

# Tolling Update

## SR 16 Tacoma Narrows Bridge

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Washington State Joint Transportation Committee  
Tacoma, WA  
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# Tolling is a part of Washington's history

14 bridges financed with bonds and paid for with tolls from the 1930s through the 1980s, including:

- Evergreen Point Bridge (SR 520 in Seattle)
- Two original Tacoma Narrows bridges
- Vancouver-Portland Bridge (I-5)
- Hood Canal Bridge (SR 104)
- First Lake Washington Bridge (I-90)
- Agate Pass (SR 305)
- Maple Street Bridge (Spokane)



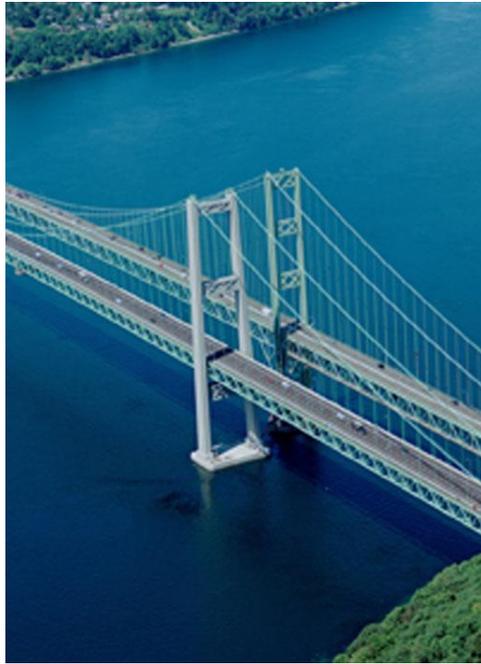
# The Legislature established Washington's tolling framework in 2008

- Tolling should be used when it can:
  - Contribute a significant portion of the cost of a project that cannot be funded solely with existing sources
  - Optimize the performance of the transportation system
- Toll rates must be set to meet anticipated funding obligation to the extent possible. The toll rates should be set to optimize system performance, recognizing necessary trade-offs to generate revenue.
- Tolling should be fairly and equitably applied and not have significant adverse diversion impacts that cannot be mitigated.
- Tolling authority is shared:
  - Legislature authorizes tolls
  - Transportation Commission sets toll rates
  - WSDOT plans and implements the tolling program

# Current tolling operations in Washington State

## SR 16 Tacoma Narrows Bridge

State's first electronic tolling facility opened July 2007



*Flat toll rates repay construction bonds*

## SR 167 HOT Lanes Pilot Project

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



*Dynamic toll rates manage traffic performance, no debt issued*

## SR 520 Floating Bridge

- Partially funded with major gaps
- Urban Partnership Agreement
- Significant outreach effort
- Tolling began December 2011



*Variable toll rates to repay bonds and manage traffic*

# Washington State's tolling network

## Current toll facilities:

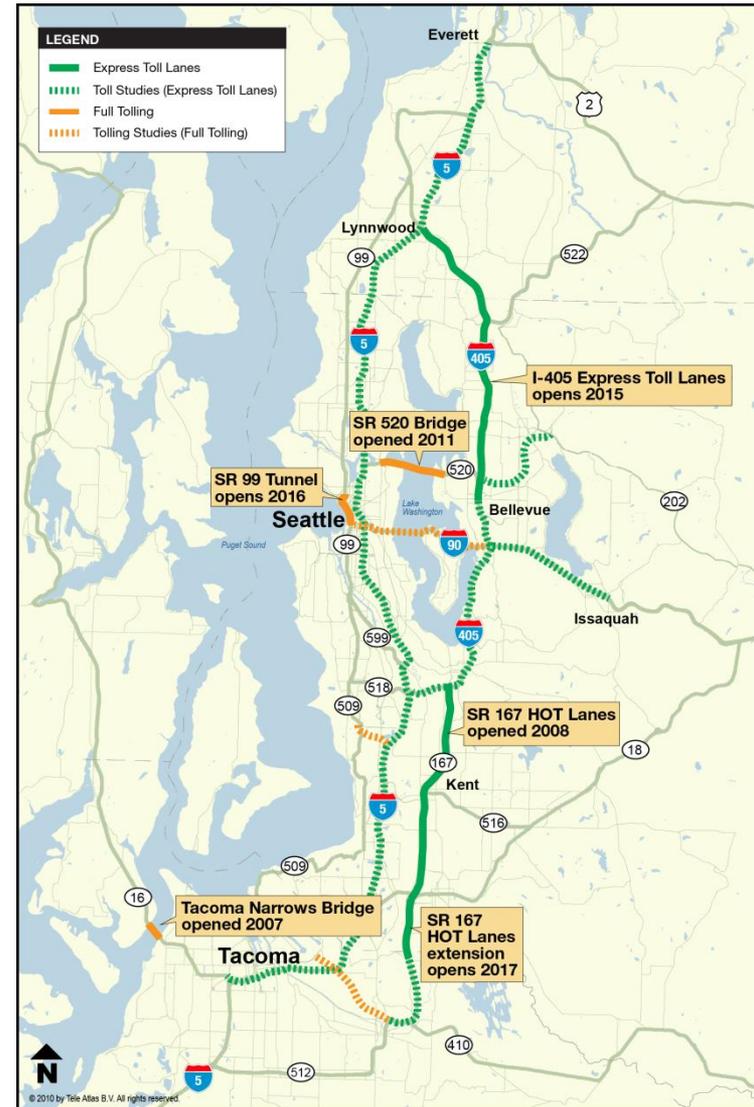
- SR Tacoma Narrows Bridge
- SR 167 HOT Lanes Pilot Project
- SR 520 Floating Bridge

