

WSDOT Toll Division Annual Report FY 2013



Where we're going



Letter from the Assistant Secretary of the Toll Division



I am pleased to present WSDOT's *Good To Go!* Toll Program Annual Report highlighting six years of Tacoma Narrows Bridge tolling, five years for the SR 167 High Occupancy Toll (HOT) Lanes Pilot Project, and two years of SR 520 Bridge tolling. It's important to note that we look at tolling as a tool to help manage traffic and fill the funding gap for transportation improvements.

Over the years, transportation in the United States has shifted from a federal predominance to a state emphasis and all state governments are strategically reorienting to this new financial environment. As a result, tolling is playing an increasingly larger role in financing major project construction. Demand management tools such as express toll lanes, variable and dynamic pricing help us operate our highways more efficiently while generating revenue.

The Toll Division was established in 2009 to ensure the success of a new statewide tolling system. With Tacoma Narrows Bridge tolling and SR 167 HOT lanes online and SR 520 early tolling almost certain, the Toll Division's responsibilities grew quickly. Now, four years later, the team is preparing for two new toll facilities – I-405 and SR 99 – and studying tolling on I-90 and the SR 509/I-5/SR 167 Gateway Project.

Tolling is a growing business in a high-tech field with an expanding customer base. And just like a business, customers expect us to keep up with technology to improve the convenience of paying for a toll, managing their accounts or even declaring carpool status.

- WSDOT manages more than 425,000 active *Good To Go!* accounts
- WSDOT toll facilities process more than 35 million transactions a year
- WSDOT generates about \$115 million in toll revenue each year

Hundreds of thousands of drivers depend on us for a high level of customer service and accountability for these transactions. These numbers will only increase. By fiscal year (FY) 2017, if all authorized toll facilities are operational, it is projected that the division will process 65 million transactions with \$190 million in revenue. For context, in 2011, Washington State Ferries handled 22 million riders with \$160 million revenues collected through fares.

As we move forward, we will continue to apply lessons learned from our existing facilities and use best practices from other agencies around the world. We will also work with leaders in the Central Puget Sound Region on a tolling vision that meets the needs of specific corridors, roads or bridges, while maintaining an overall system perspective.

I am proud of the accomplishments made during the start-up of WSDOT's *Good To Go!* tolling business along with our continuing efforts to improve mobility and customer service for *Good To Go!* customers and commuters throughout the Puget Sound Region.

Sincerely,

A handwritten signature in black ink that reads "Craig J. Stone". The signature is fluid and cursive, with the first name being the most prominent.

Craig J. Stone, P.E.

Assistant Secretary, WSDOT Toll Division

March 2014

Highlights from Fiscal Year 2013

How tolls help fund transportation projects

Washington State is using tolling as a strategic tool to help finance capital improvement projects, manage congestion, enhance mobility and generate revenue for ongoing operations and maintenance. The Washington state Legislature determines which facilities are authorized for tolling. The Washington State Transportation Commission determines the toll rates and policies.

Current toll facilities:

- Tacoma Narrows Bridge
- SR 167 HOT Lanes
- SR 520 Bridge

Legislatively authorized toll facilities:

- I-405 Express Toll Lanes
- SR 99 Alaskan Way Tunnel

Under study:

- SR 509/I-5/SR 167 Puget Sound Gateway Project
- I-5 Express Toll Lanes from Tacoma to Everett
- I-90 Floating Bridge

How do future toll revenues help pay for construction?

Washington uses tolls to help fund construction on legislatively selected projects, allowing for the delivery of a project and its transportation benefits sooner than would otherwise be the case without toll funding. Investors purchase toll-backed bonds that are repaid from future toll revenues. Once tolling of the project has started, toll revenues are first used to pay for the operations and maintenance of the facility. For SR 520, toll revenues available after paying for the operations and maintenance are used for debt service on outstanding bonds. A portion of the toll revenue is also used for capital expenditures and to repay sales tax that was deferred during the construction of the project.

6 Years

Tacoma Narrows Bridge Tolling

5 Years

SR 167 HOT Lanes

2 Years

SR 520 Bridge Tolls

35 million

toll transactions this year

13.8 million -

Tacoma Narrows Bridge

1 million -

SR 167 HOT Lanes

20.2 million -

SR 520 Bridge

114,000

visits to **3** Good To Go!

Customer Service Centers last year

423,000

Calls to Good To Go!

Customer Service Center last year

36 minutes

Approximate amount of time drivers saved on each round trip peak-period commute with completion of new Tacoma Narrows Bridge

\$45.3 million

Approximate amount of Tacoma Narrows Bridge debt payment made in FY 2013

\$85.8 million

Approximate amount of the final Tacoma Narrows Bridge debt payment in FY 2030

8 Drivers save an average of **minutes** using the SR 167 HOT lanes for a toll of \$2.

\$1.2 billion

SR 520 Bridge *Good To Go!* tolling is **on track** to generate \$1 billion to help fund a new bridge.

\$115 million

gross toll revenue

\$58.7 million -

Tacoma Narrows Bridge

\$1.1 million -

SR 167 HOT Lanes

\$55.4 million -

SR 520 Bridge

425,000

Good To Go! Accounts

2015

launch I-405 Express Toll Lanes

2016

SR 99 tunnel tolling will start

How much does each toll transaction cost?

The preliminary results of WSDOT’s analysis of the cost to collect tolls are reflected here, and cover fiscal year 2013. This analysis helps WSDOT evaluate cost centers and the effects of its business rules.

In the table below, the cost to collect includes postage, staffing, operating and maintaining toll collection equipment, and conducting customer service, but excludes insurance, costs to operate and maintain the roadway, and enforcement.

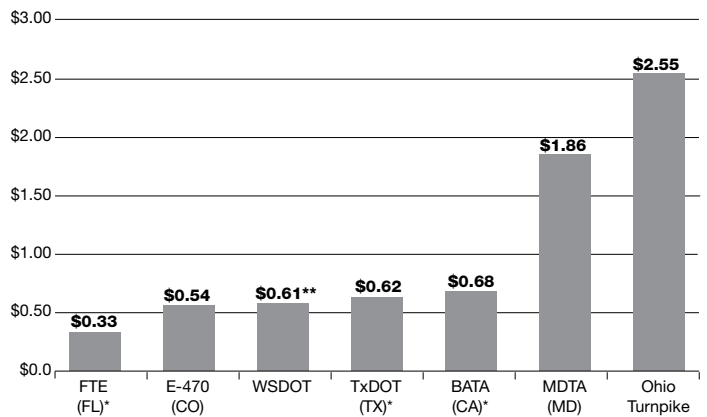
WSDOT toll collection costs vary by facility. For example, it costs an extra dime to collect a toll on the Tacoma Narrows Bridge, in part because the Narrows Bridge allows drivers to pay at a toll booth. This table compares the cost to collect tolls on our two tolled bridges by payment method.

Cost to collect toll per transaction	Tacoma Narrows Bridge	SR 520
Good To Go! 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%

Cost per toll transaction – WSDOT compared to national peers

While it is difficult to compare costs between agencies due to the varied facility types, business models, and organizational structures, the chart below provides peer information based on the agencies’ published 2012 financial statements. The evaluation of peer agencies below demonstrates WSDOT’s cost per transaction is reasonable, especially when comparing to more mature tolling organizations.

Cost per transaction to operate and maintain



* Information based on FY 2012 financial statements.

** Includes cost to collect expenses, plus insurance, passes, enforcement and roadway maintenance costs.

Washington state’s tolling framework, roles and responsibilities

The Legislature established Washington state’s tolling framework in 2008, stating that tolls should be used to contribute significantly to the project cost and optimize transportation system performance. Toll rates would be set to meet anticipated funding obligations and to optimize system performance, recognizing trade-offs to generate revenue. Tolls should be fair and equitable without significant diversion impacts. And, tolling responsibilities would be shared as follows:

	Washington State Legislature	Transportation Commission	Department of Transportation
Responsibility	Establish tolling, designate toll corridors and use of toll revenues	Set toll rates and related fees	Plan, analyze and construct facilities, collect tolls, build and operate toll collection systems
Roles	<ul style="list-style-type: none"> Establish legal toll framework Authorize tolling in designated corridors Approve financing plans Enable tolling practices Appropriate toll operation budget 	<ul style="list-style-type: none"> Set toll rates within funding requirements Set toll exemptions Establish advisory committees 	<ul style="list-style-type: none"> Develop toll collection systems and procedures Collect tolls Finance improvements Operate tolled corridors Assess financial feasibility of toll projects

Where we've been...

