



Washington State
Transportation Commission



2022 TNB Rate Setting

Carl See

July 19, 2022



Agenda

- Review of toll rate options presented at May Commission meeting for SR 16 Tacoma Narrows Bridge
- Updates based on additional financial analysis
- Results of public input survey conducted from mid – late June and summary of related public comments
- Select toll rate options to move forward for the proposed permanent rule, with public hearing to follow on August 23

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

Background and Financial Update

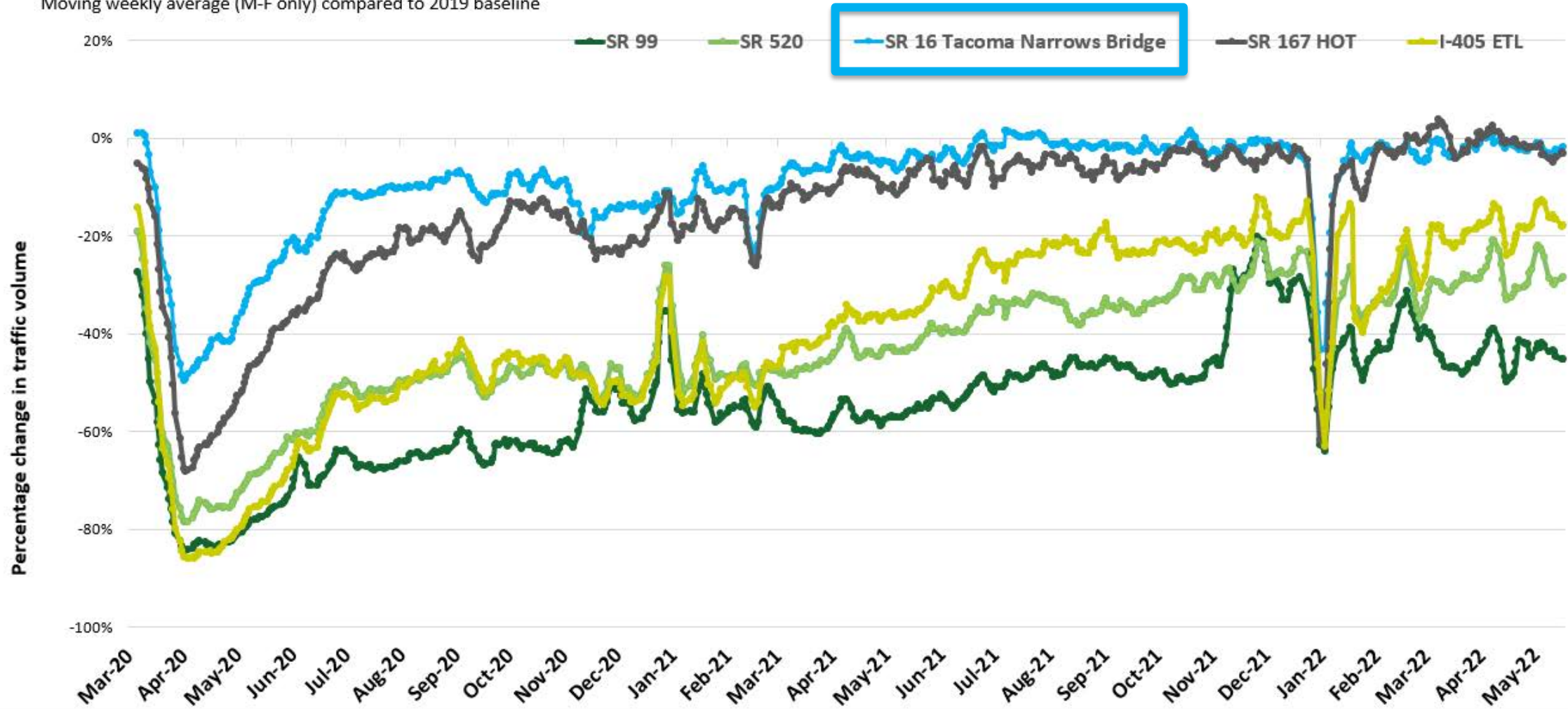


Legislative Summary (SSB 5488)

- Amended RCW 47.56.165 as follows:
 - Legislature committed \$130 million in transfers from the General Fund to TNB Account over next ten years (FY 2023 - FY 2032)
 - Directs that funds shall be transferred in quarterly installments of \$3.25 million
- Amended RCW 47.46.190 as follows:
 - Legislative intent that the Commission adjust toll rates to account for the \$130 million in General Fund transfers
- Legislature maintained legislative intent to provide up to \$85 million in loans from non-toll sources through FY 2030 to the TNB Account to ensure funds are available to pay for debt service and other required costs

