

SR 520 Net Toll Revenue Update

November 2019 Forecast Briefing Presentation

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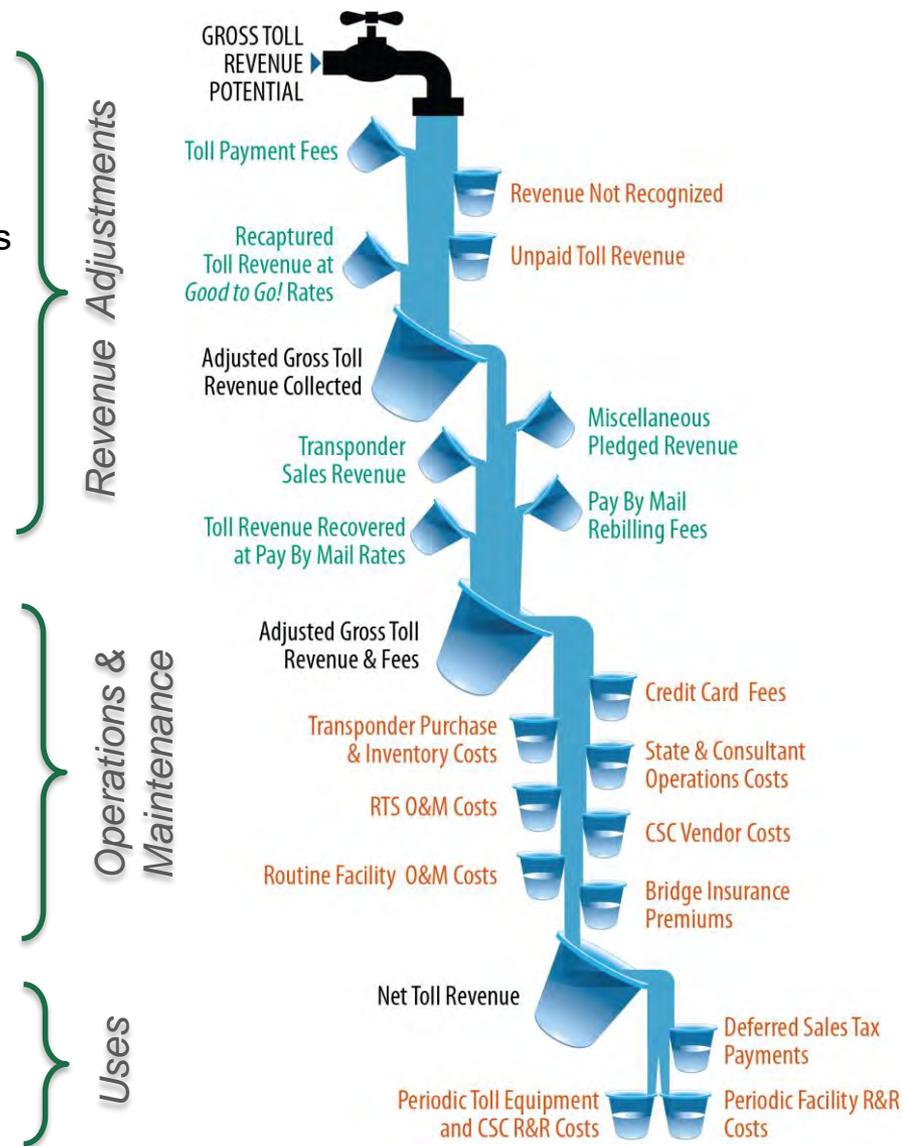
January 14, 2020

Preliminary Rate Setting Observations

- Current SR 520 toll rates appear to meet all requirements
 - All debt service coverage requirements can be met
 - It appears that all financial obligations can be met (sum sufficiency)
 - No apparent need for rate setting action in 2020
 - The refunding of SR 520 triple-pledge bonds will lower debt service costs FY 2021 onward, improving coverage / overall financial picture
- Verification of sufficiency findings forthcoming from OST in February
- November 2019 Net Toll Revenue Projections to be finalized in February
 - Report documentation to follow

