

# SR 520 Bridge Rate Setting Proposals

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Washington State Transportation Commission Meeting  
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# Agenda

- Context for rate setting, net toll revenue projections, and financial analysis
- Potential rate setting scenarios and tool limitations
- Tolling Subcommittee rate setting proposal options
- Action: select two options to carry forward
- Next steps

# Requirements for SR 520 Bridge Rate Setting

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

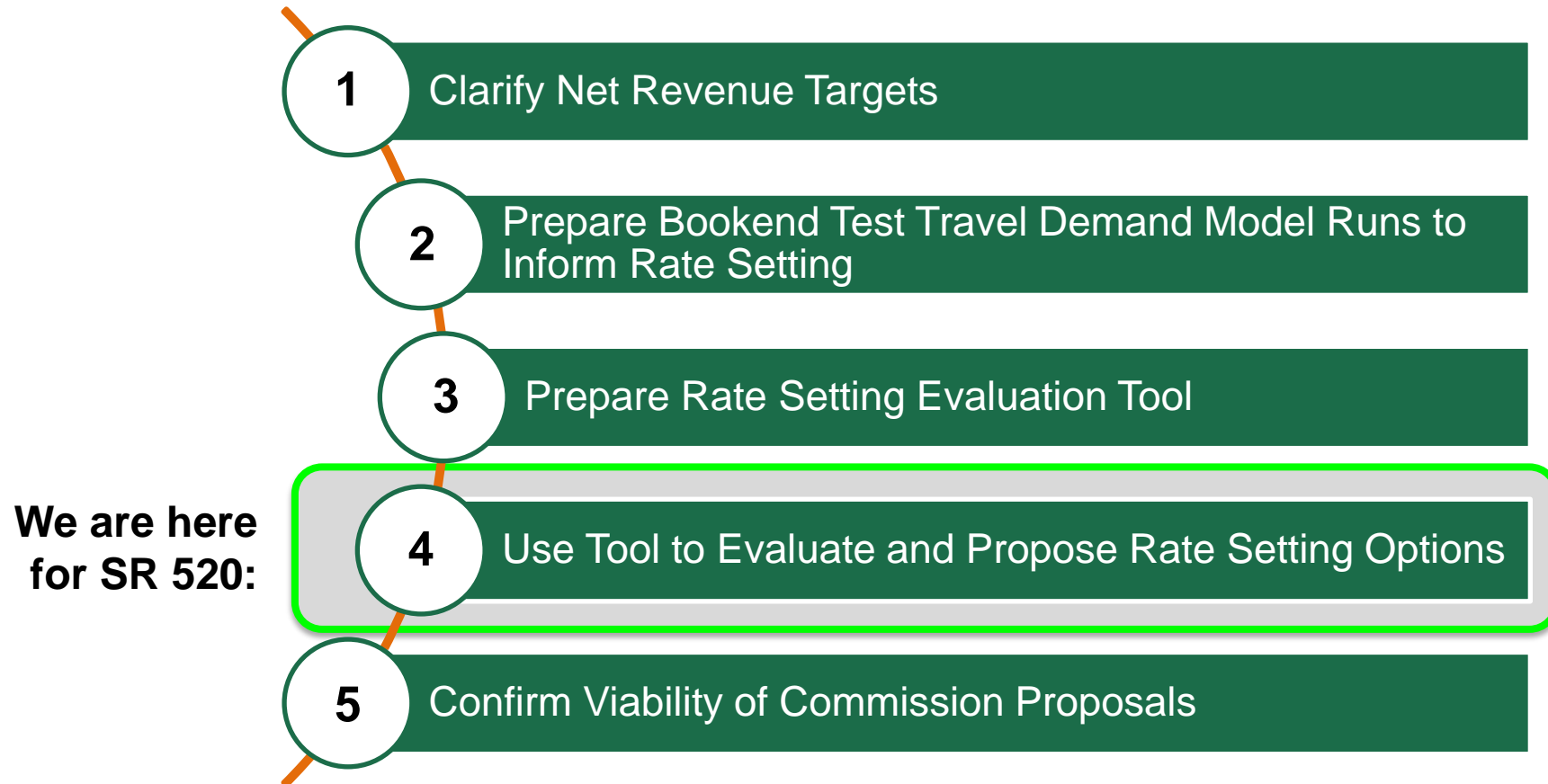
- A variable schedule of toll rates must be set with the intent to:
  - Maintain travel time, speed, and reliability on the corridor, and
  - Generate the necessary revenue to meet funding obligations.
- Tolls may vary by multiple factors in support of improved system performance, including:
  - Type of vehicle, time of day, and traffic conditions
  - System performance includes managing congestion on the facility and minimizing impacts to alternative routes.
- Tolling may only be imposed on the floating bridge portion of the SR 520 corridor