Since 2007, tolling has become a viable tool to generate revenue for much-needed transportation improvements, and to help manage congestion on some of our state's most congested highways.

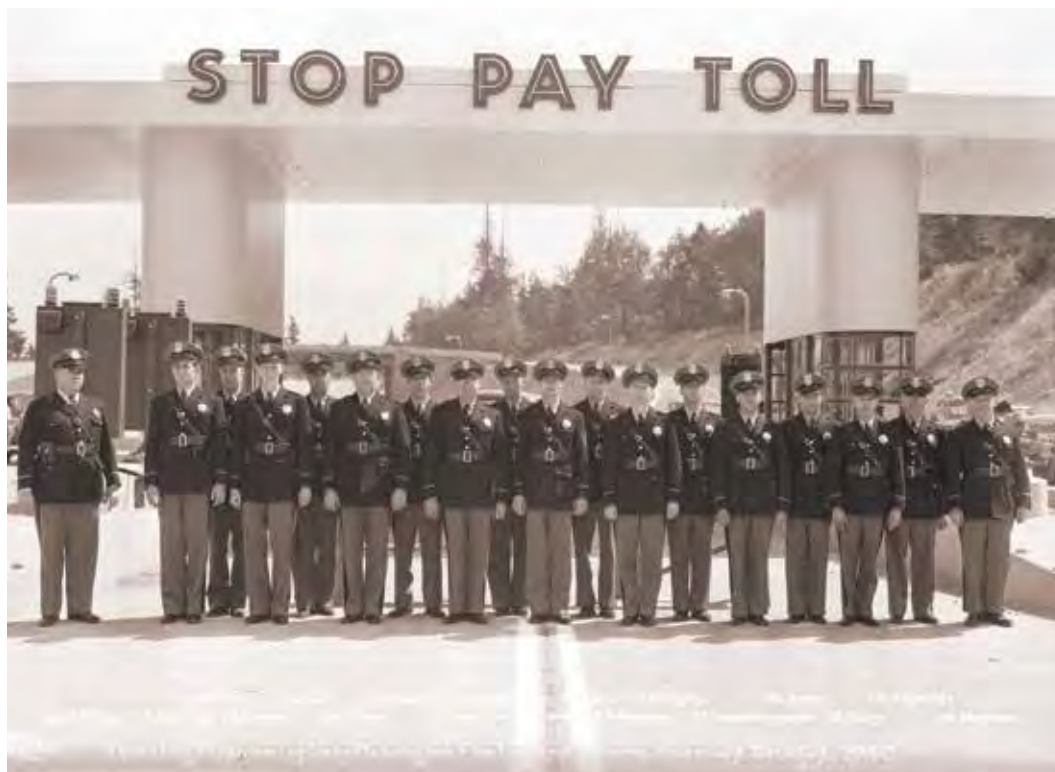
Fiscal Year 2013 marked a year of key milestones as our state prepares for a transportation funding landscape that includes less and less state and federal gas tax revenue. In 2008, the Washington State Legislature established our state's tolling framework to provide guidance that tolling be considered 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

In 2007, WSDOT reintroduced tolling as a tool to help fund completion of the new Tacoma Narrows Bridge. It had been a generation since tolls were collected on Washington state highways and bridges, ultimately funding 14 bridges with tolls under the Washington State Toll Bridge Authority.

In 2008, WSDOT undertook a pilot high occupancy toll (HOT) lanes project on SR 167 to evaluate how variable tolling could improve traffic flow and ease congestion by allowing solo drivers to pay a toll to use available carpool lane space.

And most recently, WSDOT is marking two years of all-electronic toll collection on the SR 520 bridge with a goal of generating \$1.2 billion in revenue for a new, safer SR 520 bridge.



Good To Go! through the years

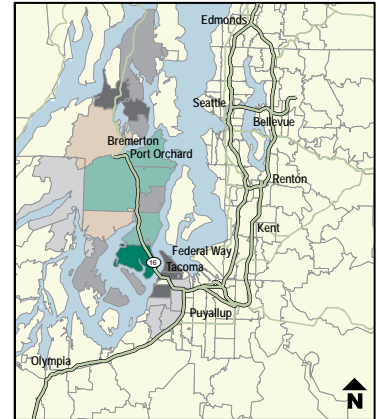
As new toll facilities open, *Good To Go!* accounts and passes increase

2007

6 years of Tacoma Narrows Bridge tolling

- Tolls implemented to generate revenue to pay for the second bridge across Tacoma Narrows.
- An average of **40,000 vehicles** cross the eastbound bridge each weekday.
- Processed **13.8 million** toll transactions over the last fiscal year.
- Generated **\$58.7 million** in gross toll revenue in FY 2013.
- Decreased operating costs each year since the bridge opened in 2007.

Good to Go! passes as of August 1, 2007 after Tacoma Narrows Bridge opening



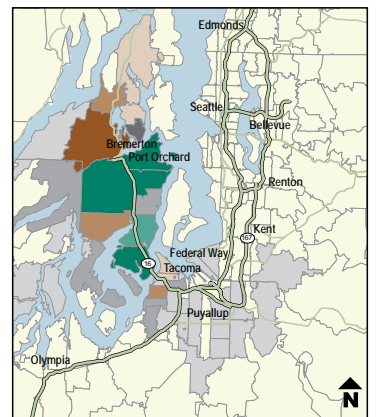
70,000 passes

2008

5 years of SR 167 HOT Lanes

- Developed as a pilot project to see if tolls on the HOV lanes could help manage congestion.
- An average of **4,200 tolled trips** made each weekday in the HOT lanes.
- Processed **1 million** toll transactions over the last fiscal year.
- Generated **\$1.1 million** in gross toll revenue in FY 2013.
- Tolls have generated enough revenue to cover operating costs since April 2011.