SR 520 Net Toll Revenue Components

- **Gross Toll Revenue Potential**
 - + Toll Payment Fees
 - Revenue Not Recognized
 - Unpaid Toll Revenue
 - + Recaptured Toll Revenue at *Good To Go!* Rates
- **Adjusted Gross Toll Revenue Collected**
 - + Miscellaneous Pledged Revenue
 - + Transponder Sales Revenue
 - + Pay By Mail Rebilling Fees
 - + Toll Revenue Recovered at Pay By Mail Rates
- **Adjusted Gross Toll Revenue & Fees**
 - Credit Card Fees
 - Transponder Costs
 - State & Consultant Costs
 - Roadway Toll System O&M Costs
 - CSC Back Office System & Operations Costs
 - Routine Facility O&M Costs
 - Bridge Insurance Premiums
- **Net Toll Revenue**
 - Deferred Sales Tax Payments & Debt Service*
 - Periodic Facility R&R*
 - Periodic Toll Equipment and CSC R&R*

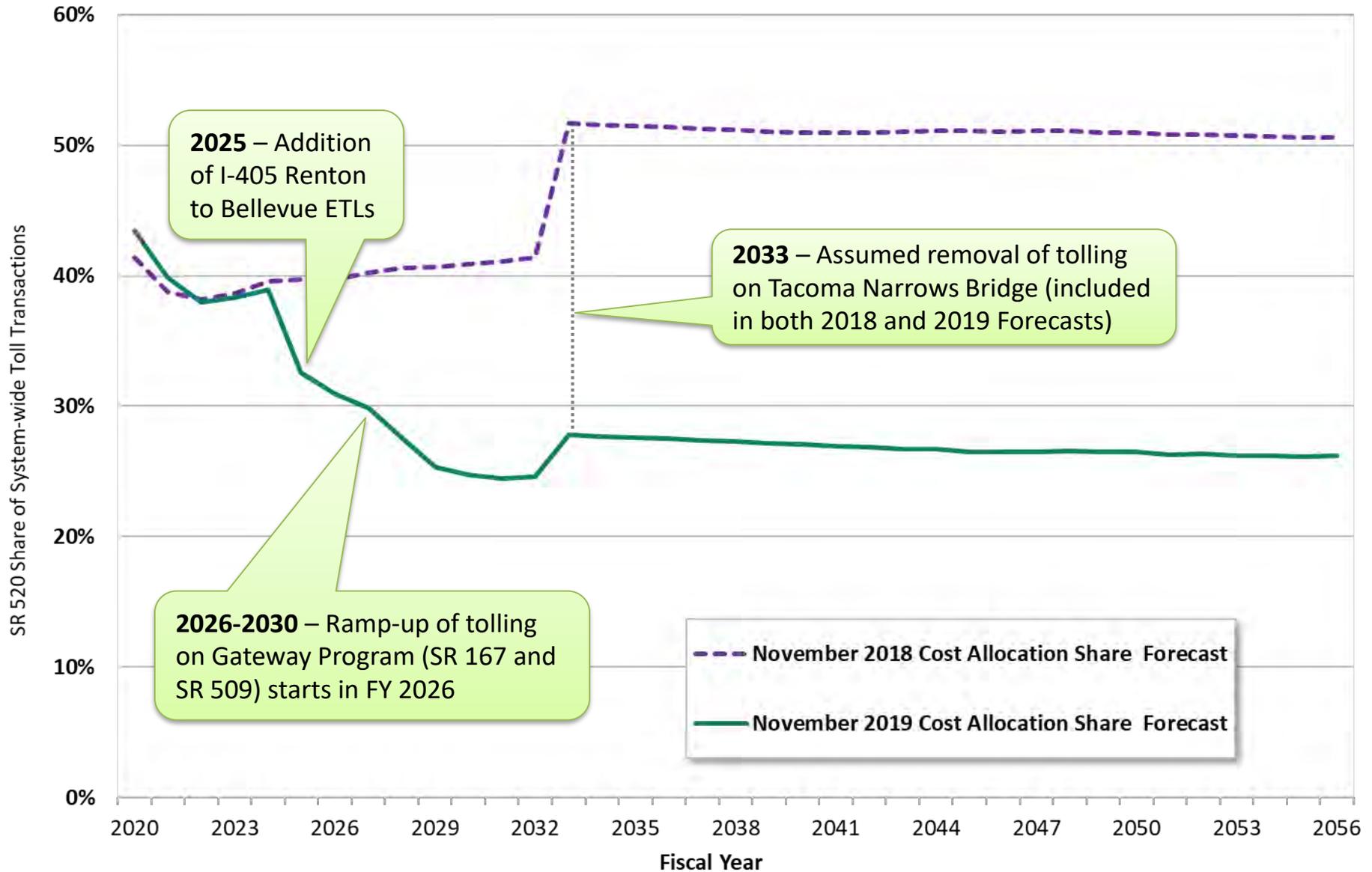


* Only WSDOT forecasted annual uses of net toll revenues are shown; actual uses may be in the form of reserve account annual deposits

Summary of Changes in Stantec's November 2019 Traffic and Gross Toll Revenue Potential Forecasts

- Forecast horizon adjusted to FY 2020 through FY 2056
- Overall, the toll transaction forecast is essentially unchanged
 - Transactions are 0.1% higher over the forecast period vs. prior forecast
 - Larger +/- % changes occur in the current decade due to revisions in the near-term construction schedule and changes in associated construction closures
- The traffic forecasts reflect a shift from Pay By Mail users to *Good To Go!* users, especially Pay By Plate users
 - Reflects recent trends in actual customer payment methods and revisions in how transactions with unreadable plates inform the forecasts by payment type
- Gross toll revenue potential is 0.5% lower over the forecast horizon
 - The shift from Pay By Mail users to lower *Good To Go!* toll rates reduced revenue even though total forecasted toll transactions have not declined