# Guiding Principles for Tolling in Washington

State law (*RCW 47.56.830*) establishes the following considerations for state toll facilities:

- Toll rates must be set to meet anticipated funding obligations, and to the extent possible, optimize system performance
- In addition to being a source of project funding, tolling should:
  - Be fairly and equitably applied in the context of the statewide transportation system;
  - Avoiding increased traffic diversion to other routes;
- When deciding to toll a facility the following factors should also be considered:
  - Social equity, environmental, and economic issues; and
  - Supporting progress towards the state's greenhouse gas reduction goals.

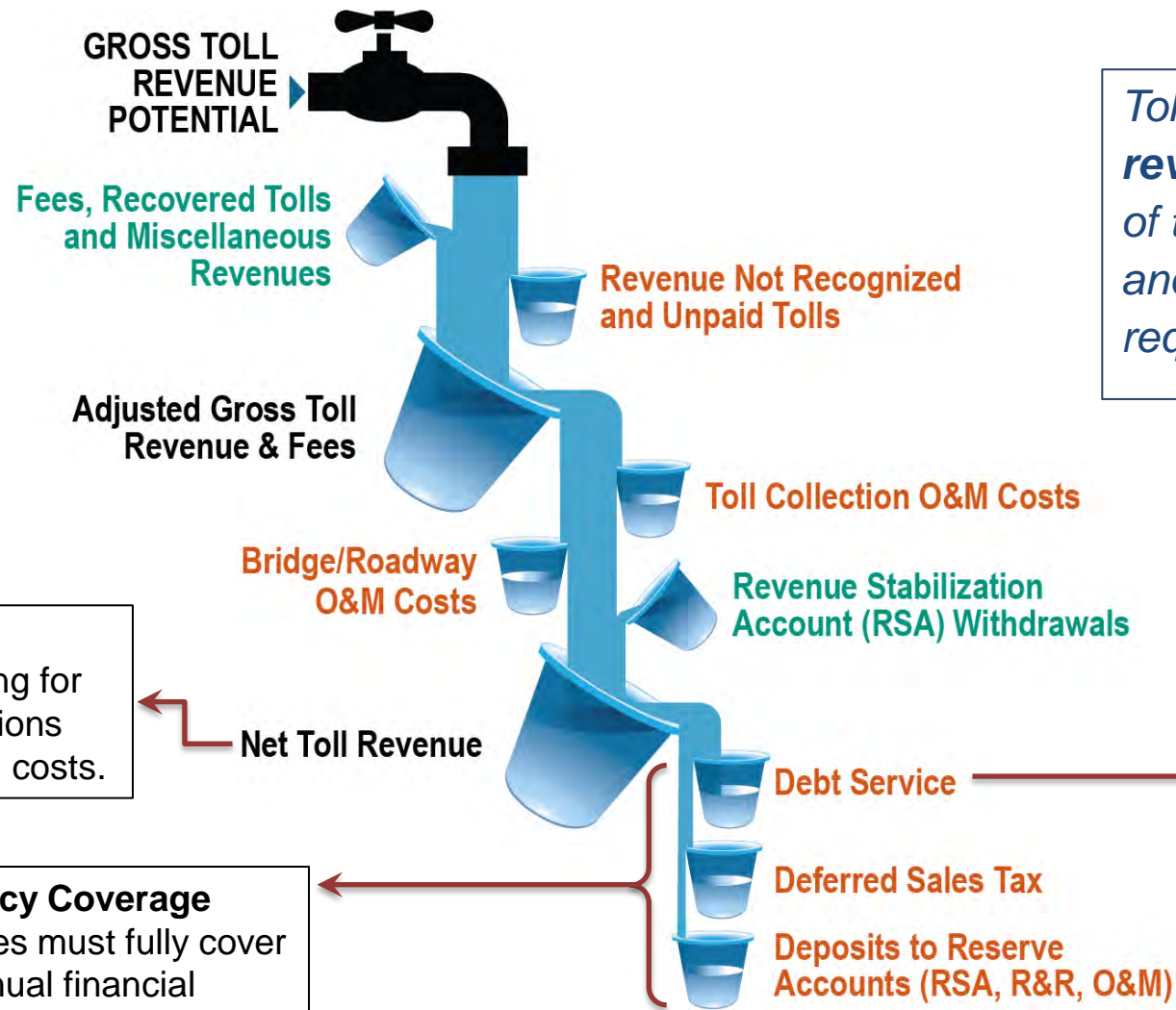
# Technical Analysis Process



# Why is rate setting action needed for SR 520?

- In December, OST determined that the November 2023 forecast of SR 520 net toll revenues is not sufficient to meet forecast period financial obligations.
- Primary factors resulting in lower net toll revenue projections:
  - Construction effects west of the bridge are suppressing demand, lowering forecasts thru FY 2030.
  - Projected bridge insurance premiums are \$83 M higher through FY 2031 and alternative solutions cannot be evaluated and implemented before the FY 2025 premium is due.
- Remaining ARPA funds help cover costs in FY 2024, shoring up net toll revenues for this year only.
- The SR 520 Master Resolution's bond covenants require the Commission to take rate setting action this year for FY 2025.
  - Projected net toll revenues under new rates must be certified as meeting all financial obligations in each year of the forecast horizon.

