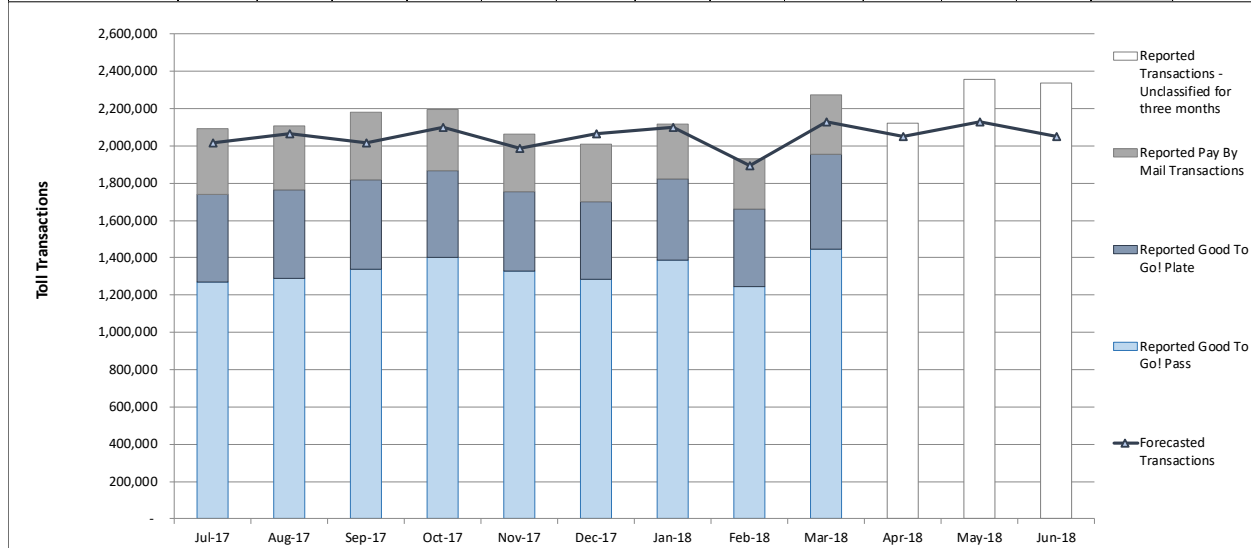
There is no change to the SR 520 forecast in September from the November 2017 forecast.

The SR 520 November 2017 TRFC forecast incorporated the latest forecast based on the performance assessment through June 2017, a revised socioeconomic forecast, new forecast model, the latest closure assumptions for SR 520 and I-90, and revised payment share projections.

For FY 2018, reported transactions are 4.8% above forecast, at 25.8 million transactions; in terms of reported adjusted toll revenue, annual revenue is up 4.0% above forecast, at \$83.2 million (\$3.2 million positive variance).

### Figure 18: FY 2018 SR 520 Reported Toll Transactions Compared to November 2017 Forecast

TOLL TRANSACTIONS		Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Fiscal Year To Date	Annual Total <sup>5</sup>
Weekend Closure Days <sup>1</sup>	Forecasted	1.00	2.00	1.00	-	-	-	-	-	-	-	-	-	4.00	4.00
	Reported	1.00	2.00	-	1.00	-	-	-	-	-	-	-	-	4.00	4.00
Weeknight Closures <sup>2</sup>	Forecasted	0.50	1.00	0.10	-	-	-	-	-	-	-	-	-	1.60	1.60
	Reported	0.47	1.00	-	0.15	0.38	-	-	-	-	-	-	-	2.00	2.00
Forecasted Transactions <sup>3</sup>		2,018,000	2,064,000	2,019,000	2,098,000	1,989,000	2,067,000	2,098,000	1,896,000	2,129,000	2,051,000	2,129,000	2,051,000	24,609,000	24,609,000
Reported Transactions <sup>4</sup>		2,092,864	2,106,767	2,181,021	2,193,259	2,063,777	2,009,346	2,116,081	1,929,376	2,275,483	2,122,191	2,355,439	2,339,752	25,785,356	25,785,356
Variance From Forecast		74,864	42,767	162,021	95,259	74,777	(57,654)	18,081	33,376	146,483	71,191	226,439	288,752	1,176,356	1,176,356
Variance - % Change		3.7%	2.1%	8.0%	4.5%	3.8%	(2.8%)	0.9%	1.8%	6.9%	3.5%	10.6%	14.1%	4.8%	4.8%
Reported Good To Go! Pass		60.6%	61.2%	61.3%	63.9%	64.3%	63.9%	65.6%	64.7%	63.6%	-	-	-	63.2%	62.9%
Reported Good To Go! Plate		22.7%	22.5%	22.0%	21.1%	20.7%	20.8%	20.6%	21.6%	22.3%	-	-	-	21.6%	21.4%
Reported Pay By Mail		16.8%	16.3%	16.7%	14.9%	14.9%	15.2%	13.8%	13.8%	14.1%	-	-	-	15.2%	15.7%