Percentage Change in Toll Traffic Volumes Compared to pre-COVID Baseline

Moving weekly average (M-F only) compared to 2019 baseline



Total Revenue and Fees Forecast Comparison June vs Pre-COVID

- Current Biennium (FY 2022-2023): Toll revenues and fees are lower by \$4.3 million, or -2.5%
- Next Biennium (FY 2024-2025): Toll revenues and fees are lower by \$3.06 million, or -1.7%
- Ten-year (FY 2020-2029): Toll revenues and fees are lower by \$24.4 million, or -2.7%

	Toll Facility	FY 2020	FY 2021	2019-21 Biennium	FY 2022	FY 2023	2021-23 Biennium	2023-25 Biennium	2020-29 Ten-Year
Changes from November 2019 TRFC	TNB	-\$5.790	-\$5.613	-\$11.403	-\$4.219	-\$0.096	-\$4.315	-\$3.056	-\$24.399
	Total % Change	-6.8%	-6.5%	-6.6%	-4.8%	-0.1%	-2.5%	-1.7%	-2.7%
	SR 520	-\$16.217	-\$46.377	-\$62.594	-\$41.278	-\$29.125	-\$70.403	-\$24.717	-\$208.174
	Total % Change	-17.0%	-47.1%	-32.3%	-41.0%	-27.9%	-34.4%	-11.2%	-19.1%
	I-405 ETLs	-\$5.003	-\$23.852	-\$28.855	-\$21.736	-\$16.339	-\$38.075	-\$40.296	-\$192.654
	Total % Change	-15.6%	-69.4%	-43.5%	-59.8%	-42.8%	-51.1%	-39.1%	-37.9%
	SR 167 ETLs	-\$1.513	-\$3.045	-\$4.558	-\$3.029	-\$2.461	-\$5.490	-\$3.388	-\$21.469
	Total % Change	-29.3%	-51.7%	-41.2%	-45.1%	-32.1%	-38.2%	-18.1%	-23.4%
	SR 99	-\$1.726	-\$8.783	-\$10.509	-\$12.266	-\$7.113	-\$19.379	-\$10.725	-\$62.491
	Total % Change	-10.9%	-31.2%	-23.9%	-36.2%	-20.1%	-28.0%	-15.0%	-18.7%
All Toll Facilities	-\$30.249	-\$87.670	-\$117.919	-\$82.528	-\$55.134	-\$137.662	-\$82.182	-\$509.187	
Total % Change	-13.0%	-34.6%	-24.2%	-31.2%	-20.1%	-25.6%	-13.9%	-17.4%	

Total Revenue and Fees Forecast Comparison June vs February

- Current Biennium (FY 2022-2023): Toll revenues and fees are lower by \$2.4 million, or -1.4%
- Next Biennium (FY 2024-2025): Toll revenues and fees are higher by \$0.6 million, or 0.3%
- Ten-year (FY 2020-2029): Toll revenues and fees are higher by \$1.9 million, or 0.2%

(In \$ millions)

	Toll Facility	FY 2022	FY 2023	2021-23 Biennium	2023-25 Biennium	2020-29 Ten-Year	2022-31 Ten-Year
June 2022 TRFC	TNB	\$83.115	\$88.134	\$171.249	\$176.682	\$873.428	\$901.661
	SR 520	\$59.291	\$75.202	\$134.493	\$195.138	\$883.523	\$978.023
	I-405 ETLs	\$14.591	\$21.851	\$36.442	\$62.820	\$315.729	\$383.460
	SR 167 ETLs	\$3.689	\$5.194	\$8.883	\$15.295	\$70.136	\$89.069
	SR 99	\$21.628	\$28.264	\$49.892	\$60.734	\$271.607	\$304.595
	Total Revenue & Fees	\$182.314	\$218.645	\$400.959	\$510.669	\$2414.423	\$2656.808
Changes from February 2022 TRFC	TNB	-\$1.199	-\$1.171	-\$2.370	\$0.555	\$0.497	\$1.919
	Total % Change	-1.4%	-1.3%	-1.4%	0.3%	0.1%	0.2%
	SR 520	-\$2.847	-\$6.307	-\$9.154	-\$5.952	-\$17.424	-\$20.931
	Total % Change	-4.6%	-7.7%	-6.4%	-3.0%	-1.9%	-2.1%
	I-405 ETLs	\$0.573	-\$2.511	-\$1.938	\$6.690	\$33.670	\$49.226
	Total % Change	4.1%	-10.3%	-5.0%	11.9%	11.9%	14.7%
	SR 167 ETLs	-\$0.444	-\$0.389	-\$0.833	-\$0.031	-\$0.825	-\$0.789
	Total % Change	-10.7%	-7.0%	-8.6%	-0.2%	-1.2%	-0.9%
	SR 99	-\$0.830	-\$1.138	-\$1.968	\$0.043	-\$1.648	-\$1.493
	Total % Change	-3.7%	-3.9%	-3.8%	0.1%	-0.6%	-0.5%
All Toll Facilities	-\$4.747	-\$11.516	-\$16.263	\$1.305	\$14.270	\$27.932	
Total % Change	-2.5%	-5.0%	-3.9%	0.3%	0.6%	1.1%	

