



Washington State  
Transportation Commission



# Final Hearing on Proposed Toll Rate Changes

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

August 24, 2021

# Presentation Overview

- Review of proposed toll rate changes for the SR 99 tunnel, SR 520 bridge, and SR 16 Tacoma Narrows Bridge
- Share updated financial analysis related to each facility
- Review results of public input gathered

# 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 Options Considered

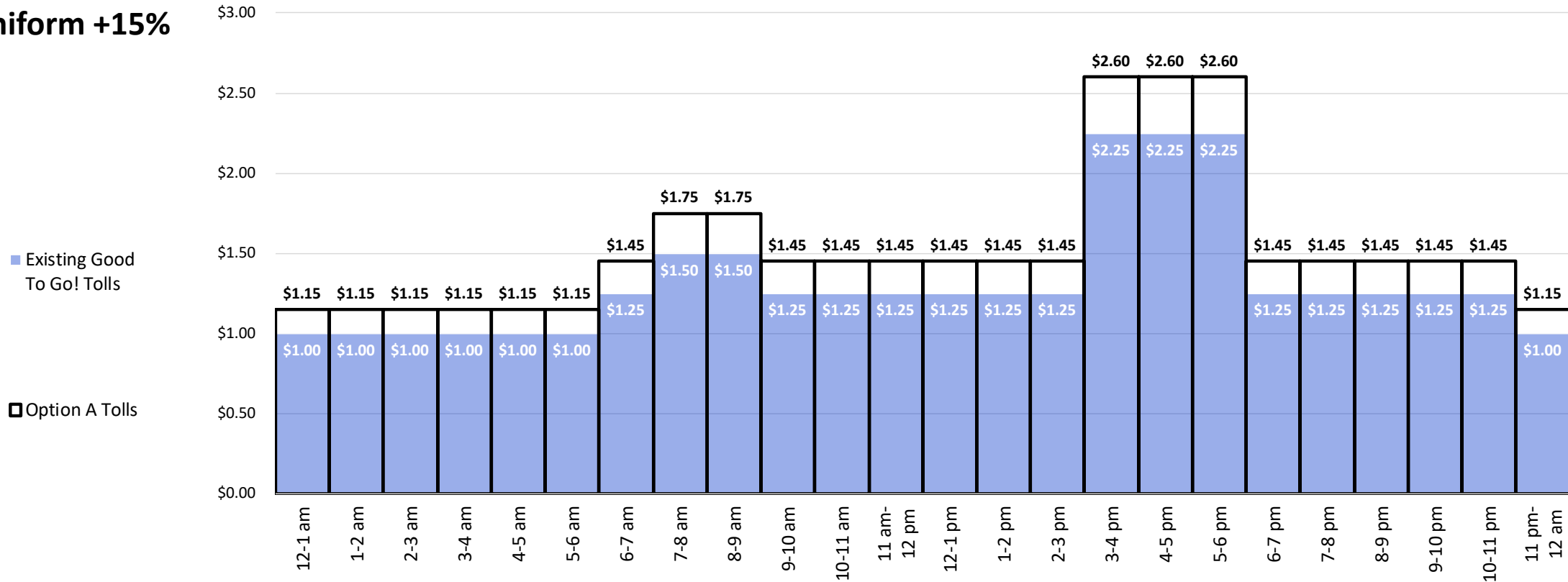
- **Option A** — uniform **15%** toll increase on October 1, 2021 (FY 2022)
  - Results in rate increases between 15 cents and 35 cents
  - Assumes the planned 3% toll increase on July 1, 2022 (FY 2023) is maintained
- **Option B** — uniform **\$0.25** toll increase on October 1, 2021 (FY 2022)
  - Percentage increase varies by time of day, averages 16% on weekdays
  - Assumes the planned 3% toll increase on July 1, 2022 (FY 2023) is maintained

**“OPTION A” was selected as the Commission’s toll rate proposal**

# SR 99 Tunnel: Toll Rates Under Option A

*Weekend toll rates same as overnight weekday toll rates (\$1.15)*

## Option A Uniform +15%



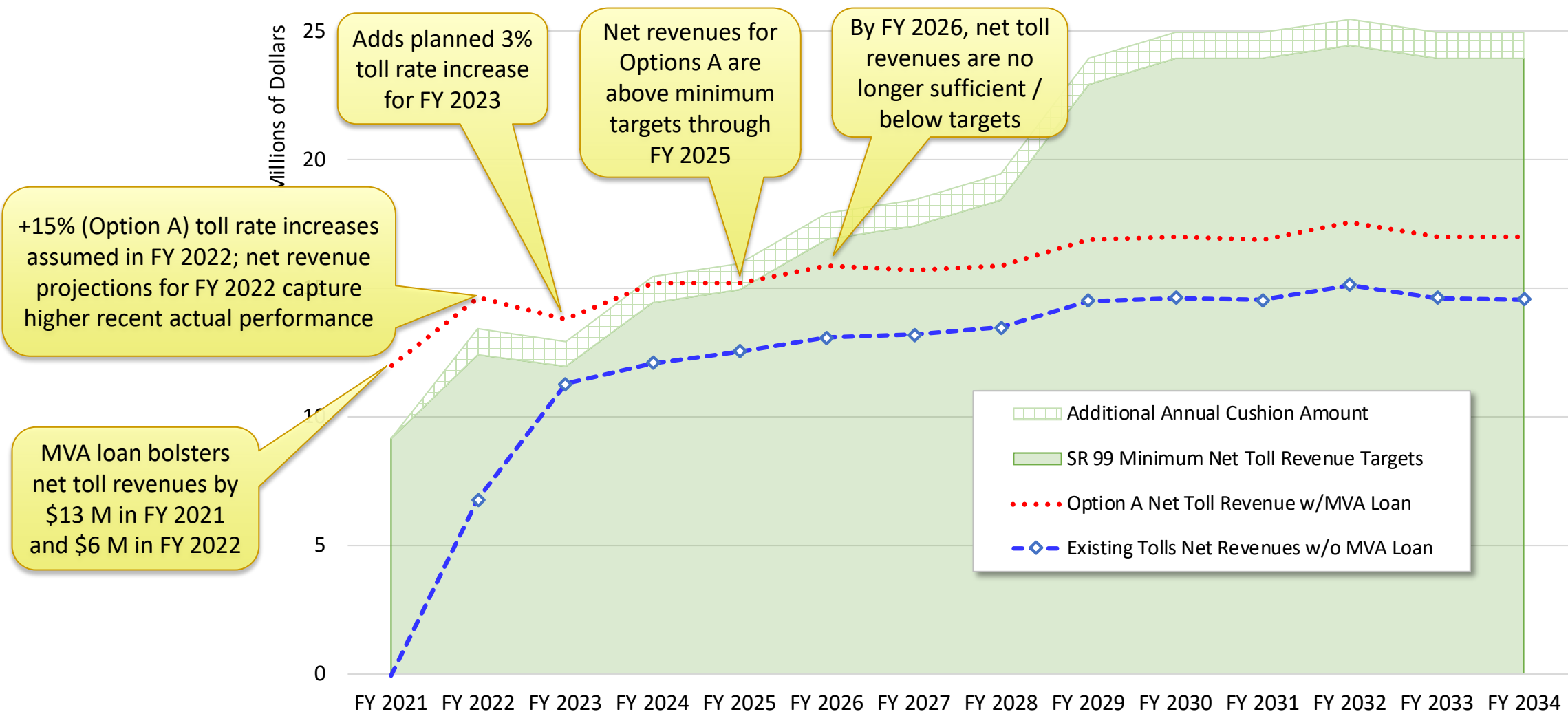
*All toll rates are for 2-axle vehicles with Good to Go! pass  
Weekend rates are \$1.15 all day*

