

I-5 Bridge Bi-State Tolling Subcommittee

Feb. 23, 2024, Meeting 1



Public Comment Instructions

- During the meeting:
 - On the Zoom Webinar, when invited to provide public comment at the end of this meeting, click the 'Raise Hand' icon
 - You will be assigned a number at the front of your name in zoom to identify the order of public commenters
 - When it is close to your turn, a prompt will pop up on screen to accept an invitation to join as a 'panelist'
 - When you are called on, you will be able to provide your 3-minute public comment
 - When you are finished, staff will re-assign you from a 'panelist' to an 'attendee' in the meeting
- Written comments
 - Please submit any written comments to info@bistatesubcommittee.org

Washington Toll Program Overview



Washington State Toll Pricing

- Washington uses tolling to manage traffic as well as raise revenue.
- Toll revenue pays for debt, maintenance, and operations for each tolled facility.

TOLLING STRUCTURE IN WASHINGTON STATE



I-5 Bridge Toll Authorization in Washington

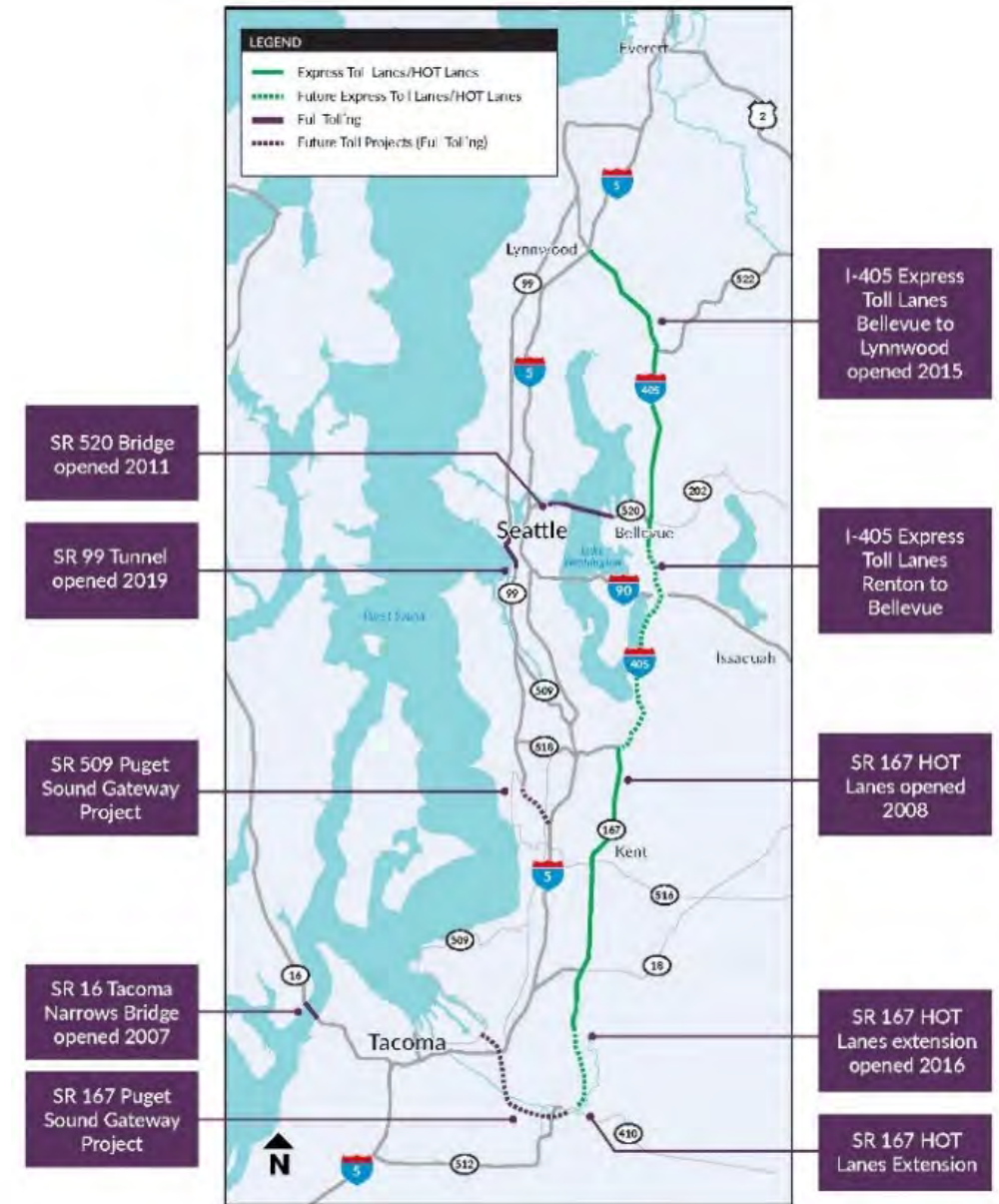
- The Washington State Legislature authorized tolling for the Interstate 5 bridge replacement project in 2023 (*RCW 47.56.902*).
 - Authorizes tolling on the existing and replacement I-5 bridges.
 - Toll revenues must be spent on construction, maintenance and operation of the toll facility.
 - Prohibits tolls on the Washington portion of I-205.

