

“Toll Operations Costs Independent Expert Review” (Draft)

I. Background

Washington State had historically used tolling to finance some major bridge construction projects and to support operations of the Ferry System. The construction of the New Tacoma Narrows Bridge (TNB) and opening of the SR 167 “HOT Lanes” mark the reemergence of road tolling within the State of Washington.

By Fall 2010, the State will implement tolling on an existing highway. The “early” tolling of SR 520 will facilitate financing reconstruction of the SR 520 corridor and help manage traffic. The project is part of the federal Urban Partnership.

Administration cost of toll operations have been viewed as a negative attribute of tolling as a revenue source. The administrative costs per dollar of revenue can be greater than other funding strategies. In addition, concerns have been raised regarding the cost efficiency of the State’s existing tolling operations for the TNB, SR 167, and Ferry System as well as the precedence setting potential of the SR 520 Corridor proposals.

The Washington State Department of Transportation (WSDOT) has received authority (ESHB 2211) to impose “early tolling” of the existing SR 520 corridor. WSDOT has developed an implementation plan with the intent to begin the collection of tolls within the corridor in Fall 2010. Pursuant to the implementation plan, WSDOT is developing a tolling “concept of the operation”, administrative structure, and various requests for proposals (RFP) related to toll collections.

The Legislature is seeking an “independent expert review panel to review the assumptions for the toll operations costs used by the department” to inform the legislative process on possible actions in regards to existing and future toll operations within the state. The findings and recommendations of the Expert Review Panel are intended to directly and immediately influence WSDOT tolling operations, project delivery processes, and planning that will be concurrently on-going.

II. SCOPE OF WORK

The consultant shall propose a course of actions to conduct an “independent expert review” of toll operations costs of the Washington State Department of Transportation (WSDOT).

The “independent expert review” will review and analyze WSDOT practices and proposals for toll operations and cost control practices and incentives. The panel shall make findings and recommendations to the JTC to inform the legislative process on possible actions in regards to existing and future toll operations within the state. The findings and recommendations of the Expert Review Panel are intended to directly and immediately influence WSDOT tolling operations, project delivery processes, and planning that will be concurrently on-going; as well as legislative policy and budget processes.

The consultant shall propose a panel of independent experts to review, analyze, and make findings and recommendations to the JTC. The consultant shall take the team leadership

position and be responsible for the organization and conduct of the Expert Review Panel and reporting on the process, findings, and recommendations of the panel. The consultant shall insure the “independence” of views of the individual panel member’s participation and process as a whole.

Expert Review Panel Members:

The consultant shall propose an Expert Review Panel for consideration and approval by the JTC. The panel shall:

- Be 4-5 members;
- Be independent of conflicts of interests relative to the scope of this proposal;
- Possess current knowledge and experience to address the specific tasks identified in the work program. Such as:
 - Toll transaction processing and cost,
 - Open road toll operations and customer service,
 - Toll system accounting,
 - Cost identification and control,
 - Toll technology,
- Be able to meet the schedule of the project.

Scope of Review

The Expert Review Panel shall review, analyze, and make findings and recommendations in regards to the administrative structures, costs, cost control approaches, and general operational efficiencies of toll operations and planning. The following are in order of importance as to scope of effort, details, and timing:

1. SR 520 Financial Plan
 - a. Administrative cost details and assumptions.
2. Transaction processing – assumptions; fixed, viable, and incremental costs; and cost controls incentives (policy and business rules):
 - a. Transponder,
 - b. License plate recognition,
 - c. Out-of-state (international) processing,
 - d. Exemptions,
 - e. Citation,
 - f. Uncollectable tolls,
 - a. Billing vs. debit based account processing,
 - b. Credit card transaction costs,
 - c. Casual user account maintenance costs vs. license plate recognition,
 - d. Exemptions.
3. Operations and Customer Service:
 - a. Agency vs. vendor customer service provider,
 - b. Contracting methods; fixed vs. variable cost approaches,
 - c. Cost control approaches and incentives to reduce vendor, state, and customer operational costs,
 - d. SR 520 marketing strategy and cost assumptions.
 - e. Transponder management, distribution, and accounting,
 - f. Transponder incentives or subsidies,

4. Technology
 - a. Technology and transponder selection,
 - b. Integration of the selected technology with the technology currently used on SR 167 and the TNB,
 - c. Migration planning, to ensure that the chosen technology can accommodate future advances and improvements in transponder technology,
 - d. Risks associated with proprietary technologies used for transponders and transaction processing software,
 - e. Operational and administrative impacts on technology requirements to accommodate toll exemptions.
5. Toll enforcement:
 - a. Citation processing,
 - b. Court administration.
6. WSDOT administration:
 - a. Staffing levels and functions,
 - b. Allocation of expenditures to toll vs. general transportation revenue,
 - c. Allocation of costs to individual toll facilities revenues,
 - d. Cost control approaches and incentives to reduce vendor, state, and customer operational costs.