# SR 520 Flow of Funds and Net Revenue Targets



*Tolls must be set such that **net toll revenues** equal or exceed the greater of the **Sum Sufficiency Coverage** and the **Debt Service Coverage** requirements in each and every year*

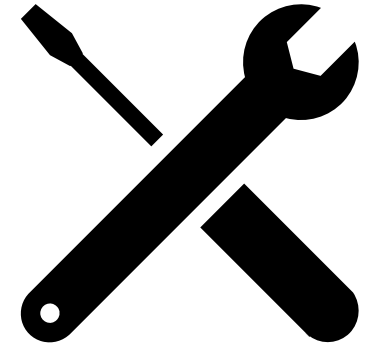
**Net Toll Revenues**  
What remains after paying for all routine annual operations and maintenance (O&M) costs.

**Sum Sufficiency Coverage**  
Net toll revenues must fully cover all required annual financial obligations (bottom 3 buckets).

**Debt Service Coverage**  
Net toll revenues must meet or exceed rate covenant debt service coverage ratio requirements, expressed as a percentage or multiple of debt service.

# What are the potential rate setting scenarios considered by the Tolling Subcommittee?

- Uniform percentage increase
- Uniform dollar amount increase
- Time-of-day tailored increases
- Single increase vs. multiple smaller increases (phased approach)
- Weekday vs. weekend





# What policy levers were not considered by the Tolling Subcommittee?

## The following are not incorporated into the Rate Setting Tool functionality and were not considered:

- No change in the \$2.00 Pay By Mail toll increment
- No change in truck axle toll multipliers
- No change in the \$0.25 Pay By Plate surcharge

*The above reflects the assumption that the Commission seeks to maintain system consistency on these policies.*

*Such changes could be tested as part of the final viability confirmation of proposed toll rate options **but may add schedule time to the confirmation modeling work.***

