



# WSTC Toll Rate Setting Updates

WSTC Commission Meeting

July 20, 2021

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# Agenda

- Review of toll rate options presented at May and June Commission meetings for SR 99 tunnel, SR 520 bridge, and SR 16 Tacoma Narrows Bridge
- Updates based on additional financial analysis related to each facility
- Results of public input survey conducted from late June through mid-July and summary of related public comments
- Select toll rate options to move forward for the proposed permanent rule for each toll facility, with public hearing to follow on August 24<sup>th</sup>

# Guiding Principles for Toll Rate Setting

State law (*RCW 47.56.830*) requires the following considerations in setting toll rates:

- Fairness and equity in the context of the statewide transportation system
- Avoiding increased traffic diversion to other routes
- Social equity, environmental, and economic issues
- Supporting progress towards the state's greenhouse gas reduction goals



# SR 99 Tunnel

# Toll Rate Setting Requirements: SR 99 Tunnel

State law *(RCW 47.56.850 & RCW 47.56.862)* requires the following:

- Shall set variable schedule of toll rates with intent to:
  - Maintain travel time, speed, and reliability on the facility
  - Generate the necessary revenue to meet funding obligations
- Tolls may vary by multiple factors in support of improved system performance, including:
  - Type of vehicle, time of day, traffic conditions, or other factors
  - System performance includes managing congestion on the facility and minimizing impacts to alternative routes

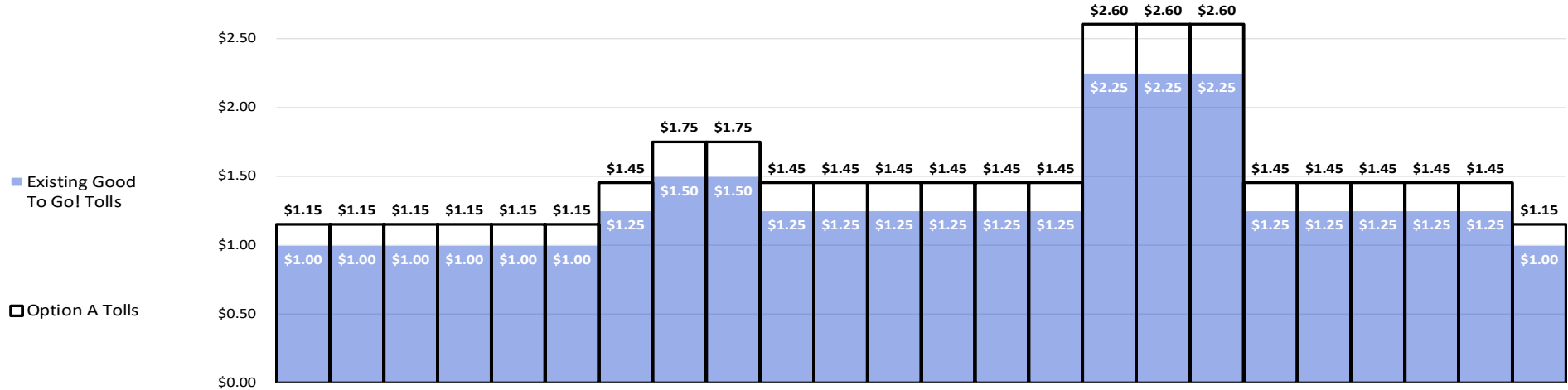
# SR 99 Tunnel Toll Rate Increase Proposals

- **Option A** — uniform **15%** toll increase on October 1, 2021 (FY 2022)
  - Results in rate increases between 15 cents to 35 cents
  - Assumes the planned 3% toll increase on July 1, 2022 (FY 2023) is maintained
- **Option B** — uniform **\$0.25** toll increase on October 1, 2021 (FY 2022)
  - Percentage increase varies by time of day, averages 16% on weekdays
  - Assumes the planned 3% toll increase on July 1, 2022 (FY 2023) is maintained
- Both options would shore up net revenues through FY 2025, after which additional increases will likely be needed
- Both options include an additional \$19 million in MVA loans in the 2019-21 biennium with a deferred loan repayment schedule
  - An accelerated MVA loan repayment schedule would require a higher toll increase in FY 2022