Good to Go! passes as of June 1, 2008 after SR 167 opening



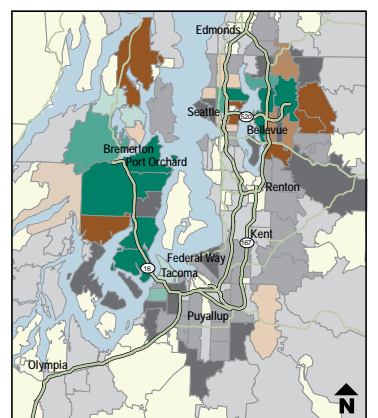
100,000 passes

2011

2 years of SR 520 tolling

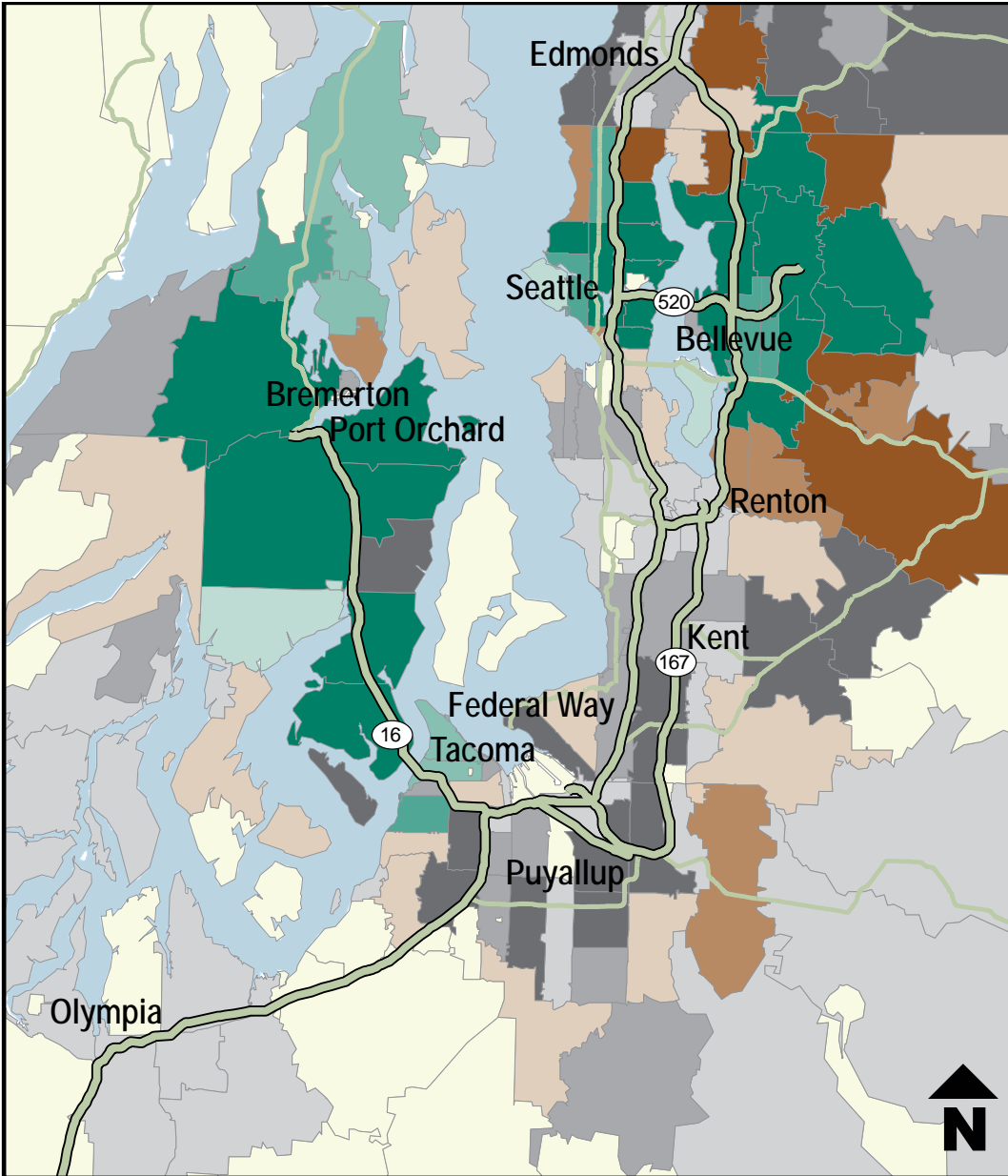
- Received FHWA Urban Partnership Grant to implement early all-electronic tolling paid through a *Good To Go!* account or Pay By Mail where a toll bill is sent in the mail to the vehicle's registered owner.
- An average of **70,000 vehicles** cross the bridge each weekday.
- Processed nearly **20.2 million** toll transactions over the last fiscal year.
- Generated **\$55.4 million** in gross toll revenue in FY 2013.
- Toll revenue is on track to generate **\$1.2 billion** in toll revenue towards a new SR 520 bridge.

Good to Go! passes as of January 1, 2012 after SR 520 bridge opening



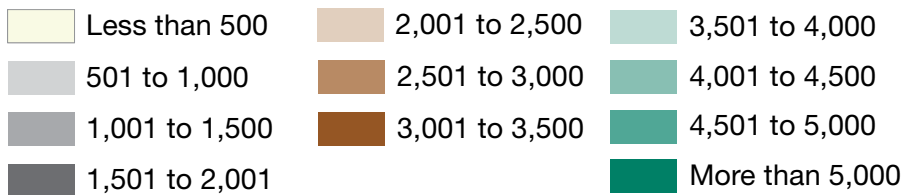
280,000 passes

Good To Go! passes as of September 1, 2013



456,000 passes

Number of registered passes



Today, *Good To Go!* reaches throughout the Puget Sound wherever WSDOT has a tolled transportation project. WSDOT is making improvements to customer service in preparation for expanding *Good To Go!* tolling further when the I-405 express toll lanes open in 2015 and SR 99 tunnel tolling begins in 2016.

Good To Go! customer service



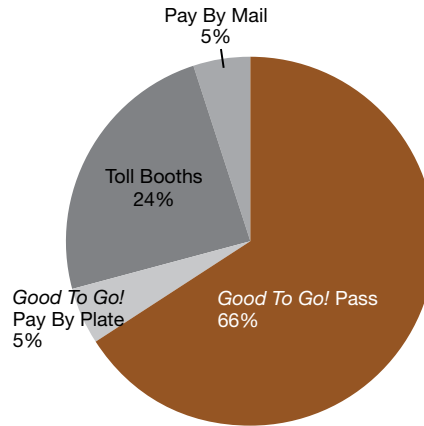
Good To Go! accounts exceeding expectations

To better serve our customers, WSDOT offers a variety of *Good To Go!* toll payment options, ranging from the most popular and cost-efficient *Good To Go!* account to those offering customer convenience (Pay by Mail, Pay By Plate, and Tacoma Narrows Bridge cash toll booths). As seen in the charts at right, the majority of our toll bridge customers choose to pay their tolls via a pre-paid *Good To Go!* account. Nationally, more and more toll road operators are moving toward cost-effective all-electronic tolling with account and pass-based toll accounts as the primary collection method.

With more than 35 million toll transactions and nearly 425,000 accounts, *Good To Go!* is a strong, viable business with a large customer base. We recognize that there have been challenges as we started this business, and appreciate customer conversations and input that have contributed to strengthening our customer service.

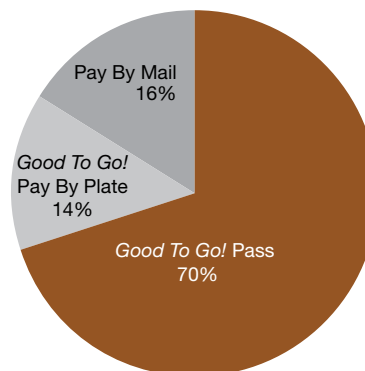
Toll transactions by payment method

Tacoma Narrows Bridge (July 2012 to June 2013)



Source: WSDOT Toll Operations

SR 520 (July 2012 to June 2013)



Source: WSDOT Toll Operations



Service centers provide help for customers

Quality customer service is a top priority for WSDOT's *Good To Go!* program. No matter if it's in-person, on the phone, online or via email, we are there for our customers. In a recent survey, 88 percent of customers said they were satisfied or very satisfied with the customer service they received at *Good To Go!*.

We currently operate three walk-in customer service centers in Bellevue, Gig Harbor and Seattle. The three centers combined received nearly 114,000 customer visits last year.

In fiscal year 2013, the customer service center handled more than 423,000 calls and sent more than 2.5 million emails. Customer service also sent more than 2.6 million pieces of mail last year. And, more than 92 percent of all mail was toll bills and notices of civil penalty. The *Good To Go!* online customer service center is always open at www.mygoodtogo.com.



Enforcement helps keep *Good To Go!* tolling fair for all

While the vast majority of tolls on both the Tacoma Narrows and SR 520 bridges are paid with *Good To Go!* accounts, some drivers elect to receive a toll bill in the mail. As of Sept. 30, 2013, approximately 95 percent of WSDOT's 35 million toll transactions in FY 2013 were paid.

If a toll remains unpaid for 80 days, a notice of civil penalty is issued to the registered owner. The civil penalty includes all unpaid tolls and fees as well as a \$40 penalty for each unpaid transaction. If a civil penalty recipient does not respond by the due date to pay or request a hearing, they may be unable to renew their vehicle registration, and are eligible for continued collection efforts.



Tacoma Narrows Bridge



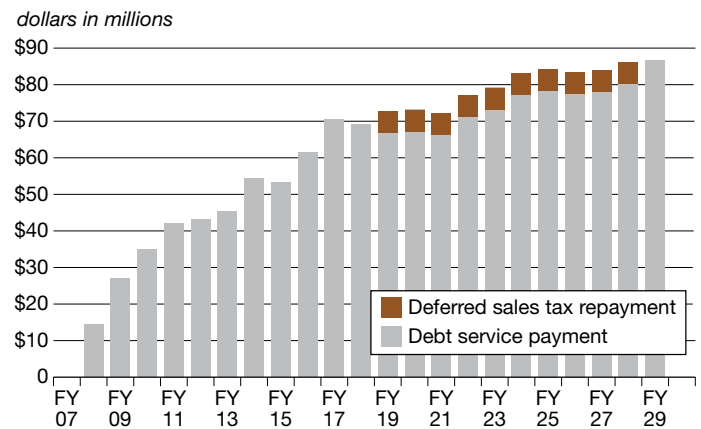
Tacoma Narrows Bridge traffic has remained steady with approximately 13.8 million transactions occurring in FY 2013. An average of 40,000 vehicles cross the eastbound Tacoma Narrows Bridge each weekday and more than 70 percent of tolls are paid with a *Good To Go!* account. WSDOT generated approximately \$58.7 million in gross toll revenue, which is just slightly below WSDOT’s forecasts. However, WSDOT’s cost-saving measures mean that Tacoma Narrows Bridge expenditures were also less than projected.