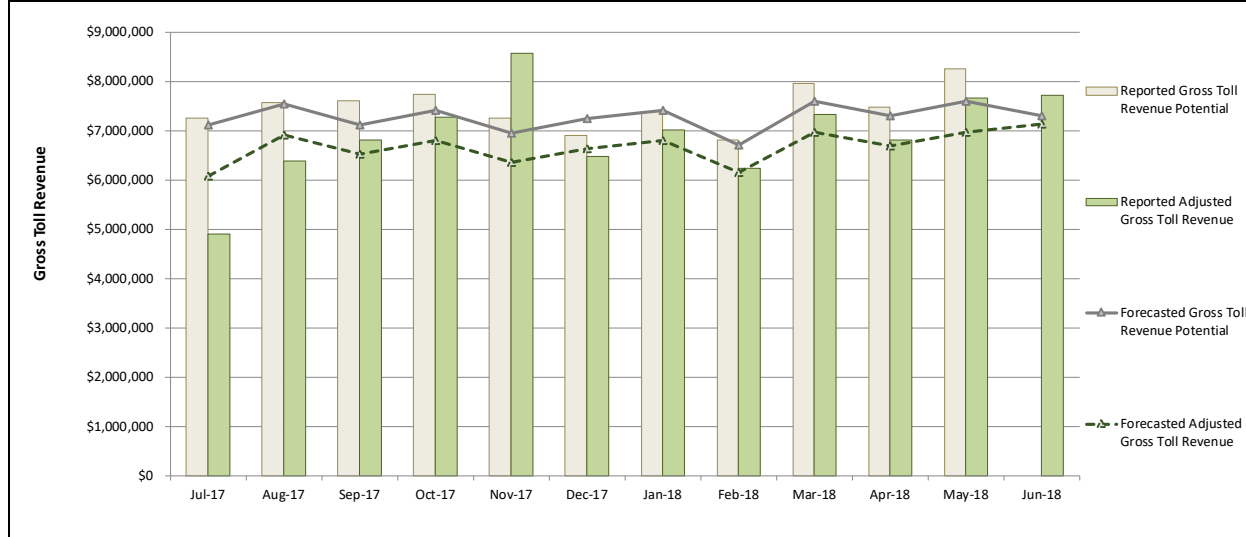


**Notes:**

- 1 Forecasted weekend construction related closures as provided by the November 2017 Forecast. A value of 1.0 represents a 24 hour (12 AM to 12 AM) two-way weekend closure of SR 520.
- 2 Forecasted weekday night construction related closures as provided by the November 2017 Forecast. A value of 1.0 represents a 6 hour (11 PM to 5 AM) two-way weekday night closure of SR 520.
- 3 Values based on the November 2017 Forecast.
- 4 Reported values for Jul-Dec are based on Customer Service Center resolved transactions data as of April 25, 2016, Jan-Jun are based on total monthly transactions adjusted for non-revenue and
- 5 Payment split percentages provided in the Annual Total column represent forecasted payment splits for FY2018 based on the November 2017 Forecast.

