SR 99 Tunnel Toll Rates Public Hearing

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Senior Financial Analyst
Washington State Transportation Commission

Photo Courtesy WSDOT: Northbound lanes in the SR 99 Tunnel (August 12, 2018)
SR 99 Tunnel Toll Rates
Public Hearing Agenda

1. Review Rate Setting Process & Proposal
2. Public Comment on Proposal
3. Commission Discussion & Action on Proposal
# Tolling Roles & Responsibilities

<table>
<thead>
<tr>
<th>Washington State Legislature</th>
<th>Transportation Commission</th>
<th>Department of Transportation</th>
<th>Office of the State Treasurer (OST)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Responsibility</strong></td>
<td><strong>Set toll rates and related fees</strong></td>
<td><strong>Plan, analyze and construct facilities, collect tolls, build and operate toll collection systems</strong></td>
<td><strong>Conducts all financings for the State of Washington</strong></td>
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<tr>
<td>Establish tolling, designate toll corridors and use of toll revenues</td>
<td></td>
<td></td>
<td><strong>Responsible for the issuance of toll debt</strong></td>
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<tr>
<td><strong>Roles</strong></td>
<td><strong>Set toll rates within funding requirements</strong></td>
<td><strong>Develop toll collection systems and procedures</strong></td>
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<tr>
<td>• Establish legal toll framework</td>
<td>• Set toll exemptions</td>
<td>• Collect tolls</td>
<td></td>
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<tr>
<td>• Authorize tolling in designated corridors</td>
<td>• Establish advisory committees</td>
<td>• Finance improvements</td>
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<tr>
<td>• Approve financing plans</td>
<td></td>
<td>• Operate tolled corridors</td>
<td></td>
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<td>• Enable tolling practices</td>
<td></td>
<td>• Assess financial feasibility of toll projects</td>
<td></td>
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<tr>
<td>• Appropriate toll operation budget</td>
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__WSTC Commission Meeting__

October 16, 2018
Recap of Rulemaking Process

- December 2017 – April 2018
  - Commission selected three Toll Rate Options.

- May – June 2018
  - Public comment period.
  - Public input meetings on Toll Rate Options.

- July – October 2018
  - Commission approved preferred Toll Rate Option on July 17th (Option A).
  - Public comment period.
  - Proposed rule published in WA State Register on September 5th.

➢ Today
  - Public hearing.
  - Commission action on final rule.
SR 99 Tunnel Rate Setting Goals

Set goals consistent with statewide transportation goals and tolling guidelines:

• Meet all required funding and financial obligations.
• Minimize toll rates and diversion.
• Set exemptions and initial peak toll rate hours consistent with like facilities.

Photo Courtesy WSDOT: Northbound lanes in the SR 99 Tunnel, looking south to southern portal (August 12, 2018)
Proposed Toll Rate Options

The Washington State Transportation Commission considered three options in the spring of 2018 for how tolls would change at specific times of day in the future on the SR 99 Tunnel:

*Notes:
- All rates are for 2 axle vehicles with Good to Go! pass. Rates increase per additional axle.
- Exemptions proposed to be consistent with system-wide non-HOV exemptions adopted by WSTC on July 17, 2018.
- Toll rate increases assume $0.05 rounding. This may result in variations of the % increases by time of day.
- Toll rates and increases assume current financial assumptions – reviewed annually.

WSTC Commission Meeting
October 16, 2018
Public Comment Recap on Toll Rate Options

• Over 1,970 email comments.

• About 15 comments from the 3 public input meetings.

• Partner agency input letters
  – City of Seattle
  – Seattle City Council
  – King County Metro
  – Port of Seattle

• Stakeholder presentation feedback
Public Comment: Primary Rate Setting Feedback

- Keep daily rate structure simple.
- Maintain initial toll rates for as long as possible.
- Tolling and/or rate increases should have end date.

Stakeholders: Primary Rate Setting Feedback

- Consider long-term rate escalation tied to cost inflation.
- Set rates by time period that best mitigate diversion.
- Consider lower initial toll rates to address “period of maximum constraint”.

