



Washington State Transportation Commission

Meeting Summary
May 11, 2021

Day 1: May 11, 2021

Vice-Chair Roy Jennings opened the meeting at 9:00 am with introductions by commission members and staff, an overview of the agenda, and virtual meeting protocols.

Agenda Item 2:

Final Transportation Budget – Update on Tolling and Ferry Appropriations

Presenters:

- Carl See, Deputy Director, Washington State Transportation Commission
- Aaron Halbert, Financial Analyst, Washington State Transportation Commission

Mr. See and Mr. Halbert gave an overview of the 2021-23 Transportation Budget, as passed by the Legislature. Their overview focused on the funding provided for tolled facilities and Washington State Ferries operations and ferry fare revenue expectations.

Mr. See gave an overview of the toll rate setting process and considerations.

Presentations:

[Transportation Budget - Updates](#)
[Toll Rate Setting - Introduction](#)

For more detail on agenda item 2, please refer to the [TVW Meeting Recording](#), starting at 00:05:02, on the progress bar found at the bottom of the screen.

Action: None.

Follow-Up: None at this time.

Agenda Item 3:

SR 520 Bridge Financial Status & Long-Term Outlook

Presenters:

- Brent Baker, Senior Vice President & Managing Director, WSP USA
- Jason Richter, Deputy Treasurer, Washington State Office of the State Treasurer

Mr. Baker and Mr. Richter briefed the Commission on the current financial status of the State Route (SR) 520 bridge, the long-term financial plan, and possible future toll rate adjustments.

From March 2020-2021, traffic and toll revenue for the SR 520 bridge were significantly lower than pre-pandemic forecasts. However, operation and maintenance cost (O&M) remained the same. SR 520 traffic in Fiscal Year (FY) 2022 (*July 1, 2021 – June 30, 2022*) is expected to be 36% lower than pre-pandemic levels, with net revenues estimated to be 70% below expected levels.

Continued pandemic recovery and “new normal” traffic levels pose long-term challenges to meeting financial and legal requirements. The Legislature appropriated federal funds from the American Rescue Plan Act of 2021, to cover O&M costs on the SR 520 bridge in the 2022-23 biennium.

Forecasts indicate there will be a net revenue shortfall in FY 2024, which will necessitate a toll rate increase at that time. The SR 520 bridge bond covenants require the toll authority to establish a financial plan that addresses net revenue needs through the entire life of the debt; therefore, action must be taken in 2021 to demonstrate that the plan addresses all revenue requirements.

There are two possible toll rate increase approaches under consideration which are compliant with and support statutory requirements: 1) a tailored toll rate increase by time period (averages to 15%); or 2) a uniform 15% toll rate increase across all times of day. Discussion on these options will continue at upcoming WSTC meetings.

Presentation:

[State Route 520 Bridge Toll Rate Setting Update](#)

For more detail on agenda item 3, please refer to the [TVW Meeting Recording](#), starting at 00:29:59, on the progress bar found at the bottom of the screen.

Action: None.

Follow-Up: None at this time.

Agenda Item 4:

State Route 99 Tunnel Financial Status & Approaches to Adjusting Toll Rates

Presenters:

- Brent Baker, Senior Vice President & Managing Director, WSP USA
- Jason Richter, Deputy Treasurer, Washington State Office of the State Treasurer

Mr. Baker and Mr. Richter briefed the Commission on the financial status of the SR 99 tunnel and reviewed options and scenarios for toll rate increases. There were four months of initial toll operations for the SR 99 tunnel, before the COVID-19 pandemic sharply reduced traffic volumes and revenues in March 2020.

From March 2020-2021, gross toll revenue was 42% or \$12.2 million below pre-pandemic forecasts. The percentage decrease in net toll revenue is substantially higher, due to largely fixed O&M costs.

In FY 2022, SR 99 tunnel traffic is expected to be 23% lower than pre-pandemic levels, with net revenue estimated to be 59% below expected levels. Continued pandemic recovery and “new normal” traffic levels pose long-term challenges to meeting financial and legal requirements.