2022 TNB Toll Rate Adjustment

Considerations for 2022 TNB Rate Setting

- Target of 75 cent toll rate reduction for October 1, 2022
 - Implementation date aligns with first transfer of General Fund dollars to TNB Account (September 2022)
 - Proposed 3 options for how to implement the toll rate reduction
- Estimates of future loan needs will address difference between annual financial needs and toll revenue + General Fund transfers
 - $\text{Loan Estimate} = \text{Annual Financial Needs} - (\text{Toll Revenue} + \text{General Fund Transfers})$
 - Estimated loan needs updated annually by WSTC for Legislature in January, per RCW 47.46.200
- No changes in toll rates planned after October 1, 2022, unless Legislature does not provide intended transfers and loan amounts

Toll Rates Option 1

75 Cents Reduction for Only 2-Axle Vehicles

- A flat 75 cent toll rate reduction for only 2-axle vehicles

		<u>2-axle</u>	<u>3-axle</u>	<u>4-axle</u>	<u>5-axle</u>	<u>6-axle</u>
Baseline	<i>Good To Go!</i>	\$ 5.25	\$ 7.90	\$ 10.50	\$ 13.15	\$ 15.75
	Pay By Plate	\$ 5.50	\$ 8.15	\$ 10.75	\$ 13.40	\$ 16.00
	Cash (Toll Booths)	\$ 6.25	\$ 9.40	\$ 12.50	\$ 15.65	\$ 18.75
	Pay by Mail	\$ 7.25	\$ 10.90	\$ 14.50	\$ 18.15	\$ 21.75
Option 1	<i>Good To Go!</i>	\$ 4.50	\$ 7.90	\$ 10.50	\$ 13.15	\$ 15.75
	Pay By Plate	\$ 4.75	\$ 8.15	\$ 10.75	\$ 13.40	\$ 16.00
	Cash (Toll Booths)	\$ 5.50	\$ 9.40	\$ 12.50	\$ 15.65	\$ 18.75
	Pay by Mail	\$ 6.50	\$ 10.90	\$ 14.50	\$ 18.15	\$ 21.75

Toll Rates Option 2

75 Cents Reduction for All Vehicles

- A flat 75 cents toll rate reduction for all vehicles
- All vehicles includes 2-axle vehicles, and 3+ axle vehicles such as semi-truck and other vehicles towing a trailer

			<u>2-axle</u>	<u>3-axle</u>	<u>4-axle</u>	<u>5-axle</u>	<u>6-axle</u>
Baseline	<i>Good To Go!</i>	\$	5.25	\$ 7.90	\$ 10.50	\$ 13.15	\$ 15.75
	Pay By Plate	\$	5.50	\$ 8.15	\$ 10.75	\$ 13.40	\$ 16.00
	Cash (Toll Booths)	\$	6.25	\$ 9.40	\$ 12.50	\$ 15.65	\$ 18.75
	Pay by Mail	\$	7.25	\$ 10.90	\$ 14.50	\$ 18.15	\$ 21.75
			<u>2-axle</u>	<u>3-axle</u>	<u>4-axle</u>	<u>5-axle</u>	<u>6-axle</u>
Option 2	<i>Good To Go!</i>	\$	4.50	\$ 7.15	\$ 9.75	\$ 12.40	\$ 15.00
	Pay By Plate	\$	4.75	\$ 7.40	\$ 10.00	\$ 12.65	\$ 15.25
	Cash (Toll Booths)	\$	5.50	\$ 8.65	\$ 11.75	\$ 14.90	\$ 18.00
	Pay by Mail	\$	6.50	\$ 10.15	\$ 13.75	\$ 17.40	\$ 21.00

Toll Rates Option 3

75 Cents Reduction with Per Axle Multiplier

- A flat 75 cent toll rate reduction for 2-axle vehicles
- For 3+ axle vehicles a per axle multiplier applied resulting in reduction ranging from \$1.15 for 3-axle vehicles to \$2.25 for 6+ axle vehicles
- Results in consistent percentage toll rate reductions for all vehicles

