



IBR Toll Traffic and Revenue Study Update

Frank Green, Assistant Program Administrator
Brent Baker, Financial Structures Lead

July 18, 2023

IBR Program Recent and Upcoming Work

▶ Funding and grant updates

- IBR tolling authorization passed in the Washington Legislature
- The Oregon Legislature committed \$1B, matching Washington's \$1B contribution
- IBR applied for entry into program development for the Capital Investment Grant process to fund a portion of transit

▶ Draft Supplemental Environmental Impact Statement: Late 2023

- 60-day Public Comment Period, public hearings, and community engagement

▶ Final SEIS and Amended Record of Decision: 2024

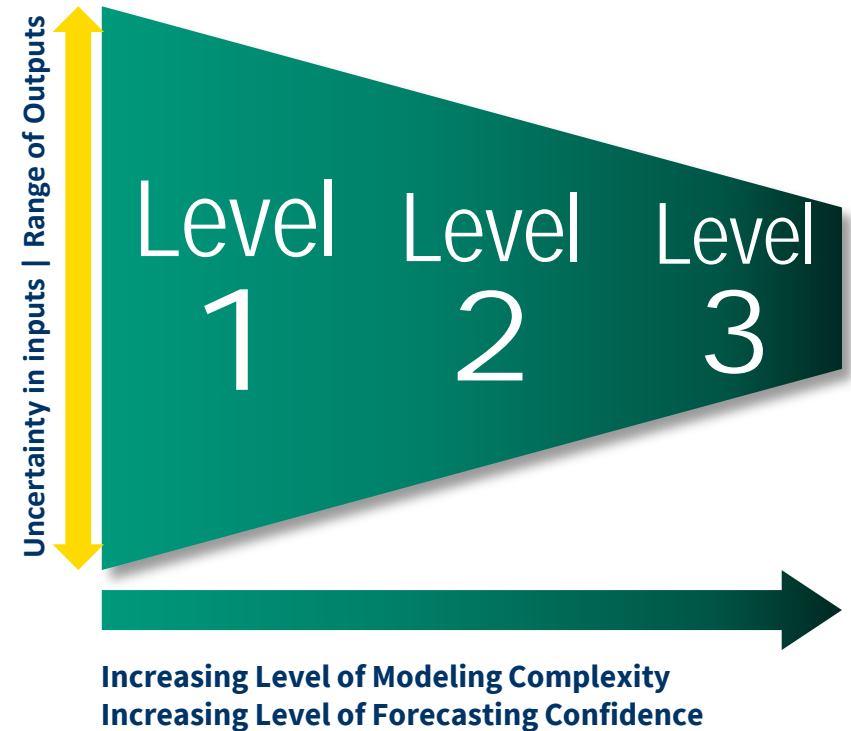
▶ Begin construction: Late 2025 / Early 2026