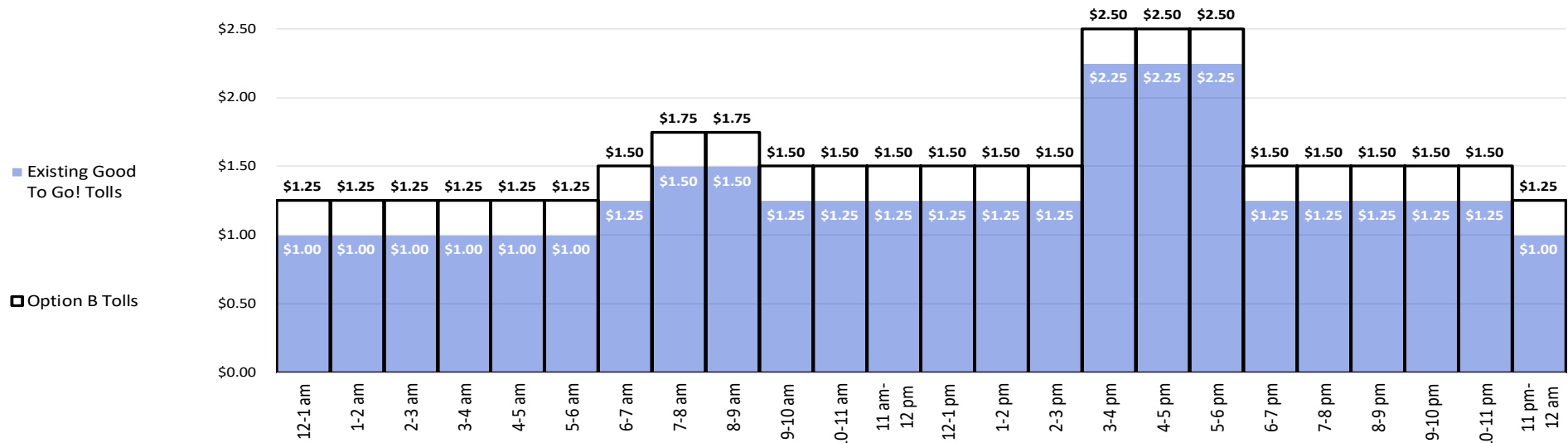
# SR 99 Tunnel: Weekday Toll Rates for Options A and B

*Weekend toll rates same as overnight weekday toll rates*

## Option A Uniform +15%



## Option B Uniform +\$0.25



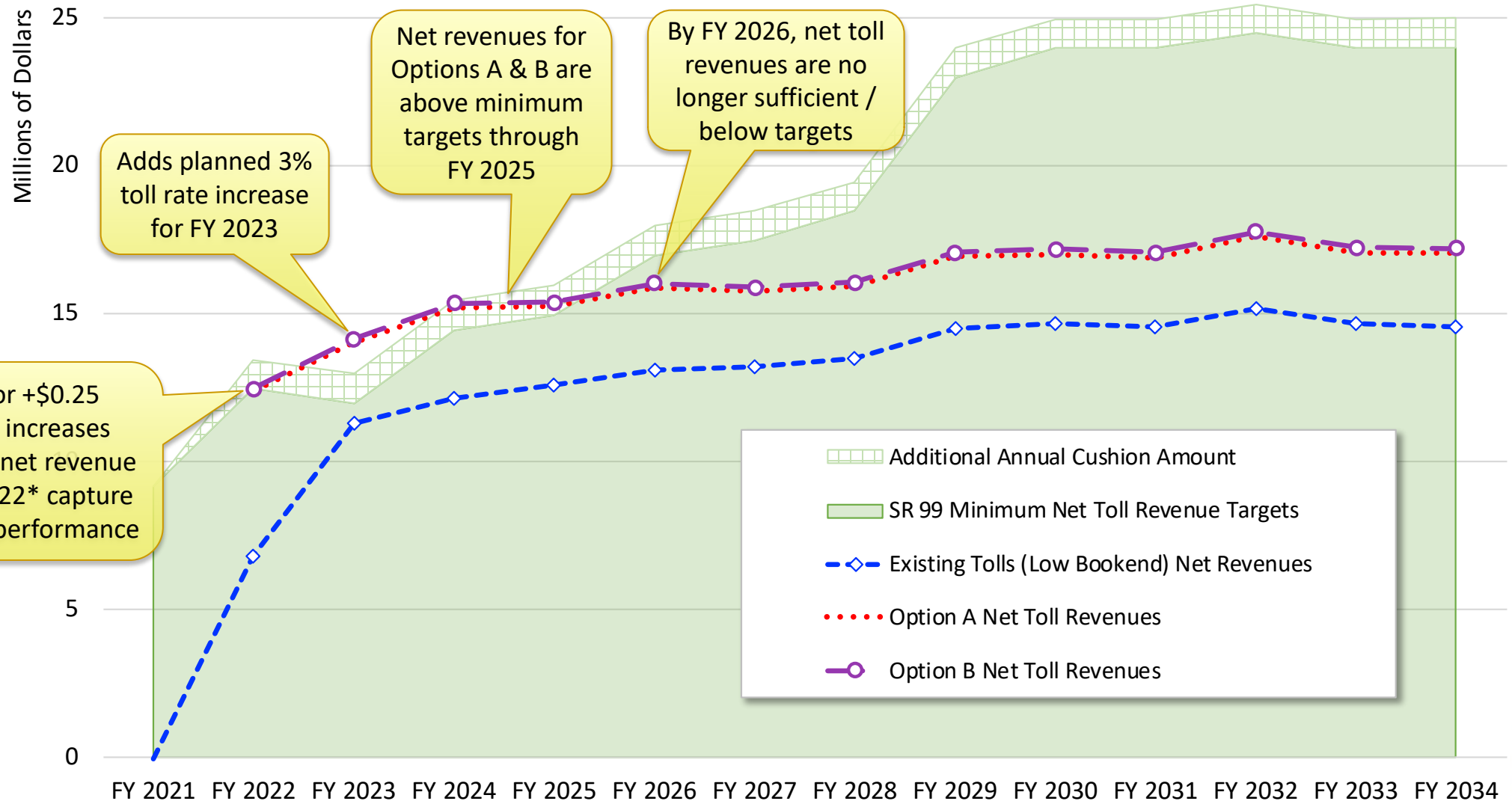
*All toll rates are for 2 axle vehicles with Good to Go! pass*