## Authorized toll facilities:

- I-405 Express Toll Lanes
- SR 99 Tunnel

## Studies:

- I-5 Express Toll Lanes
- I-90 Floating Bridge
- Puget Sound Gateway Project (SR 167, SR 509)



# SR 16 Tacoma Narrows Bridge

## Overview

- Tolling began in July 2007
- *Fixed* toll rates generate revenue to pay for operations, maintenance and bonds issued for bridge construction
- Approx. 40,000 transactions per day – eastbound only
- Project Cost: \$792 million
- 70% of tolls paid with a *Good To Go!* account
- 96% of Gig Harbor residents have *Good To Go!* passes



## Current Issues

- Further evaluate eliminating cash toll booths due to high cost of toll collection.
- The project has a rapidly appreciating debt schedule requiring regular toll rate increases.

# SR 16 Tacoma Narrows Bridge Current Rates

- The Transportation Commission has adopted rates for FY 2014 and FY 2015 shown here (WAC 468-270-070)
- The Citizen Advisory Committee meets annually to review tolling projections and costs to advise the Transportation Commission on whether additional rate setting actions are required

**Table 1, Effective July 1, 2013  
Tacoma Narrows Bridge Toll Rates**

Vehicle Axles	Good to Go! <sup>TM</sup> Pass <sup>1</sup>	Cash <sup>1</sup>	Pay By Mail <sup>1</sup>	Pay by Plate <sup>2</sup>	Short Term Account <sup>3</sup>
2	\$4.25	\$5.25	\$6.25	\$4.50	\$5.75
3	\$6.40	\$7.90	\$9.40	\$6.65	\$8.90
4	\$8.50	\$10.50	\$12.50	\$8.75	\$12.00
5	\$10.65	\$13.15	\$15.65	\$10.90	\$15.15
6	\$12.75	\$15.75	\$18.75	\$13.00	\$18.25