I-5 Bridge Toll Authorization in Washington

- The Washington State Legislature provided the following direction in 2023 on the setting of toll rates and exemptions (*RCW 47.56.906*):
 - May not be set at a rate that exceeds the highest toll rate allowed on any of the other toll facilities in Washington.
 - May not be set to pay for all of the operational and administrative costs of Oregon's tolling system.
 - Must require toll rates specifically cover the I-5 Columbia River Bridge without subsidizing other Oregon toll facilities.

Tolling in Washington State

- All current and planned toll facilities operated by WSDOT are located in the central Puget Sound area.
- WSTC and WSDOT strive to provide a common customer experience across facilities
 - Consistent exemptions and fees across facilities
 - Single back-office and customer support



Tolling in Washington State

Tolling requirements and guidelines in Washington State law inform the WSTC's rate-setting decisions:

- The Legislature establishes in state law tolling's purpose for each tolled facility.
- Guidelines in state law further establish that use of tolling should encourage effective use of the transportation system and provide a source of transportation funding (*RCW 47.56.830*).
 - Additionally, guidance directs that tolling should be:
 - Fairly and equitably applied in context of statewide transportation system
 - Not have significant impacts on diversion
 - Consider relevant social equity, environmental, and economic issues
 - Make progress toward the state's greenhouse gas reduction goals

Current Toll Facilities in Washington

SR 16 Tacoma Narrows Bridge

- State's first electronic tolling facility; opened in July 2007



Flat toll rates:
Repay
construction bonds

SR 167 HOT Lanes

- State's first high-occupancy toll lanes; launched in May 2008



Dynamic toll rates:
Manage
traffic performance,
no debt issued

SR 520 Bridge

- Pre-construction tolls began in December 2011



Variable toll rates:
Repay bonds and
manage traffic

I-405 Express Toll Lanes

- The first phase between Bellevue and Lynwood began September 2015



Dynamic toll rates:
Manage traffic
performance,
no debt issued

SR 99 Tunnel

- Opened in February 2019, and tolling began in November 2019



Variable toll rates:
Repay bonds and
manage traffic

An Expanding Tolling System



Puget Sound Gateway Program

Authorized Future Toll Facilities – Mid 2020s

- I-405 Express Toll Lanes (Renton to Bellevue)
- SR 167 High Occupancy Toll Lanes Extension
- Puget Sound Gateway Program
 - SR 167 Expressway
 - SR 509 Expressway
- I-5 Columbia River Bridge Replacement