**Figure 19: FY 2018 SR 520 Reported Toll Revenue Compared to November 2017 Forecast**

GROSS TOLL REVENUE		Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Fiscal Year To Date	Annual Total
Weekend	Forecasted	1.00	2.00	1.00	-	-	-	-	-	-	-	-	-	4.00	4.00
Closure Days	Reported	1.00	2.00	-	1.00	-	-	-	-	-	-	-	-	4.00	4.00
Weeknight	Forecasted	0.50	1.00	0.10	-	-	-	-	-	-	-	-	-	1.60	1.60
Closures	Reported	0.47	1.00	-	0.15	0.38	-	-	-	-	-	-	-	2.00	2.00
Forecasted Potential		\$7,121,000	\$7,546,000	\$7,123,000	\$7,421,000	\$6,941,000	\$7,240,000	\$7,421,000	\$6,709,000	\$7,603,000	\$7,304,000	\$7,603,000	\$7,304,000	\$80,032,000	\$87,336,000
Reported Potential		\$7,251,799	\$7,577,321	\$7,610,261	\$7,736,090	\$7,259,070	\$6,906,815	\$7,388,048	\$6,812,754	\$7,955,736	\$7,481,004	\$8,259,900	-	\$82,238,798	\$0
Variance From Forecast		\$130,799	\$31,321	\$487,261	\$315,090	\$318,070	(\$333,185)	(\$32,952)	\$103,754	\$352,736	\$177,004	\$656,900	-	\$2,206,798	\$0
Variance - % Change		1.8%	0.4%	6.8%	4.2%	4.6%	(4.6%)	(0.4%)	1.5%	4.6%	2.4%	8.6%	-	2.8%	-
Forecasted Adjusted		\$6,075,000	\$6,913,000	\$6,527,000	\$6,799,000	\$6,360,000	\$6,633,000	\$6,799,000	\$6,148,000	\$6,967,000	\$6,692,000	\$6,967,000	\$7,141,000	\$80,021,000	\$80,021,000
Reported Adjusted		\$4,903,365	\$6,378,950	\$6,807,732	\$7,264,433	\$8,564,131	\$6,476,536	\$7,022,499	\$6,239,658	\$7,336,320	\$6,811,326	\$7,662,946	\$7,714,346	\$83,182,242	\$83,182,242
Variance From Forecast		(\$1,171,635)	(\$534,050)	\$280,732	\$465,433	\$2,204,131	(\$156,464)	\$223,499	\$91,658	\$369,320	\$119,326	\$695,946	\$573,346	\$3,161,242	\$3,161,242
Variance - % Change		(19.3%)	(7.7%)	4.3%	6.8%	34.7%	(2.4%)	3.3%	1.5%	5.3%	1.8%	10.0%	8.0%	4.0%	4.0%



**Notes:**

- 1 Forecasted weekend construction related closures as provided by the November 2017 Forecast. A value of 1.0 represents a 24 hour (12 AM to 12 AM) two-way weekend closure of SR 520.
- 2 Forecasted weekday night construction related closures as provided by the November 2017 Forecast. A value of 1.0 represents a 6 hour (11 PM to 5 AM) two-way weekday night closure of SR 520.
- 3 Values based on the November 2017 Forecast.
- 4 Reported values for Jul-Dec are based on Customer Service Center resolved transactions data as of April 25, 2016, Jan-Jun are based on adjusted monthly revenue from the ICRS-VPS and TCS AVI reports.
- 5 Values based on the November 2017 Forecast. The forecasted adjusted gross toll revenue equals the gross toll revenue potential minus the adjustments, modified on the actual payment splits
- 6 Reported adjusted gross toll revenue corresponds to "tolling revenue" values reported in WSDOT annual financial statements. Values may change to align with year-end reports.

**Updates to I-405 Express Toll Lanes (ETLs) traffic and toll revenue**

There is no change to the I-405 ETLs forecast in September from the November 2017 forecast.

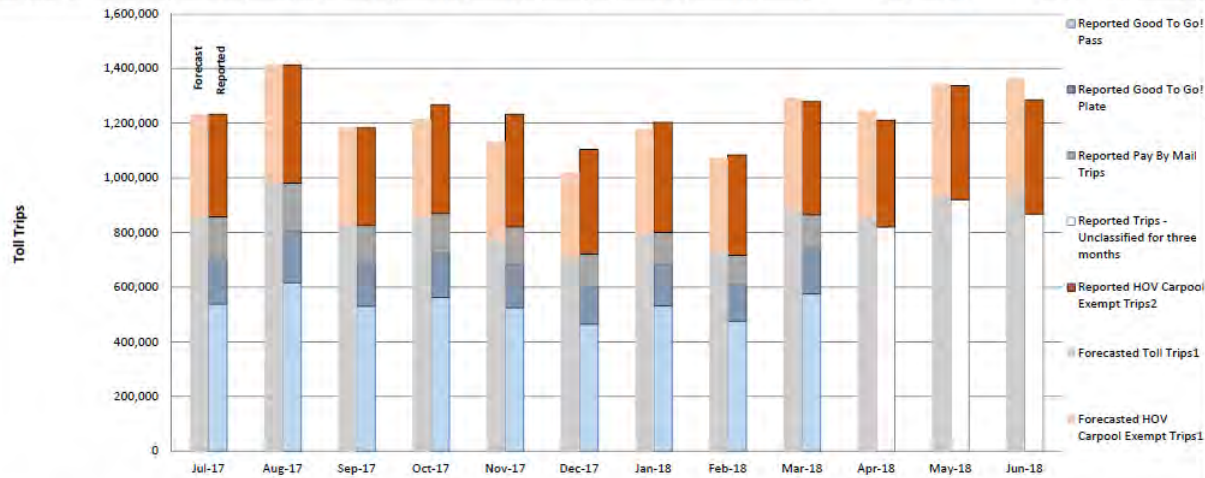
The November 2017 update incorporated the latest forecast based on performance assessment through June 2017, a revised socioeconomic forecast, new forecast model and toll rate algorithm, revised analysis of the peak hour hard shoulder running improvements in the northern portion of the corridor, revised toll and non-toll share projections, and revised leakage assumption.