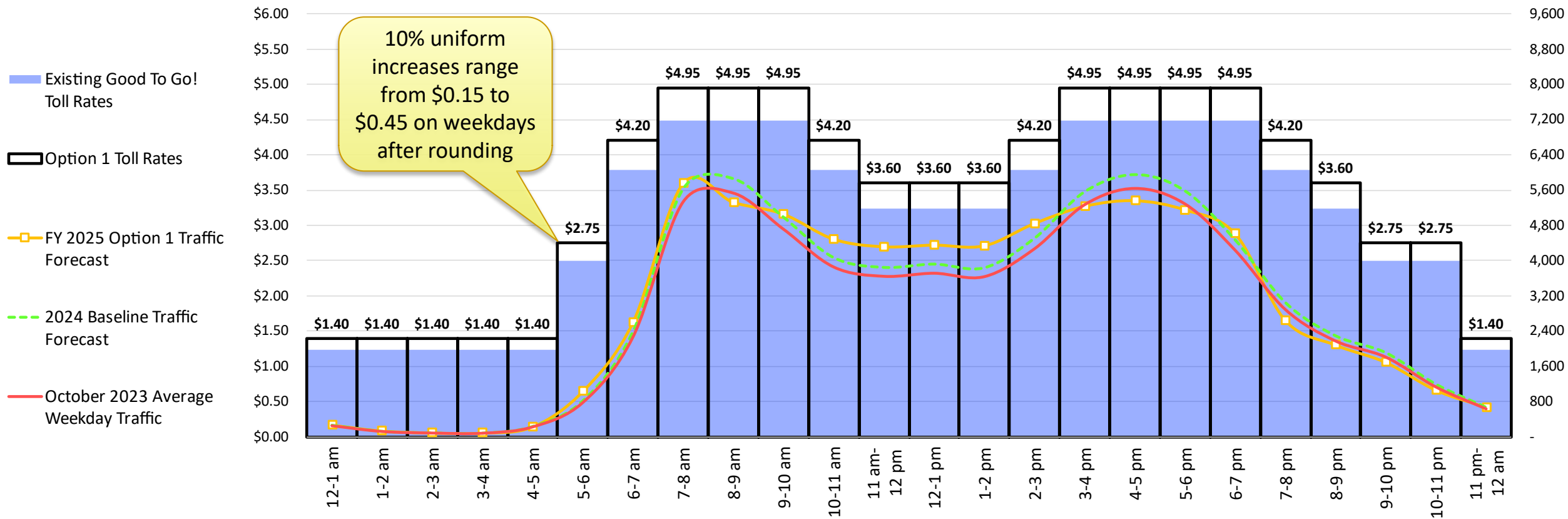


# SR 520 Bridge Toll Rate Setting Workshop

- On March 5, the Tolling Subcommittee met with WSDOT to test the indicative viability of various options using WSP's rate setting tool.
- Two rate proposal options for both weekdays and weekends emerged from the workshop that are expected to meet the SR 520 net toll revenue targets over the forecast horizon:
  - **Option 1:** uniform 10% increase (rounded to nearest \$0.05)
  - **Option 2:** tailored increases averaging 10% overall (rounded to nearest \$0.05)

# SR 520 Option 1 Rate Proposal

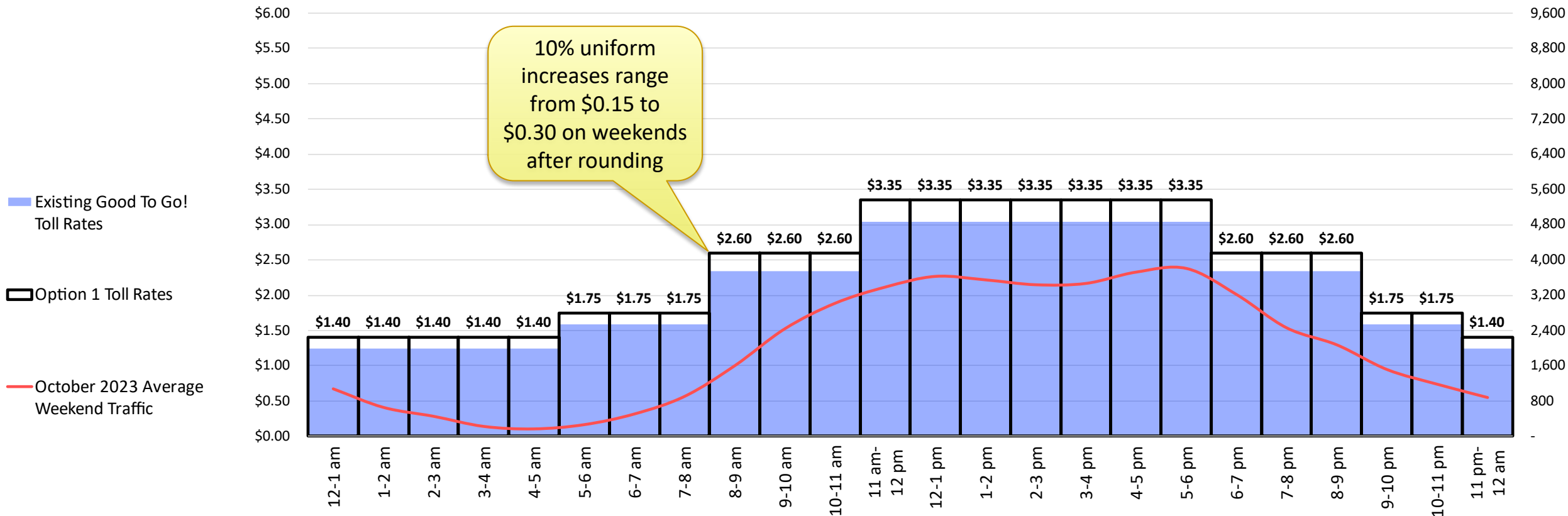
## 10% Uniform Increase + Nickel Rounding | Weekdays