I-5 Columbia River Bridge Replacement

Possible Toll Facilities Pending Ongoing Analysis and Legislative Approval

- US 2 Westbound Trestle Replacement

Oregon Toll Program Overview



Tolling in Oregon

- Decrease congestion to improve quality of life and flow of goods, reduce greenhouse gases
- Toll revenue supports corridor improvements, system maintenance, and capital projects to modernize our transportation system

Tolling responsibilities in Oregon

Oregon Legislature

- Provides direction in statute for specific facilities

Transportation Commission

- Authorizes toll facilities
- Sets toll rates and policies

ODOT

- Plans and analyzes toll facilities
- Builds and operates toll facilities

Office of State Treasurer

- Issues toll debt on behalf of ODOT, who holds the debt

I-5 Bridge Toll Authorization in Oregon

- OTC has general authority to toll Interstate Bridges (*ORS Chapter 381*)
- OTC has general authority to designate toll projects and set toll rates (*ORS Chapter 383*)
- The 2013 bill authorizing tolling as part of the Columbia River Crossing project included specific language related to tolling the Interstate Bridge (*HB2800*)
 - Tolls are to be used only to fund the project, must meet requirements for debt issued for the project, including any reserves required by bond or other contractual covenants, and must pay for maintenance and operation of the project
 - Tolls must consider traffic demand management
 - Tolls must be reduced after paying off construction

Legislative Direction on Tolling in Oregon





HB 2017 (2017) & HB 3055 (2021)

Guidance on establishment of a toll program (*ORS 383.150*):


- Toll I-5 and I-205 within the Portland metro region for the purpose of:
 - Managing congestion; and
 - Funding highway construction and maintenance

Urban Mobility Strategy Map

ODOT Projects

-  System Improvement Project
-  Bike/Ped Crossing Project
-  Regional Mobility Pricing Project*
-  I-205 Toll Project

