

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

SR 520 & SR 99 Cost Estimate Interim Analysis Key Assumptions

- 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

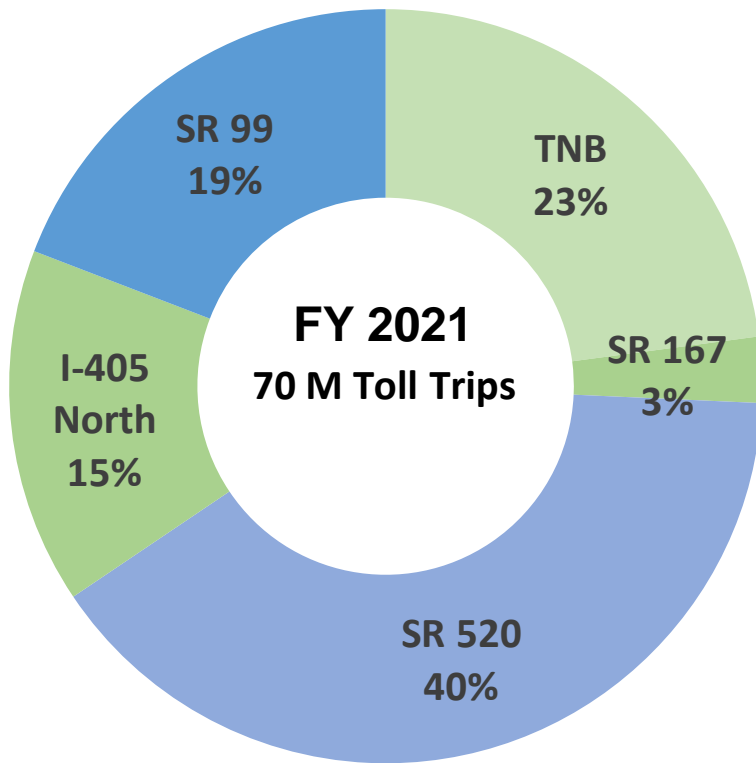
- Transition to new back office systems and toll operations vendors results in higher near-term system costs

Cost reduction factors

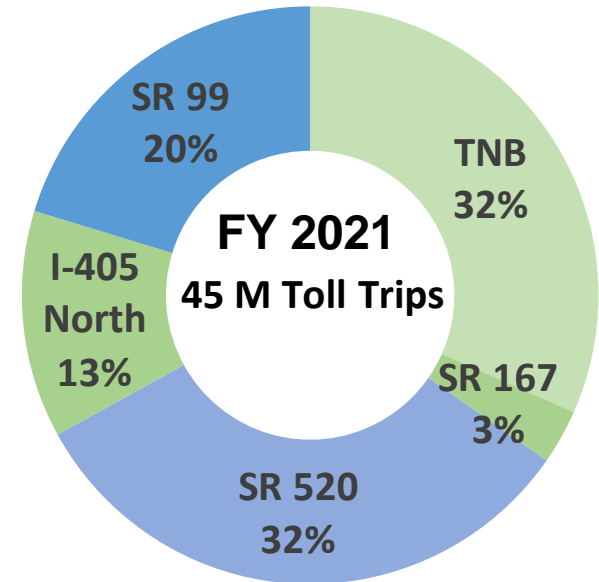
- Cost reduction due to closure of customer service walk-in centers
- 62% lower rent costs with Toll Division staff relocated to WSF building and termination of Goldsmith lease, starting in FY 2022
- State staff furloughs (pay reductions) and freeze on salary increases through FY 2023