			<u>2-axle</u>	<u>3-axle</u>	<u>4-axle</u>	<u>5-axle</u>	<u>6-axle</u>
Baseline	<i>Good To Go!</i>	\$	5.25	\$ 7.90	\$ 10.50	\$ 13.15	\$ 15.75
	Pay By Plate	\$	5.50	\$ 8.15	\$ 10.75	\$ 13.40	\$ 16.00
	Cash (Toll Booths)	\$	6.25	\$ 9.40	\$ 12.50	\$ 15.65	\$ 18.75
	Pay by Mail	\$	7.25	\$ 10.90	\$ 14.50	\$ 18.15	\$ 21.75
			<u>2-axle</u>	<u>3-axle</u>	<u>4-axle</u>	<u>5-axle</u>	<u>6-axle</u>
Option 3	<i>Good To Go!</i>	\$	4.50	\$ 6.75	\$ 9.00	\$ 11.25	\$ 13.50
	Pay By Plate	\$	4.75	\$ 7.00	\$ 9.25	\$ 11.50	\$ 13.75
	Cash (Toll Booths)	\$	5.50	\$ 8.25	\$ 11.00	\$ 13.75	\$ 16.50
	Pay by Mail	\$	6.50	\$ 9.75	\$ 13.00	\$ 16.25	\$ 19.50

Toll Rate Reduction Options: Updated Financial Comparison

- June 2022 financial analysis continues to show all three options as viable with \$130 million in General Fund transfers (\$13 million/year) from FY 2023 – FY 2032 to offset projected net revenue reductions

Toll Rate Reduction Option	10 Year Net Rev Reduction (FY 2023 - FY 2032)	
	June 2022	April 2022
Option 1: 75 Cent Reduction - 2 Axle Vehicles Only	- \$ 101.2 million	- \$ 101.3 million
Option 2: 75 Cent Reduction - All Vehicles	- \$ 103.8 million	- \$ 103.9 million
Option 3: 75 Cent Reduction with Per Axle Multiplier	- \$ 106.9 million	- \$ 107.0 million

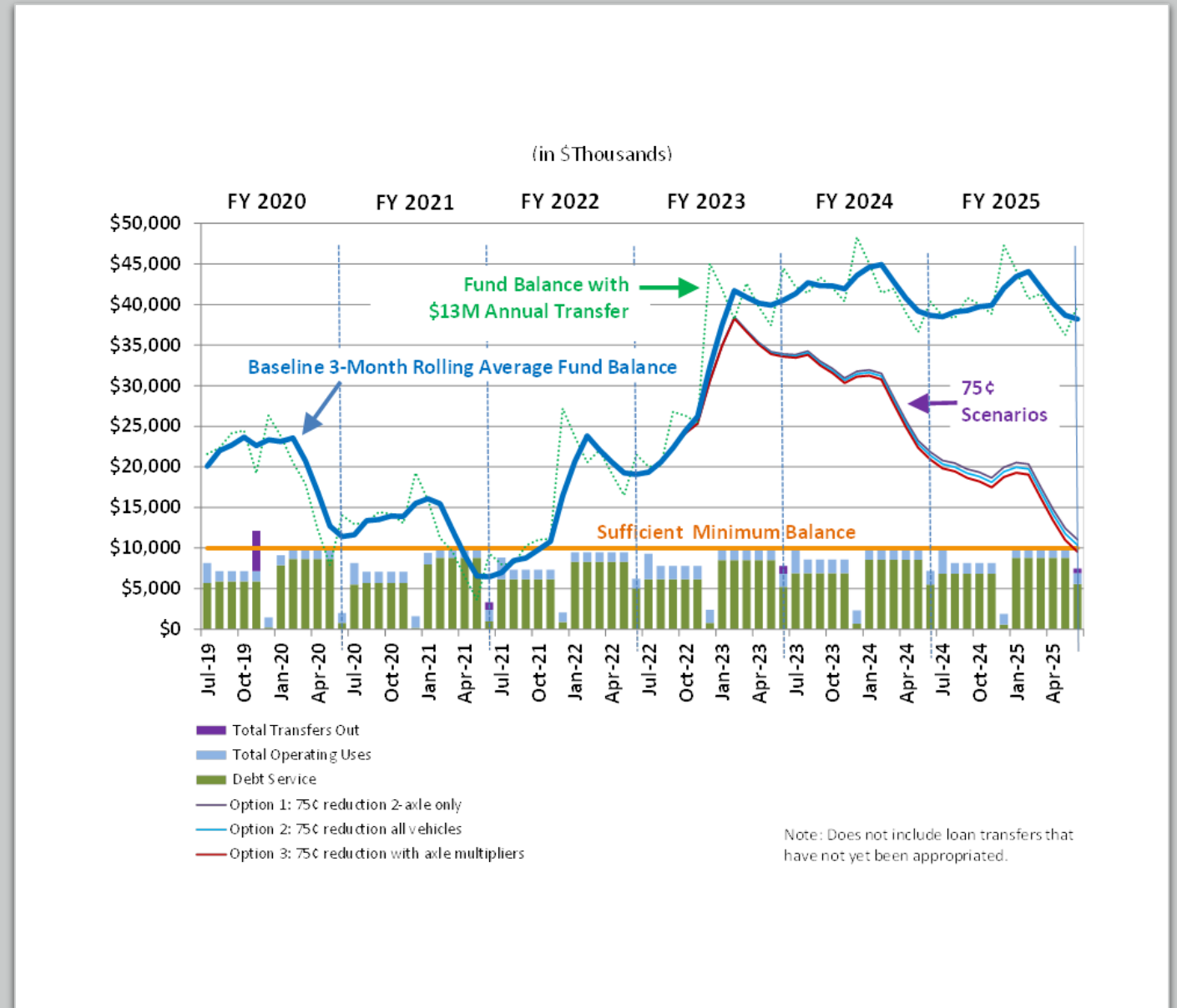
- Results Notes:
 - Results supported by improvements to traffic and revenue projections for a 75 cents toll rate reduction compared to legislative session
 - Relatively small financial variation between options results from about 95 percent of TNB transactions being for 2-axle vehicles
 - Funding from the General Fund not necessary to mitigate a reduction in toll rates may reduce future loan needs for FY 2024 – FY 2030