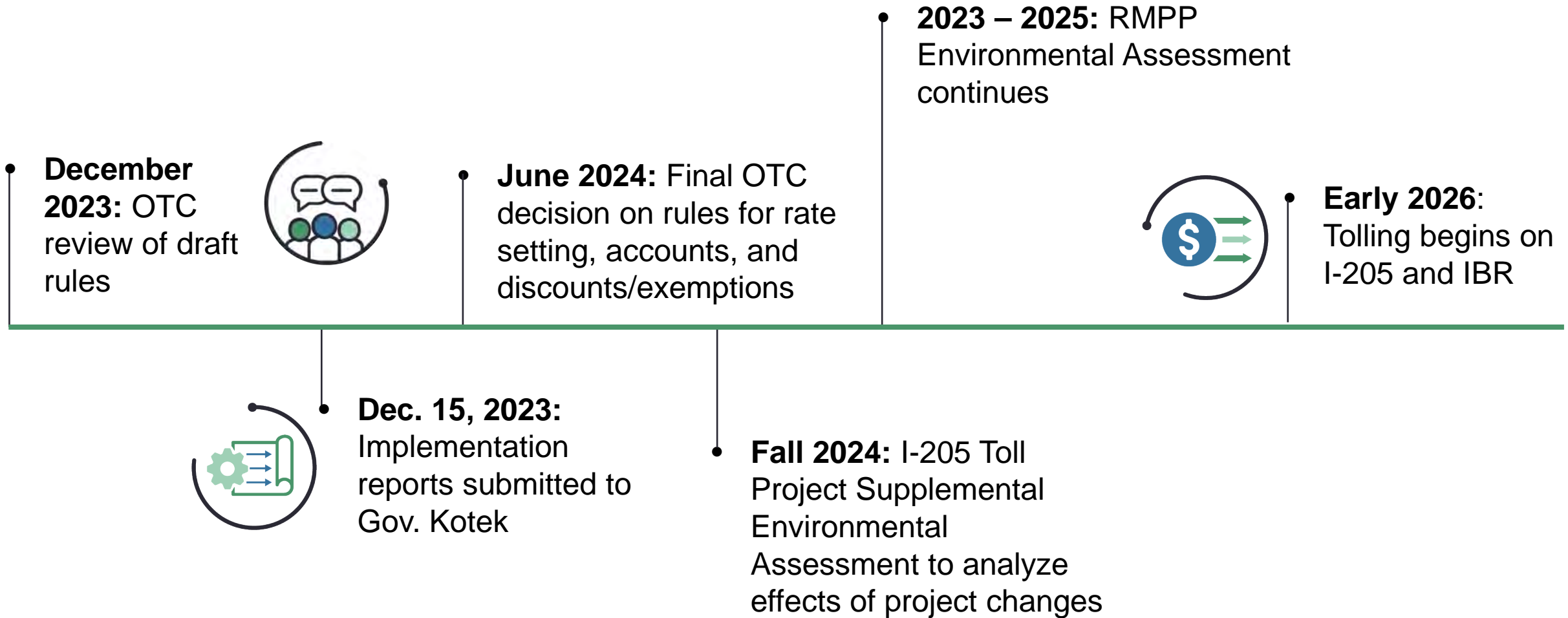
Partner Project with ODOT Support

-  System Improvement Project

*The exact locations where congestion pricing will be applied on I-5 and I-205 as part of the Regional Mobility Pricing Project will be determined during the federal National Environmental Policy Act (NEPA) process.



Next steps – 2023-2026





Low-income toll program in development

Oregon Legislative Direction :

- HB 3055 (2021) directed ODOT to develop income-based toll program
- ODOT submitted Low Income Toll Program report to Legislature

OTC Commitments:

- Provide a 50% discount for customers up to 200% of Federal Poverty Level
- Analyze additional discounts for incomes up to 400% Federal Poverty Level
- Extend eligibility to residents of both Oregon and Washington

Body	Bi-State Tolling Authority & Responsibility						
	Create Tolling Statutes	Authorize Individual Toll Facilities & Determine How Toll Revenue is Spent	Set Toll Rates, Related Fees, & Exemptions	Plan, Analyze, Procure, Determine System Technology, & Construct Facilities	Build & Operate Toll Collection Systems, Collect Tolls	Issue Toll Debt	Toll Rate/Policy Tribal Consultation** <hr/> Tolling Community Engagement
WA State Legislature	✓	✓					
OR State Legislature	✓						
WA State Transportation Commission (WSTC)			✓				✓
OR Transportation Commission (OTC)		✓	✓				
WSDOT				✓	✓		
ODOT				✓	✓		✓
WA Treasurer						✓	
OR Treasurer						✓	

*Oregon State Treasurer issues toll debt on behalf of ODOT who holds the debts

**ORS 182.162-186; RCW 43.376

Level 2 and Level 3 Traffic and Revenue Analysis

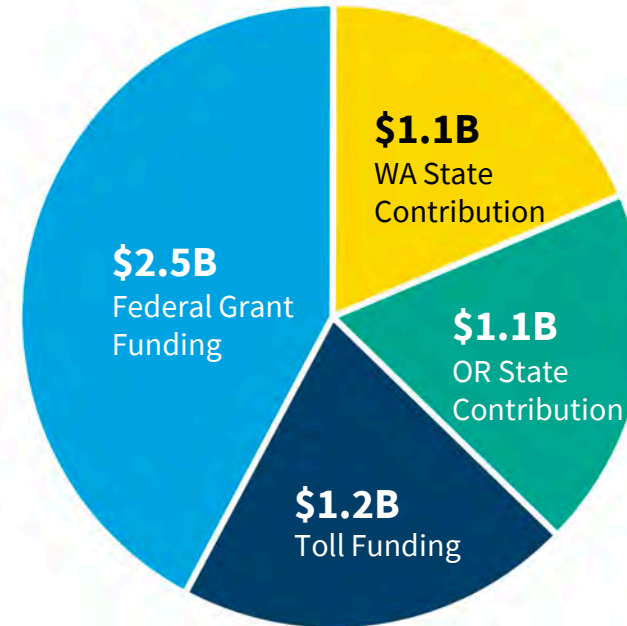
Brent Baker



IBR Program Funding

- ▶ Federal funds, tolling, and state funds are needed to address the estimated \$6B IBR program cost.
 - Bridge tolls will help pay for the new bridge and its continued operation and maintenance through the duration of the construction loan.
- ▶ Having all non-federal matching funds in place demonstrates regional commitment and increases competitiveness in federal grant applications.