Objectives	Goal Met?	Accomplishments
Pay for new bridge construction	✓	<ul style="list-style-type: none"> Meeting debt payments

Toll rate increases are necessary to pay escalating construction debt

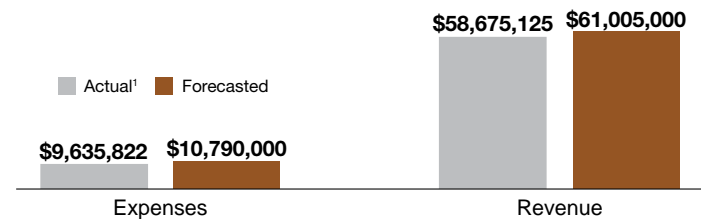
The Tacoma Narrows Bridge was financed with an escalating debt repayment schedule, which means debt payments were low in the early years and rise over time. It also means that tolls must increase to pay the state’s fiscal obligation. Between 2007 and 2009, the state made \$41 million in debt payments. Payments will increase over time before ultimately reaching approximately \$172 million in the 2027-2029 biennium.

Tacoma Narrows Bridge debt payments grow over time



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

Tacoma Narrows Bridge expenses are less than projected



¹ Actual & Forecasted Expenses exclude cost of purchasing, packaging & shipping transponders and costs related to Civil Penalties
Source: Actuals: Toll Division Quarterly Financial Statements (see Appendix)
Forecasted Expenses: Toll Division Finance
Forecasted Revenue: September 2012 Transportation Revenue Forecast Council Forecast

A growing number of customers prefer Pay By Plate and Pay By Mail payment methods

In December 2011, WSDOT introduced two new payment options on the Tacoma Narrows Bridge, Pay By Plate and Pay By Mail, for a total of four payment options on the bridge. Previously, there were two options for drivers to pay the toll on the Tacoma Narrows Bridge: stopping at the toll booth or using a *Good To Go!* pass. Drivers who crossed the bridge without using either payment option received an infraction notice.

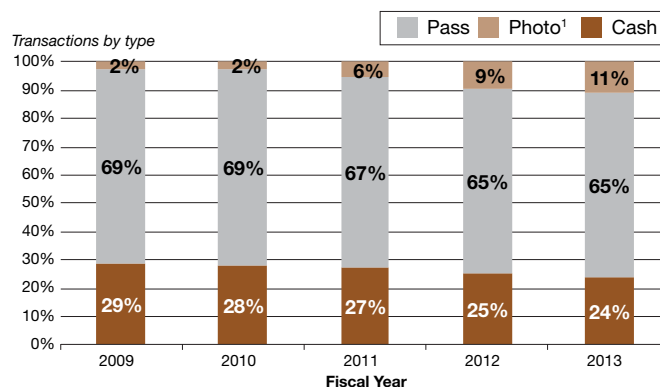
With photo tolling now in place, there are two new payment options: Pay By Plate (for *Good To Go!* accountholders) and Pay By Mail. With Pay By Plate accountholders can add their license plate to their account and have the toll automatically deducted at the *Good To Go!* pass toll rate plus 25 cents.

For drivers not wanting to open an account or stop at the toll booths, there is Pay By Mail. With Pay By Mail option, drivers without a *Good To Go!* pass can avoid the toll booths and use the electronic toll lanes. The registered owner then receives a bill in the mail at a higher toll rate. Drivers who don't pay within 80 days receive a notice of civil penalty for \$40 per unpaid transaction plus the accumulated tolls and fees.

Since the introduction of the new payment methods, the percent of transactions being paid by *Good To Go!* passes or at the toll booths has decreased while the share of photo-based transactions has increased. This shows that a growing number of drivers prefer relying on their license plates to pay their toll even if it costs more.

WSDOT continues to closely monitor this trend and further evaluate potential cost savings of converting to all-electronic tolling.

Primarily *Good To Go!* accounts, but some customers still prefer cash



¹ Photo includes both Pay By Plate and Pay By Mail

Notes:

- Photo transactions from FY 2009 and FY 2012 were processed as notices of infraction for failure to pay a toll.
- FY 2011: New 6c passes introduced in Feb 2011. Readers upgraded in Sept 2011. Increase in photo transactions during this time reflect new passes being processed as "photo transactions"
- FY 2012: Photo tolling introduced Dec. 3, 2011 on Tacoma Narrows Bridge
- Lane system transactions were used to enable consistent trending across time periods due to different CSC vendors. This data varies slightly from "toll transactions by payment method" due to timing for transaction resolution.

Source: WSDOT Toll Operations

Where your Tacoma Narrows Bridge toll dollar goes

71 cents of every dollar goes to repaying construction debt



1 Pass Costs ¹	\$217,322 (0.3%)	7 Insurance	\$1,557,190 (2.4%)
2 Maintenance & Preservation	\$256,275 (0.4%)	8 Customer service center vendor (ETCC)	\$2,022,448 (3.2%)
3 Adjudication	\$473,030 (0.7%)	9 Roadway and toll booth toll collection vendor (TransCore)	\$3,372,111 (5.3%)
4 Consultant Services	\$712,889 (1.1%)	10 Required reserve funds ³	\$7,665,656 (12%)
5 WSDOT Oversight & Other ²	\$755,470 (1.2%)	11 Debt Service including withholding for future debt payments	\$45,653,168 (71.7%)
6 Credit Card & Bank Fees	\$959,439 (1.5%)		

¹ Revenue and expenses related to passes are expected to offset each other

² Other includes expenditures for supplies, communications, rents, repairs, services provided by outside vendors, etc.

³ The TNB Fund Balance increased in FY 2013 due to the excess of revenues over expenses and debt service. This amount is retained for future use.

Source: Tacoma Narrows Bridge Account Financial Statement, June 2013

Next Steps

- Analyzing cost efficiency measures.
- Completing cashless toll study, analyzing cost to collect tolls all electronically versus the existing cash toll booth system.

SR 167 HOT Lanes Pilot Project

The SR 167 HOT lanes opened to traffic on May 3, 2008. After five years of operation, the pilot project continues to do what it was designed to do: reduce congestion and travel times for everyone traveling in the corridor. Usage and revenue for the SR 167 HOT lanes also continue to increase as more drivers than ever are choosing the HOT lanes for a reliable trip.

HOT Lanes are meeting objectives

Objectives	Goal Met?	Accomplishments
Free Flow Traffic	✓	<ul style="list-style-type: none"> HOT lanes speeds >45 mph Travel times more reliable
Reduced Congestion	✓	<ul style="list-style-type: none"> Daily general purpose volumes down Daily tolled volumes up Corridor transit volumes up
Improved Safety	✓	<ul style="list-style-type: none"> Average collision rate remains stable Incident response time down
Demonstrated Ability to Finance Improvements	✓	<ul style="list-style-type: none"> HOT lanes generating revenue to cover operating costs since April 2011
Equitable Use of Facility	✓	<ul style="list-style-type: none"> Annual surveys show both low and high income drivers use HOT lanes



HOT lanes use and revenue showing steady growth

SR 167 HOT lanes average daily tolled trips have more than tripled since opening.

The goal of the SR 167 HOT lanes pilot project was to help reduce traffic congestion and maintain free-flow traffic conditions in the HOT lanes. Revenue generation is an added benefit but was never the primary goal of the pilot project. While the goal is to operate the highway more efficiently, revenue for the SR 167 HOT lanes continues to increase and has exceeded operating costs since April 2011.