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

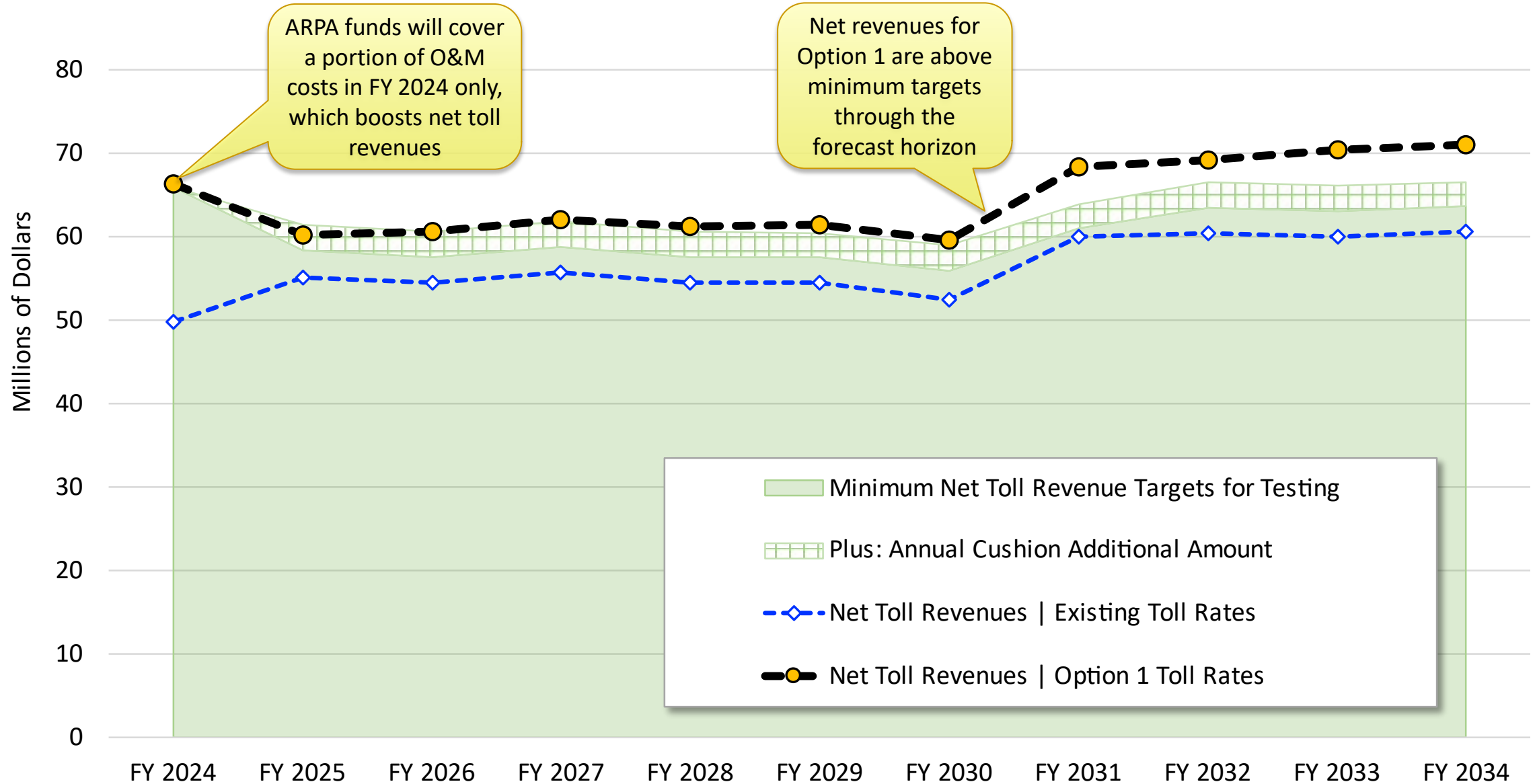
# SR 520 Option 1 Rate Proposal

## 10% Uniform Increase + Nickel Rounding | Weekends



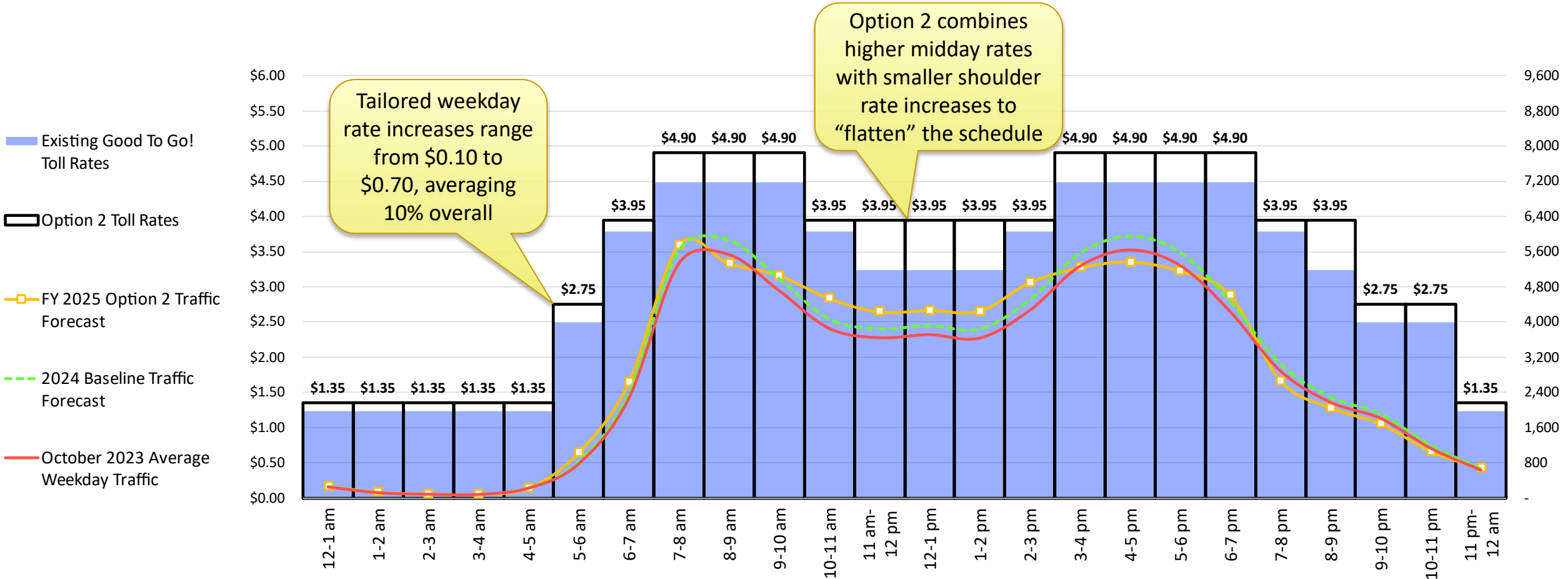