For FY 2018, reported transactions are 0.7% below forecast, at 10.1 million transactions. The gross toll revenue potential is up 5.8% or \$1.4 million. For the reported adjusted toll revenue, annual revenue is 12.3% above forecast, at \$24.1 million (\$2.6 million positive variance).



**Figure 20: FY 2018 I-405 ETLs Reported Toll and HOV Carpool Trips Compared to November 2017 Forecast**

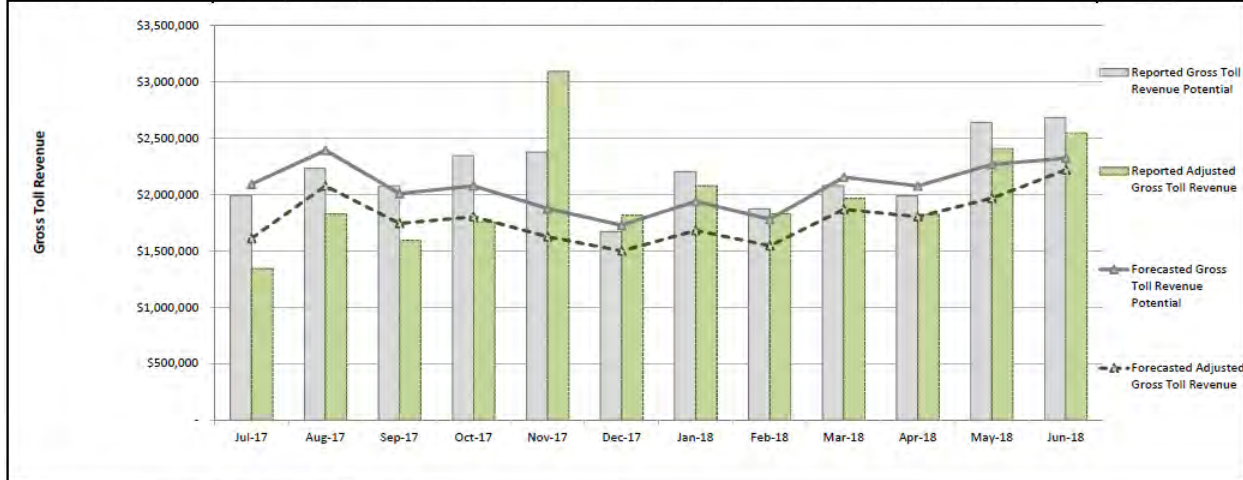
	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Fiscal Year To Date	Annual Total <sup>4</sup>
Forecasted Toll Trips <sup>1</sup>	857,000	981,000	824,000	852,000	769,000	709,000	795,000	730,000	883,000	852,000	930,000	951,000	10,133,000	10,133,000
Reported Toll Trips <sup>2</sup>	857,245	980,409	824,661	869,052	819,476	720,956	799,523	716,144	865,344	819,813	919,964	867,307	10,059,894	10,059,894
Variance From Forecast	245	(591)	661	17,052	50,476	11,956	4,523	(13,856)	(17,656)	(32,187)	(10,036)	(83,693)	(73,106)	(73,106)
Variance - % Change	0.0%	(0.1%)	0.1%	2.0%	6.6%	1.7%	0.6%	(1.9%)	(2.0%)	(3.8%)	(1.1%)	(8.8%)	(0.7%)	(0.7%)
Reported Good To Go! Pass <sup>3</sup>	62.7%	62.8%	64.3%	64.7%	64.1%	64.4%	66.4%	66.4%	66.4%	-	-	-	64.6%	66.8%
Reported Good To Go! Plate <sup>3</sup>	19.3%	19.3%	19.0%	18.7%	19.1%	19.1%	18.8%	18.8%	18.8%	-	-	-	19.0%	16.7%
Reported Pay By Mail <sup>3</sup>	18.0%	17.9%	16.7%	16.6%	16.8%	16.5%	14.8%	14.8%	14.6%	-	-	-	16.4%	16.5%
Forecasted HOV Carpool Exempt Trips <sup>1</sup>	376,000	432,000	359,000	363,000	363,000	310,000	383,000	343,000	410,000	393,000	413,000	414,000	4,559,000	4,559,000
Reported HOV Carpool Exempt Trips <sup>2</sup>	375,840	432,278	359,270	399,037	413,410	382,166	403,252	367,462	413,144	391,211	416,808	417,625	4,771,503	4,771,503
Variance From Forecast	(160)	278	270	36,037	50,410	72,166	20,252	24,462	3,144	(1,789)	3,808	3,625	212,503	212,503
Variance - % Change	(0.0%)	0.1%	0.1%	9.9%	13.9%	23.3%	5.3%	7.1%	0.8%	(0.5%)	0.9%	0.9%	4.7%	4.7%
Forecasted Toll and HOV Carpool Trips	1,233,000	1,413,000	1,183,000	1,215,000	1,132,000	1,019,000	1,178,000	1,073,000	1,293,000	1,245,000	1,343,000	1,365,000	14,692,000	14,692,000
Reported Toll and HOV Carpool Trips	1,233,085	1,412,687	1,183,931	1,268,089	1,232,886	1,103,122	1,202,775	1,083,606	1,278,488	1,211,024	1,356,772	1,284,932	14,831,397	14,831,397
Variance From Forecast	85	(313)	931	53,089	100,886	84,122	24,775	10,606	(14,512)	(33,976)	(6,228)	(80,068)	139,397	139,397
Variance - % Change	0.0%	(0.0%)	0.1%	4.4%	8.9%	8.3%	2.1%	1.0%	(1.1%)	(2.7%)	(0.5%)	(5.9%)	0.9%	0.9%