- HOT lanes benefit everyone.** Drivers using the general purpose lanes experience more reliable travel times.
- HOT lane customers have the option to pay for a more reliable trip.** During the peak hour drivers save an average of eight minutes on their trip for a \$2 toll.
- HOT lanes use and revenue are growing.** HOT lane usage has risen to 4,200 tolled trips per weekday (Tuesday through Thursday) in June 2013 which is a 12 percent increase in the last year. This growth is partially due to the overall increase in the number of active *Good To Go!* passes due to the opening of the SR 520 bridge. Revenue from HOT lanes is also growing steadily. Since the fourth quarter of FY 2011, toll revenue has surpassed operational costs. Annual HOT lane revenue increased 18 percent in fiscal year 2013 over the previous year.

HOT lane traffic performance



Regular lanes average:

14¹-32² minutes (Southbound PM commute) 21¹-33² minutes (Northbound AM commute)

¹ Average travel time ² 95th percentile travel time

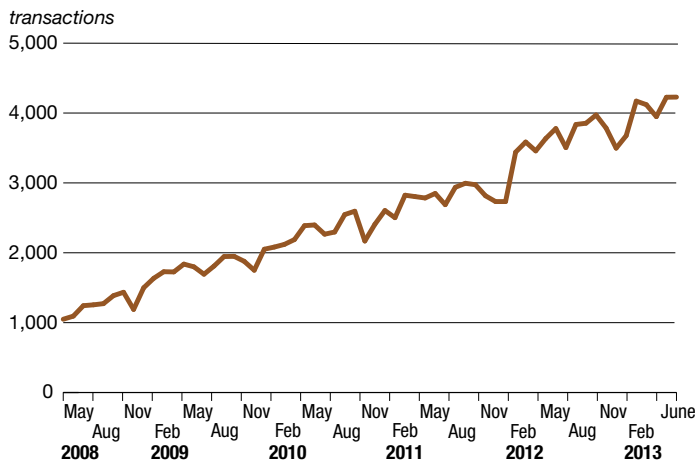
HOT Lanes are saving people time

The northbound HOT lanes provided weekday drivers with an average time savings of nine minutes during the morning peak hour for an average toll of \$2.25. In the afternoon peak hour, the southbound HOT lane provided weekday drivers an average savings of six minutes for an average toll of \$1.50.

More people are choosing the HOT Lanes

Consistent with regional trends, the average daily traffic on SR 167 has increased approximately 2 percent when compared to pre-toll levels. However, the average number of weekday trips in the HOT lanes has increased nearly 19 percent since June 2009.

SR 167 average daily toll transactions (T-Th through June 30, 2013)



Source: WSDOT Toll Operations

HOT Lanes benefit transit users

It is difficult to determine the specific effect of the HOT lanes on transit ridership. Transit ridership in the SR 167 corridor has increased, although a number of factors including the changing economic climate, fluctuating gas prices, and changes made to corridor transit service affect ridership. However, like other HOT lanes users, bus riders enjoy the benefits of a reliable trip in the HOT lane.

HOT lanes maintain steady safety stats

The average collision rate remains stable throughout the pilot project area. It's important to remember that multiple factors can affect safety and collisions, including the double white lines preventing erratic lane changes in and out of the HOT lanes, changing traffic volumes, reduced congestion, increased enforcement, roadway surface conditions, changes in visibility and recent laws requiring the use of hands-free cellular devices. WSDOT remains confident that HOT lanes are not adversely impacting driver safety.

To maintain reliable speeds, toll rates increase as more people use the HOT lanes

HOT lane toll rates can range from 50 cents to \$9 based on congestion. The average Tuesday through Thursday toll rate ranged between 75 cents and \$1 for the first five years of operations before increasing to \$1.25 in the fourth year. In 2013, the average Tuesday through Thursday toll rate was \$1.25. The increased average toll rate reflects the increased demand for the HOT lanes. With greater public understanding, more people are choosing to use the SR 167 HOT lanes for a more reliable trip.

Most use the SR 167 HOT lanes to avoid congestion and get to their destination on time

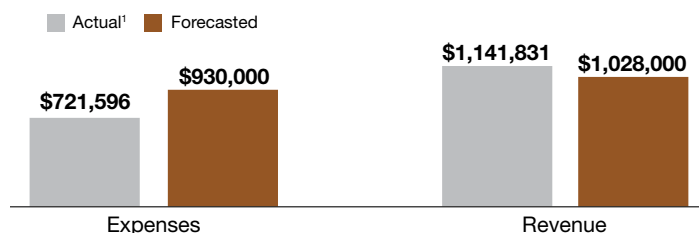
Every year since 2008, WSDOT has conducted an annual survey of *Good To Go!* accountholders who had paid at least once to use the SR 167 HOT lanes. The survey helps WSDOT better understand who uses the SR 167 HOT lanes and why. The 2013 survey results were consistent with previous years showing that about one third of respondents used the HOT lanes on average less than once per month. In keeping with national trends few people use HOT lanes all the time, but many people use them occasionally when they need to get somewhere on time.

The split between drivers who use the HOT lanes primarily for work and those that use them for personal trips is split in half, yet they all have a common goal - 87 percent of respondents use the HOT lanes because they either want to avoid congestion in the regular lanes or need to arrive on time to their destination.

There's a fairly even split amongst HOT lane users' income levels. Lower income users with a combined household income of \$49,999 or less represent about the same number of users as the mid-level and higher income users. Again, in keeping with national trends, HOT lanes are used when they're needed most no matter what the user's income.

HOT lanes revenue is up and expenses are down

SR 167 toll revenue: actual vs. forecast (FY13)



¹ Actual & Forecasted Expenses exclude cost of purchasing, packaging & shipping transponders
 Sources: Actuals: Toll Division Quarterly Financial Statements (see Appendix)
 Forecasted Expenses: Toll Division Finance
 Forecasted Revenue: September 2012 Transportation Revenue Forecast Council Forecast

Next steps

- Analyzing cost efficiency measures.
- Continuing pilot status through June 30, 2015, making this project a seven-year pilot.
- Implementing and studying continuous access to the HOT lanes.
- Extending southbound HOT lane 8 miles to Pacific. The project is expected to open to traffic in 2017.

SR 520 Bridge

As we complete the first full fiscal year of tolling on the SR 520 bridge, we continue to meet our two central goals: to generate revenue to help finance the replacement bridge and reduce congestion on SR 520. Tolling is projected to generate \$1.2 billion towards the funded portion of the SR 520 Bridge Replacement and HOV Program. When fully funded, the program will build 12.8 miles of safety and mobility improvements from I-5 in Seattle to SR 202 in Redmond.

Objectives	Goal Met?	Accomplishments
Pay for new bridge construction	✓	<ul style="list-style-type: none"> On track to generate \$1.2 billion in toll revenue for the new SR 520 bridge
Reduce congestion on SR 520	✓	<ul style="list-style-type: none"> Faster travel times on SR 520

Changes in traffic meet projections

WSDOT has been closely monitoring traffic volumes, speeds and travel times across Lake Washington to understand how travel patterns have changed since tolling began on the SR 520 bridge in Dec. 2011.

As we look back at FY 2013, an average of 70,000 vehicles crossed the SR 520 bridge on weekdays, down from 103,000 in 2011. As expected, travel patterns across Lake Washington have changed since tolling began. Some SR 520 travelers have diverted to other routes, or modified their travel schedules to take advantage of transit, teleworking and off-peak travel times. Others have chosen to not cross the lake at all. The majority of diversion is occurring during off-peak times when SR 522 and I-90 have extra capacity to absorb more traffic volumes.

WSDOT anticipated a 48 percent drop in traffic volumes on SR 520 when tolling began. That projection was close to actual traffic at the start of tolling, but as expected, more drivers have returned to the corridor and as of June 2013, traffic volumes on SR 520 were 32 percent less than pre-tolling levels.