# SR 99 Tunnel Rate Setting Updates

- WSDOT and Office of the State Treasurer have confirmed the viability of initial rate increase options A and B through FY 2025
  - Assumes the planned 3% toll increase on July 1, 2022 (FY 2023)
- Additional toll rate increases will likely be needed starting in FY 2026



# SR 99 Analysis Results | Toll Rate Options A & B



+15% (Option A) or +\$0.25 (Option B) toll rate increases assumed in FY 2022; net revenue projections for FY 2022\* capture higher recent actual performance

Adds planned 3% toll rate increase for FY 2023

Net revenues for Options A & B are above minimum targets through FY 2025

By FY 2026, net toll revenues are no longer sufficient / below targets

- Additional Annual Cushion Amount
- SR 99 Minimum Net Toll Revenue Targets
- Existing Tolls (Low Bookend) Net Revenues
- Option A Net Toll Revenues
- Option B Net Toll Revenues

\* Net revenue projections exclude MVA loan proceeds



# SR 520 Bridge

# Toll Rate Setting Requirements: SR 520 Bridge

State law *(RCW 47.56.850 & RCW 47.56.870)* requires the following:

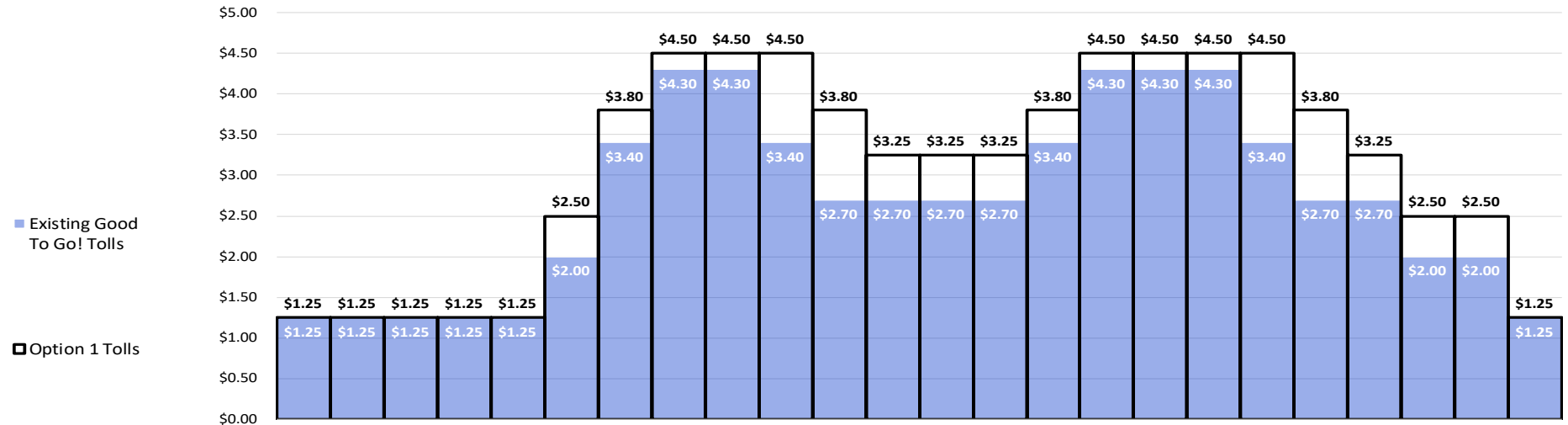
- Shall set variable schedule of toll rates with intent to:
  - Maintain travel time, speed, and reliability on the facility
  - Generate the necessary revenue to meet funding obligations
- Tolls may vary by multiple factors in support of improved system performance, including:
  - Type of vehicle, time of day, traffic conditions, or other factors
  - System performance includes managing congestion on the facility and minimizing impacts to alternative routes