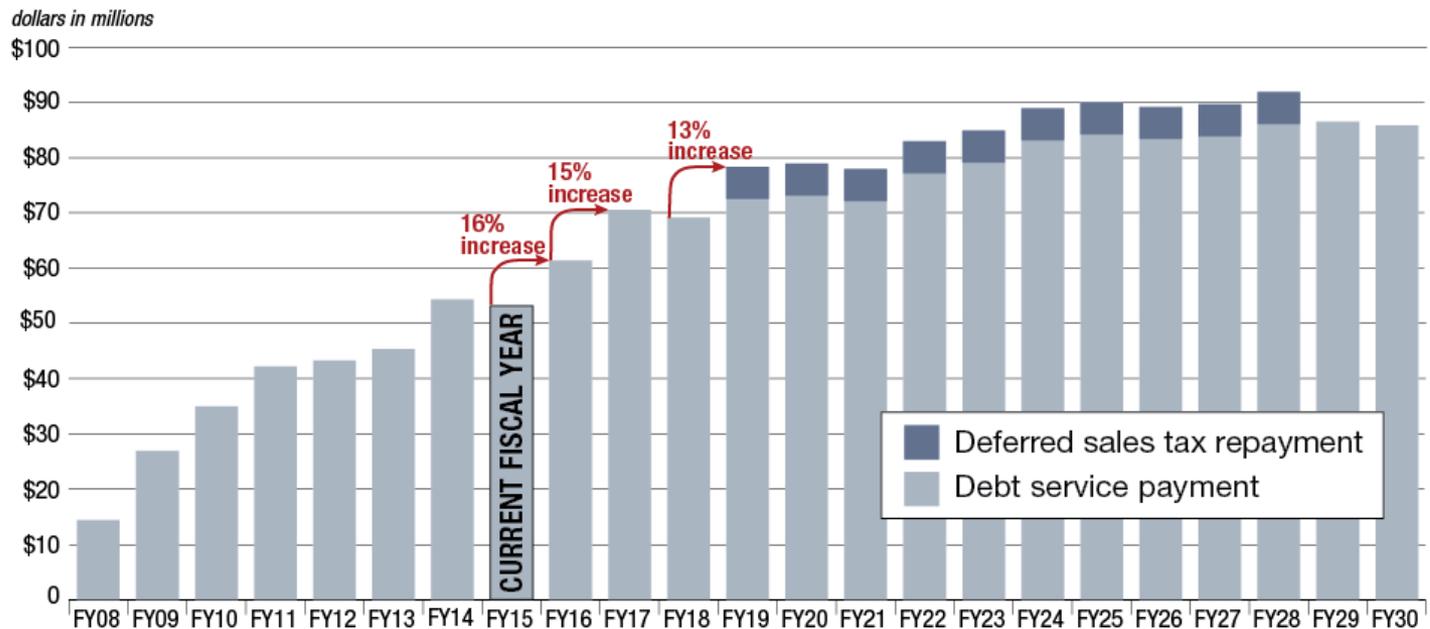
Notes:<sup>1</sup>The rate has been rounded to the nearest five cents, as needed.  
<sup>2</sup>For this type of payment method, the customer is charged the Good to Go!<sup>TM</sup> Pass toll rate plus a \$0.25 fee as provided in WAC [468-270-300](#).  
<sup>3</sup>For this type of payment method, the customer is given a \$0.50 discount off the Pay By Mail toll rate as provided in WAC [468-270-300](#).

**Table 2, Effective July 1, 2014  
Tacoma Narrows Bridge Toll Rates**

Vehicle Axles	Good to Go! <sup>TM</sup> Pass <sup>1</sup>	Cash <sup>1</sup>	Pay By Mail <sup>1</sup>	Pay by Plate <sup>2</sup>	Short Term Account <sup>3</sup>
2	\$4.50	\$5.50	\$6.50	\$4.75	\$6.00
3	\$6.75	\$8.25	\$9.75	\$7.00	\$9.25
4	\$9.00	\$11.00	\$13.00	\$9.25	\$12.50
5	\$11.25	\$13.75	\$16.25	\$11.50	\$15.75
6	\$13.50	\$16.50	\$19.50	\$13.75	\$19.00

Notes:<sup>1</sup>The rate has been rounded to the nearest five cents, as needed.  
<sup>2</sup>For this type of payment method, the customer is charged the Good to Go!<sup>TM</sup> Pass toll rate plus a \$0.25 fee as provided in WAC [468-270-300](#).  
<sup>3</sup>For this type of payment method, the customer is given a \$0.50 discount off the Pay By Mail toll rate as provided in WAC [468-270-300](#).