Percent change in daily volumes (2011 pre-tolling vs. 2013 post-tolling)

SR 520 Bridge ¹	- 32%
I-90 ¹	+13%
SR 522 ^{2,3}	+10-15%

¹ Weekday daily volumes

² Total volumes

³ Several factors (e.g. adverse weather, traffic signal operations, construction, etc.) have greater influential effects on main arterials, such as SR 522, than other highways, such as SR 520 and I-90. WSDOT looked at volume changes at several different locations along SR 522, including NE 165th St, 62nd Ave NE and 73rd Ave NE

Source data: NW Region Traffic and City of Lake Forest Park

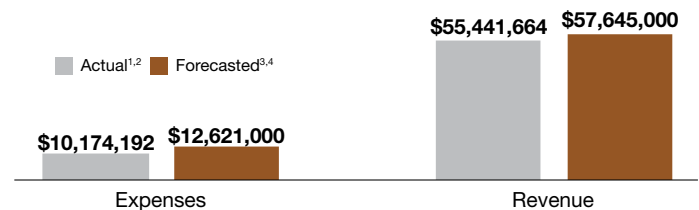
Revenue is on track to generate \$1.2 billion for new SR 520 bridge

In December 2011, WSDOT started tolling the existing facility to provide \$1.2 billion for a new, safer bridge and to manage congestion.

WSDOT forecasted that 80 percent of trips across the bridge in FY 2013 would be paid with *Good To Go!* accounts. Of the 20.2 million total toll transactions in FY 2013, approximately 84 percent were made by *Good To Go!* accountholders.

We anticipate traffic and revenue will continue to meet projections. Toll rates are scheduled to increase in July 2014 as the third of four planned 2.5 percent annual rate increases through 2015. The Washington State Transportation Commission will review the rate increases in early 2014 and decide if any adjustments are necessary.

SR 520 toll revenue: actual vs. forecast



¹ Actual Expenses excludes cost of purchasing, packaging & shipping transponders

² Actual Revenue includes only Toll Revenue: revenue earned, net of any adjustments, from toll on vehicles traveling over the 520 Bridge, which are collected by either *Good To Go!* electronic toll accounts or pay-by-mail.

³ Forecasted Expenses includes Toll Collection O&M costs, Credit card fees and Bridge Insurance Premiums.

⁴ Forecasted Revenue includes adjustments for the \$0.25 Pay by Plate fee, Short-term accounts, and uncollectible revenue.

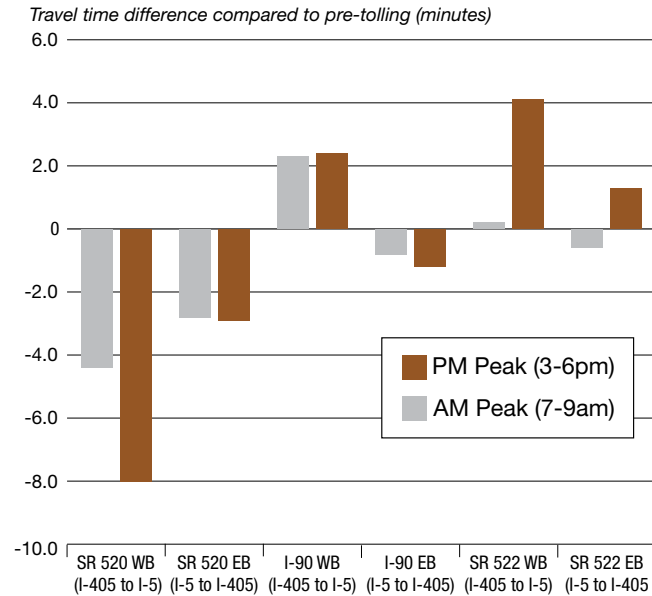
Sources: Actuals: Toll Division Quarterly Financial Statements (see Appendix)

Forecasts: September 2012 Net Revenue Forecast with Nickel Rounding

SR 520 travel times are shorter than before tolling

Travel times for drivers using the SR 520 bridge continue to remain faster than pre-tolling travel times.

SR 520 travel times improve



FY 2011 used as baseline as SR 520 was tolled for six months during FY 2012.
Source: Actuals: NW Region Traffic

During the morning peak period eastbound I-90 and SR 522 travel times have remained steady compared to pre-tolling FY 2011. Westbound I-90 travel times, during both morning and afternoon peak period have increased compared to FY 2011. Afternoon peak period travel times on SR 522, particularly westbound, have also increased compared to FY 2011 travel times. WSDOT continues to monitor cross-lake travel.

Peak-hour, peak-direction diversion rates on SR 522 and I-90 were the same as or lower, than projected. Most diversion occurs during off-peak times when SR 522 and I-90 have extra capacity to absorb more traffic volumes. However, when looking at overall cross-lake travel, there is a 5 percent decrease in the overall number of vehicle trips when comparing FY 2013 to FY 2011.



Strong growth for transit and vanpools

Transit ridership on SR 520 is up 41 percent, vanpools increase 40 percent.

SR 520 corridor weekday transit ridership was more than 21,000 in spring 2013. This is an increase of 12 percent since 2012 and a 41 percent increase since 2010. This ridership increase can at least be partly correlated with the 140 daily bus trips King County Metro and Sound Transit added in preparation for SR 520 tolling, which increased weekday service to 750 trips on 19 routes serving SR 520. By comparison, King County Metro and Sound Transit saw an estimated 6 percent increase in regionwide transit ridership since 2010. Additionally, 180 vanpools now cross the lake on SR 520, an increase of more than 50 vanpools, or 40 percent, since tolling started.

Where your SR 520 toll dollar goes

The majority of your SR 520 toll dollar goes to paying for a new bridge



1 Pass Costs ¹	\$330,941 (0.6%)	6 Roadway toll collection vendor (Telvent)	\$293,419 (0.5%)
2 Consultant Services	\$713,463 (1.2%)	7 Customer service center vendor (ETCC)	\$4,598,510 (7.8%)
3 Credit Card & Bank Fees	\$913,902 (1.6%)	8 Cost of Investment Activity	\$417,231 (0.7%)
4 WSDOT Oversight & Other ²	\$1,223,903 (2.1%)	9 Available for Debt Service, Capital Outlays, and Deposits to Reserves	\$47,779,379 (82%)
5 Insurance	\$2,430,995 (4.1%)		

¹Revenue and expenses related to passes are expected to offset each other, however any resulting net revenues are pledged towards debt service.

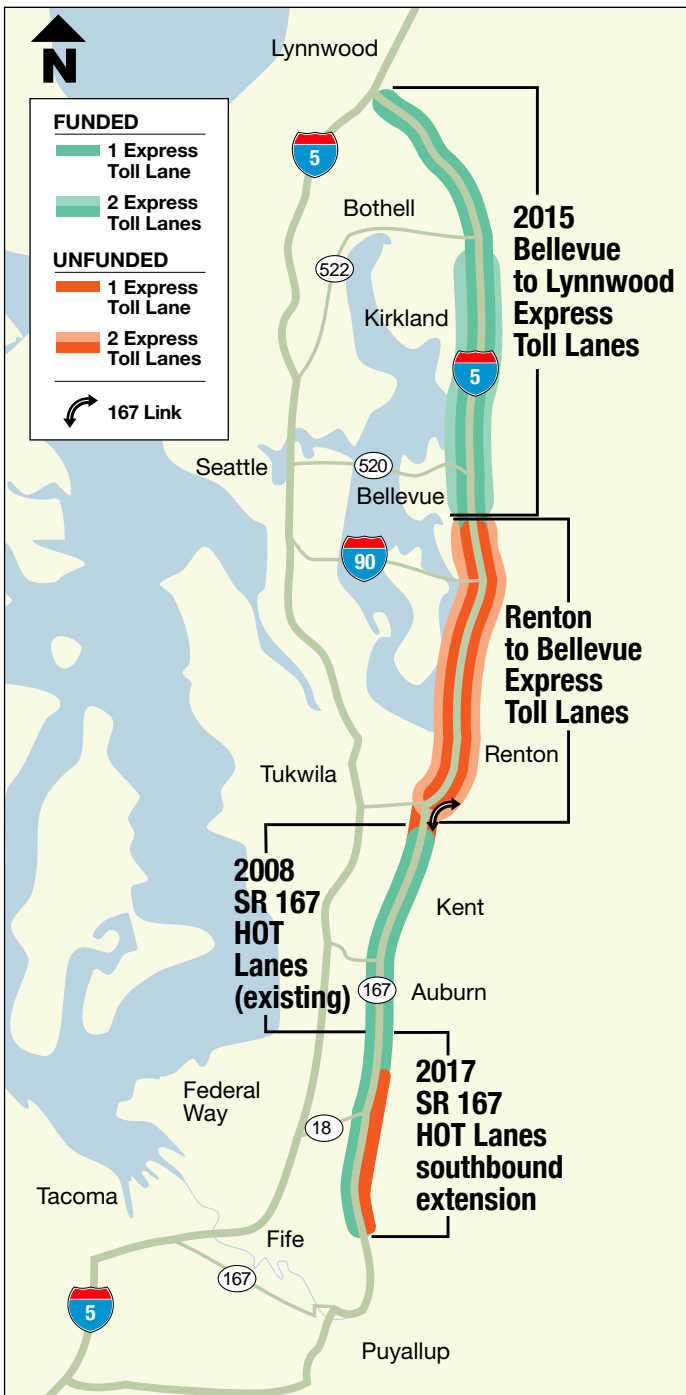
²Other includes expenditures for supplies, communications, rents, repairs, services provided by outside vendors, etc.