All toll rates are for 2-axle vehicles with Good to Go! pass

# SR 520 Option 1 Rate Proposal Preliminary Results



# SR 520 Option 2 Rate Proposal

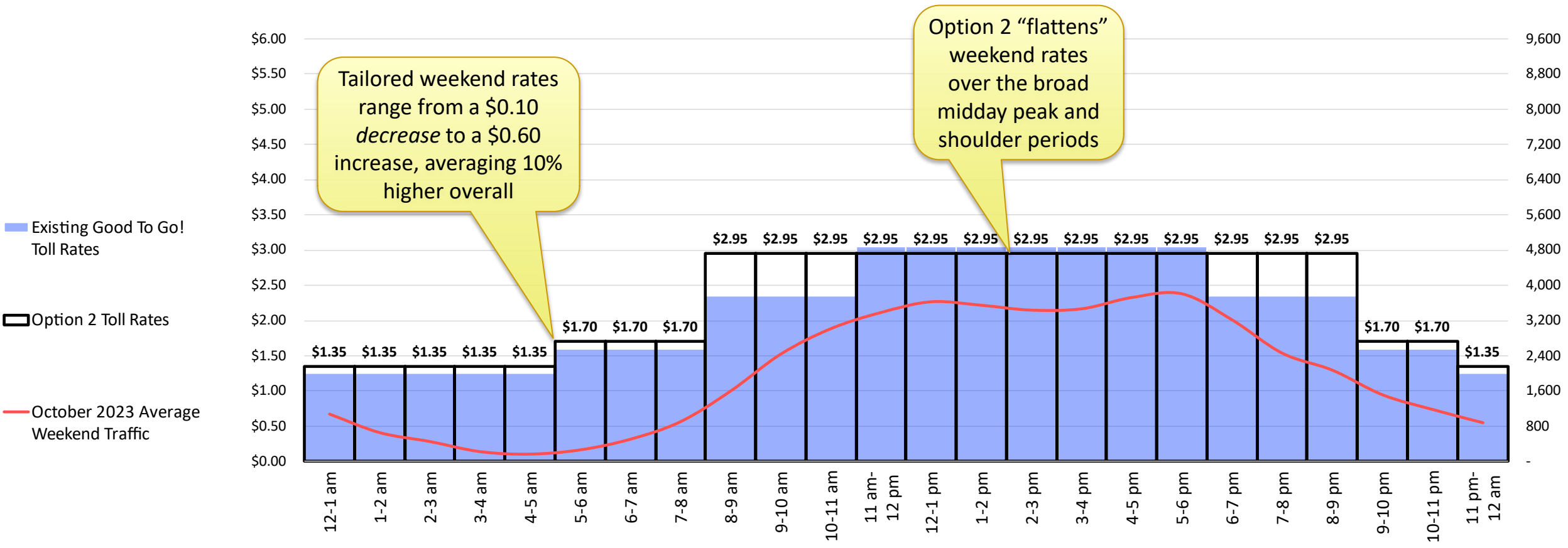
## ~10% Tailored Increase + Nickel Rounding | Weekdays