- Notes:**
- 1 Values based on the November 2017 TRFC Forecast.
  - 2 Reported values are based on total monthly trips adjusted for non-revenue and duplicate trips. HOV carpool volumes include operations during toll hours only.
  - 3 Trips by payment method are based on values extracted from the monthly Toll Business Report and are subject to change as transactions are resolved.
  - 4 Payment split percentages provided in the Annual Total column represent forecasted payment splits for FY2018 based on the November 2017 TRFC Forecast.

**Figure 21: FY 2018 I-405 ETLs Reported Toll Revenue Compared to November 2017 Forecast**

GROSS TOLL REVENUE	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Fiscal Year To Date	Annual Total
Forecasted Potential <sup>1</sup>	\$2,091,000	\$2,392,000	\$2,008,000	\$2,077,000	\$1,875,000	\$1,728,000	\$1,939,000	\$1,781,000	\$2,153,000	\$2,077,000	\$2,267,000	\$2,321,000	\$24,709,000	\$24,709,000
Reported Potential <sup>2</sup>	\$1,992,408	\$2,232,968	\$2,075,918	\$2,346,155	\$2,374,505	\$1,670,180	\$2,202,384	\$1,871,920	\$2,079,463	\$1,987,693	\$2,637,916	\$2,682,833	\$26,154,344	\$26,154,344
Variance From Forecast	(\$98,592)	(\$159,032)	\$67,918	\$269,155	\$499,505	(\$57,820)	\$263,384	\$90,920	(\$73,537)	(\$89,307)	\$370,916	\$361,833	\$1,445,344	\$1,445,344
Variance - % Change	(4.7%)	(6.6%)	3.4%	13.0%	26.6%	(3.3%)	13.6%	5.1%	(3.4%)	(4.3%)	16.4%	15.6%	5.8%	5.8%
Forecasted Adjusted <sup>3</sup>	\$1,611,000	\$2,076,000	\$1,744,000	\$1,803,000	\$1,627,000	\$1,499,000	\$1,682,000	\$1,546,000	\$1,869,000	\$1,803,000	\$1,968,000	\$2,218,000	\$21,446,000	\$21,446,000
Reported Adjusted <sup>4</sup>	\$1,342,540	\$1,829,152	\$1,591,765	\$1,757,748	\$3,091,859	\$1,817,380	\$2,077,531	\$1,830,664	\$1,964,239	\$1,824,850	\$2,406,694	\$2,547,326	\$24,081,748	\$24,081,748
Variance From Forecast	(\$268,460)	(\$246,848)	(\$152,235)	(\$45,252)	\$1,464,859	\$318,380	\$395,531	\$284,664	\$95,239	\$21,850	\$438,694	\$329,326	\$2,635,748	\$2,635,748
Variance - % Change	(16.7%)	(11.9%)	(8.7%)	(2.5%)	90.0%	21.2%	23.5%	18.4%	5.1%	1.2%	22.3%	14.8%	12.3%	12.3%



**Notes:**  
 1 Values based on the November 2017 TRFC Forecast.  
 2 Revenue potential values are calculated using the reported adjusted gross toll revenue with adjustments for Pay By Plate fees and Leakage as derived from the ICRS/VPS Report.  
 3 Values based on November 2017 Forecast. The forecasted adjusted gross toll revenue equals the gross toll revenue potential plus adjustments for Pay By Plate fees and less leakage.  
 4 Reported adjusted gross toll revenue corresponds to "Tolling revenue" values reported in WSDOT annual financial statements. Values may change to align with year-end reports.