# SR 520 Bridge Toll Rate Increase Proposals

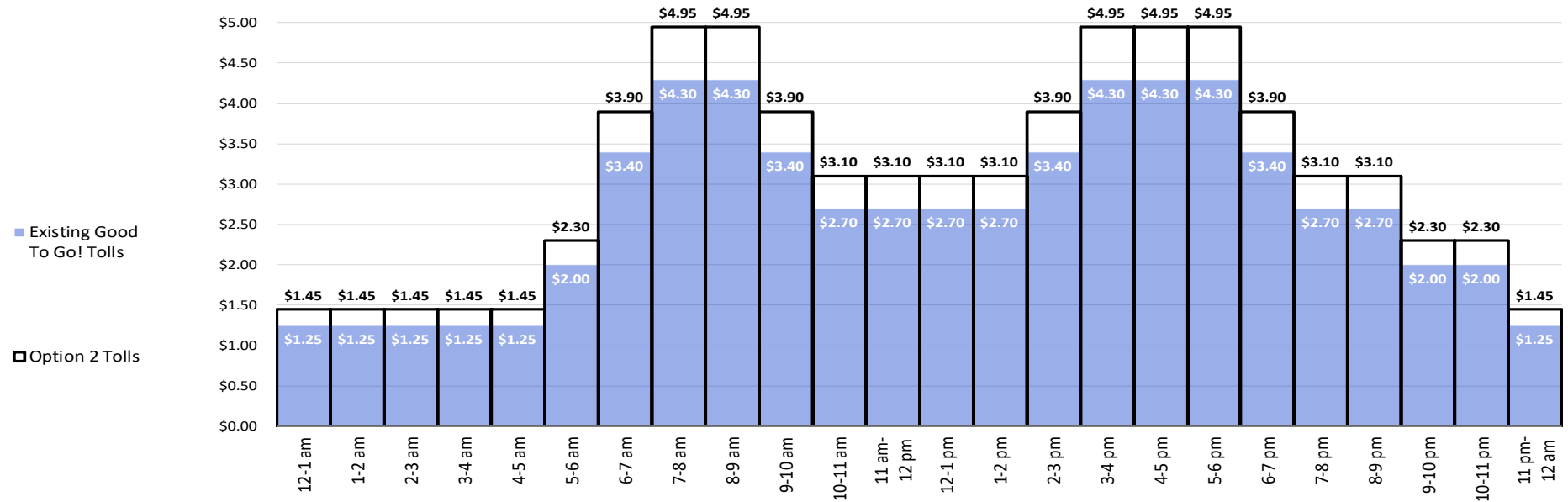
- **Option 1** — tailored increase by time period averaging **15%** on July 1, 2023 (FY 2024)
  - Expands morning and afternoon peak periods by one hour
  - No increase in minimum toll; holds maximum toll increase to +5%
  - Higher midday and evening toll increases
- **Option 2** — uniform **15%** toll increase on July 1, 2023 (FY 2024)
  - Retains current variable toll schedule
  - Maximum toll stays under \$5.00
- Rate increase deferred until July 1, 2023 (FY 2024)
  - Enabled by Legislature's one-time appropriation of up to \$60 million in Federal ARPA funds in the 2021-23 biennium for operations & maintenance
  - Action must be taken this year to demonstrate that SR 520 net toll revenues will be sufficient to meet all forecast horizon financial obligations