# SR 99 Analysis Results | Toll Rate Option A

- Office of the State Treasurer (OST) verified that projected revenues from Option A are expected to meet financial commitments through FY 2025. Key assumptions include:
  - \$13 million in MVA loans in FY 2021, and \$6 million in FY 2022 with a deferred loan repayment schedule
  - Existing plan for 3% toll rate increase starting on July 1, 2022 (FY 2023)
- Additional toll rate increases will likely be needed starting in FY 2026 to cover all financial obligations including MVA loan repayments and on-going repair and replacement costs



# SR 99 Analysis Results | Toll Rate Option A





# 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 Options Considered

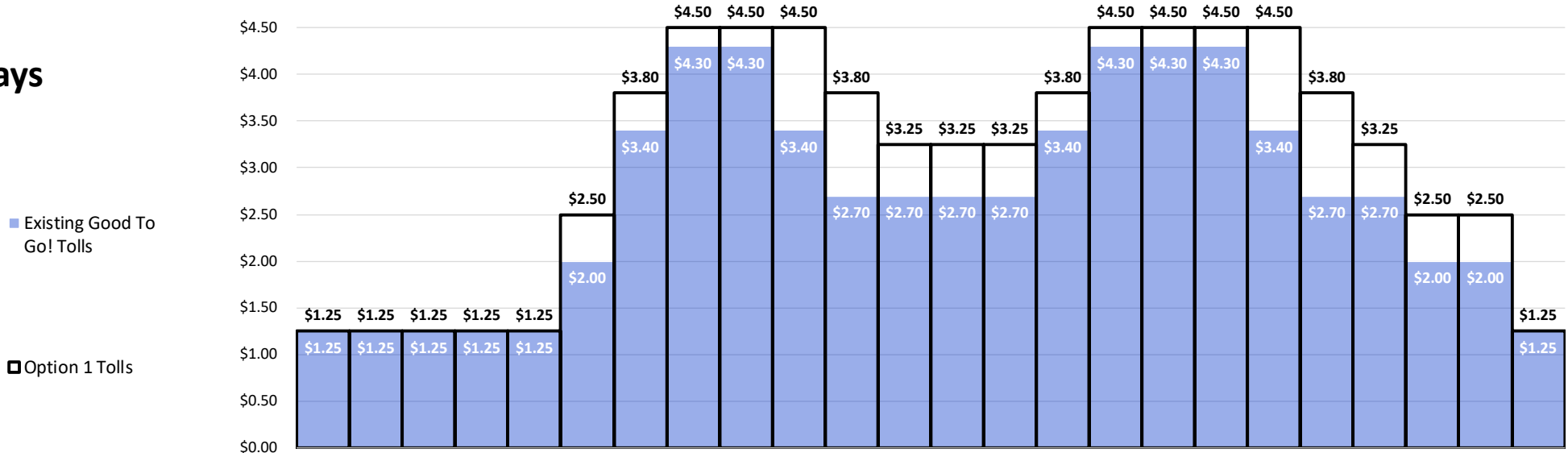
- **Option 1** – tailored increase by time period averaging **15%** overall on July 1, 2023 (FY 2024)
  - Expands morning and afternoon peak periods by one hour
  - No increase in minimum toll; holds maximum toll increase to +5%
  - Higher midday and evening toll increases
- **Option 2** – uniform **15%** toll increase on July 1, 2023 (FY 2024)
  - Retains current variable toll schedule
  - Maximum toll stays under \$5.00