Potential Program Funding Sources



- **WA State Contribution**
\$45M in planning secured; construction funding committed
- **OR State Contribution**
\$55M in planning secured; construction funding committed
- **Federal Grant Funding**
\$600M Mega Grant and \$1M BIP planning grant secured; pursuing remaining grant amount
- **Toll Funding**
Tolling authorized; bonding not yet secured

Toll Traffic and Revenue Study Levels

Level 1 Sketch

- Examines feasibility of tolling and **tests high-level alternatives.**
- Used for screening viable toll scenarios
- Usually takes 1-6 months.
- Completed during CRC

Level 2 Comprehensive

- More detailed evaluation of alternatives and toll scenarios that **support initial rate setting and policy development discussions.**
- Usually takes 6-9 months but may take longer with multiple iterations.
- Coincides with NEPA analysis.

Level 3 Investment-Grade

- Deeper evaluation of fewer toll scenarios to **support formal rate setting**, inform investors and lenders, obtain a credit rating, and secure financing.
- Usually takes 12 months. May be refreshed periodically.
- Completed soon before rate setting and/or bond sale due to short shelf life.

Level 2 Toll Traffic and Revenue Study

- ▶ Provides estimates of traffic, gross revenue, and net toll revenue projections suitable for financial planning
- ▶ 2023 Financial Plan set a \$1.24 B toll funding contribution target
- ▶ Tested 7 scenarios over a range of potential toll rates and policies
 - 5 of the 7 expected to meet the funding target
- ▶ 4 additional scenarios were identified to provide additional information going into the Level 3 T&R study
 - Considers broader toll variability, lower truck tolls, and lower tolls during pre-completion tolling before the new bridge opens
- ▶ For more information, see:
 - https://www.interstatebridge.org/media/sh2lube2/ibr_level-2_tr_report_final_remediated.pdf
 - https://www.interstatebridge.org/media/jn0njjgt/231101_ibr_tr_factsheet_remediated.pdf

IBR Level 2 Toll T&R Study + Additional Scenarios

Scenario	Brief Description	Toll Rate & Policy Assumptions					Other Regional Toll Facilities	Meets 2023 Financial Plan \$1.24 B Funding Target	Preliminary Findings over Forecast Period (% changes relative to Scenario A)
		Min Auto Toll (FY 2026 \$)	Max Auto Toll (FY 2026 \$)	Annual Toll Escalation	Low Income Discount	Medium/Heavy Truck Tolls			
Scenario A	Base Tolls	\$2.15	\$3.55	2.15%	No	2x / 4x	I-205 Toll Project	Confirmed	• Preliminary analysis confirmed net toll revenues could provide at least \$1.24 B
Scenario B	Lower Tolls (NEPA)	\$1.50	\$3.15	2.15%	No	2x / 4x	I-205 Toll Project	Likely	• 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	2x / 4x	I-205 Toll Project	Further analysis needed	• Traffic increases on average by 9% • Net toll revenue reduced by about 39%
Scenario D	Scenario A + RMPP	\$2.15	\$3.55	2.15%	No	2x / 4x	RMPP + I-205 Toll Project	Likely	• Traffic decreases on average by 5% • Net toll revenue reduced by about 3%
Scenario E	Scenario B + RMPP	\$1.50	\$3.15	2.15%	No	2x / 4x	RMPP + I-205 Toll Project	Further analysis needed	• Average traffic levels within 1% of Scenario A
Scenario F	Scn A + 50% Low Income Discount	\$2.15	\$3.55	2.15%	50%	2x / 4x	I-205 Toll Project	Likely	• Traffic increases on average by 0.4% • Net toll revenues reduced by about 2%
Scenario G	Scn A + 25% Low Income Discount	\$2.15	\$3.55	2.15%	25%	2x / 4x	I-205 Toll Project	Likely	• Traffic increases on average by 0.1% • Net toll revenue reduced by less than
Scenario H	Combines features of other scenarios	\$1.50	\$3.55	2.15%	50%	1.5x / 2x	RMPP + I-205 Toll Project	TBD	IBR Team recommendation targeted to meet funding target
Scenario I	Scenario H w/o RMPP	\$1.50	\$3.55	2.15%	50%	1.5x / 2x	I-205 Toll Project	TBD	Bi-State Subcommittee Request
Scenario J	Scenario H w/lower pre-completion	\$1.50 \$1.50	\$3.15 \$3.55	2.15%	50%	1.5x / 2x	RMPP + I-205 Toll Project	TBD	Bi-State Subcommittee Request
Scenario K	Scenario I w/lower pre-completion	\$1.50 \$1.50	\$3.15 \$3.55	2.15%	50%	1.5x / 2x	I-205 Toll Project	TBD	Bi-State Subcommittee Request