# SR 16 Tacoma Narrows Bridge Escalating Debt Service Schedule

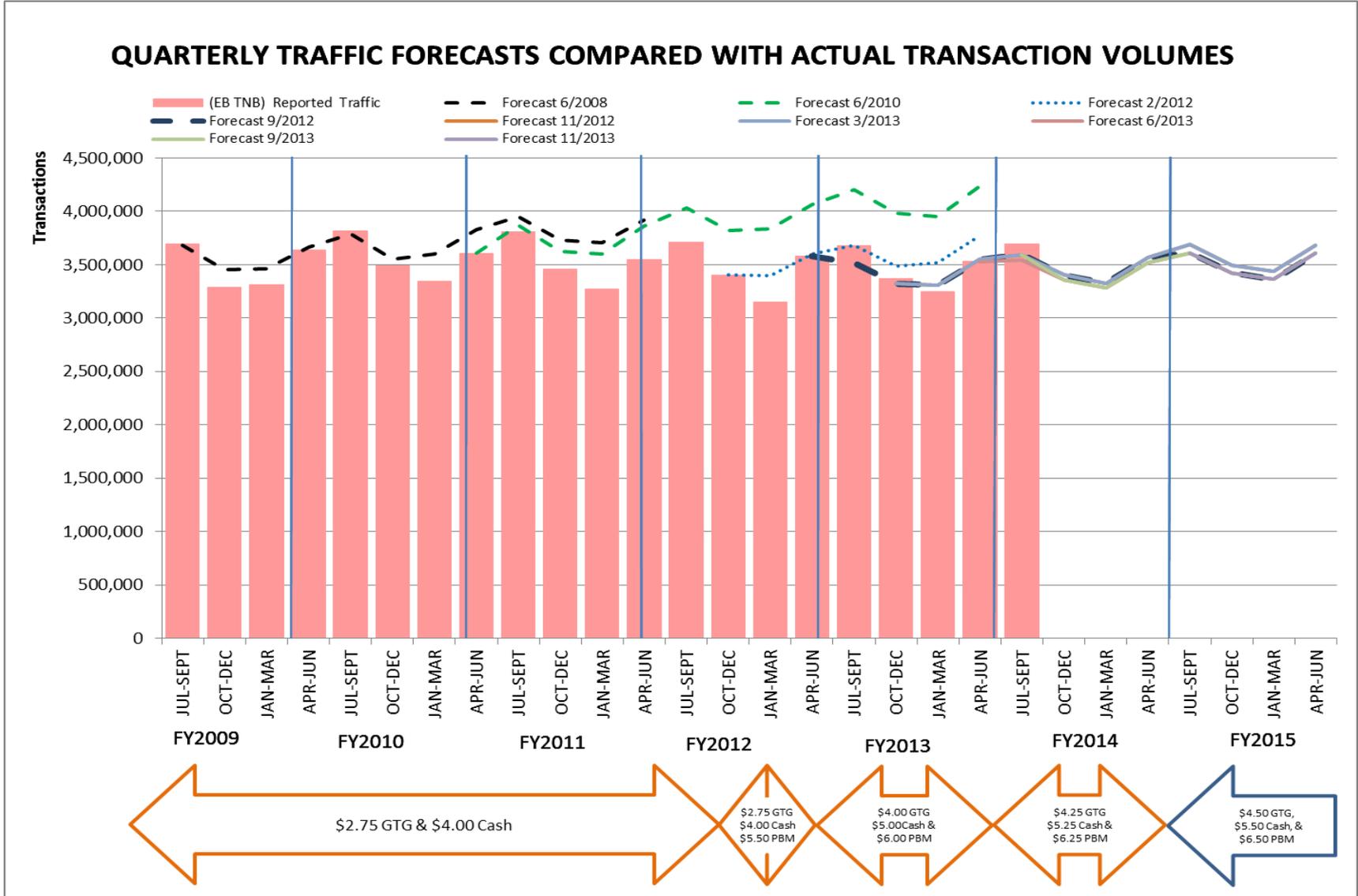


2002 plan toll rate		\$3.00	\$4.00	\$5.00		\$6.00	
Annual Toll Rate	Good To Go!	\$1.75	\$2.75	\$2.75	\$4.00	\$4.25	\$4.50
	Cash	\$3.00	\$4.00	\$4.00	\$5.00	\$5.25	\$5.50
	Pay By Mail	N/A	N/A	\$5.50	\$6.00	\$6.25	\$6.50

Does not include capitalized interest  
Source: WSDOT Budget and Financial Division