SR 520 Share of System-wide Toll Operating Costs



Summary Forecast Period Net Revenue Comparison

November 2019 vs. November 2018 | FY 2020-56

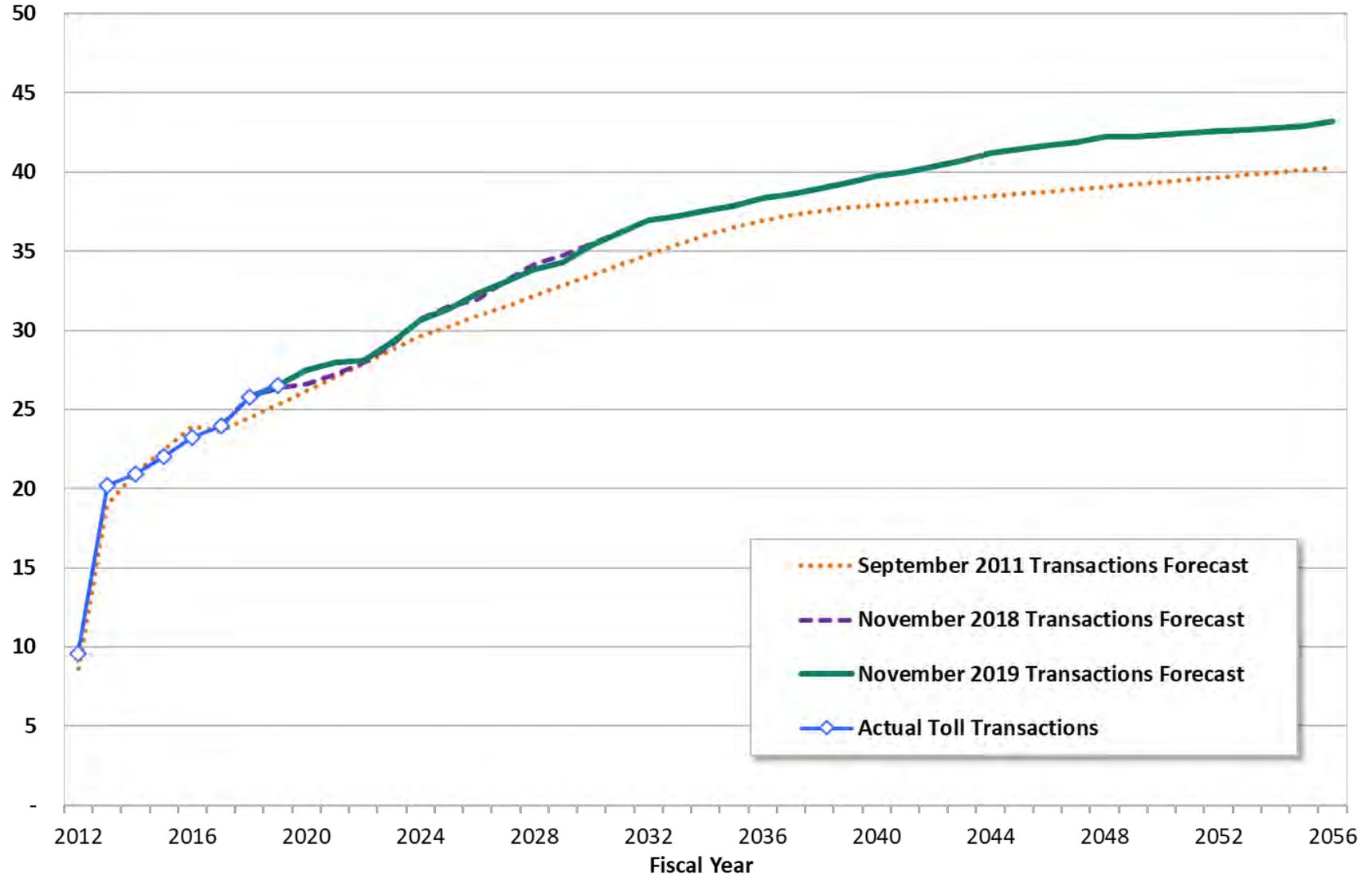
- Gross toll revenue potential is 0.1% lower than previous forecast
- Net toll revenue is 1.5% higher than the previous forecast
 - Miscellaneous revenues increased by +90% due to a higher assumed interest rate on fund balances and the inclusion of payments from the sale of the Aberdeen Pontoon Casting Basin
 - Total O&M costs were slightly higher (+1.1%) and include higher credit card fees and bridge insurance premiums which are largely offset by the benefits of a smaller allocation share of system-wide costs
 - Downstream uses of net toll revenue are not materially different overall, with higher facility R&R costs that are largely offset by lower toll R&R costs (vendor procurement) resulting from SR 520's reduced share of allocated system-wide costs

| Forecast Category | Nov 2018 Forecast (\$ millions) | Nov 2019 Forecast (\$ millions) | Variance (\$ millions) | Variance (%) |
|--|------------------------------------|------------------------------------|---------------------------|-----------------|
| Gross Toll Revenue Potential | 4,810.7 | 4,786.6 | (24.1) | -0.5% |
| Subtotal: Revenue Adjustments | (65.8) | 23.3 | 89.2 | -135.5% |
| Subtotal: O&M Costs | (1,429.3) | (1,444.8) | (15.5) | +1.1% |
| Net Toll Revenue | 3,315.6 | 3,365.2 | 49.6 | +1.5% |
| Subtotal: R&R Costs + Deferred Sales Tax | (560.4) | (590.8) | (30.4) | +5.4% |
| Total after Deferred Sales Tax and R&R | 2,755.2 | 2,774.4 | 19.2 | +0.7% |