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



November 2019 Forecast



November 2020 Forecast

Highlights of Other Facility-Specific Cost Revisions

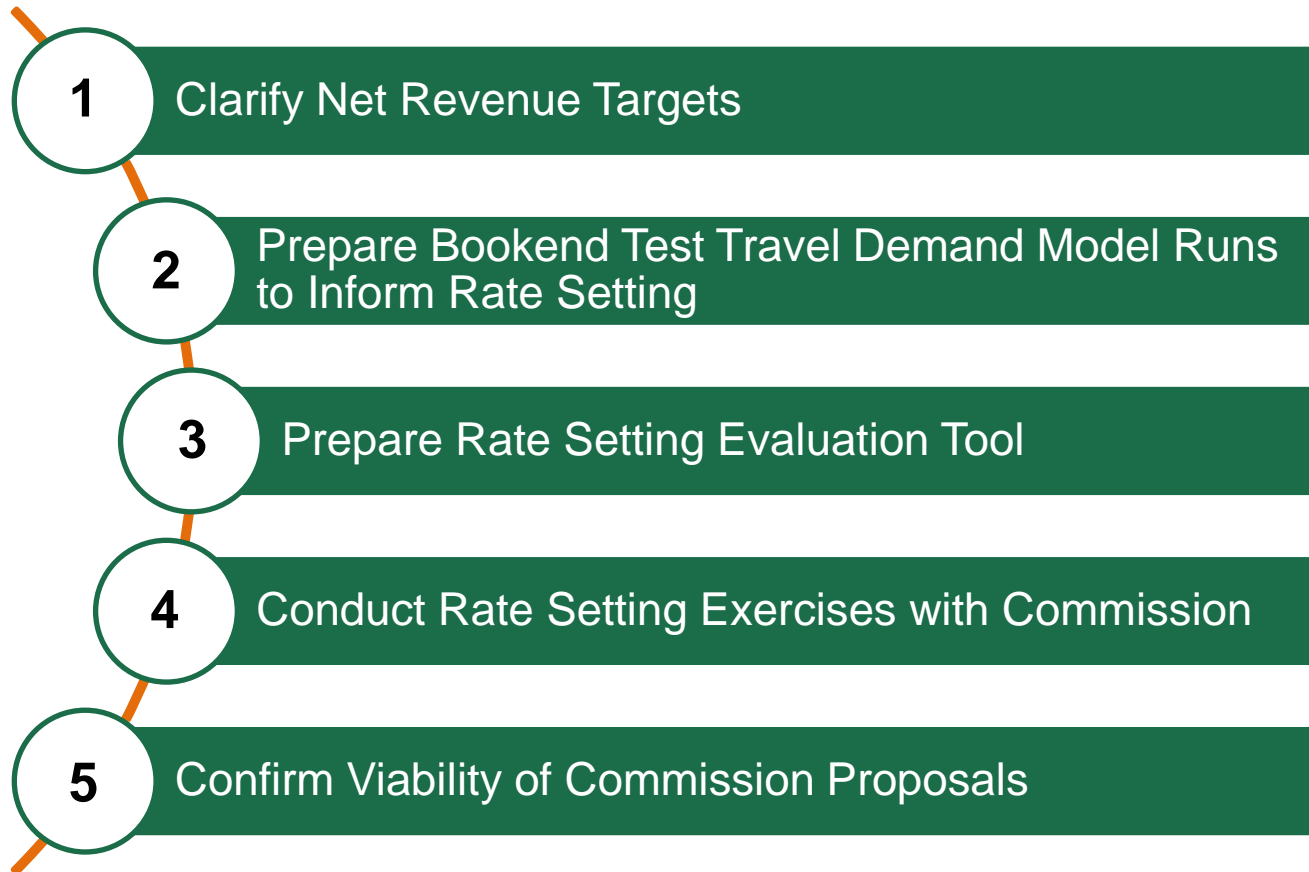
- **SR 520:** Insurance premiums assumed to escalate by 10% per year through FY 2023 (zero growth in Governor's Budget).
- **SR 99:** Updated facility repair and replacement cost estimates are higher than previous estimates.
- **Tacoma Narrows Bridge:** Deferral of \$10 million toll lane system replacement 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



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)

#	Work Item	SR 520 and SR 99 Toll Rate Setting DRAFT Consultant Work Plan Schedule						
		January	February	March	April	May	June	
1	Clarify Net Revenue Targets	Confirm Net Revenue Needs						
2	Prepare Bookend Test Model Runs to Inform Rate Setting	Model Updates	Model Runs	T&R Forecasts	Net Toll Rev & Tables			
3	Prepare Rate Setting Evaluation Tool	Adapt & finalize Rate Setting Tool for SR 520 / SR 99						
4	Conduct Rate Setting Exercises w/ Commission Subcommittee			Subcommittee Workshop #1	Workshop #2	Rate Proposals		
5	Confirm Viability of Commission Proposals				Modeling	T&R	Net Revs & Tables	Confirm Sufficiency

Questions?

For additional information, please contact:

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