IBR Traffic Projections

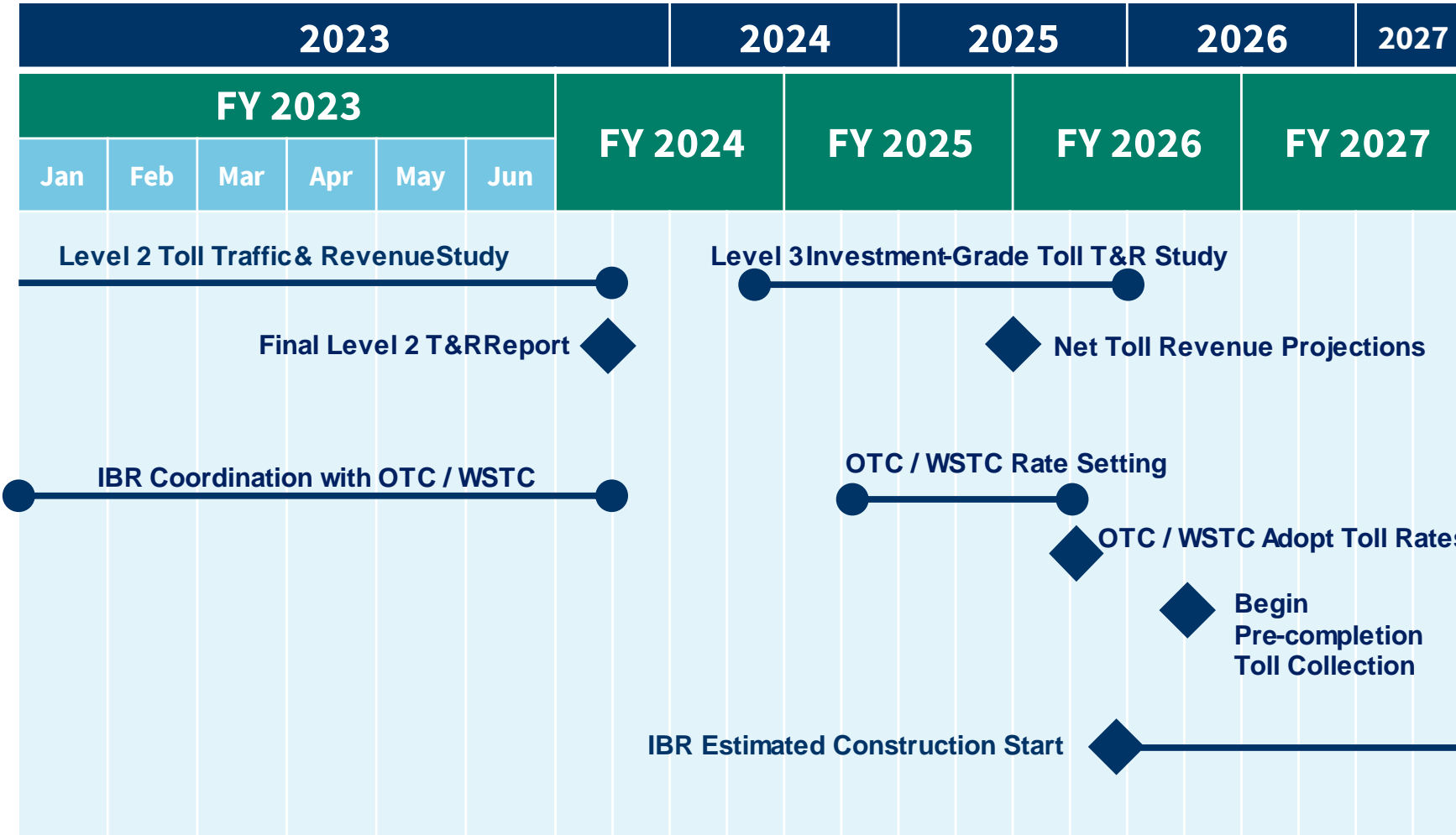
- ▶ There are two types of toll traffic forecasts:
 - **Traffic and revenue (T&R) forecasts for financial planning**
 - ▶ Focus on annual traffic and revenue projections in each year
 - ▶ For IBR, we are forecasting lower traffic volumes to ensure it is more conservative and does not overstate possible revenue
 - **Traffic forecasts for environmental analysis and design considerations**
 - ▶ Focus on typical weekday traffic impacts
 - ▶ For IBR, this will forecast higher traffic volumes to not understate the possible environmental impacts
- ▶ **Level 2 Toll T&R study** — provides a range of toll revenues from testing multiple toll rate scenarios and policies and how they effect travel demand
 - The commissions will determine toll rates and policies during the Level 3 T&R study