**“OPTION 1” was selected as the Commission’s toll rate proposal**

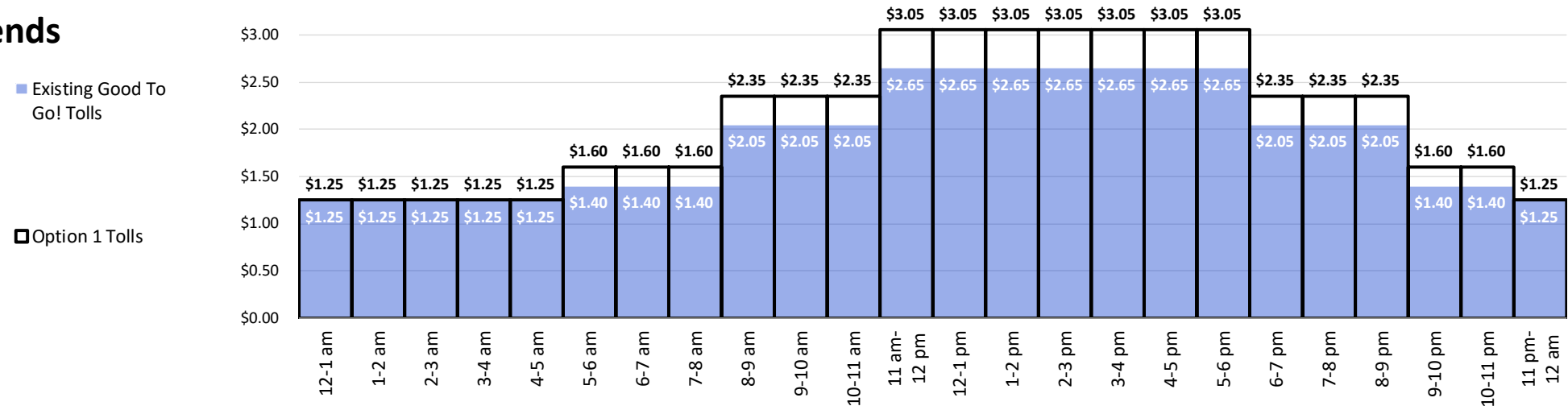
***NOTE:** Rate increase effective date of July 1, 2023 (FY 2024) enabled by Legislature’s one-time appropriation of up to \$60 million in Federal American Rescue Plan Act (ARPA) funds in the 2021-23 biennium for operations & maintenance. Action must be taken this year to demonstrate that SR 520 net toll revenues will be sufficient to meet all financial obligations in each year that debt is outstanding.*

# SR 520 Bridge: Toll Rates Under Option 1

## Option 1: Weekdays Tailored +15%



## Option 1: Weekends Tailored +15%

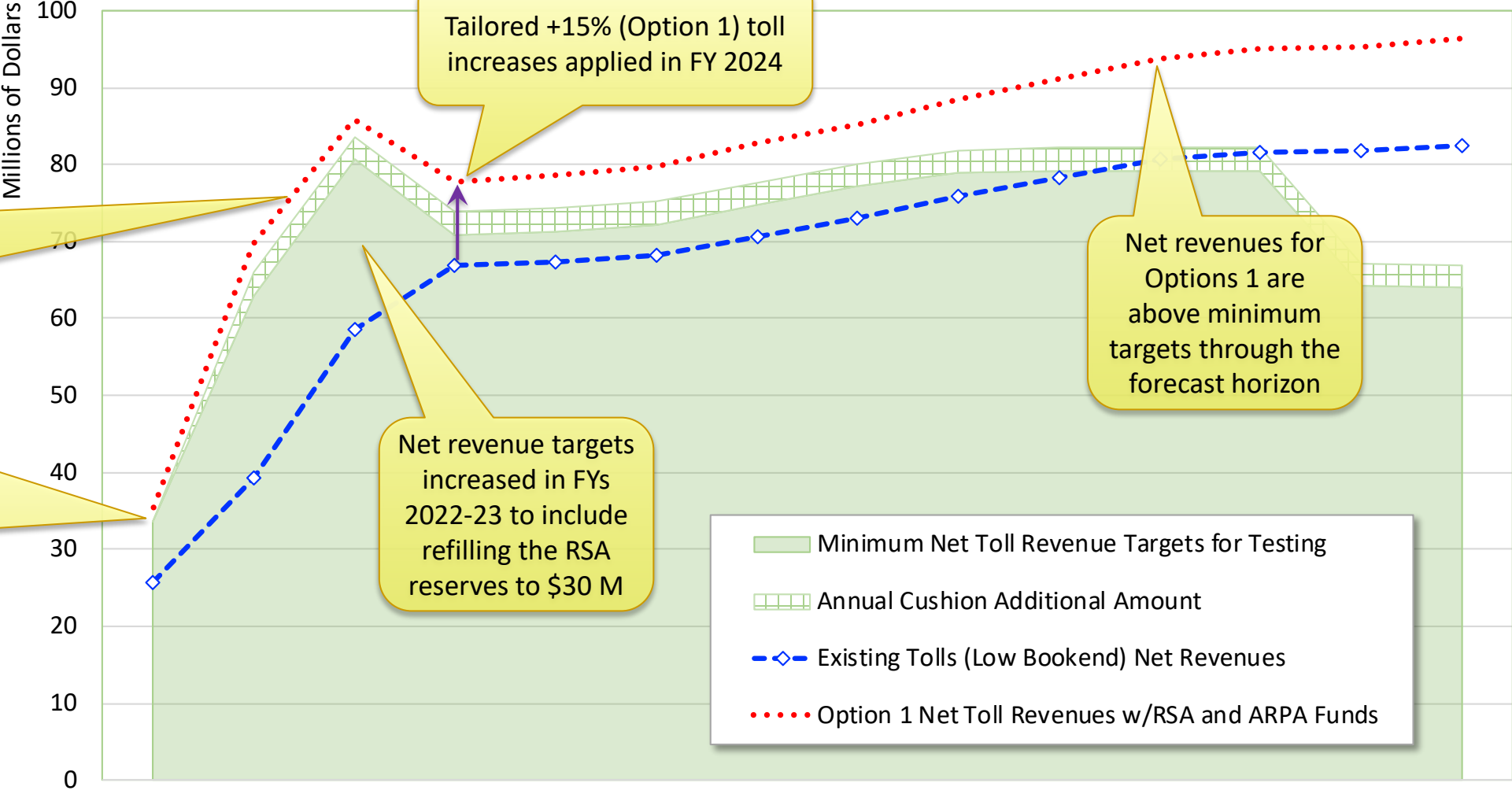


All toll rates are for 2 axle vehicles with Good to Go! pass

# SR 520 Bridge Analysis Results | Option 1

- Office of the State Treasurer has confirmed the financial sufficiency of projected net toll revenues across the forecast horizon
- Will continue to monitor traffic and revenue performance to assess viability of lower toll increase options prior to the planned increase on July 1, 2023 (FY 2024)