Toll Transaction Comparison

History plus Current and Previous Projections | FY 2012-56

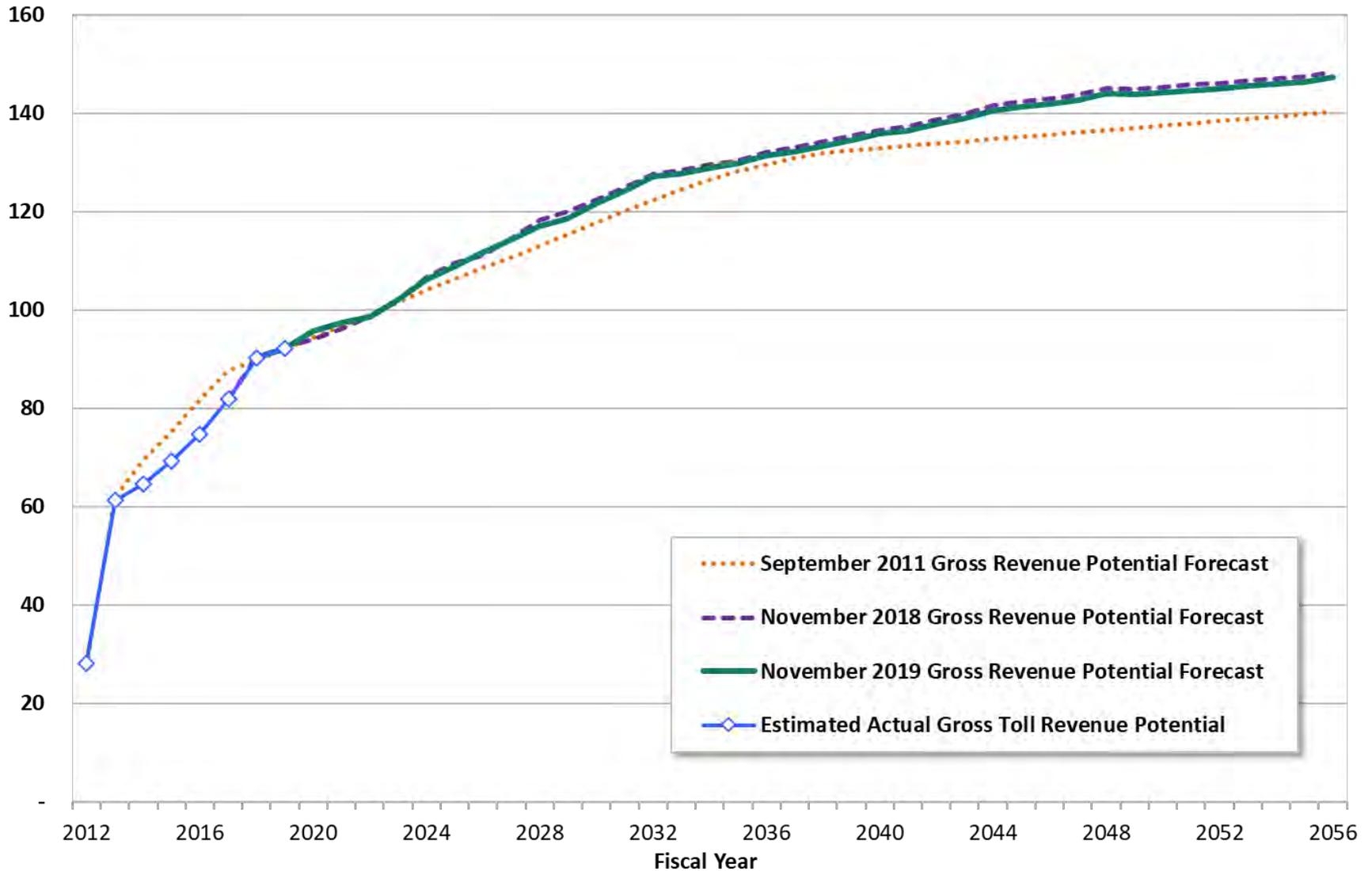
millions



Gross Toll Revenue Potential Comparison

History plus Current and Previous Projections | FY 2012-56

\$ millions



Net Toll Revenue Comparison

History plus Current and Previous Projections | FY 2012-56

\$ millions