There are two possible toll rate increase approaches under consideration which meet the near-term financial obligations: 1) a uniform 15% toll rate increase across all times of day; or 2) a uniform \$0.25 toll rate increase across all times of day.

Presentation:

[State Rate 99 Tunnel Toll Rate Setting Update](#)

For more detail on agenda item 4, please refer to the [TVW Meeting Recording](#), starting at 01:23:11, on the progress bar found at the bottom of the screen.

Action: None.

Follow-Up: None at this time.

Agenda Item 5:

Tacoma Narrows Bridge Financial Status & Toll Rate Adjustment

Presenter:

- Carl See, Deputy Director, Washington State Transportation Commission

Mr. See gave an overview on the financial status of the Tacoma Narrows Bridge (TNB) and reviewed the need for a toll rate increase.

In 2018, the Legislature established intent to provide loans each biennium over the life of the remaining debt repayment (through fiscal year 2030) designed to mitigate the need to raise toll rates on the TNB. When establishing the intent to provide these loans, the Legislature also assumed a toll rate increase of no more than 25 cents to be effective as soon as FY 2022.

Traffic reductions due to the COVID-19 pandemic increased the loan amount needed for the 2021-23 biennium. The Legislature provided the funding to meet this need, therefore allowing capacity to limit the proposed toll increase to 25 cents, as intended.

A full assessment of the financial plan and impacts to the Sufficient Minimum Balance (SMB) will be provided at the Commission’s May meeting.

Presentation:

[State Route 16 Tacoma Narrows Bridge Toll Rate Setting Update](#)

For more detail on agenda item 5, please refer to the [TVW Meeting Recording](#), starting at 02:12:04, on the progress bar found at the bottom of the screen.

Action: None.

Follow-Up: None at this time.

**Agenda Item 6:
Toll Rate Process & Timeline**

Presenters:

- Reema Griffith, Executive Director, Washington State Transportation Commission
- Carl See, Deputy Director, Washington State Transportation Commission

Ms. Griffith and Mr. See gave an overview on the next steps for the rate setting process and schedule. The rate setting timeline for the SR 99 tunnel, SR 520 bridge, and Tacoma Narrows Bridge will follow the same schedule.

The new rates for the SR 99 tunnel and Tacoma Narrows Bridge will be effective on October 1, 2021. The adjustment to the SR 520 bridge financial plan will take effect on October 1, 2021, with the rate changes indicated in the adjusted plan taking effect on July 1, 2023 (Fiscal Year 2024).

The proposed schedule is as follows:

Date	Milestone
May 11 th WSTC Tolling Work Session	Review Toll Rate Proposal Options & Timeline
May 18 WSTC Meeting	As Needed, Update on Toll Rate Proposal Options & Timeline
June 15 WSTC Meeting	Identify Options / Approaches for Public Input <ul style="list-style-type: none"> • <i>Also: Approve Final Low-Income Tolling Study Report</i>
<i>Late June – Mid July</i>	<i>Public Input Period to Inform Final Toll Rate Proposals</i>
July 20 WSTC Meeting	Select Final Proposed Permanent Rates (File CR-102)
<i>Late July – Hearing Date</i>	<i>Public Comment Period on Final Proposed Permanent Toll Rates</i>
On or after August 24	Public Hearing & Adoption for Permanent Toll Rate Proposals (File CR-103P)

October 1	<ul style="list-style-type: none">• SR 520: Adjustment financial plan takes effect• SR 99 and TNB: final toll rates take effect
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Presentation:

[Tolling Rate Setting Process and Timeline](#)

For more detail on agenda item 6, please refer to the [TVW Meeting Recording](#), starting at 02:27:15, on the progress bar found at the bottom of the screen.

Action: None.

Follow-Up: None at this time.

Next meeting: May 18 & 19, 2021