# SR 520 Analysis Results | Toll Rate Option 1



Receipt of ARPA funds to pay for O&M costs in FYs 2022-23 boosts net toll revenues

Revenue Stabilization Account (RSA) bolsters net toll revenues by \$9.9 M in FY 2021

Tailored +15% (Option 1) toll increases applied in FY 2024

Net revenue targets increased in FYs 2022-23 to include refilling the RSA reserves to \$30 M

Net revenues for Options 1 are above minimum targets through the forecast horizon

- Minimum Net Toll Revenue Targets for Testing
- Annual Cushion Additional Amount
- Existing Tolls (Low Bookend) Net Revenues
- Option 1 Net Toll Revenues w/RSA and ARPA Funds

FY 2021 FY 2022 FY 2023 FY 2024 FY 2025 FY 2026 FY 2027 FY 2028 FY 2029 FY 2030 FY 2031 FY 2032 FY 2033 FY 2034

A low-angle photograph of the Tacoma Narrows Bridge towers against a clear blue sky. The towers are steel structures with a lattice-like top section. Numerous suspension cables are visible, extending from the towers down towards the bridge deck. A street light is visible in the lower left foreground.

# 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

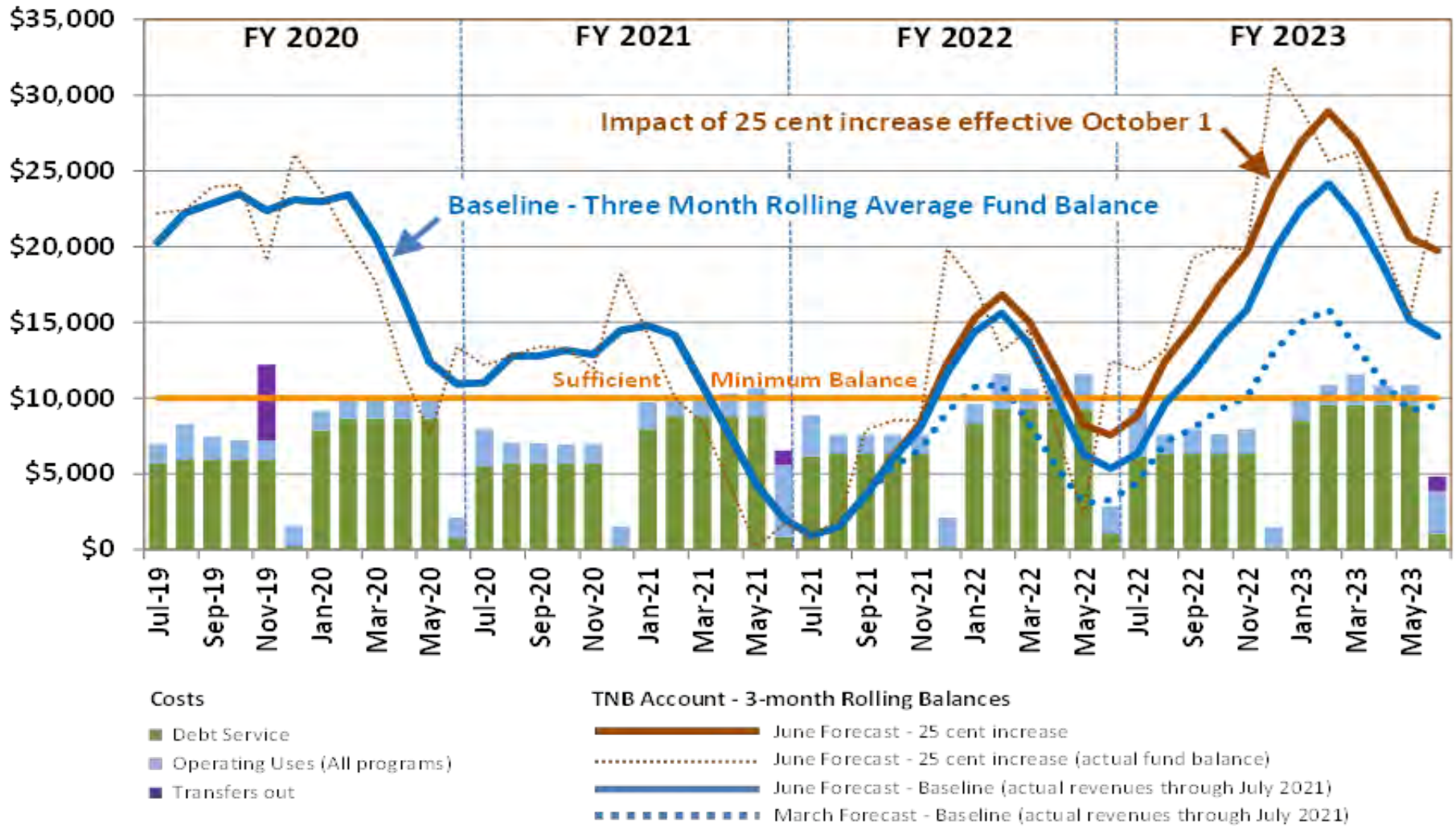
- 2021-23 budget provides total support of \$46 million for the 2021-23 biennium
  - Loan of \$30.3 million for repayment in FY 31-32
  - Subsidy of \$15.7 million from American Rescue Plan funds
- Funding aligns with assumption for 25 cent rate base fare increase in FY 2022
- Estimated funding needs 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 Chart