Levels 1, 2 & 3 Toll Traffic & Revenue Studies

- ▶ Level 1 Toll T&R | Sketch—completed during CRC
- ▶ Level 2 Toll T&R | Comprehensive
 - **Purpose:** More detailed evaluation of alternatives, supports environmental analysis
 - **Duration:** 6-8 months (may take longer if it requires iterations)
 - **Timing:** Concurrent with NEPA analysis
- ▶ Level 3 Toll T&R | Investment Grade
 - **Purpose:** Refined for preferred alternative with accuracy and rigor to support decision-making by lenders and receive credit rating
 - **Duration:** 12 months, usually completed about 6 months before start of tolling due to limited shelf-life
 - **Timing:** End of NEPA analysis and prior to initial financing; may be refreshed periodically over life of debt
- ▶ Key Take-Away
 - These are sequential → Each level **builds upon** previous work



Draft IBR Toll Funding and Rate Setting Timeline



- ▶ Identified milestones are targets to meet NEPA and finance timelines and do not yet reflect coordination needs and timelines for OTC/WSTC policy work
- ▶ **Level 2 Toll Traffic & Revenue Study** – supports Commission coordination on toll / policy scenario evaluation and financial planning
- ▶ **Level 3 (investment-grade) Toll Traffic & Revenue Study** – supports formal rate setting prior to opening and eventual bond issuance

Proposed Funding Sources / Needs

► Cost Estimate: \$5 B - \$7.5 B

– Most likely \$6 B, assuming actively mitigated risks

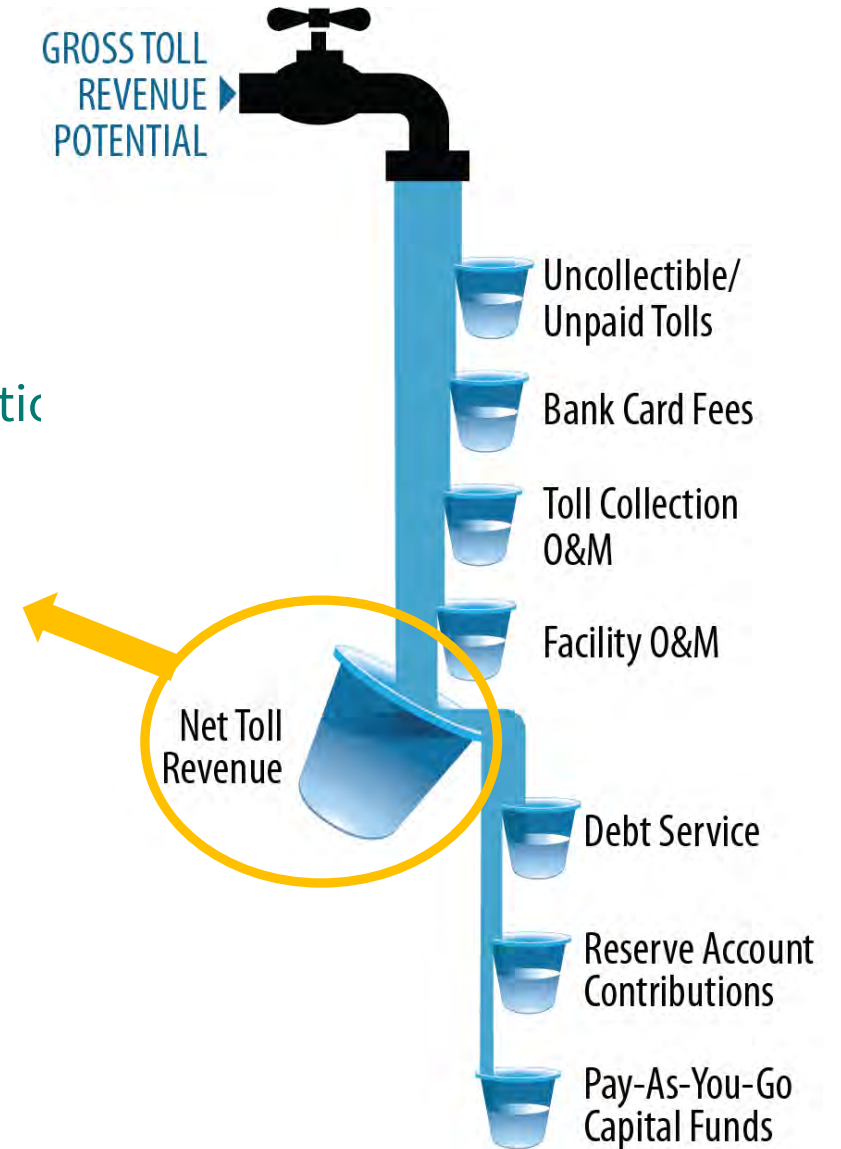
	Status	Funding Range	Financial Plan
Existing State Funding	Committed	\$100 M	\$100 M
Connecting WA Funding—Mill Plain Interchange	Committed	\$98 M	\$98 M
Move Ahead WA Funding	Committed	\$1,000 M	\$1,000 M
Oregon Funding Contribution	Anticipated	\$1,000 M	\$1,000 M
Toll Funding	Anticipated	\$1,100 – 1,600 M ¹	\$1,237 M
FTA New Starts CIG Funding	Prospective	\$900 – 1,100 M	\$1,000 M
FHWA/USDOT Federal Grants	Prospective ²	\$860 – 1,800 M	\$1,500 M
Draft 2023 IBR Financial Plan Total		\$5,058 – 6,698 M	\$5,935 M