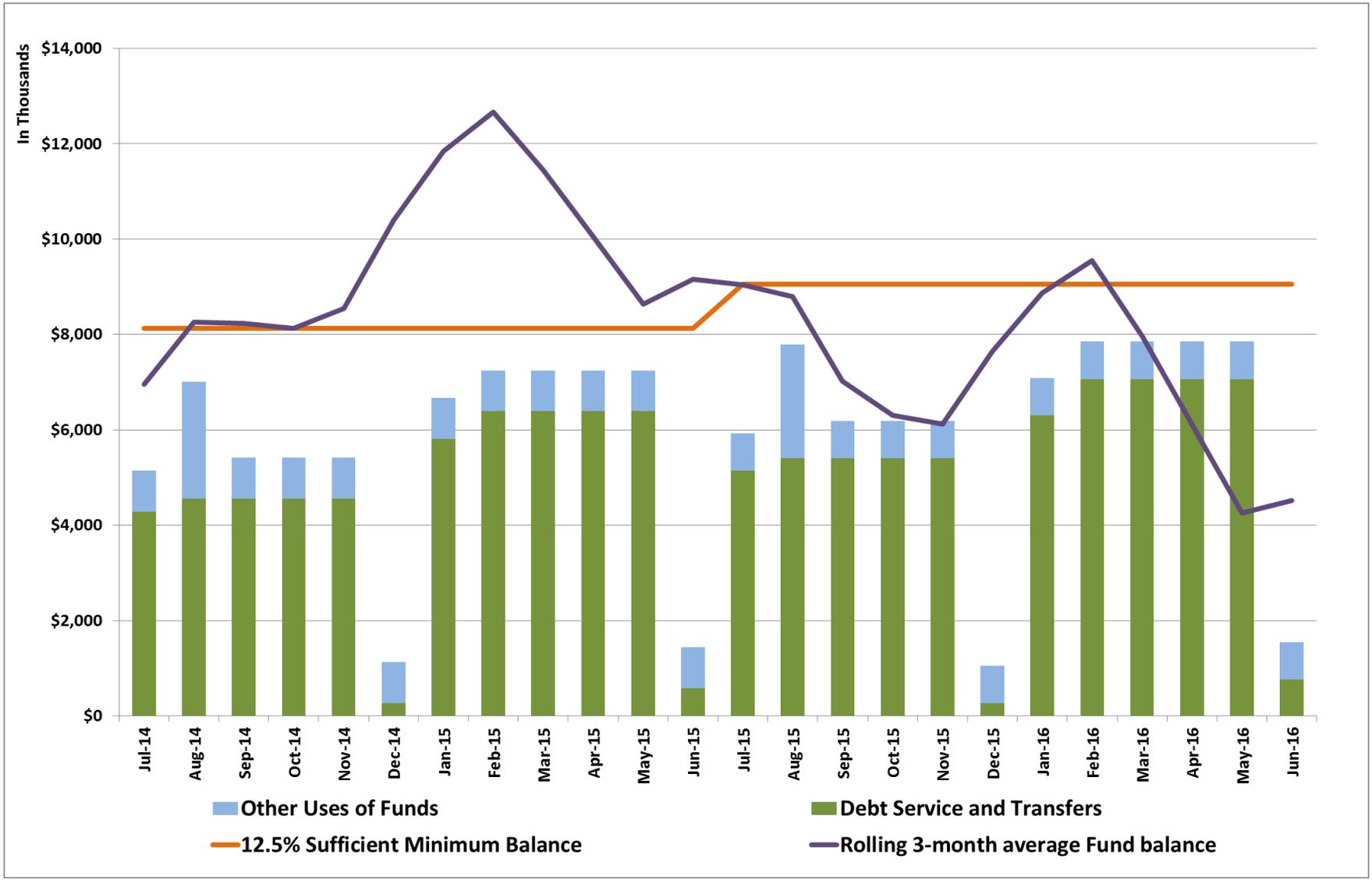
- Debt service payment schedule was set when project was originally financed in 2002
- Payments and toll rates were assumed to increase over time in the 2002 plan
- Repayment for deferred sales taxes to begin in December 2019 for ten years

# Quarterly Traffic Forecasts Compared with Actual Transaction Volumes



# Sufficient Minimum Balance

## Rolling 3-month average



# Cost to Collect FY 2013

Cost to collect toll per transaction	Tacoma Narrows Bridge	SR 520
<i>Good To Go!</i> Pass	\$0.30	\$0.29
Pay By Plate	\$0.40	\$0.37
Pay By Mail	\$1.07	\$0.94
Toll booths	\$1.05	N/A
Weighted average	\$0.52	\$0.40
Percent cost per average transaction	12%	13%

# SR 16 Tacoma Narrows Bridge

## Traffic and Revenue Forecasting

Stantec contracted to provide:

- A model to develop a traffic and revenue forecast for the Tacoma Narrows Bridge
- New model will be simplified and updated to reflect recent experience and current travel data
- Model will be used for upcoming 2015 rate setting process