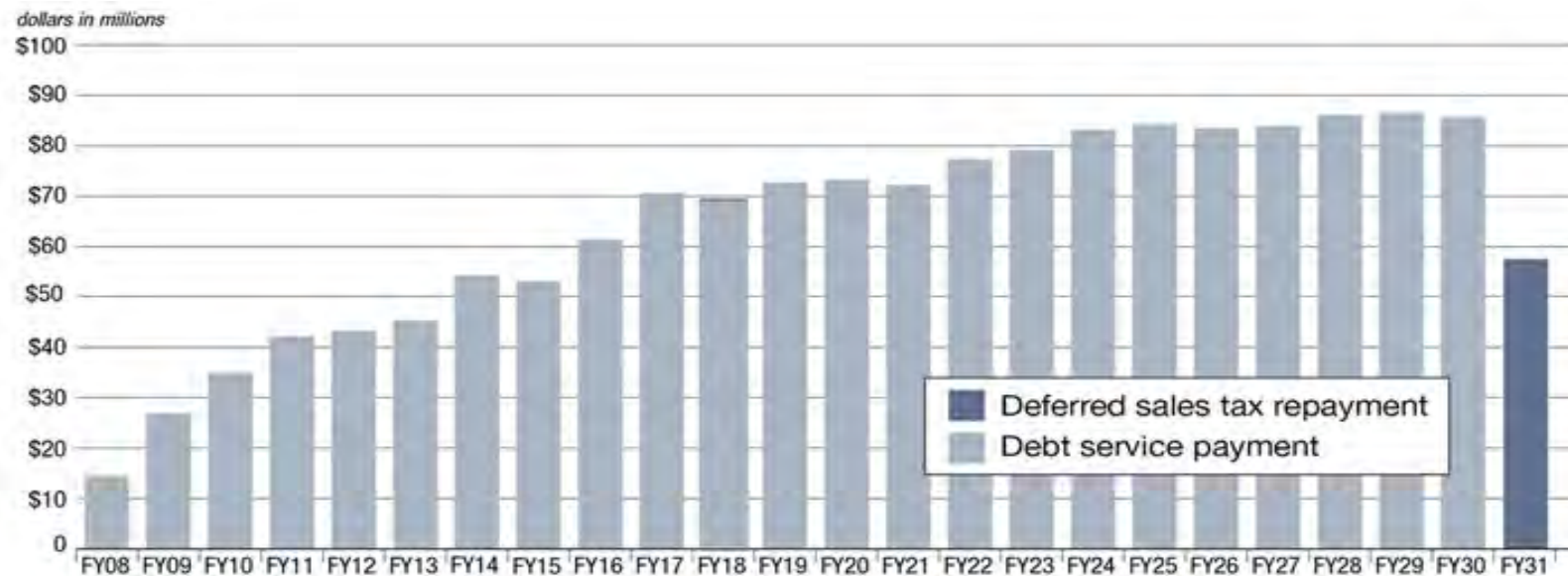


- SMB policy objective is to maintain 3 month rolling fund balance average above \$10 million
- 25 cent increase supports:
  - Positive fund balance throughout FY 2022
  - SMB policy compliance by Aug 2022 (FY 2023)

# TNB Long-Term Financial Status

- Proposed 25 cent toll rate increase projected to generate over \$31 million more in toll revenues than without the increase over the remaining term of debt service repayment (through FY 2030)
  - Supports legislative intent to cap on-going TNB loans at \$85 million

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



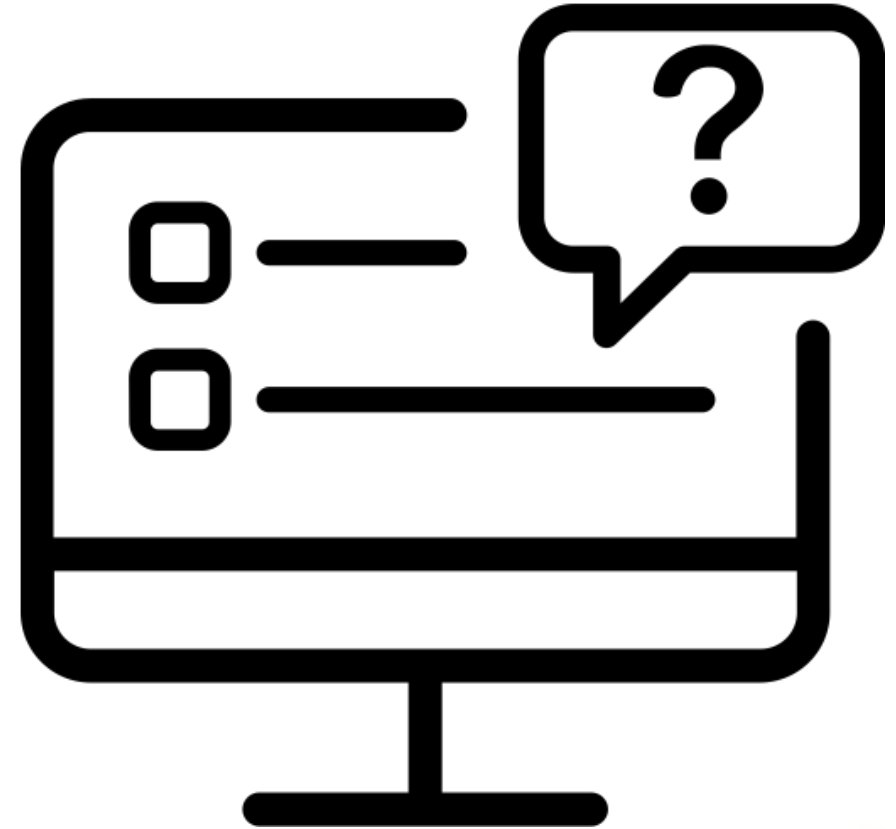
# Outreach to TNB Citizen Advisory Committee