June 2022 Analysis Updates

- Updated financial information based on June 2022 Transportation Revenue Forecast (TRFC)
 - The baseline net revenue is up slightly (\$8.3 million, or 5 percent) over the 10-year forecast horizon due to changes in future T&R assumptions as well as refined cost estimates.
 - All three of the 75 cent reduction scenarios remain within the \$130 million transfer amount over the 10 years.
 - Ending fund balance – independent of expected loans to the TNB account, all three of the scenarios continue to:
 - Enable the fund balance to stay positive through FY 2026, and
 - Meet TNB sufficient minimum balance requirements through FY 2025

Potential Impact to TNB Sufficient Minimum Balance

- Updated June 2022
- WSTC policy to maintain a 3-month rolling average fund balance for TNB Account of at least \$10 million as a Sufficient Minimum Balance
- Loans are not yet appropriated in FY 2024 and beyond, and so not reflected in chart's fund balance.



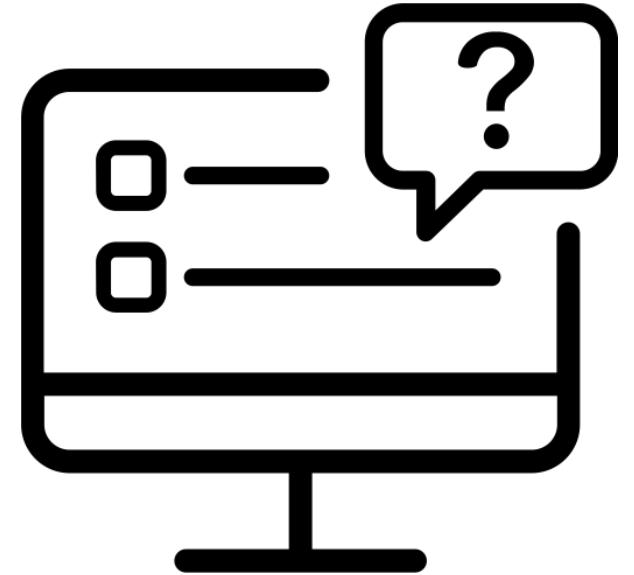
Toll Rate Reduction Options: Policy Considerations

- The toll rate reduction options provide distinct policy choices:
 - **Option 1:** Flat 75 cents toll rate reduction for only 2-axle vehicles
 - Minimizes the financial impact by limiting the scope of the toll rate reduction to only 2-axle vehicles
 - **Option 2:** Flat 75 cents toll rate reduction for all vehicles
 - Treats all vehicles equally with a toll rate reduction applied as a flat dollar amount for all vehicles
 - **Option 3:** Flat 75 cents toll rate reduction for 2-axle vehicles, with a per axle multiplier applied for vehicles with 3+ axles
 - Treats all vehicles equally with consistent percentage toll rate reductions for all vehicles
 - Consistent with historic WSTC rate-setting methodology for all toll facilities

Public Outreach on Rate Adjustment

2022 TNB Toll Rate Setting Online Public Input Forum

- Open from June 13, 2022 - June 30, 2022
 - Over **13,000** completed survey responses
- Respondents were asked to rank the **three rate reduction options** from most preferred to least preferred



