

# Washington's Tolling Program Performance Audit

## Washington State Department of Transportation

### Summary of Coordinated Response and Action Plans

August 14, 2013

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WSDOT places high importance on performance audits to help ensure that we make the best use of taxpayer dollars. Ongoing improvements are a key to our success, and we appreciate this audit report's contribution to our efforts.

#### **WSDOT Toll Program**

The audit report contains valuable information and speaks broadly about the tolling program. The audit reviewed one portion of the tolling program: contracting for back-office functions and customer service center operations. Other portions of the program such as the roadway toll systems, the financial plan, and the migration of 150,000 existing customer accounts from the old back-office system to the new system were implemented in a much smoother fashion.

Since its inception, WSDOT's Toll Division has transitioned from a start-up operation to a much more stable toll operation program. WSDOT is now viewed as a leader in all-electronic tolling, with other states seeking the financial functionality and reporting levels now in use at WSDOT.

Launching an all-electronic tolling program for the SR 520 bridge, and a new statewide back-office was challenging. An aggressive implementation schedule was required for the \$154 million in federal grants, and WSDOT worked through the challenges and held vendor accountable, but chose not to levy maximum penalties as doing so could have jeopardized project completion.

#### **Delayed start to tolling SR 520:**

WSDOT's evaluation concluded that the delayed start date for SR 520 tolling is not expected to affect planned toll charges, which are used to pay off 30- and 40-year bonds for construction of the new bridge. With a delayed start, bond repayments will shift out the same number of months that the start was delayed.

Since tolling began on the SR 520 bridge in December 2011, \$67.4 million in toll revenues have been collected. Revenue and traffic continue to be on track to providing \$1 billion in funding to replace the vulnerable SR 520 bridge.

#### **Audit Recommendations:**

WSDOT appreciates the SAO's recommendations to further enhance the tolling program. Improvements are especially important as toll revenue augments gas tax revenue in financing major project construction, maintenance, and preservation. Action steps to further strengthen the Toll Division ability to coordinate future toll projects include:

- The Secretary's Office will issue two executive orders that officially establish the roles and responsibilities of the Toll Division, addresses cross-functional relationships and clearly define the decision-making authority (December 31, 2013).
- The Toll Division will continue to work with other divisions in WSDOT who have a part in supporting toll project delivery to establish the process and procedures for how cross-functional units will work with the Toll Division to meet project needs and requirements (March 31, 2014).
- WSDOT will work with OFM and the Legislature on a method to report on the status of the Department's implementation of the audit's recommendation and will report the status as required (October 31, 2013 and Ongoing as Required).