- 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

**NOTE:** *The TNB CAC is required in law to have nine members, but currently only has two members. Therefore, the CAC does not have a quorum - five members are needed to achieve a quorum.*

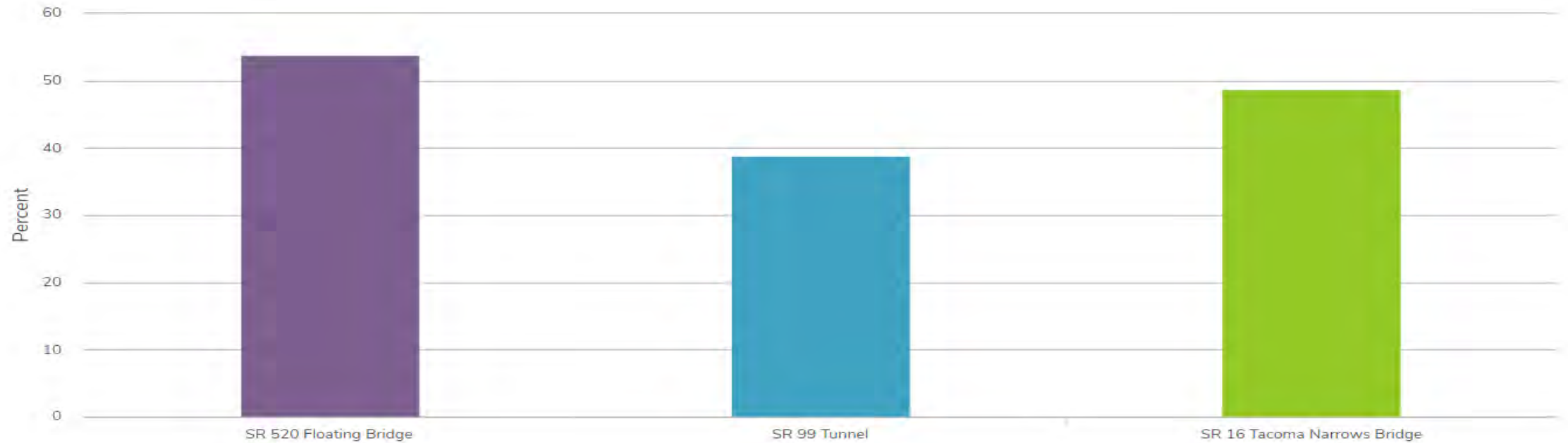
# 2021 Toll Rate Setting Online Public Input Forum

- The online public input forum was open from June 25, 2021 - July 14, 2021
- **26,276 people participated** in the forum providing **37,122 total responses** to the toll rate option questions for the SR 99 tunnel, the SR 520 bridge, and the Tacoma Narrows Bridge
- How Survey Was Accessed:
  - 78% accessed via hyperlink (likely from *Good To Go!* Account holders)
  - 15% directly accessed webpage



# Three Facilities – Response Count

Question: Which of the following toll rate change options would you like to comment on? (*Choose one or more*)

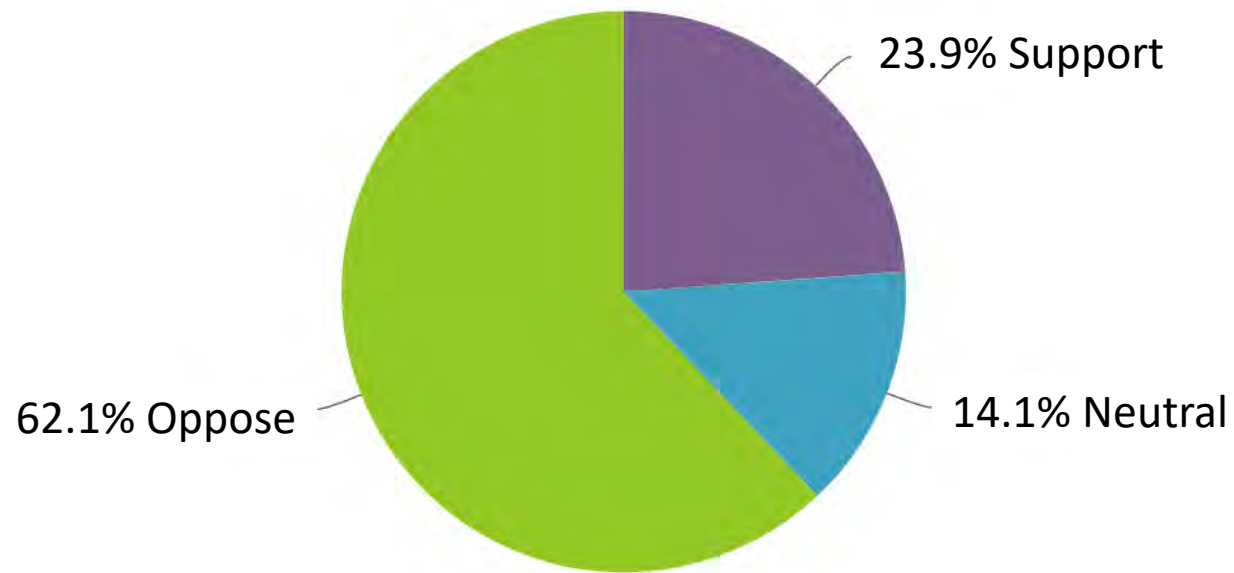





Value		Percent	Responses
SR 520 Floating Bridge		53.9%	14,159
SR 99 Tunnel		38.9%	10,201
SR 16 Tacoma Narrows Bridge		48.7%	12,796