## Federal Funds Revenue

### Overview

After state funds, the largest source of transportation revenue is federal funds. The Federal Funds forecast contains the formula funds distributed by the Federal Highway Administration (FHWA) to Washington State Department of Transportation for highway purposes. Federal funds reported in this forecast are based on federal fiscal year (FFY) which begins on October 1.

On December 4, 2015, President Obama signed into law a new transportation reauthorization bill, Fixing America's Surface Transportation (FAST) Act, providing a five-year extension of the federal surface transportation programs. The FAST Act provides over \$305 billion of funding for Federal-aid transportation programs for federal fiscal years (FFY) 2016 through 2020. This new multiyear reauthorization bill came after a string of five (5) short-term extensions of the previous transportation reauthorization, Moving Ahead for Progress in the 21st Century (MAP-21). Beginning September 2016 and subsequent federal forecasts are based on the Fixing America's Surface Transportation (FAST) Act.

## FHWA – Highways Forecast

### Apportionment Forecast

- The September 2018 total apportionment forecast for FFY 2018 is \$730.1 million. This 2018 forecast is based on FHWA Notice N 4510.824 FY2018 Supplementary Tables – Apportionments Pursuant to the FAST Act dated March 7, 2018. The current

apportionment of the National Highway Performance Program, Surface Transportation Block Grant Program, Highway Safety Improvement Program, Railway-Highway Crossings Program, Congestion Mitigation and Air Quality Improvement Program, Metropolitan Planning Program, and National Highway Freight Program.

- The September 2018 apportionment forecast for FFY2018 is unchanged from the June 2018 forecast.
- The September 2018 total apportionment forecast for FFY 2019 is \$747.0 million. This forecast is based on FHWA Notice N 4510.827 FY2018 Advanced Notification of Federal Aid Highway Funds to be Apportioned on October 1, 2018, dated June 29, 2018.
- The apportionment forecast for FFY 2020 – FFY 2020 is based on the FAST Act state-by-state program funds distribution tables produced by the Federal Highway Administration (FHWA) dated December 1, 2015. These distribution tables represent FHWA's current interpretation of the FAST Act annual funding levels and program distributions.
- The baseline forecast for FFY 2021 through FFY 2029 will assume an annual growth of federal revenues matching the annual Washington State fuel consumption growth rates. In this February forecast, there were only minor revisions upwards annually in the long-term federal highway funds forecast compared to the last forecast.

### ***Obligation Authority (OA) Forecast***

- Obligation authority (OA) (a.k.a. spending authority or obligation limitation) is the ceiling or total amount of commitments of federal apportionment that can be made within a year. Congress sets this ceiling or limit as part of the federal appropriation bills to control federal expenditures annually.
- The baseline CORE OA for 2018 is \$665.9 million, which is unchanged from the last forecast. This baseline core OA level represents 93.5% of apportionment, which is consistent with the historical Washington State CORE OA distribution.
- TOTAL OA forecast for FFY 2019 and throughout the forecast horizon will be set at 98% of apportionment, which is consistent with historical Washington State OA distributions. The September forecast for total OA in FFY 2019 was lowered from June's forecast by \$1.8 million due to the new apportionment level in this forecast.
- The methodology used to split the OA between the State Programs and the Local Programs was modified in the June 2018 forecast. The two distribution methodology changes are :
  - Allocating the OA associated with the National Highway Freight Program projects based on actual project selection instead of the agreed upon state/local split percentage.
  - Calculating the OA split using the Governors Steering Committee agreed upon state/local split percentages instead of the actual annual state/local split of apportionment which is how previous forecasts were calculated.

### ***Rescission of FAST ACT Funds:***

- The FAST Act includes a \$7.6 billion rescission of unobligated Federal-aid Highway contract authority in FFY 2020. An estimate of Washington's share of the national rescission is \$110 million of unobligated apportionment balances, this is included in the February forecast for FFY 2020, and this estimate has not changed since the last forecast. This estimate is based on FHWA projections, which are updated annually.

**Figure 22: FFY 2017 – FFY2020 FHWA Highways Forecast**

(\$ millions)

September 2018 Federal Highway Forecast	FFY 2017	FFY 2018	FFY 2019	FFY 2020
Total WA Apportionment	\$773.3	\$730.1	\$747.0	\$656.4
Total WA Obligation Authority	\$775.3	\$715.5	\$732.1	\$751.1

**FTA - Public Transportation Federal Funds**

**Overview**

The FAST Act authorized \$11.8 billion in FFY 2016 for public transportation programs, an amount rising to \$12.6 billion in FFY 2020 nationwide. Typically, about 80% of federal public transportation program funding comes from the mass transit account of the highway trust fund and 20% comes from the general fund of the U.S. Treasury.