Source: SR 520 Account Audited Financial Statements

Next steps

- Analyzing cost efficiency measures.
- Installing temporary toll gantry while bridge is under construction.
- Installing permanent toll gantry for new bridge.

I-405 Express Toll Lanes



First step to a 40-mile express toll lane system is on track to open in 2015

I-405 commuters face some of the highest congestion levels in the state - the corridor is highly congested for up to eight hours each day. In the late 1990s, WSDOT partnered with FHWA, FTA and regional cities and counties to develop the I-405/SR 167 Corridor Master Plan, which included new highway lanes, improved interchanges, expanded transit service including bus rapid transit, expanded vanpool programs, and to consider future express toll lanes. Connecting the SR 167 HOT Lanes Pilot Project with the I-405 express toll lanes will connect the entire corridor with a system better equipped to manage traffic demands in the future.

As part of the I-405 vision, express toll lanes are designed to help relieve congestion and generate funds to help pay for future corridor improvements. Linking I-405 express toll lanes to the HOT lanes already established on SR 167 would create a 40+ mile north-south eastside corridor express toll lane system and a reliable bypass to I-5 from Puyallup to Lynnwood.

WSDOT is building express toll lanes because they:

- **Operate efficiently:** Express toll lanes move more people and vehicles while offering a more reliable trip.
- **Reduce traffic congestion:** Express toll lanes improve mobility for all people in the corridor including transit, freight and drivers in the general purpose lanes.
- **Manage demand to improve speed and reliability:** Toll rates adjust based on real-time traffic conditions to maintain an average speed of 45 mph or better.
- **Provide for future improvements:** Express toll lanes can provide funding toward future I-405/SR 167 corridor improvements.

I-405 Bellevue to Lynnwood express toll lanes are under construction

WSDOT is constructing the first phase of I-405 express toll lanes between Bellevue and Lynnwood, which are designed to boost speed and travel time reliability on one of the state's most congested commutes. When the project is complete in 2015, commuters will have the choice to use the 17-mile express toll lanes system for a more reliable trip.

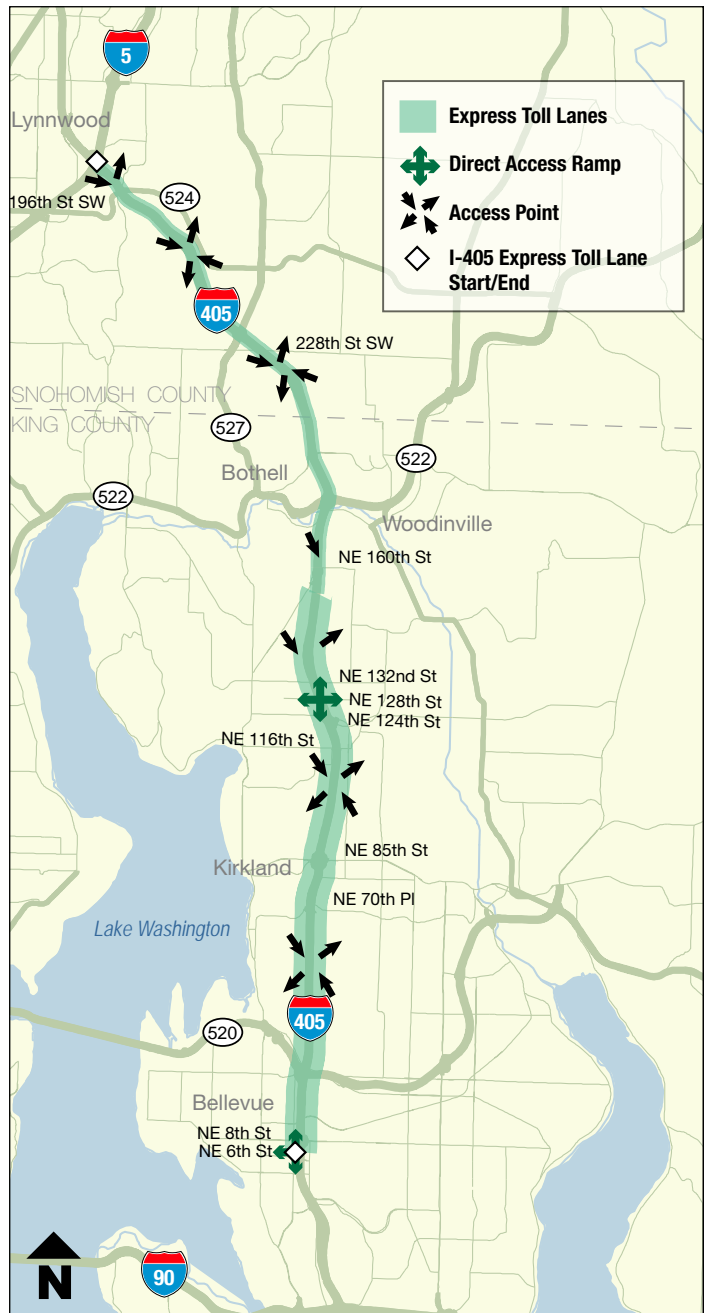
How would I-405 express toll lanes work?

Because the existing two person I-405 carpool lanes are at capacity, WSDOT has been working to determine carpool occupancy requirements for the I-405 express toll lanes. This process includes discussing options with the Washington State Transportation Commission and the I-405/SR 167 Corridor Executive Advisory Group, as well as public outreach and research. Express toll lanes use dynamic tolls to help manage congestion in the lanes to keep traffic moving at free flow speeds.

After weighing the advantages and disadvantages of each proposed policy option, the Transportation Commission will decide, before the new lanes open, who will be exempt from tolls or receive a discount. These policies are expected to be finalized in spring 2014.



Visualization of the I-405 express toll lanes



Next Steps

- Toll rate setting with the Transportation Commission in Spring 2014.
- Funding the I-405/SR 167 direct-connector and I-405 improvements between Renton and Bellevue.
- Adding one lane in each direction between SR 167 in Renton and NE 6th Street in downtown Bellevue to be paired with existing carpool lane creating a two-lane express toll lane system.
- Connecting express toll lanes from Bellevue south through Renton to the SR 167 HOT lanes, resulting in a 40-mile express toll lane system.

SR 99 Tunnel

Tolls will help fund SR 99 improvements

In summer 2013, the world's largest-diameter tunneling machine began a historic journey beneath downtown Seattle. Its purpose: dig a tunnel to replace the SR 99 Alaskan Way Viaduct, a double-deck highway that has spanned the downtown waterfront for more than half a century.

Funding for the \$3.1 billion viaduct replacement program comes from state, federal and local sources as well as the Port of Seattle and tolls on drivers using the tunnel. Of that total cost, the 2012 Legislature stated \$200 million should come from toll funding. Tolls could also pay for future tunnel operations and maintenance costs, similar to other toll facilities.

In 2011, the city of Seattle and WSDOT convened the Advisory Committee on Tolling and Traffic Management. The ACTT committee is exploring ways to refine tolling of the SR 99 tunnel to minimize traffic diversion, meet project funding goals and investigate strategies to mitigate diversion.

The 15-member committee has studied toll scenarios with rates ranging from \$0.50 to \$4 per trip and anticipates providing advisory recommendations to the governor, Legislature, Transportation Commission, Federal Highway Administration, WSDOT, Seattle mayor and Seattle City Council in early 2014.