# SR 99 Tunnel Toll Rate Option A - Preferences

*Option A — uniform 15% toll increase on October 1, 2021 (FY 2022)*

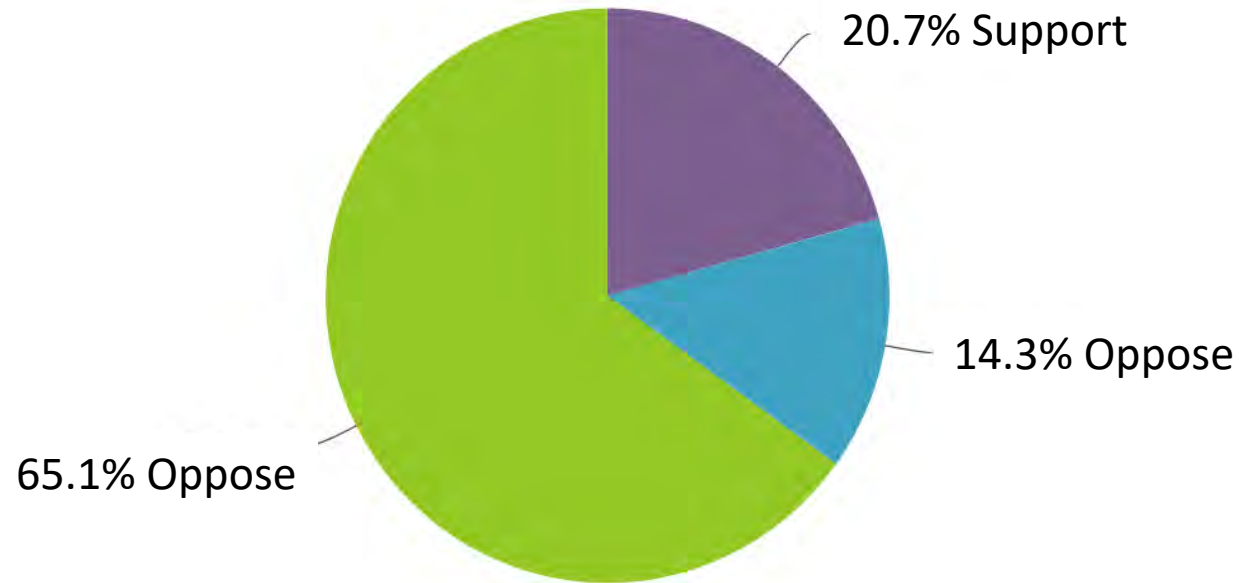


Value		Percent	Responses
Support		23.9%	2,344
Neutral		14.1%	1,382
Oppose		62.1%	6,094

Totals: 9,820

# SR 99 Tunnel Toll Rate Option B - Preferences

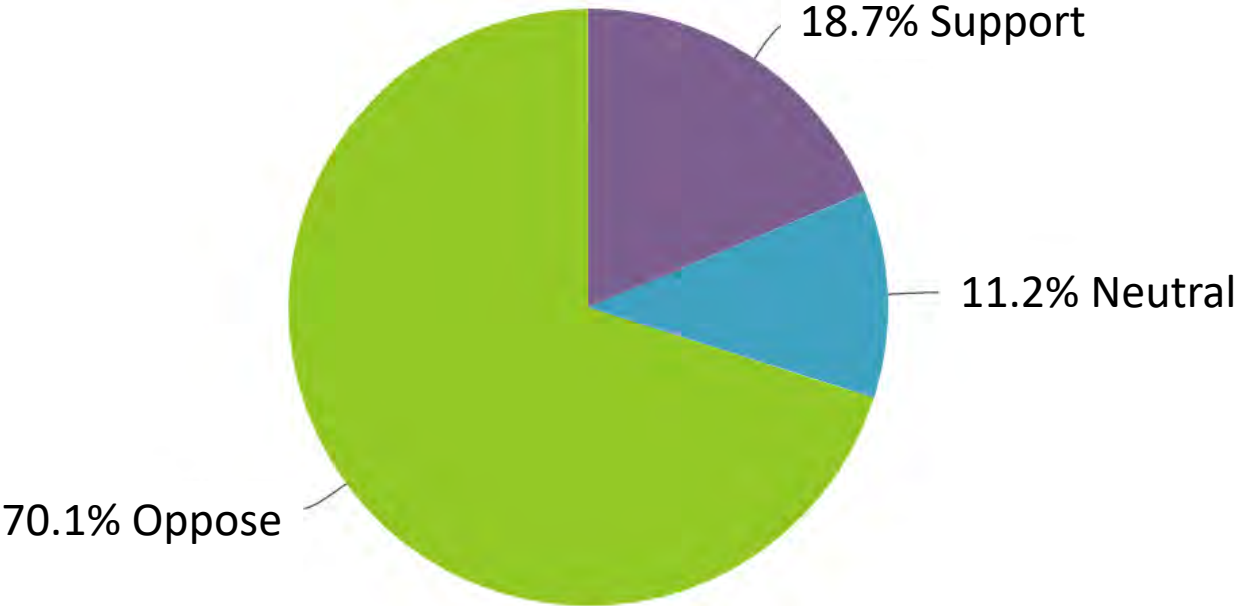
*Option B — uniform \$0.25 toll increase on October 1, 2021 (FY 2022)*



Value	Percent	Responses
Support	20.7%	2,020
Neutral	14.3%	1,396
Oppose	65.1%	6,364
		Totals: 9,780

# SR 520 Bridge Toll Rate Option 1 - Preferences

*Option 1 – tailored increase by time period averaging 15% overall on July 1, 2023 (FY 2024)*