**Public Transportation Federal Apportionment Funds Forecast**

- The September 2018 Public Transportation federal funds forecast is based on the FAST Act signed into law by President Obama on December 4, 2015 and the 2016 Federal Apportionment Notice of Public Transportation federal funds on the federal registry. The February 2018 apportionment forecast for FFY 2018 is \$18.82 million, based on this notice.
- The forecast for 2019 through 2020 is based on the FAST Act program funds distribution tables produced by the Federal Transit Administration (FTA). A 3-year average of Washington’s proportionate share of the formula program funds is applied to the national totals on the FTA distribution tables for these years. Total federal public transportation formula program funds for FFY 2019 are anticipated to be \$19.2 million and growing to \$19.7 million by FFY 2020.
- The public transportation formula federal program forecast for FFY 2021 – 2029 is grown annually using the Washington State Fuel Consumption forecasted growth rates.

**Figure 23: FFY 2017 – FFY 2020 FTA – Public Transportation Forecast**

(In thousands)

September 2018 FTA – Public Transportation Federal Forecast	FFY 2017	FFY 2018	FFY 2019	FFY 2020
Statewide Planning Program	\$495.0	\$506.3	\$516.0	\$527.0
Enhanced Mobility for Elderly and Persons with Disabilities	\$2,773.5	\$2,828.0	\$2,888.0	\$2,949.0
Nonurbanized Area Formula Program	\$12,847.5	\$13,186.0	\$13,465.0	\$13,751.0
Rural Transit Assistance Program	\$204.7	\$209.0	\$214.0	\$219.0
State Safety Oversight Program	\$559.4	\$532.0	\$544.0	\$555.0
Bus and Bus Facilities Program	\$1,750.0	\$1,562.0	\$1,595.0	\$1,629.0

## FTA – Washington State Ferries (WSF) Federal Funds

Federal assistance to Washington State Ferries (WSF) is provided primarily through the public transportation program administered by the Department of Transportation’s Federal Transit Administration (FTA). The federal public transportation program was authorized from FY2016 through FY2020 as part of the FAST Act.

### WSF Federal Apportionment Funds Forecast

The September 2018 WSF federal funds forecast is based on the FTA - FAST Act fact sheets for both the State of Good Repair Grants (5337) and the Urbanized Area Formula Program Grants (5307) programs. These fact sheets show the annual national total apportionment for these programs for FFY 2016 through FFY 2020. Washington State’s level of apportionment of these programs for FFY 2016 is distributed based on the Puget Sound Regional Council (PSRC) split letter dated June 28, 2016. This letter shows the amount of formula funding received by all eligible recipients including WSF. The FFY 2017 – FFY 2020 WSF formula federal funds forecast is based on maintaining the same proportionate share of the federal total received by Washington State in FFY 2016.

### Washington State Ferries (WSF) Federal Apportionment Funds Forecast

- The September 2018 FTA – WSF forecast for 2017 has been updated to reflect actual distributions to WSF. In FFY 2017, WSF received \$12.9 million in non-discretionary federal funds and another \$10 million in discretionary and allocated programs funds.
- Total federal WSF formula program funds for FFY 2018 are forecasted to be \$12.9 million. This amount is held constant thru 2020. This is a slight revision upward of 5.6% from the last forecast of \$12.2 million per year.
- The long-term WSF formula federal program forecast for FFY 2021 – 2027 will be grown annually using the Washington State Fuel Consumption forecasted growth rates. Total federal public transportation formula program funds are anticipated to grow to \$13.6 million by FFY 2029.

**Figure 24: FFY 2017 – FFY2020 FTA Washington State Ferries Forecast**

(In millions)

September 2018 FTA – Washington State Ferries Federal Forecast	FFY 2017	FFY 2018	FFY 2019	FFY 2020
Urbanized Area Formula Program Grants (5307)	\$6.06	\$6.06	\$6.06	\$6.06
State of Good Repair Grants (5307)	\$6.85	\$6.85	\$6.85	\$6.85
Discretionary and Allocated Programs	\$10.0	\$0.0	\$0.0	\$0.0



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# **Appendix**

Table Related to the September 2018 Forecast

## Impact to Select Transportation Accounts

**Figure 25: 2015 Transportation Revenue Package with the September 2018 Forecast Compared to the September 2015 Forecast**