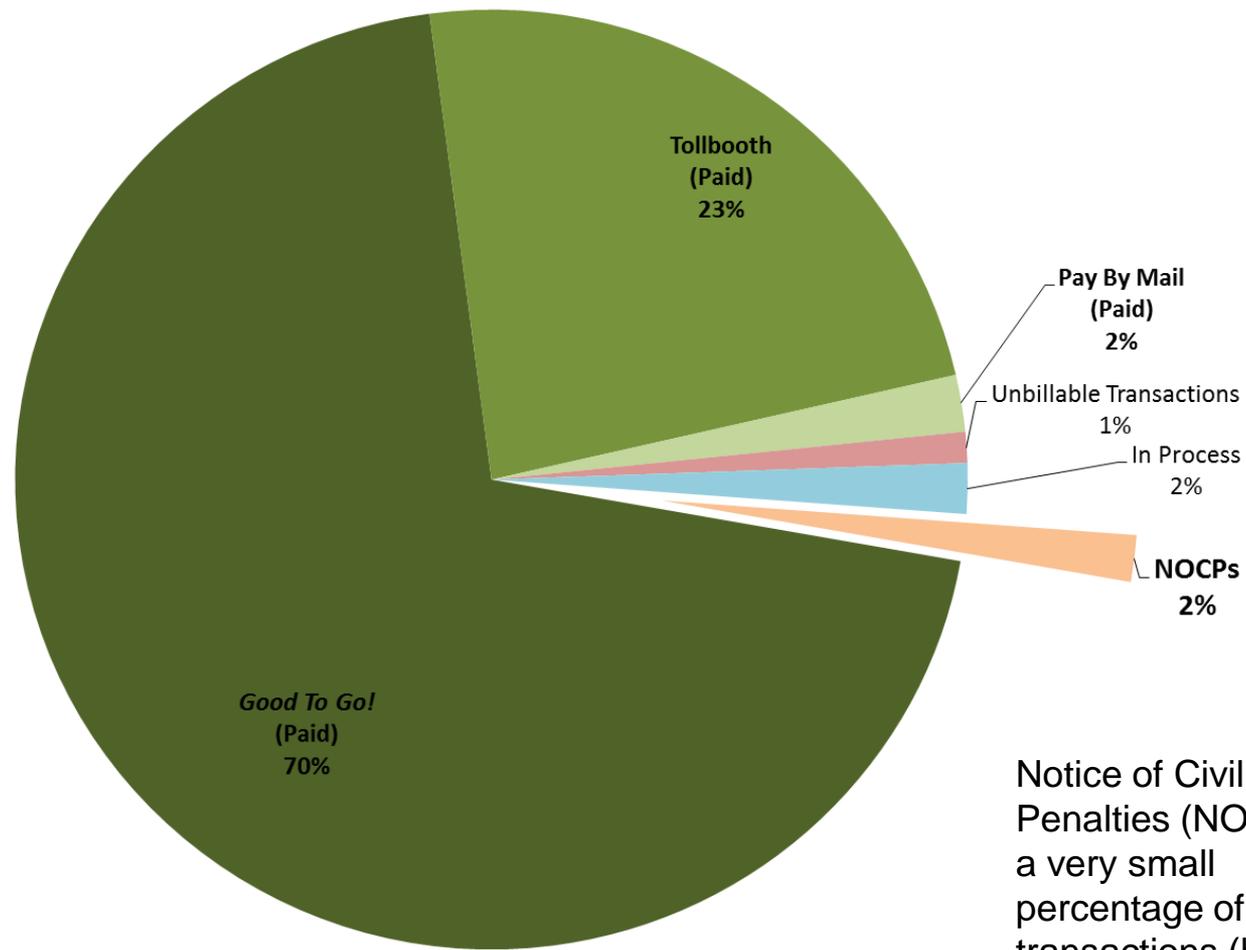
# Transportation Commission's Rate Setting

	Milestone
November 2014	CAC leadership meeting
December 2014	Financial plan/funding needed
January 2015	Rate scenario results CAC financial review File CR 101
February 2015	CAC recommendation
March 2015	Proposed rates File CR 102
April 2015	Public input meeting (optional)
May 2015	Public hearing Adopt toll rates File CR 103
July 2015	New toll rates

# SR 16 Tacoma Narrows Bridge Civil Penalties

- When the new Tacoma Narrows Bridge opened, the legislature loaned \$5.288 million in motor vehicle taxes to Tacoma Narrows Bridge for transponder subsidies and operating expenses prior to tolling
- Civil penalty cash receipts exceeding the cost of administering the adjudication program are dedicated to repaying this loan
- Revenues and expenses associated with civil penalties have been excluded for the purpose of calculating the sufficient minimum balance, including:
  - Civil penalty revenues
  - Costs of the adjudication program
  - A \$950,000 administrative transfer to the motor vehicle fund is scheduled for FY 2015, in accordance with ESSB 6001, Section 407(15)
- It's forecasted that civil penalty receipts will continue to exceed the cost of the adjudication program to continue to pay back the loan

# SR 16 Tacoma Narrows Bridge Transactions by Payment Method FY 2014



Notice of Civil Penalties (NOCP) are a very small percentage of all transactions (holding at two percent).