¹ The preliminary financial capacity assessment by the OSTs confirms the viability of a \$1.24 B contribution under a base case financing scenario. Additional work will be done to assess the full financial capacity of net toll revenues.

² \$1.0 M in Federal Grants total is committed via FFY 2022 BIP Planning Grant award.

IBR gross-to-net toll revenue assumptions

- ▶ Typically, projected net toll revenues determine how much can be borrowed for up-front capital funding
 - The contract with bondholders stipulates the order for and allowable uses of toll revenues
 - Tolls collected typically go to pay for roadway and toll collection operations and maintenance (O&M) costs first
 - Net toll revenues are what remains after various deductions
- ▶ Uses of net toll revenues may include:
 - Debt service
 - Deposits to required reserve accounts
 - Pay-as-you-go construction expenditures



IBR and the Oregon Toll Program

- ▶ The IBR program and the Oregon Toll Program are separate but coordinated efforts
- ▶ The Oregon Toll Program is implementing two projects:
 - The **I-205 Toll Project** will toll the south end of I-205
 - The **Regional Mobility Pricing Project (RMPP)** will toll other parts of I-5 and I-205 in the metro area
 - *This project is not yet in the MPO Regional Transportation Plan*
- ▶ IBR and the Oregon Toll Program are coordinating to account for consistent traffic modeling across both projects
- ▶ IBR and ODOT are coordinating to implement the back office and tolling systems on the IBR facility
- ▶ The earliest tolling could begin on Oregon facilities is January 1, 2026



IBR Toll Traffic & Revenue Study Scenarios

- ▶ Two initial variable toll scenarios (A and B) were analyzed as a part of the 2023 Financial Plan
- ▶ Five additional toll scenarios were analyzed after the 2023 Financial Plan
- ▶ Toll rates for the IBR program will be determined in 2025 by the Oregon and Washington Transportation Commissions.
 - The level 2 Toll T&R does not determine toll rates but supports future joint rate setting work by the Commissions

IBR Level 2 Toll T&R Scenarios: Low Income Placeholder

- ▶ The low-income toll scenarios are placeholders for a future program that may include discounts or credits.
 - Placeholder discount and participation rate assumptions were used to help understand the potential impact to revenue and traffic
 - *The intent was not to identify a specific discount or approach*
 - Future analysis can be done on different approaches to low-income programs, as requested by the commissions
- ▶ OTC and WSTC will coordinate to set toll policies for IBR, which will include any potential discounts and exemptions