Key Respondent Metrics

Frequency of Use

- 31% use the bridge a few times per year
- 24% use it weekly
- 19% once a month
- 16% use it daily

Primary Purpose of Travel*

- 65% personal trips
- 30% recreation
- 26% commute to work

Form of Payment

- 92% Good To Go! Pass
- 6% Cash
- 2% Pay By Mail

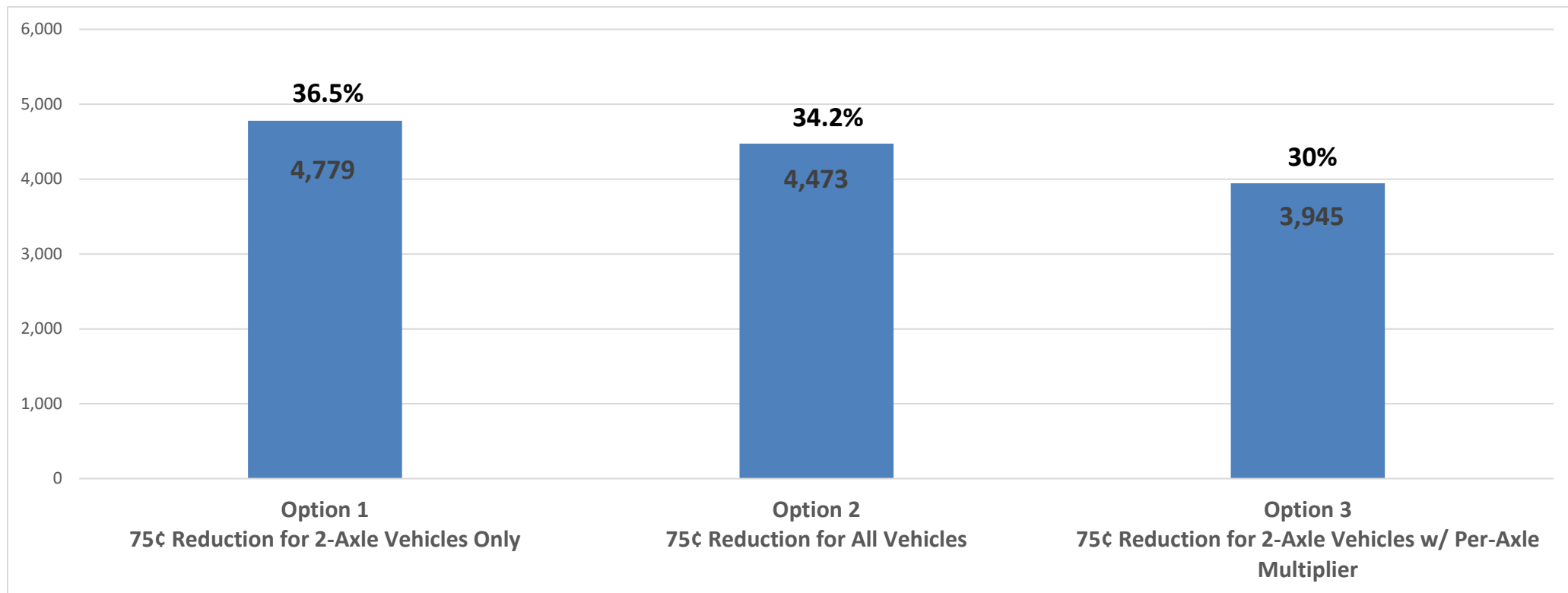
Place of Residence

- 35% Kitsap Peninsula
- 20% Pierce County (East of Puget Sound)
- 45% other counties

