

Puget Sound Gateway

(SR 167 and SR 509)

Tolling Update



Office of the State Treasurer

December 11, 2024



Projected Net Toll Revenues

Scenario A:

- Highest projected revenues
- Higher tolls for 3+ axels
- No low-income discount

Scenario B:

- 2nd lowest projected revenues
- All vehicles pay the same toll
- No low-income discount

Scenario C:

- 2nd highest projected revenues
- Higher tolls for 3+ axels
- 50% discount for low-income residents

Scenario D:

- Lowest projected revenues
- All vehicles pay the same toll
- 50% discount for low-income residents

	Scenario A	Scenario B	Scenario C	Scenario D
2026	344,024	273,877	274,613	210,278
2027	1,827,313	1,546,743	1,719,943	1,444,507
2028	4,660,370	4,100,652	4,517,317	3,956,421
2029	13,252,488	11,879,591	13,004,068	11,627,614
2030	23,574,175	21,397,367	23,249,239	21,067,267
2031	33,246,394	30,319,135	32,839,280	29,938,921
2032	38,585,303	35,359,629	38,199,879	34,968,069
2033	39,940,745	36,541,485	39,548,908	36,139,763
2034	40,994,044	37,387,341	40,511,685	36,975,910
2035	41,928,235	38,303,431	41,514,791	37,880,542
2036	43,061,372	39,315,849	42,636,884	38,882,516
2037	43,981,844	40,114,921	43,546,182	39,668,214
2038	45,464,335	41,470,550	45,016,640	41,011,528
2039	46,250,552	42,124,888	45,791,030	41,654,586
2040	47,475,482	43,213,463	47,002,761	42,729,766
2041	48,647,112	44,245,644	48,162,910	43,749,183
2042	49,886,327	45,334,671	49,388,317	44,825,841
2043	51,206,587	46,503,094	50,694,923	45,979,311
2044	52,526,541	47,669,051	52,001,654	47,131,241
2045	54,159,759	49,139,828	53,619,905	48,586,991
2046	55,017,498	49,787,240	54,463,831	49,221,404
2047	56,051,737	50,743,458	55,486,020	50,164,480
2048	57,618,559	52,198,215	57,039,165	51,604,620
2049	58,339,283	52,784,601	57,744,007	52,173,897
2050	59,530,421	53,829,586	58,919,631	53,204,814
2051	60,621,412	54,773,346	59,997,852	54,133,392
2052	61,874,495	55,874,140	61,235,394	55,217,678
2053	63,151,168	56,960,634	62,464,537	56,288,693
2054	64,699,162	58,380,079	64,026,557	57,691,089
2055	65,747,648	59,230,125	65,057,774	58,523,387
2056	67,040,104	60,382,541	66,334,291	59,658,762
2057	68,955,854	62,088,303	68,232,204	61,346,061
2058	69,773,929	62,762,290	69,031,647	62,000,364
2059	71,246,308	64,046,270	70,486,140	63,265,801
2060	72,770,008	65,378,151	71,989,591	64,577,472
2061	74,289,235	66,699,275	73,490,058	65,879,325
2062	75,881,145	67,970,779	75,060,611	67,131,378
2063	77,397,361	69,304,620	76,558,397	68,445,055
2064	79,319,364	71,104,930	78,461,044	70,224,231
	1,980,337,690	1,790,539,795	1,959,319,677	1,769,180,372



Financing Overview

Bond Funding:

Maximum par amount authorized by legislature: \$340 mm

\$335 mm total bond funding requested:

- \$180 mm in FY 2027
- \$155 mm in FY 2029

Eight Financing Alternatives:

Four revenue scenarios:

- Baseline – funds partially delivered when requested
- Alternate – funds delivered in full, 1-year later than requested

General Payment Priority For Toll Revenues:

- Operations and Maintenance (O&M)
- Debt Service
- Revenue Stabilization Account (RSA)
- Repair and Replacement Account (R&R)

Important Modeling Considerations:

- Limited revenues in early years until projected completion of SR 509 in 2028 and SR 167 in 2029
- Capitalized interest uses bond proceeds to pay interest costs in the early years of the project when toll traffic and revenues are ramping up. However, capitalized interest is expensive and reduces bond capacity available for the project.
- Higher interest rates reduce bond premium, reducing ability to capitalize interest
- Lower interest rates increase bond premium, increasing ability to capitalize interest