IBR Toll Scenario Common Assumptions

- ▶ Toll rates vary by time of day
- ▶ Customers without an electronic toll payment account assumed to pay a \$2.00 toll increment to cover the cost of collection via mail
- ▶ Toll rates (but not the \$2.00 increment) assumed to escalate by 2.15% per year
- ▶ Medium trucks assumed to pay 2x the auto/light truck toll; Heavy trucks (tractor-trailers) assumed to pay 4x



IBR Level 2 Toll T&R Study Scenario Matrix

	Brief Description	Toll Rate & Policy Assumptions				Other Regional Toll Facilities	Meets 2023 financial plan needs	Background	Preliminary Findings over FYs 2026-2067 Forecast Period (% changes noted are relative to Scenario A)
		Min Auto Toll (FY 2026 \$)	Max Auto Toll (FY 2026 \$)	Toll Escalation	Low Income Discount				
Scenario A	Base Tolls (Fin Plan)	\$2.15	\$3.55	2.15% / year	No	I-205 Toll Project	Confirmed	Base case for financial planning	<ul style="list-style-type: none"> Preliminary analysis confirmed net toll revenues could provide at least \$1.24 B
Scenario B	Lower Tolls (NEPA)	\$1.50	\$3.15	2.15% / year	No	I-205 Toll Project	Likely	IBR NEPA analysis uses Scenario B	<ul style="list-style-type: none"> Traffic increases on average by 5% Net toll revenue reduced by about 15%
Scenario C	Scenario A + No Toll Escalation	\$2.15	\$3.55	None	No	I-205 Toll Project	Further analysis needed	Financial Stress Test	<ul style="list-style-type: none"> Traffic increases on average by 9% Net toll revenue reduced by about 39%
Scenario D	Scenario A + RMPP	\$2.15	\$3.55	2.15% / year	No	RMPP + I-205 Toll Project	Likely	RMPP is not yet in the OR RTP	<ul style="list-style-type: none"> Traffic decreases on average by 5% Net toll revenue reduced by about 3%
Scenario E	Scenario B + RMPP	\$1.50	\$3.15	2.15% / year	No	RMPP + I-205 Toll Project	Further analysis needed	RMPP is not yet in the OR RTP	<ul style="list-style-type: none"> Average traffic levels within 1% of Scenario A Net toll revenue reduced by about 18%
Scenario F	Scenario A + 50% Low Income Discount	\$2.15	\$3.55	2.15% / year	Yes	I-205 Toll Project	Likely as modeled	Applies to < 200% FPL, higher participation %	<ul style="list-style-type: none"> Traffic increases on average by 0.4% Net toll revenues reduced by about 2%
Scenario G	Scenario A + 25% Low Income Discount	\$2.15	\$3.55	2.15% / year	Yes	I-205 Toll Project	Likely as modeled	Applies to < 200% FPL, lower participation %	<ul style="list-style-type: none"> Traffic increases on average by 0.1% Net toll revenue reduced by less than 1%

Notes:

- All scenarios assume pre-completion tolling begins on the existing bridge in 2026
- Net toll revenue estimates are preliminary and subject to change
- The minimum toll is assumed to be \$0.00 overnight during pre-completion tolling (FYs 2026-2033)
- The low income toll scenarios are placeholders for a future benefits program that may comprise discounts or exemptions to be determined by the two state Transportation Commissions.

Next Steps for Commission Engagement

- ▶ Fall 2023 - IBR program publishes Level 2 Toll T&R report
- ▶ Late 2023/Early 2024 - Bi-state OTC/WSTC coordination
- ▶ January 2024 - Share Draft SEIS overview
- ▶ 2024/2025 - Level 3 Investment Grade Toll T&R Analysis and bi-state rate setting and policy process
 - Discounts and exemptions discussion



For more information contact:

info@interstatebridge.org

360-859-0494 or 503-897-9218

888-503-6735

<https://www.interstatebridge.org>

Follow us on social: @IBRprogram



Thank you!

www.interstatebridge.org