SR 99 Tunnel Rate Setting Feedback
Commission Toll Rate Proposal

**Why Toll Rate Option A:**

- Best addresses funding obligations and financial requirements.
- Limits toll rate increases during initial years.
- Fewest toll rate changes each day.
- Proposed rate increases (escalation) less than projected inflation.

**Good to Go! Toll Rates (2 Axles)**

<table>
<thead>
<tr>
<th>Option A</th>
<th>WEEKDAYS</th>
<th>WEEKENDS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6am - 7am</td>
<td>$1.25</td>
</tr>
<tr>
<td></td>
<td>7am - 9am</td>
<td>$1.50</td>
</tr>
<tr>
<td></td>
<td>9am - 3pm</td>
<td>$1.25</td>
</tr>
<tr>
<td></td>
<td>3pm - 6pm</td>
<td>$2.25</td>
</tr>
<tr>
<td></td>
<td>6pm - 11pm</td>
<td>$1.25</td>
</tr>
<tr>
<td></td>
<td>11pm - 6am</td>
<td>$1.00</td>
</tr>
</tbody>
</table>

**Notes:**

- All rates are for 2 axle vehicles with Good to Go! pass. Drivers without a Good to Go! account will pay an extra $2 per toll.
- Toll rates increase per additional axle.
- Exemptions proposed to be consistent with system-wide non-HOV exemptions adopted by WSTC on July 17, 2018.
- Toll rates and increases assume current financial assumptions – reviewed annually.
Commission Proposal: Initial Toll Rates vs. Projected Traffic

WSTC Commission Meeting
October 16, 2018
• Toll Rate Option A assumes 3 percent* toll rate increases every three years, starting in July 2022, *pending Commission’s annual review.*

• Proposed toll rate increases (escalation) enables lower rates initially, while meeting long-term financial commitments.

*Toll rate increases assume $0.05 rounding. This may result in increases of up to 5% for some times of day.

• **Escalation schedule and rates may change.** For example, the Legislature may assign other costs for payment by SR 99 Tunnel toll revenues, such as tunnel repair & replacement (R&R).
Commission Proposal: Exemptions

• The Commission proposal aligns with system-wide tolling exemptions adopted in July 2018 in which the same non-HOV vehicles are exempt on all tolled facilities.

• SR 99 Tunnel tolling exemptions apply to the following vehicles:
# Toll Option A: Addressing Risks

<table>
<thead>
<tr>
<th>Category</th>
<th>Option A</th>
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</thead>
<tbody>
<tr>
<td><strong>Financial Risks</strong></td>
<td></td>
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<tr>
<td>Meets Minimum Debt Service</td>
<td>• Steady net revenue generally meets or exceeds minimum coverage in all years</td>
</tr>
<tr>
<td>Coverage Requirement</td>
<td></td>
</tr>
<tr>
<td>Fully Funds Toll R&amp;R</td>
<td>• Yes (reserve account)</td>
</tr>
<tr>
<td></td>
<td>• 1.15x minimum sufficiency coverage</td>
</tr>
<tr>
<td>Fully Funds Tunnel R&amp;R*</td>
<td>• No</td>
</tr>
<tr>
<td></td>
<td>• Largest available balance for partial contribution</td>
</tr>
<tr>
<td>Manages for Ongoing Cost</td>
<td>• Sustained increases average 1% per year</td>
</tr>
<tr>
<td>Inflation</td>
<td></td>
</tr>
<tr>
<td><strong>Other Risks</strong></td>
<td></td>
</tr>
<tr>
<td>Public Perception</td>
<td>+ Fewest daily rate changes</td>
</tr>
<tr>
<td></td>
<td>+ Steady escalation</td>
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<tr>
<td></td>
<td>− No end-date for escalation</td>
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</table>

*If Legislature requires SR 99 Tunnel R&R to be paid by SR 99 Tunnel toll revenue in future.*
Discussion / Questions

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