Notes:

- Weekend toll rates assumed to be constant at the minimum non-zero weekday value.
- The minimum toll is assumed to be \$0 overnight during pre-completion tolling (FYs 2026-33).
- All scenarios assume pre-completion tolling begins on the existing bridge in April 2026.
- RMPP = ODOT's Regional Mobility Pricing Project plans as of December 2022.
- The two low-income toll discount scenarios assume an eligibility threshold of 200% of the federal poverty level and are placeholders for a future benefit program that may comprise discounts or exemptions to be determined by the two Transportation Commissions.

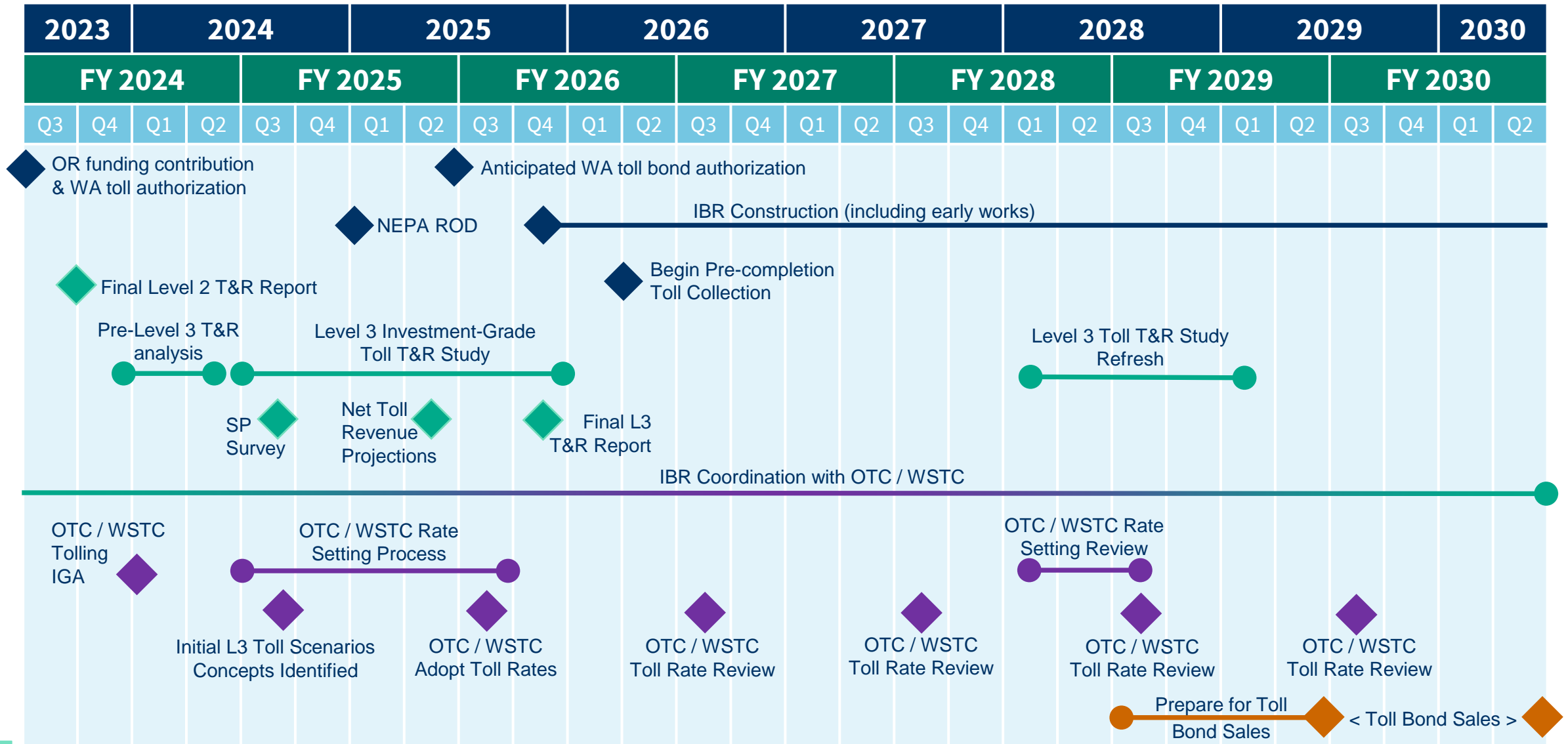
What is a Level 3 Toll T&R Study?