# SR 520 Bridge: Weekday Toll Rates for Options 1 and 2

## Option 1: Tailored +15%



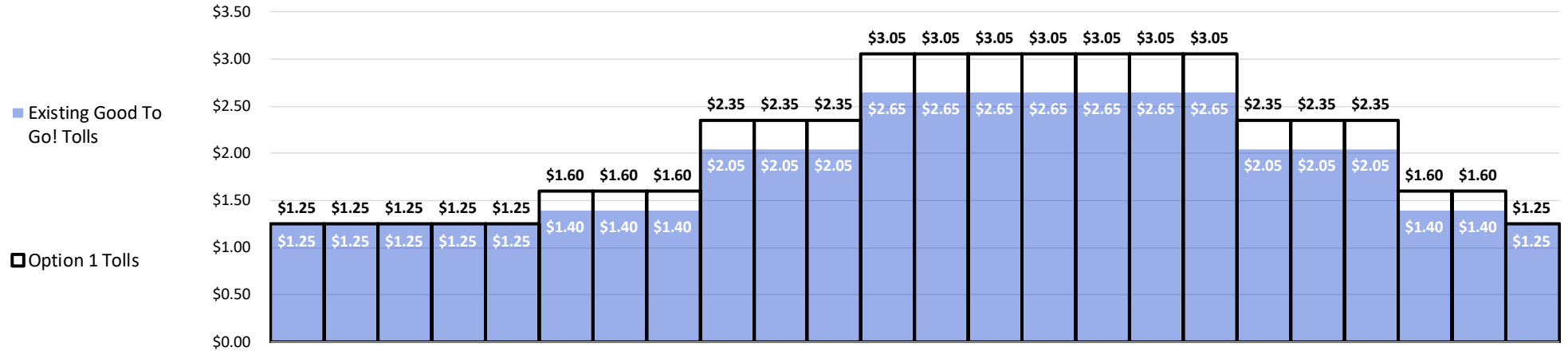
## Option 2 Uniform +15%



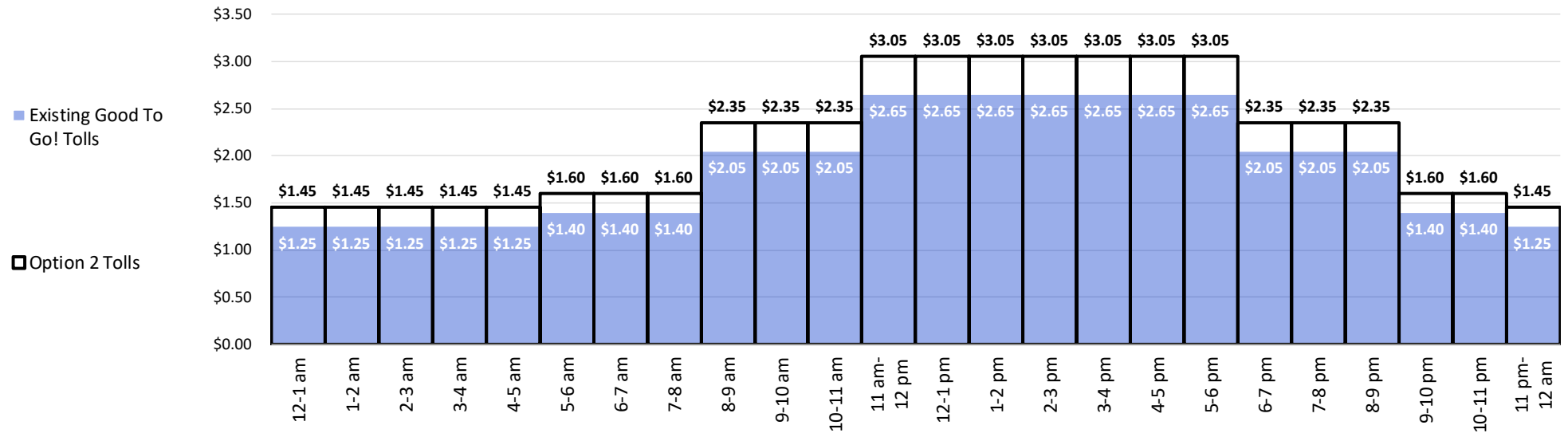
All toll rates are for 2 axle vehicles with Good to Go! pass