Results Summary

Scenario	Total Funding Provided	% of Project Funds Provided	Funding Timeline
A - Baseline	\$328.1 million	98%	As scheduled
A - Alternate	\$335.0 million	100%	1-year delay
Highest projected revenue			
B - Baseline	\$321.2 million	96%	As scheduled
B - Alternate	\$335.0 million	100%	1-year delay
2 nd lowest projected revenue			
C - Baseline	\$327.9 million	98%	As scheduled
C - Alternate	\$335.0 million	100%	1-year delay
2 nd highest projected revenue			
D - Baseline	\$321.0 million	96%	As scheduled
D - Alternate	\$335.0 million	100%	1-year delay
Lowest projected revenue			

Scenario D - Baseline





Scenario D - Baseline

FY	Project Funds Requested	Bond Proceeds Delivered	PayGo (Net Toll Revenues)	Funding Gap	% of Project Funds Delivered per Year
2025	\$ -	\$ -	\$ -	\$ -	
2026	-	-	-	0	
2027	180,000,000	180,000,000	-	0	100%
2028	-	-	-	0	-
2029	155,000,000	141,000,000	-	(14,000,000)	91%
2030	-	-	-	0	-
Total	\$ 335,000,000	\$ 321,000,000	\$ -	(14,000,000)	96%

<u>Uses of Funds</u>	Series A (FY 2027)	Series B (FY 2029)	Total
Project Fund Deposit	\$ 180,000,000	\$ 141,000,000	\$ 321,000,000
Capitalized Interest	24,060,877	11,679,833	35,740,710
Financing Costs	937,357	817,066	1,754,423
Total	\$ 204,998,234	\$ 153,496,899	\$ 358,495,133

Assumptions:

- Issuance dates in FY 2027 and FY 2029
- 30-year level debt service
- Interest rates: Greater of 10-year MMD average and 9/27/2024 MMD, plus 1.00%, plus 0.25% credit spread
- TIC for both issuances: 4.71%