- ▶ The most detailed level of toll T&R forecasts focused on supporting decision-makers to refine toll rates and policies into the set that will meet all project objectives, including financial obligations
- ▶ Also referred to as an “investment-grade” study, the Level 3 forecasts are prepared with sufficient precision and rigor to secure a credit rating and obtain financing
- ▶ Typically completed about 6 to 9 months before tolling begins or bonds are sold, whichever is first
 - Projections go out 40+ years
 - Often periodically refreshed to adjust forecasts to actual experience and support forthcoming bond sales, rate setting, or other needs

Level 3 T&R Study - Rate Setting Considerations

- ▶ **Rate setting needs to provide policy direction for the entire forecast horizon**
 - The IBR Financial Plan necessitates that net toll revenues be sufficient to meet forecast period financial obligations
 - Rates and policies may be revisited annually
- ▶ **Initial toll scenario concepts are needed by late Summer 2024**
 - T&R consultant will be ready to begin analysis
- ▶ **Targeting adoption of initial toll rate schedule and related policies by Summer 2025**
 - Pre-completion tolling scheduled to begin April 1, 2026
 - This timeline allows for 6+ months for communication of toll rates, policies, payment methods, and for customers to establish accounts with ODOT

IBR Level 3 T&R Study and Related Toll Funding Schedule



Subcommittee Operating Principles



Potential operating principles content

- Meeting membership, co-chairs, and meeting attendance
- Process for making recommendations (quorum, majority vote, etc)
- Meeting format approach including meeting support, materials posting, virtual meetings, etc
- Public input process
- Set of bi-state policy considerations based on each state's statute for the subcommittee to align around beyond the financial requirements to guide policymaking

Next Steps and Public Comment

Next Steps

Future meetings:

- March 15th 1pm – 3pm
- April 19th 1pm – 3pm

Subcommittee websites:

- Washington: <https://wstc.wa.gov/programs/tolling/i-5-bridge-over-the-columbia-river/>
- Oregon: <https://www.oregon.gov/odot/Get-Involved/Pages/Bistate-toll-commission.aspx>

To receive future meeting updates: Email info@bistatesubcommittee.org to sign up

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Thank You

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