Toll Facilities
Financial Update

Edward Barry P.E.
WSDOT Toll Division Director
Washington State Transportation Commission Meeting
January 19, 2021
Overview

• Interim near-term traffic and revenue forecasts
• Updated cost assumptions
• Interim net revenue projections
• Work plan for supporting the Commission with rate setting
Interim traffic and revenue forecasts primarily based on November 2020 forecast values through FY 2029
  - I-405 North ETLs improvements assumed operational in FY 2028*
  - I-405 South ETLs (Renton to Bellevue) assumed operational in FY 2025
  - Gateway facilities assumed to start Stage 1 toll collection in FY 2026

Cost assumptions are based on following inputs
  - Historical expenditures through October 2020
  - Governor’s budget proposal through FY 2023 (except where noted, e.g., insurance premiums)
  - Bottom-up systemwide and facility specific cost calculations FY 2024 through the end of each facility’s forecast horizon

*Revised for consistency with Governor’s Budget project schedule assumptions
Interim Toll Collection Costs: System-Wide Revisions

Primary cost assumption revisions since November 2019 forecast

• COVID pandemic impacts on both near-term and long-term toll traffic and revenue projections used in cost allocations

Cost increase factors

• Transition to new back office systems and toll operations vendors results in higher near-term system costs

Cost reduction factors

• Cost reduction due to closure of customer service walk-in centers
• 62% lower rent costs with Toll Division staff relocated to WSF building and termination of Goldsmith lease, starting in FY 2022
• State staff furloughs (pay reductions) and freeze on salary increases through FY 2023
Collection Cost Allocation Comparison

- System-wide costs, including state staff, consulting support and toll back office vendors are allocated based on each facility’s share of toll trips.
- Total trips in FY 2021 decreased by 35% in the November 2020 forecast.
Highlights of Other Facility-Specific Cost Revisions

- **SR 520**: Insurance premiums assumed to escalate by 10% per year through FY 2023 (zero growth in Governor’s Budget).

- **SR 99**: Updated facility repair and replacement cost estimates are higher than previous estimates.

- **Tacoma Narrows Bridge**: Deferral of $10 million toll lane system replacement project to next biennium.

- **I-405 & SR 167 ETLs**: Impacts of the potential changes of project completion schedule.
Interim Net Toll Revenue Projections

• The revised cost assumptions will be used to prepare interim net toll revenues through FY 2029 based on November 2020 forecasts
  – Focus will be on SR 520 and SR 99
  – Interim results available in early February

• Forthcoming traffic and revenue forecasts and net toll revenue projections based on an updated travel demand modeling process will provide an appropriate platform for the WSTC’s toll rate setting process
  – Base model results will be ready in late spring 2021
Toll Rate Setting Work Plan Process
Support for the WSTC’s rate setting process for SR 520/SR 99

1. Clarify Net Revenue Targets
2. Prepare Bookend Test Travel Demand Model Runs to Inform Rate Setting
3. Prepare Rate Setting Evaluation Tool
4. Conduct Rate Setting Exercises with Commission
5. Confirm Viability of Commission Proposals
Toll Rate Setting Analysis Schedule
Support for the WSTC’s rate setting process for SR 520/SR 99

- Schedule is largely driven by consultant work plan to conduct full model runs and prepare traffic and revenue forecasts and net revenue projections for two bookend tests
  - Low Bookend Test = existing tolls in updated model
  - High Bookend Test = + X% toll increase (sized to surpass net revenue need)

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<th>DRAFT Consultant Work Plan Schedule</th>
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<td>January</td>
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<tr>
<td>1</td>
<td>Clarify Net Revenue Targets</td>
<td>Confirm Net Revenue Needs</td>
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<tr>
<td>2</td>
<td>Prepare Bookend Test Model Runs to Inform Rate Setting</td>
<td>Model Updates</td>
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<td>3</td>
<td>Prepare Rate Setting Evaluation Tool</td>
<td>Adapt &amp; finalize Rate Setting Tool for SR 520 / SR 99</td>
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<td>Conduct Rate Setting Exercises w/ Commission Subcommittee</td>
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<td>Confirm Viability of Commission Proposals</td>
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Questions?

For additional information, please contact:

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