Transportation Revenue Bill - 2ESSB 5987 & SHB 1480	2015-17		2017-19		2019-21		10-Year Period (2017-2027)	
	Forecast	Chg from	Forecast	Chg from	Forecast	Chg from	Forecast	Chg from
	Sep 18	Sep 15	Sep 18	Sep 15	Sep 18	Sep 15	Sep 18	Sep 15
<i>dollars in millions</i>								
<b>Revenues</b>								
Motor Vehicle Fuel Taxes Increase (7 cents 8/1/15 & 4.9 cents 7/1/16); Handling Loss Elimination and Increase in Off-highway Refunds by 11.9 cents	539.1	6.9	818.2	24.2	839.5	36.8	4,243.1	217.8
Vehicles paying Weight-based Registration Fee (All Trucks)	40.0	5.2	72.3	1.7	81.0	10.6	477.8	35.7
Vehicles paying Freight Project Fee (Trucks >10,000 lbs)	15.5	5.0	38.8	17.7	38.9	17.8	195.6	89.2
Passenger Vehicle Weight Fees	90.8	3.4	187.7	6.4	197.7	10.9	1,323.2	15.9
Intermittent-Use Trailers (\$187.50)	0.0	(7.2)	0.3	(29.6)	0.9	(6.0)	8.3	(49.7)
Plug-in Vehicle Renewal Fee (\$100)	0.2	0.0	0.7	0.3	0.8	0.4	5.1	2.9
Electric/Plug-in Vehicle Renewal Fee (\$50)	0.7	0.1	2.4	1.0	3.7	2.1	33.4	24.7
Title Service Fee \$12 (Vessels)	0.1	(0.0)	0.2	0.1	0.2	0.1	1.1	1.4
Registration Service Fee \$5 (Vessels)	0.4	0.0	0.5	0.2	0.6	0.3	2.9	1.2
Commercial Driver's License (CDL) Fees HIGHWAY SAFETY	1.5	0.1	3.2	(0.6)	3.1	0.4	15.4	0.8
Enhanced Driver's License Fees (EDL/EID) HIGHWAY SAFETY	0.3	(1.7)	6.1	2.2	11.6	7.9	49.6	30.9
DOL Report of Sale Fees	-	-	4.9	(0.3)	4.7	(0.1)	23.7	(0.6)
Studded Tire Fee	0.5	0.3	1.0	0.0	1.0	(0.0)	5.0	(0.2)
<b>Total Revenues</b>	<b>689.3</b>	<b>12.1</b>	<b>1,136.3</b>	<b>23.3</b>	<b>1,183.8</b>	<b>81.3</b>	<b>6,384.1</b>	<b>370.0</b>
<b>Distributions</b>								
Motor Vehicle Fund (108)	33.8	0.0	70.1	(12.2)	77.5	15.6	449.8	65.1
Transportation 2003 Nickel Account (550)	2.9	0.5	5.8	1.0	6.3	1.5	35.3	6.5
Transportation Partnership Account (09H)	6.4	1.2	12.8	2.2	13.8	3.3	77.7	14.4
Connecting Washington Account (NEW)	539.1	6.9	818.2	24.2	839.5	36.9	4,243.1	217.8
Puget Sound Capital Construction Account (099)	-	-	-	-	-	-	-	-
Puget Sound Ferry Operations Account (109)	0.8	0.1	1.5	(0.1)	1.7	0.3	9.3	1.2
Capital Vessel Replacement Account (18J)	0.5	0.0	3.5	0.0	3.5	0.4	17.6	2.2
Multimodal Transportation Account (218)	91.5	3.4	187.8	4.0	197.7	8.2	1,323.3	1.6
Special Category C Account (215)	-	-	-	-	-	-	-	-
License Plate Technology Account (06T)	-	-	0.1	(0.0)	0.1	(0.0)	0.5	(0.0)
DOL Services Account (201)	-	-	0.3	0.0	0.3	0.0	1.5	0.1
WSP Highway Account (081)	12.4	1.5	24.9	1.1	26.9	5.7	151.6	22.7
Highway Safety Fund (106)	1.8	(1.6)	11.0	2.8	16.3	9.4	73.2	37.3
Rural Arterial Trust Account (102)	0.00	0.00	0.06	0.04	0.09	0.07	0.6	0.5
Transportation Improvement Account (144)	0.00	0.00	0.06	0.04	0.09	0.07	0.6	0.5
<b>Total Distributions</b>	<b>689.3</b>	<b>12.1</b>	<b>1,136.3</b>	<b>23.3</b>	<b>1,183.8</b>	<b>81.3</b>	<b>6,384.1</b>	<b>370.0</b>

\* Intermittent-Use trailer fee impact is the gross impact from the new trailer fee not the net impact

In 2015 lawmakers passed 2SSB 5987 which was the new 2015 Transportation Revenue package. The new revenue package has a variety of fee increases with the largest tax increase being from the motor fuel tax increase. The new legislation also authorized various transfers of funds and tax credits.