**Note: Respondents could select multiple primary trip purposes*

Voting Results: Most Preferred Option

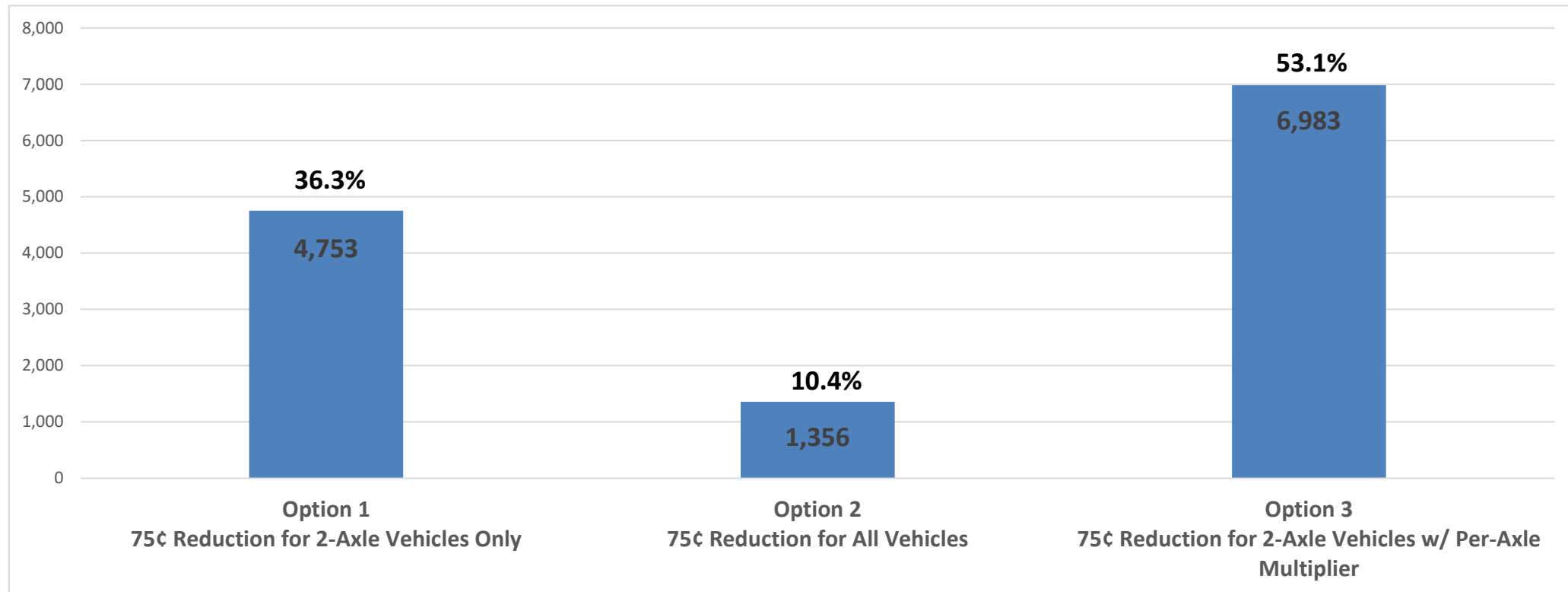
Key Takeaway: All three reduction options received at least 30% of respondents most preferred votes. Most survey respondents (36.5%) ranked Option 1 as their most preferred option



Out of 13,197 Total Votes

Voting Results: Least Preferred Option

Key Takeaway: Most survey respondents (53.1%) ranked Option 3 as their least preferred option.



Out of 13,092 Total Votes

Overall Results

Key Takeaway: Most survey respondents (89.7%) ranked Option 2 as either their most or second most preferred option

	1 (most preferred)	2	3 (least preferred)	Total Responses
Option 1 <i>75¢ toll rate reduction for 2-axle vehicles only</i>	4,779 36.5%	3,570 27.2%	4,753 36.3%	13,102
Option 2 <i>75¢ toll rate reduction for all vehicles</i>	4,473 34.2%	7,266 55.5%	1,356 10.4%	13,095
Option 3 <i>75¢ toll rate reduction for 2-axle vehicles with per axle multiplier applied for vehicles with 3+ axles</i>	3,945 30.0%	2,211 16.8%	6,983 53.1%	13,139

Trends Analysis – Frequency of Use

- **Survey respondents who identified as daily drivers on the facility**

- ~40% voted option 1 as their most preferred option

- ~30% voted option 2 as their most preferred option

- ~30% voted option 3 as their most preferred option

- **Survey respondents who identified as weekly drivers on the facility**

- ~36% voted option 1 as their most preferred option

- ~35% voted option 2 as their most preferred option

- ~29% voted option 3 as their most preferred option

Trends Analysis – Household Income

- **Survey respondents who identified as having household income less than 200% of the Federal Poverty Level (FPL)***



~37% voted option 1 as their most preferred option

~33% voted option 2 as their most preferred option

~30% voted option 3 as their most preferred option

**Note: 1,601 total respondents met this criteria*

Trends Analysis – Racial Makeup

- **Survey respondents who identified as BIPOC***

~39% voted option 1 as their most preferred option

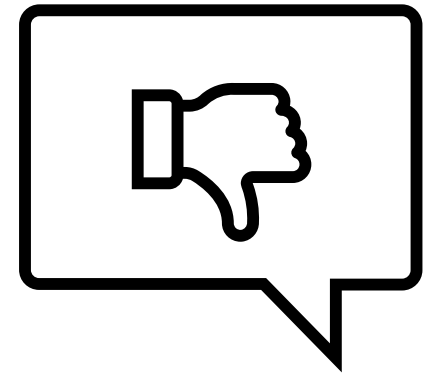
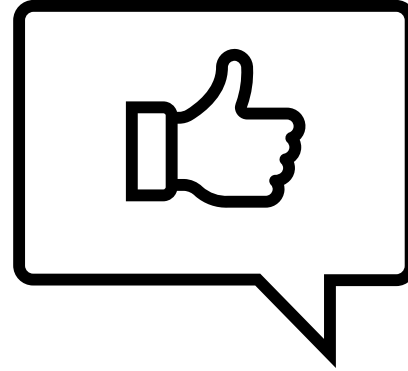
~31% voted option 2 as their most preferred option