# SR 520 Bridge: Weekend Toll Rates for Options 1 and 2

## Option 1: Tailored +15%



## Option 2 Uniform +15%

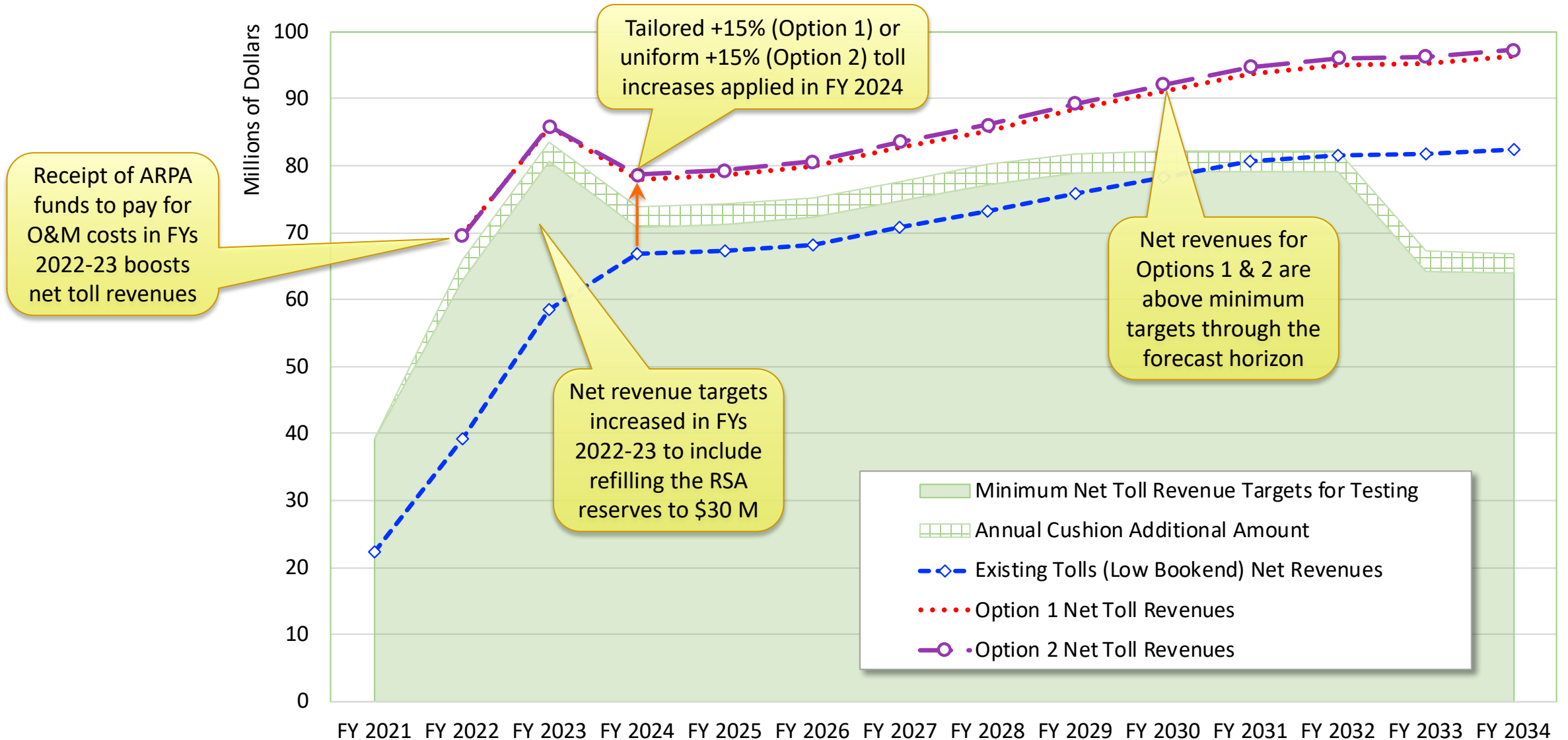


All toll rates are for 2 axle vehicles with Good to Go! pass

# SR 520 Bridge Rate Setting Analysis Updates

- Updates since June Commission Meeting presentation
  - WSDOT and consultants conducted the full analytical process for Options 1 and 2 and shared the net revenue projections with OST
  - OST continues work to confirm the financial sufficiency of net toll revenues across the forecast horizon for both options
  - WSDOT will continue to monitor traffic and revenue performance to assess viability of lower toll increase options, and share with WSTC for further consideration prior to the planned increase for July 1, 2023 (FY 2024)

# SR 520 Analysis Results | Toll Rate Options 1 & 2





A low-angle photograph of the Tacoma Narrows Bridge, showing two large, grey, lattice-structured towers and numerous green suspension cables against a clear blue sky. A blue semi-transparent banner is overlaid on the right side of the image, containing the text 'SR 16 Tacoma Narrows Bridge' in white. The banner has a 3D effect with a shadow on the right side.

# SR 16 Tacoma Narrows Bridge

# Toll Rate Setting Requirements: SR 16 Tacoma Narrows Bridge

State law requires the following (*RCW 47.46.100 & 47.56.240*) :

- Establish tolls that generate revenue necessary to address:
  - Costs of operating and maintaining the bridge
  - Annual debt service costs
- The 2018 Legislature established its intent in law (*RCW 47.46.190*) to mitigate future rate increases by loaning up to \$85 million to the TNB account
  - Countered effects of escalating debt service through the life of bond repayment
  - Will begin to be repaid, along with deferred sales taxes, once bonds are retired
  - Assumes a rate increase of up to 25 cents effective as soon as FY 2022
  - Loans have been appropriated biennially in amounts recommended by the WSTC

# Current and Proposed TNB Toll Rates

- Proposed toll rate increase of 25 cents with effective date of October 1, 2021

	 Pass	Cash Tolls	Pay By Mail
<b>Current Toll Rate</b>	\$5.00	\$6.00	\$7.00
<b>Proposed Toll Rate</b>	\$5.25	\$6.25	\$7.25

*Notes:*

- Good To Go! Pay By Plate transactions pay an additional 25¢ fee over Pass rate*
- Tolls for multi-axle vehicles are a multiple of the passenger car rates (up to six axles)*

# TNB Loan & Subsidy for 2021-23 Biennium

- 2021-23 budget provides total support of \$46 million for the 2021-23 biennium
  - Loan of \$30.3 million for repayment in FY 31-32
  - Subsidy of \$15.7 million from American Rescue Plan funds
- Funding aligns with assumption for 25 cent rate base fare increase in FY 2022
- Estimated funding needs increased as a result of COVID-19 related updates to cost and revenue projections for the 2021-23 biennium