Source: Toll Business Report – June 2014

# Civil Penalty Program for Toll Violations

FY 2014

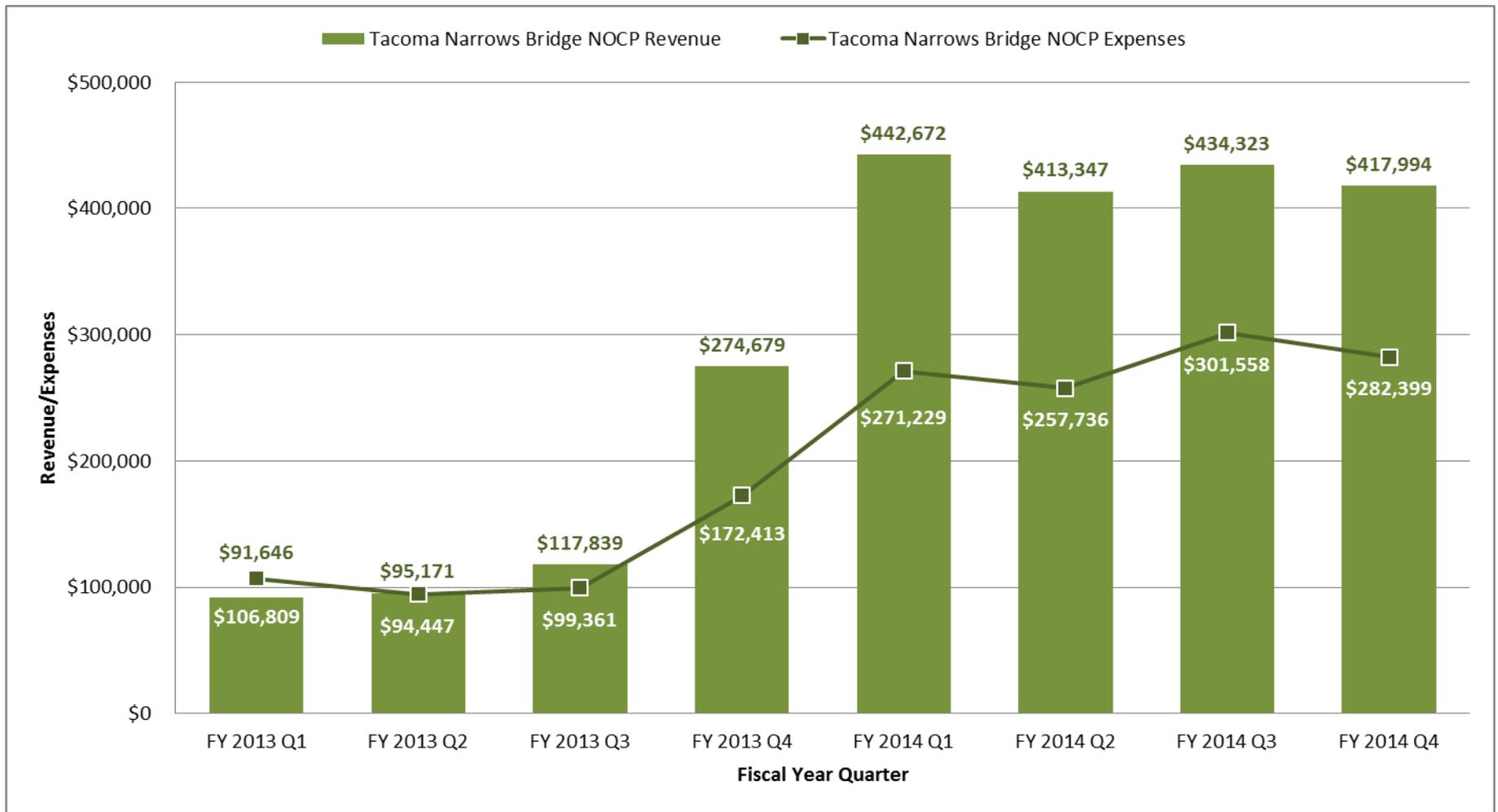
	SR 520 Bridge	Tacoma Narrows Bridge
<b>FY 2014 Total Transactions</b>	21,197,314	13,961,488
<b>Number of civil penalties transactions issued</b>	575,340	327,804
<b>Number of civil penalty transactions paid upon receipt of the NOCP</b>	72,769	17,414
<b>Number of civil penalty transactions requesting a written dispute in lieu of hearing</b>	38,856	16,723
<b>Number of civil penalty transactions requesting an in-person hearing</b>	56,165	24,174
<b>Number of civil penalty transactions which did not receive a response</b>	407,550	269,493
<b>Workload costs related to debt collection activities<sup>1,2</sup></b>	\$2,041,469	\$1,112,922
<b>Cash received related to \$40 civil penalty fee</b>	\$7,485,260	\$1,708,337

<sup>1</sup> Financial statements report total revenues earned after NOCP recipient has been found liable through an administrative hearing or deemed liable for not responding to the notice by the due date (20 days). This differs from the amount of cash collected which is presented here.

<sup>2</sup> Workload costs represent the total costs charged to each toll facility in relation to all debt collection activities during this reporting period.