~30% voted option 3 as their most preferred option

**Note: 1,865 total respondents met this criteria*

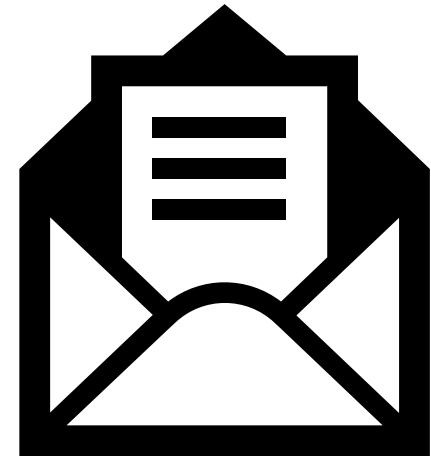
What We Heard: Comments From Forum Respondents

- Over **7,300** comments received
- Most comments can be categorized as follows:
 - Voiced support of one of the three reduction options
 - Alternative ideas
 - Requests to further reduce / eliminate tolls altogether
 - General frustration with tolling



Summary of Additional Written Public Comment

- Additional comments were submitted via email to the WSTC
 - 34 emails in support of **Option 1** (75¢ reduction for 2-axle vehicles)
 - 170 emails in support of **Option 2** (75¢ reduction for all vehicles)
 - 98 emails in support of **Option 3** (75¢ reduction for 2-axle vehicles w/per-axle multiplier)
 - 184 other comments which included:
 - Alternative ideas
 - Requests to further reduce / eliminate tolls altogether
 - General frustration with tolling
 - Requests for additional information



Selected Comments In Support of Option 1

75¢ toll rate reduction for 2-axle vehicles only

The biggest economic benefit is to individuals which is 2-axle vehicles, option 1 allows the funding to last longer and provide this. Option 3 isn't great because corporations driving these many-axle vehicles will not pass the savings on.

Multiple axel vehicles have a larger impact on the road surface. This use of public funds should have a larger benefit on members of the public. Commercial vehicles do not need handouts from public tax payers

Business that have vehicles which use the bridge are able to pass the cost of the bridge toll to their customers. Individuals with vehicles have to absorb the cost of the toll. As a result, I'm supportive of having the benefit of the reduction skewed towards individuals - generally vehicles with 2 axles.

Selected Comments In Support of Option 2

75¢ toll rate reduction for all vehicles

Option #2 seems the most reasonable to give everyone at least some price break but still continue to repay on the bridge debt sooner rather than later.

A flat reduction seems fairest. As larger vehicles inflict more damage on the bridge through use, they should share the higher cost.

Option 2 is most preferred because it is a flat rate applied to all users. Option 3 is least preferred because the larger vehicles likely cause greater impact to roads and road maintenance therefore those vehicles should pay more for use of the bridge.

Selected Comments In Support of Option 3

75¢ toll rate reduction for 2-axle vehicles with per-axle multiplier applied for vehicles with 3+ axles

3+ axle vehicles currently pay more by the same per-axle multiplier, so their reduction should be commensurate.

It's wrong to give some a rate reduction and not all. The proportion for rate reduction should mirror the rates of use. If multi-axel vehicles are charged more, they should see more of reduction. Everyone should pay their fair share, not someone else's fair share.

Our small business pays so much bridge toll because of our Semi we cross the bridge sometimes 3 times a day paying over 45.00 a day

Proposed TNB Rate & Outreach Schedule

- May Commission Meeting (May 17-18): Present & Select Options
 - Commission selects 2-3 options for public input
- June: Gather Public Input via Online Forum
- July Commission Meeting (July 19-20):
 - Select option for toll rate reduction proposal (CR 102)
 - Present public input results & updated analysis updated
- Late August: Final Hearing for CR 103
 - **Hearing (virtual): August 23, 10 - 11am**
 - Public testimony will be taken
- October 1: Proposed Date Toll Rate Reduction Takes Effect

Next Step: Commission Selects Proposed Option

- Requested action:
 - Discussion of selected toll rate options
 - Select proposed toll rate option for public comment

Questions / Contact

Aaron Halbert

Financial Analyst - WSTC

HalberA@wstc.wa.gov

360-705-7118

Carl See

Deputy Director - WSTC

SeeCarl@wsdot.wa.gov

360-705-7934