## TNB Loan & Subsidy: 2021-2023 Biennium\*

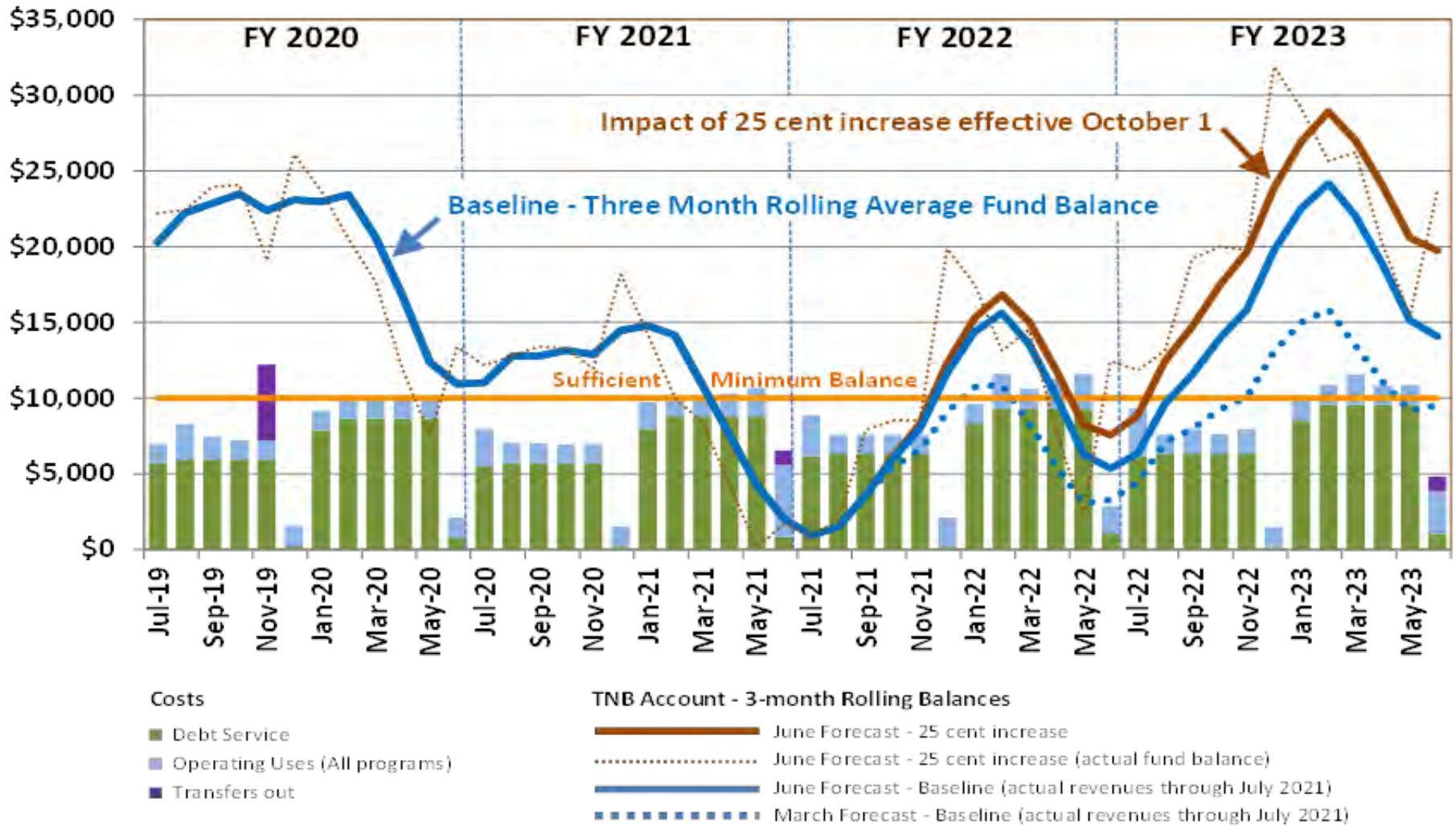
	FY 2022	FY 2023	2021-23 Biennium
2020 TNB Loan Update	\$ 6,138,000	\$ 7, 114,000	\$ 13,252,000
2021 TNB Loan Update	\$ 25,546,000	\$ 13,327,000	\$ 38,873,000
<b>2021-23 Budget</b>	<b>\$23,000,000</b>	<b>\$23,000,000</b>	<b>\$46,000,000</b>

\*Estimates rounded to nearest thousand.