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

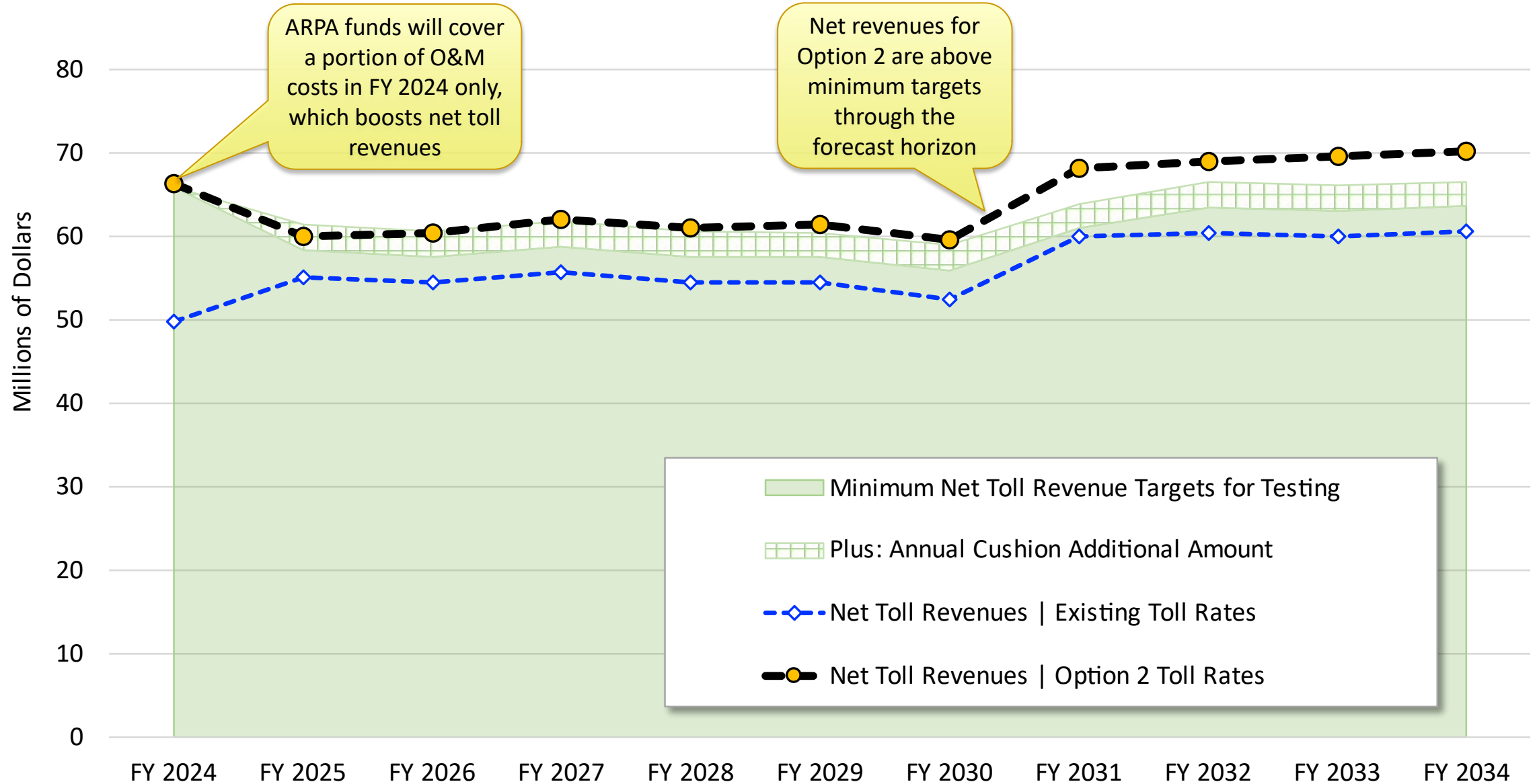
# SR 520 Option 2 Rate Proposal

## ~10% Tailored Increase + Nickel Rounding | Weekends



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

# SR 520 Option 2 Rate Proposal Preliminary Results





# SR 520 Bridge Rate Proposal Tables

## Weekday Rate Schedule

Existing Good To Go! Toll Rates

Option 1 Rate Proposal

Option 2 Rate Proposal

	12-5 am	5-6 am	6-7 am	7-10 am	10-11 am	11 am-2 pm	2-3 pm	3-7 pm	7-8 pm	8-9 pm	9-11 pm	11 pm-12 am
Existing Good To Go! Toll Rates	\$1.25	\$2.50	\$3.80	\$4.50	\$3.80	\$3.25	\$3.80	\$4.50	\$3.80	\$3.25	\$2.50	\$1.25
Option 1 Rate Proposal	\$1.40	\$2.75	\$4.20	\$4.95	\$4.20	\$3.60	\$4.20	\$4.95	\$4.20	\$3.60	\$2.75	\$1.40
Option 2 Rate Proposal	\$1.35	\$2.75	\$3.95	\$4.90	\$3.95	\$3.95	\$3.95	\$4.90	\$3.95	\$3.95	\$2.75	\$1.35

## Weekend Rate Schedule

Existing Good To Go! Toll Rates

Option 1 Rate Proposal

Option 2 Rate Proposal

	11 pm-5 am	5-8 am	8-11 am	11 am-6 pm	6-9 pm	9-11 pm	11 pm-12 am
Existing Good To Go! Toll Rates	\$1.25	\$1.60	\$2.35	\$3.05	\$2.35	\$1.60	\$1.25
Option 1 Rate Proposal	\$1.40	\$1.75	\$2.60	\$3.35	\$2.60	\$1.75	\$1.40
Option 2 Rate Proposal	\$1.35	\$1.70	\$2.95	\$2.95	\$2.95	\$1.70	\$1.35

- All proposed toll rates are for 2-axle vehicles with *Good to Go!* pass.
- The existing \$0.25 fee for *Good To Go!* plate customers and the \$2.00 toll increment for Pay By Mail customers would continue to apply.