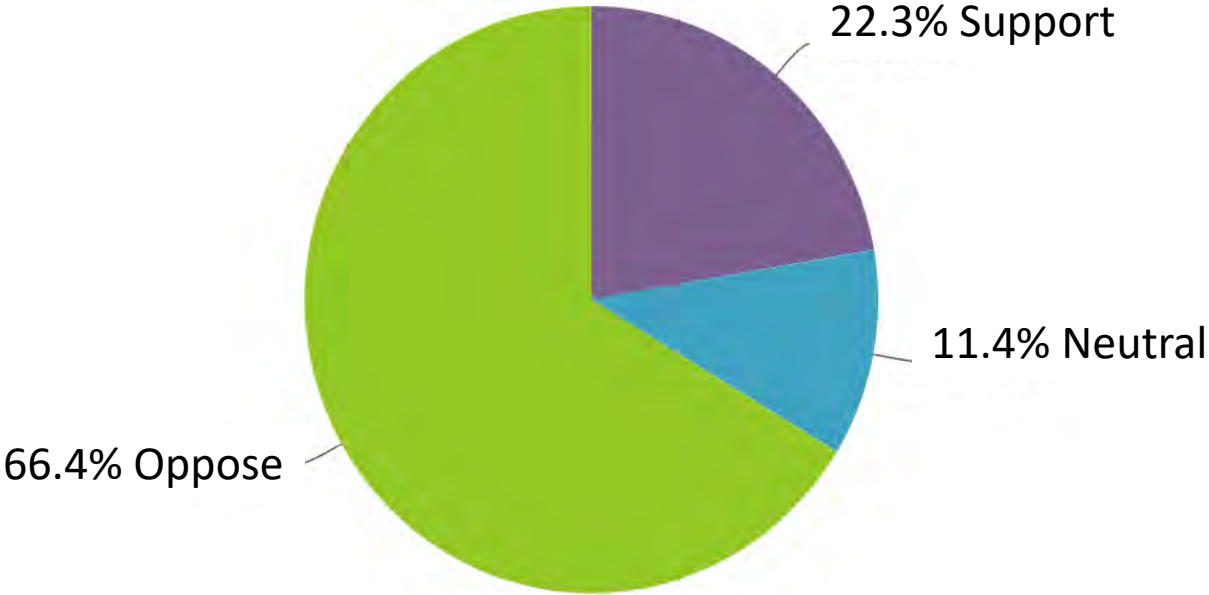


Value	Percent	Responses
Support	18.7%	2,558
Neutral	11.2%	1,524
Oppose	70.1%	9,576

Totals: 13,658

# SR 520 Bridge Toll Rate Option 2 - Preferences

*Option 2 – uniform 15% toll increase on July 1, 2023 (FY 2024)*

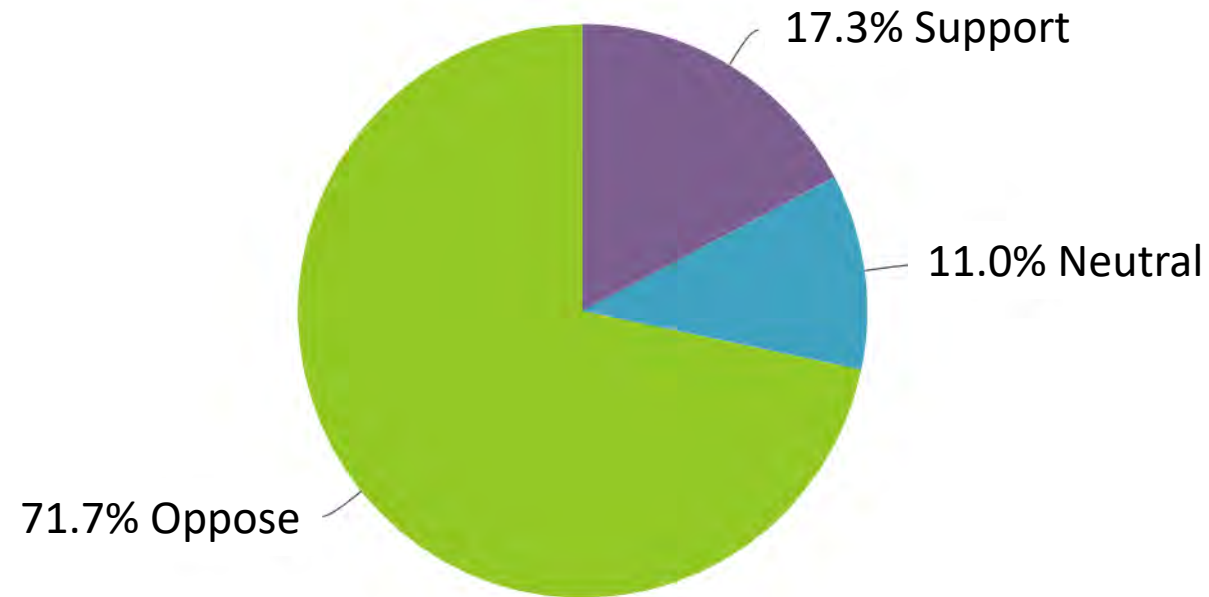





Value	Percent	Responses
Support	22.3%	3,049
Neutral	11.4%	1,557
Oppose	66.4%	9,095

Totals: 13,701

# Tacoma Narrows Bridge - Preferences

*Proposed toll rate increase of 25 cents on October 1, 2021*



Value		Percent	Responses
Support		17.3%	2,183
Neutral		11.0%	1,387
Oppose		71.7%	9,031

Totals: 12,601

# Summary of Additional Written Public Comment

- Comments received after the July Commission meeting were submitted via email to the WSTC

- 10 regarding the Tacoma Narrows Bridge
- 3 regarding the SR 99 tunnel
- 1 regarding the SR 520 bridge



- All comments received stated opposition to toll rate increases

# Next Steps

- Toll rates approved today will be filed with the Washington State Register by August 30th (CR-103s)
- Toll rates will take effect on October 1, 2021 for SR 99 tunnel and Tacoma Narrows Bridge
- Toll rates will take effect on July 1, 2023 for SR 520 bridge, following additional review of traffic and revenue performance and financial requirements

# Recap – Toll Rate Proposals

- **SR 99 tunnel** – Uniform **15%** toll rate increase on October 1, 2021 (FY 2022)
- **SR 520 bridge** – Tailored toll rate increase by time period averaging **15%** overall on July 1, 2023 (FY 2024)
- **Tacoma Narrows Bridge** – Toll rate increase of 25 cents with effective date of October 1, 2021 (FY 2022)



# Questions?

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