# TNB Sufficient Minimum Balance

- Commission's Sufficient Minimum Balance (SMB) Policy Summary
  - Retrospective 3 month rolling average of the TNB Account fund balance shall not be less than \$10 million
  - Implemented by Commission as means to address unanticipated revenue loss
    - Created in lieu of a reserve subaccount, such as is in place for the SR 520 bridge and SR 99 tunnel accounts
  - The Commission shall take action to identify measures that address a projected shortfall
  - Policy does not require a rate-setting action

# TNB Sufficient Minimum Balance Chart

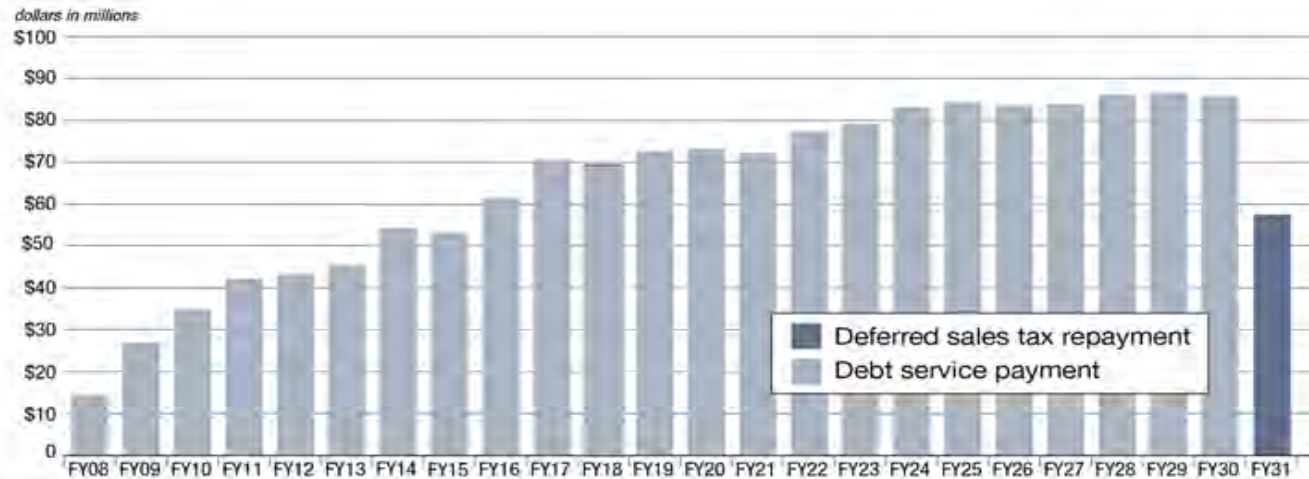


- SMB policy objective is to maintain 3 month rolling fund balance average above \$10 million
- 25 cent increase supports:
  - Positive fund balance throughout FY 2022
  - SMB policy compliance by Aug 2022 (FY 2023)

# TNB Long-Term Financial Status

- Proposed 25 cent toll rate increase supports legislative intent to cap on-going loans for the TNB at \$85 million with repayment beginning in FY 2031 following repayment of debt service and deferred sale tax.

**TNB Debt Service & Deferred Sales Repayment Schedule**



2002 plan toll rate		\$3.00	\$4.00	\$5.00			\$6.00			
Actual Toll Rate	Good To Go!	\$1.75	\$2.75	\$2.75	\$4.00	\$4.25	\$4.50	\$5.00	\$5.25	\$5.25
	Cash	\$3.00	\$4.00	\$4.00	\$5.00	\$5.25	\$5.50	\$6.00	\$6.25	\$6.25
	Pay By Mail	N/A	N/A	\$5.50	\$6.00	\$6.25	\$6.50	\$7.00	\$7.25	\$7.25

Does not include capitalized interest

Source: WSDOT Budget and Financial Division

# Outreach to TNB Citizen Advisory Committee

- Commission notified the TNB Citizen Advisory Committee in writing of the proposed rate increase on May 11, 2021
- In alignment with RCW 47.46.090, the CAC was provided 29 days (*law requires at least 20 days*) to review and comment on the proposed toll rate change, with a due date of June 9, 2021
- Representatives of the CAC provided written and verbal statements opposing an increase of the TNB toll rates



# 2021 Rate Increase Schedule Going Forward

## SR 99 Tunnel, SR 520 Bridge, & Tacoma Narrows Bridge

Date	Milestone
July 20 WSTC Meeting	Select Proposed Rates (File CR-102)
<i>Late July – Mid- August</i>	<i>Public Comment Period on CR-102 Rate Proposal</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"> <li>• SR 520: Adjustment financial plan takes effect</li> <li>• SR 99 and TNB: final toll rates take effect</li> </ul>

# Selection of Options

- WSTC to select one option for each facility to move forward for further public comment.
- Options selected today will be filed with the Washington State Register on July 21<sup>st</sup> (CR-102s).

# Questions?

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