# SR 16 Tacoma Narrows Bridge Adjudication Program

## Cash Revenue and Expense Trends

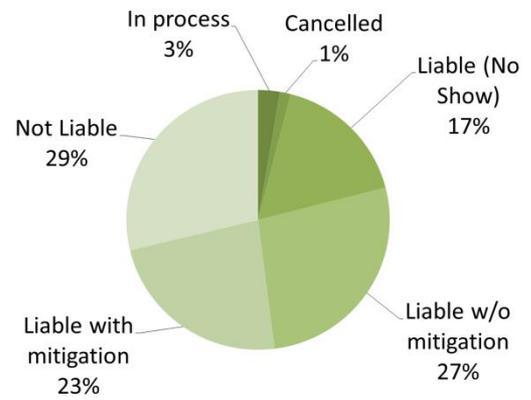
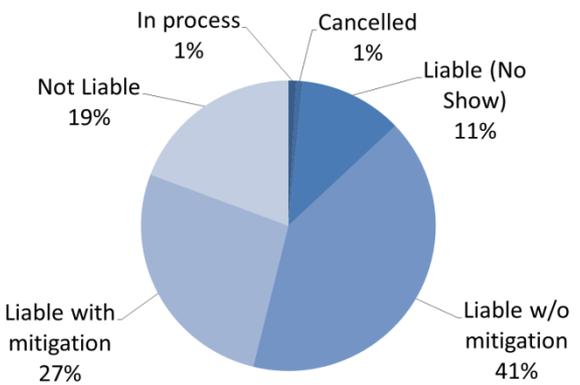


# Civil Penalty Mitigation (SHB 1941)

FY 2014, Q1-Q3

	SR 520 Bridge	Tacoma Narrows Bridge
Number of civil penalty transactions adjudicated	76,234	32,811
Dollar value of civil penalty transactions adjudicated	\$3,497,210	\$1,505,196
Number of civil penalty transactions w/civil penalty fees reduced	20,294	8,735
Dollar value of civil penalty fees reduced	\$815,919	\$351,171

Disposition of Civil Penalty Transactions Adjudicated



# Billing Process Review

## Potential Process Improvements

- 9 Toll Bill Process Lean projects are planned or underway
  - Improved Customer Contact
  - NOCP Generation Criteria
  - Eliminate billing gaps
  - Write-off Threshold
  - Online Improvements
  - Returned Mail
  - Toll Bill Re-design
  - Billing Due Dates
  - Payment Order
- Joint Lean project with Department of Licensing to evaluate potential improvements
- Upcoming workshops on the Adjudication Process Refinements

# Audits

<p><b>Toll Vendor Audits</b></p> <p>Contractual requirement for service providers for assurance over toll collection processes and security of computer systems and confidential information.</p>	<ul style="list-style-type: none"> <li>• Service Provider Control Audits, annual             <ul style="list-style-type: none"> <li>• Referred to as SOC 1 audits</li> </ul> </li> <li>• Payment Industry Level Audit, annual             <ul style="list-style-type: none"> <li>• PCI (Payment Card Industry) compliance audits</li> </ul> </li> </ul>
<p><b>WSDOT Internal Audit Office</b></p> <p>Areas of Focus</p> <ul style="list-style-type: none"> <li>• Governance of the agency</li> <li>• Accountability for public resources</li> <li>• Integrity of financial and operational information</li> <li>• Assisting with legal compliance</li> <li>• Point of contact for outside auditors/coordinating with other assurance providers</li> </ul>	<p>INTERNAL AUDIT TOLLING ENGAGEMENTS</p> <ul style="list-style-type: none"> <li>• SR 16 Tacoma Narrows Bridge and SR167 HOT lanes Tolling Process, September 2009</li> <li>• SR 16 Tacoma Narrows Bridge Traffic and Revenue Reconciliation Audit, October 2011 (cashless collection)</li> <li>• Narrows Bridge Notice of Infraction Processing Audit, November 2012</li> <li>• Consulting Services by WSDOT Internal Audit Office</li> <li>• Payment Processing Audit, <i>in process 2014</i></li> </ul>
<p><b>Audits Required in Bond Covenants</b></p> <p>Assurance of accuracy of financial statements for bond holders</p>	<p>FINANCIAL AUDITS</p> <ul style="list-style-type: none"> <li>• SR 520 Financial Statement Audit, annual</li> </ul>
<p><b>State Auditor’s Office</b></p> <p>Responsible for performing audits at the state government level. They conduct a range of audits statewide that include WSDOT financial audits, federal assistance audits (‘single audits’) and performance audits.</p>	<p>SAO AUDITS</p> <ul style="list-style-type: none"> <li>• WA Tolling Program: Lessons Learned from Project Delays, August 2013</li> <li>• Upcoming Toll Performance Audit, 2015</li> </ul>

# For questions or further information...

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