The consultant shall propose a process to gather, review, analyze, and make findings and recommendations. The findings and recommendations of the Expert Review Panel are intended to directly and immediately influence WSDOT tolling operations, project delivery processes, and planning that will be concurrently on-going; as well as legislative policy and budget processes.

Project Management

The consultant Project Manager shall have, at a minimum, weekly scheduled conference calls with the JTC Project Manager. Full or partial panel conference calls may be scheduled as needed, to include at a minimum a project kick off meeting and coordination meetings prior to JTC briefings.

In-state research and interviews are anticipated and, if practical, may be scheduled in coordination with the briefings to the JTC.

The project will require close coordination with staff of the JTC, House Transportation Committee, Senate Transportation Committee, and WSDOT. The project shall also coordinate with staff from the Washington State Transportation Commission, judicial branch, and other agencies as needed.

The review will be conducted concurrently with active WSDOT project delivery activities for which this review will influence. WSDOT may be in the process of requesting proposals, negotiations, and/or contracting for tolling services which may require levels of confidentiality that may impact the conduct of this review. The JTC will facilitate the coordination of activities between agencies as needed.

Schedule

The Expert Review Panel will be functioning under a **very constrained, maximum eight (8) week schedule.**

III. Contract Deliverables

1. Expert Review Panel briefing on project scope and process to the JTC in Olympia or Seattle area. Regular JTC meeting July 7, 2009.
2. Final report of process documentation, findings, and recommendations by August 3, 2009. The consultant shall provide:
 - Draft version(s) of report to JTC staff with sufficient time for review and comments.
 - “Free standing” Executive Summary document (20 color and 40 black and white hard copies);
 - Final Report (25 printed and appropriately bound hard copies);
 - Electronic Word and PDF versions suitable as printing “master”; and
 - Electronic PDF version suitable for web-based distribution.
3. Expert Review Panel briefing of the final findings and recommendations JTC in Olympia or Seattle area. Regular JTC meeting August 3, 2009.
4. The consultant shall work with the JTC project manager for review and finalization of the presentations prior to the JTC briefings, allowing sufficient time to review and finalize presentations. The consultant shall provide an electronic version and 20 color and 40 black and white hard copies of the presentation for each briefing.

V. QUALIFICATIONS

- Bidder must be licensed to do business in the state of Washington.
- JTC shall also examine Bidder for responsibility. Responsibility shall include such measures as insurance coverage that meets state requirements, references, prior experience and satisfaction of existing clients, and other information related to responsibility.

VII. RESOURCES

The following references are to assist bidders wishing to prepare a Proposal for this study. This is not an endorsement of the content of the referenced documents, but is provided for use as a reference to items referred to in the study, as well as other efforts that may have relevance to this study.

- Joint Transportation Committee website: <http://www.leg.wa.gov/JTC/>
- Long-Term Transportation Financing Study: <http://www.leg.wa.gov/documents/LTC/jtc/Transportation%20Financing%20Study%20Jan%2007.pdf>
- Transportation Resource Manual – This manual was published biennially by the Joint Transportation Committee at <http://www.leg.wa.gov/JTC/TRM/>
- Budget bill: ESSB 5352 <http://apps.leg.wa.gov/documents/billdocs/2009-10/Pdf/Bills/Senate%20Passed%20Legislature/5352-S.PL.pdf>
- WSDOT tolling: <http://www.wsdot.wa.gov/operations/tolling/>
- Washington State Transportation Commission: <http://www.wstc.wa.gov/>

- Washington State Transportation Commission: Tolling Studies:
<http://www.wstc.wa.gov/Tolling/default.htm>
- SR 520 Tolling Implementation Committee:
<http://www.wsdot.wa.gov/Partners/Build520/>
- SR 520 Tolling Authorization
<http://apps.leg.wa.gov/documents/billdocs/2009-10/Pdf/Bills/House%20Passed%20Legislature/2211-S.PL.pdf>

VIII. PROJECT BUDGET

The budget for this study shall not exceed two-hundred thousand dollars (\$200,000). Any resulting contract for this project will be subject to the standard state of Washington General Terms and Conditions for personal services contracts.