Scenario D - Baseline

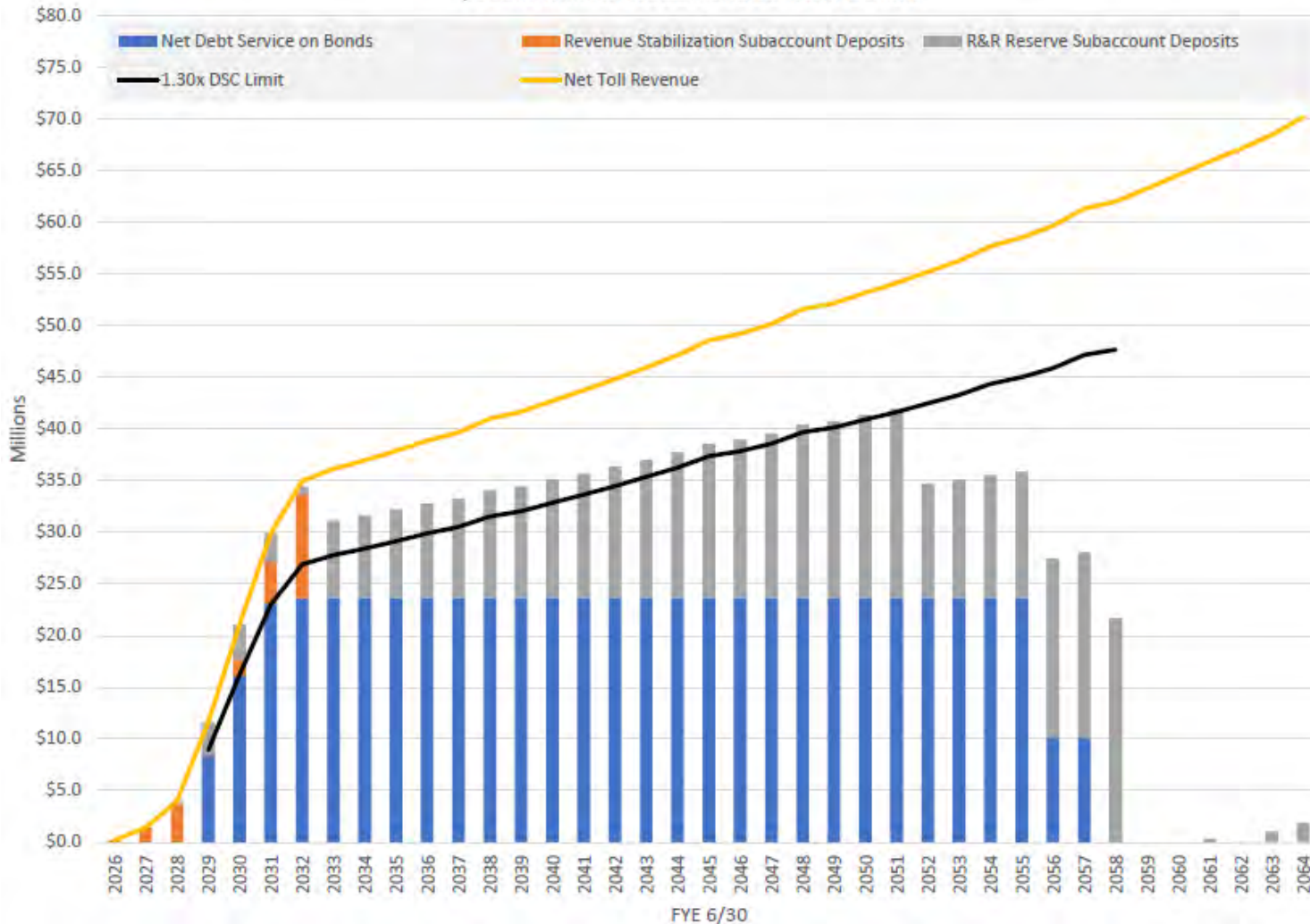
FY	Total Net Toll Revenue (1)	Net Debt Service on Bonds (3,4)	Debt Service Coverage [B/C]	Net Toll Revenue Post Debt Service [B+C]	Revenue Stabilization Subaccount (Deposits)/ Withdrawals (2)	Net Toll Revenue Post Net Debt Service & RSS Activity [E+F]	Repair & Replacement Reserve Subaccount Deposits (5)	Remaining Cash Flow [G+H]	Cumulative Remaining Cash Flow	Sum Sufficiency Calculation [B/(C+F+H)]
2026	210,278	-	--	210,278	(210,278)	-	-	-	-	1.00
2027	1,444,507	-	--	1,444,507	(1,444,507)	-	-	-	-	1.00
2028	3,956,421	-	--	3,956,421	(3,699,236)	257,186	(257,186)	-	-	1.00
2029	11,627,614	(8,443,113)	1.38	3,184,501	(3,444)	3,181,058	(3,181,058)	-	-	1.00
2030	21,067,267	(16,107,299)	1.31	4,959,967	(1,583,198)	3,376,769	(3,376,769)	-	-	1.00
2031	29,938,921	(23,077,438)	1.30	6,861,484	(4,051,172)	2,810,312	(2,810,312)	-	-	1.00
2032	34,968,069	(23,636,188)	1.48	11,331,881	(10,075,435)	1,256,446	(753,868)	502,578	502,578	1.01
2033	36,139,763	(23,636,938)	1.53	12,502,826	-	12,502,826	(7,501,695)	5,001,130	5,503,709	1.16
2034	36,975,910	(23,635,438)	1.56	13,340,473	-	13,340,473	(8,004,284)	5,336,189	10,839,898	1.17
2035	37,880,542	(23,640,938)	1.60	14,239,604	-	14,239,604	(8,543,763)	5,695,842	16,535,739	1.18
2036	38,882,516	(23,642,188)	1.64	15,240,329	-	15,240,329	(9,144,197)	6,096,131	22,631,871	1.19
2037	39,668,214	(23,638,438)	1.68	16,029,776	-	16,029,776	(9,617,866)	6,411,911	29,043,782	1.19
2038	41,011,528	(23,638,938)	1.73	17,372,590	-	17,372,590	(10,423,554)	6,949,036	35,992,818	1.20
2039	41,654,586	(23,642,438)	1.76	18,012,148	-	18,012,148	(10,807,289)	7,204,859	43,197,677	1.21
2040	42,729,766	(23,642,688)	1.81	19,087,079	-	19,087,079	(11,452,247)	7,634,831	50,832,508	1.22
2041	43,749,183	(23,638,688)	1.85	20,110,496	-	20,110,496	(12,066,298)	8,044,198	58,876,707	1.23
2042	44,825,841	(23,639,438)	1.90	21,186,403	-	21,186,403	(12,711,842)	8,474,561	67,351,268	1.23
2043	45,979,311	(23,643,438)	1.94	22,335,873	-	22,335,873	(13,401,524)	8,934,349	76,285,617	1.24
2044	47,131,241	(23,644,188)	1.99	23,487,053	-	23,487,053	(14,092,232)	9,394,821	85,680,439	1.25
2045	48,586,991	(23,640,438)	2.06	24,946,554	-	24,946,554	(14,967,932)	9,978,621	95,659,060	1.26
2046	49,221,404	(23,635,938)	2.08	25,585,467	-	25,585,467	(15,351,280)	10,234,187	105,893,247	1.26
2047	50,164,480	(23,644,188)	2.12	26,520,293	-	26,520,293	(15,912,176)	10,608,117	116,501,364	1.27
2048	51,604,620	(23,641,638)	2.18	27,962,983	-	27,962,983	(16,777,790)	11,185,193	127,686,557	1.28
2049	52,173,897	(23,641,225)	2.21	28,532,672	-	28,532,672	(17,119,603)	11,413,069	139,099,626	1.28
2050	53,204,814	(23,639,888)	2.25	29,564,927	-	29,564,927	(17,738,956)	11,825,971	150,925,597	1.29
2051	54,133,392	(23,639,975)	2.29	30,493,417	-	30,493,417	(18,296,050)	12,197,367	163,122,964	1.29
2052	55,217,678	(23,639,125)	2.34	31,578,553	-	31,578,553	(11,052,493)	20,526,059	183,649,023	1.59
2053	56,288,693	(23,639,975)	2.38	32,648,718	-	32,648,718	(11,427,051)	21,221,666	204,870,689	1.61
2054	57,691,089	(23,639,900)	2.44	34,051,189	-	34,051,189	(11,917,916)	22,133,273	227,003,962	1.62
2055	58,523,387	(23,636,275)	2.48	34,887,112	-	34,887,112	(12,210,489)	22,676,623	249,680,585	1.63
2056	59,658,762	(10,141,475)	5.88	49,517,287	-	49,517,287	(17,331,050)	32,186,237	281,866,821	2.17
2057	61,346,061	(10,140,838)	6.05	51,205,223	-	51,205,223	(17,921,828)	33,283,395	315,150,216	2.19