- The existing truck toll rate axle multipliers would continue to apply.

# Commission Discussion & Action: Select two toll rate proposals for SR 520 Bridge

Purpose: To carry forward for public input and financial sufficiency verification

Weekday Options	Weekend Options	Combined Options
<b>A</b> Uniform 10% Increase	<b>C</b> Uniform 10% Increase	<b>A + C</b>
		<b>A + D</b>
<b>B</b> Tailored Increases Averaging 10%	<b>D</b> Tailored Increases Averaging 10%	<b>B + C</b>
		<b>B + D</b>

**Select any two  
of the four  
combined  
options**

# Next Steps: SR 520 Bridge Rate Setting Schedule

Following the selection of toll rate scenarios today, the Commission plans to adopt toll rates by mid-July, with an effective date of August 15, 2024.

Date	Milestone
Today – March 13, 2024	Select two rate scenarios for public input and financial sufficiency verification
<b>April 17 – May 1</b>	<b>Hold online public input survey to inform rate-setting decisions</b>
May 2024 WSTC Meeting	Receive financial analysis and select toll rate proposal for public comment period
By May 22 (noon)	Propose permanent rates (File CR-102)
<i>Late May – Mid June</i>	<i>Public input to inform final toll rate proposal</i>
<i>Late June – Mid July</i>	Public hearing for permanent toll rate proposal (File CR-103P)
August 15, 2024	Final toll rates take effect

# Questions?

For additional information, please contact:

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