(2) RSA Balance targeted at 30% of maximum annual net toll revenues



Scenario D - Baseline

State of Washington -- Puget Sound Gateway Program (SR 167 & SR 509 Completion)
 BASELINE Debt Financing Model - Scenario D Traffic and Revenue Projections
 \$320.3 Million Need Funded from Bonds



Scenario A - Alternate





Scenario A - Alternate

FY	Project Funds Requested	Bond Proceeds Delivered	PayGo (Net Toll Revenues)	Funding Gap	% of Project Funds Delivered per Year
2025	\$ -	\$ -	\$ -	\$ -	
2026	-	-	-	0	
2027	180,000,000	-	-	(180,000,000)	0%
2028	-	180,000,000	-	180,000,000	100%
2029	155,000,000	-	-	(155,000,000)	0%
2030	-	155,000,000	-	155,000,000	100%
Total	\$ 335,000,000	\$ 335,000,000	\$ -	0	100%

<u>Uses of Funds</u>	Series A (FY 2028)	Series B (FY 2030)	Total
Project Fund Deposit	\$ 180,000,000	\$ 155,000,000	\$ 335,000,000
Capitalized Interest	11,361,796	2,239,213	13,601,009
Financing Costs	908,446	829,737	1,738,183
Total	\$ 192,270,243	\$ 158,068,949	\$ 350,339,192

Assumptions:

- Issuance dates in FY 2028 and FY 2030
- 30-year level debt service
- Interest rates: Greater of 10-year MMD average and 9/27/2024 MMD, plus 1.00%, plus 0.25% credit spread
- TIC for both issuances: 4.71%



Scenario A - Alternate

FY	Total Net Toll Revenue (1)	Net Debt Service on Bonds (3,4)	Debt Service Coverage [B/C]	Net Toll Revenue Post Debt Service [B+C]	Revenue Stabilization Subaccount (Deposits)/ Withdrawals (2)	Net Toll Revenue Post Net Debt Service & RSS Activity [E+F]	Repair & Replacement Reserve Subaccount Deposits (5)	Remaining Cash Flow [G+H]	Cumulative Remaining Cash Flow	Sum Sufficiency Calculation [B/(C+F+H)]
2026	344,024	-	--	344,024	(344,024)	-	-	-	-	1.00
2027	1,827,313	-	--	1,827,313	(1,827,313)	-	-	-	-	1.00
2028	4,660,370	-	--	4,660,370	(4,406,349)	254,021	(254,021)	-	-	1.00
2029	13,252,488	(9,646,924)	1.37	3,605,564	(457,928)	3,147,637	(3,147,637)	-	-	1.00
2030	23,574,175	(17,246,275)	1.37	6,327,900	(2,980,155)	3,347,744	(3,347,744)	-	-	1.00
2031	33,246,394	(22,677,013)	1.47	10,569,381	(7,788,820)	2,780,561	(2,780,561)	-	-	1.00
2032	38,585,303	(22,683,013)	1.70	15,902,290	(5,991,221)	9,911,070	(4,261,760)	5,649,310	5,649,310	1.17
2033	39,940,745	(22,673,763)	1.76	17,266,983	-	17,266,983	(7,424,803)	9,842,180	15,491,490	1.33
2034	40,994,044	(22,679,263)	1.81	18,314,782	-	18,314,782	(7,875,356)	10,439,426	25,930,916	1.34
2035	41,928,235	(22,678,013)	1.85	19,250,222	-	19,250,222	(8,277,596)	10,972,627	36,903,542	1.35
2036	43,061,372	(22,679,513)	1.90	20,381,859	-	20,381,859	(8,764,199)	11,617,660	48,521,202	1.37
2037	43,981,844	(22,677,763)	1.94	21,304,081	-	21,304,081	(9,160,755)	12,143,326	60,664,528	1.38
2038	45,464,335	(22,677,013)	2.00	22,787,322	-	22,787,322	(9,798,548)	12,988,774	73,653,302	1.40
2039	46,250,552	(22,676,263)	2.04	23,574,289	-	23,574,289	(10,136,944)	13,437,345	87,090,647	1.41
2040	47,475,482	(22,679,513)	2.09	24,795,969	-	24,795,969	(10,662,267)	14,133,702	101,224,349	1.42
2041	48,647,112	(22,675,513)	2.15	25,971,599	-	25,971,599	(11,167,788)	14,803,812	116,028,161	1.44
2042	49,886,327	(22,678,513)	2.20	27,207,814	-	27,207,814	(11,699,360)	15,508,454	131,536,615	1.45
2043	51,206,587	(22,682,013)	2.26	28,524,574	-	28,524,574	(12,265,567)	16,259,007	147,795,622	1.47
2044	52,526,541	(22,679,763)	2.32	29,846,778	-	29,846,778	(12,834,115)	17,012,664	164,808,286	1.48
2045	54,159,759	(22,680,763)	2.39	31,478,997	-	31,478,997	(13,535,969)	17,943,028	182,751,314	1.50
2046	55,017,498	(22,678,513)	2.43	32,338,985	-	32,338,985	(13,905,764)	18,433,222	201,184,536	1.50
2047	56,051,737	(22,676,763)	2.47	33,374,974	-	33,374,974	(14,351,239)	19,023,735	220,208,271	1.51
2048	57,618,559	(22,679,013)	2.54	34,939,546	-	34,939,546	(15,024,005)	19,915,541	240,123,813	1.53
2049	58,339,283	(22,678,875)	2.57	35,660,408	-	35,660,408	(15,333,975)	20,326,432	260,450,245	1.53
2050	59,530,421	(22,677,463)	2.63	36,852,958	-	36,852,958	(15,846,772)	21,006,186	281,456,431	1.55
2051	60,621,412	(22,676,825)	2.67	37,944,587	-	37,944,587	(16,316,172)	21,628,415	303,084,846	1.55
2052	61,874,495	(22,674,450)	2.73	39,200,045	-	39,200,045	(11,760,014)	27,440,032	330,524,878	1.80
2053	63,151,168	(22,673,238)	2.79	40,477,930	-	40,477,930	(12,143,379)	28,334,551	358,859,429	1.81
2054	64,699,162	(22,680,825)	2.85	42,018,337	-	42,018,337	(12,605,501)	29,412,836	388,272,265	1.83
2055	65,747,648	(22,679,325)	2.90	43,068,323	-	43,068,323	(12,920,497)	30,147,826	418,420,091	1.85
2056	67,040,104	(22,676,638)	2.96	44,363,466	-	44,363,466	(13,309,040)	31,054,426	449,474,517	1.86
2057	68,955,854	(10,230,138)	6.74	58,725,716	-	58,725,716	(17,617,715)	41,108,001	490,582,518	2.48
2058	69,773,929	(10,230,300)	6.82	59,543,629	-	59,543,629	(19,242,142)	40,301,487	530,884,006	2.37

(2) RSA Balance targeted at 30% of maximum annual net toll revenues



Scenario A - Alternate

State of Washington -- Puget Sound Gateway Program (SR 167 & SR 509 Completion)
 Scenario A Traffic and Revenue Projections - ALTERNATE Debt Financing Model
 \$335 Million Funded from Bonds