Tolling the SR 99 tunnel is anticipated to begin in 2016 after the tunnel opens to drivers.



Next steps

- The SR 99 ACTT will issue a committee recommendation report.
- Completing Investment Grade Traffic and Revenue Study.
- Toll rate setting with the Transportation Commission.

Where we're going . . .

What's next for tolling in Washington State

Transportation in the United States is shifting from a federal predominance to a state emphasis and state governments are strategically reorienting to this new financial environment. Today, states are responsible for the majority of their transportation funding and state governments have found it challenging to raise enough revenue to compensate for this shift. In response, tolling has evolved to play an increasingly larger role in transportation funding.

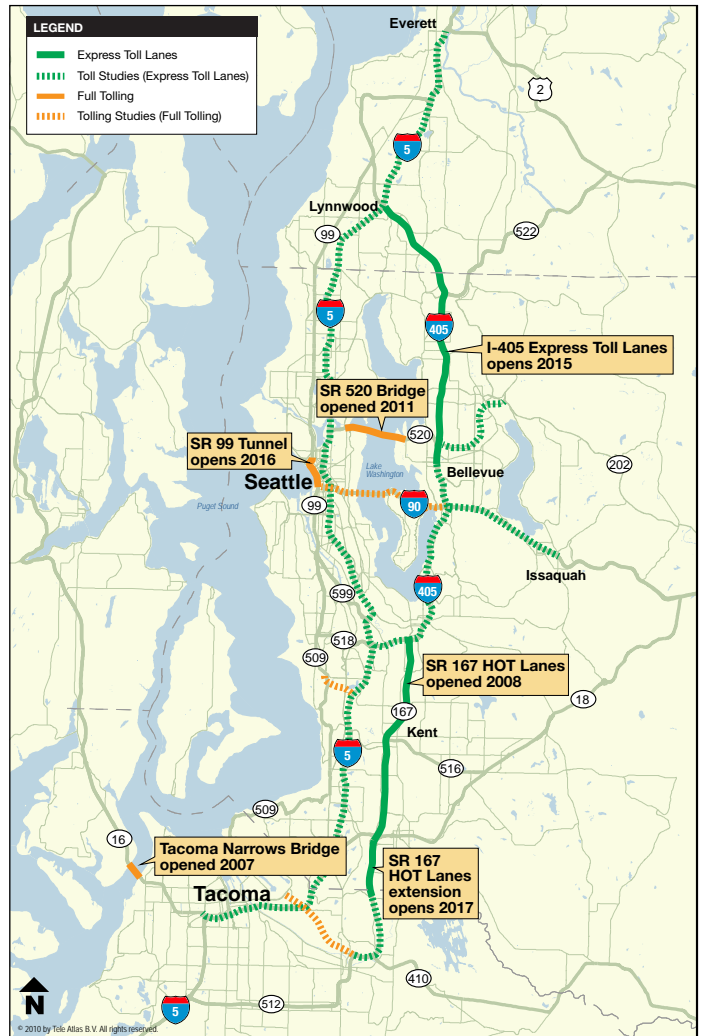
In alignment with the Puget Sound Regional Council's Transportation 2040, Washington state is integrating tolling as a strategic tool to help finance capital improvement projects, manage congestion, enhance mobility and generate revenue for operations and maintenance. WSDOT's current tolled projects can be part of a long-term connected network of tolled and other mobility-enhanced projects throughout the Puget Sound.

Partnering with PSRC to look at regional tolling

PSRC's long range transportation plan, Transportation 2040, envisions tolling as an integral part of its financial strategy, with strong benefits of managing congestion, and reducing air pollution and greenhouse gases. Several key regional leaders have proposed that now is the time to address the approach to toll system development including:

- **System vision:** How do individual tolling projects function as part of a system, or integrate with an overall implementation schedule of roadway and transit projects in the region?
- **Diversion:** How can a systematic approach be developed to address traffic diversion from tolling?
- **Modal integration:** How can highway corridor tolling be better integrated with transit service?
- **Transition plan:** How do we evolve beyond project-specific tolling?
- **Context:** How can tolling be coordinated with emerging state financing proposals such as a user fee or other approaches?

To address these questions and concerns, the King County Executive and 11 King County mayors requested that PSRC, with WSDOT assistance, conduct a study examining alternative approaches to tolling implementation in the Puget Sound Region. This study is proposed to begin in 2014 and will help guide the future of tolling in Washington state.



Projects in development

I-90

In 2012, the Legislature directed WSDOT to conduct a comprehensive environmental review of tolling Interstate 90 between I-5 and I-405 to manage traffic and provide funding for construction of the unfunded SR 520 Program from I-5 to Medina. WSDOT needs \$1.4 billion to complete the remaining section of the SR 520 bridge, which would replace the vulnerable Portage Bay and southwest bridge approach structures. Additionally, traffic on I-90 has increased by 15,000 vehicles a day since SR 520 tolling began in December 2011.

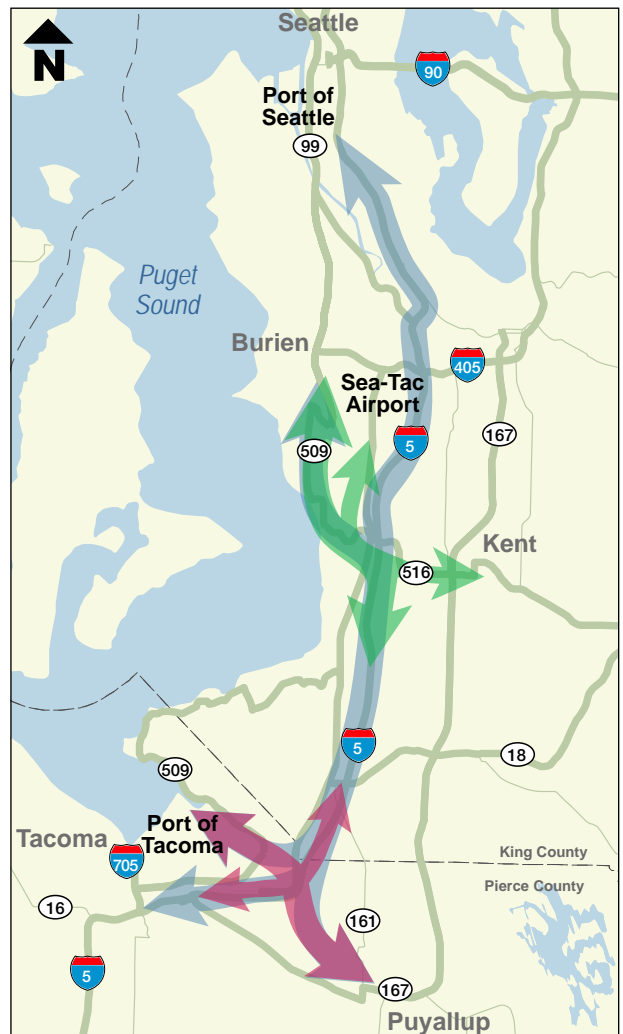
WSDOT is working on an environmental impact statement, analyzing the effects of tolling I-90 on regional and cross Lake Washington corridor traffic and transportation, the social environment, fairness (or environmental justice), and air quality. The EIS will inform the Legislature and Federal Highway Administration regarding the question if tolls should be implemented on I-90.



SR 509/I-5/SR 167 Puget Sound Gateway Project

In 2012, following two decades of project planning, WSDOT began an effort to develop an integrated, sustainable approach to completing the SR 167 and SR 509 corridor connections to I-5, which are critical freight routes. The Gateway project:

- Improves regional mobility and relieves traffic congestion on local roads and highways by providing new and more efficient travel options, improving overall system performance for freight, commuters and transit.
- Completes critical freight links between the ports of Seattle and Tacoma and key distribution centers, warehouses, and industrial areas in King and Pierce counties. Supports regional and statewide job growth by allowing freight to move more reliably and economically.
- Provides direct access to Seattle-Tacoma International Airport from the south, better connecting the state's hub airport to I-5 and improving movement of air cargo.
- Leverages the opportunity to build an integrated system by constructing SR 509, SR 167 and I-5 together, using the design-build approach to accelerate construction and capitalize on economies of scale.

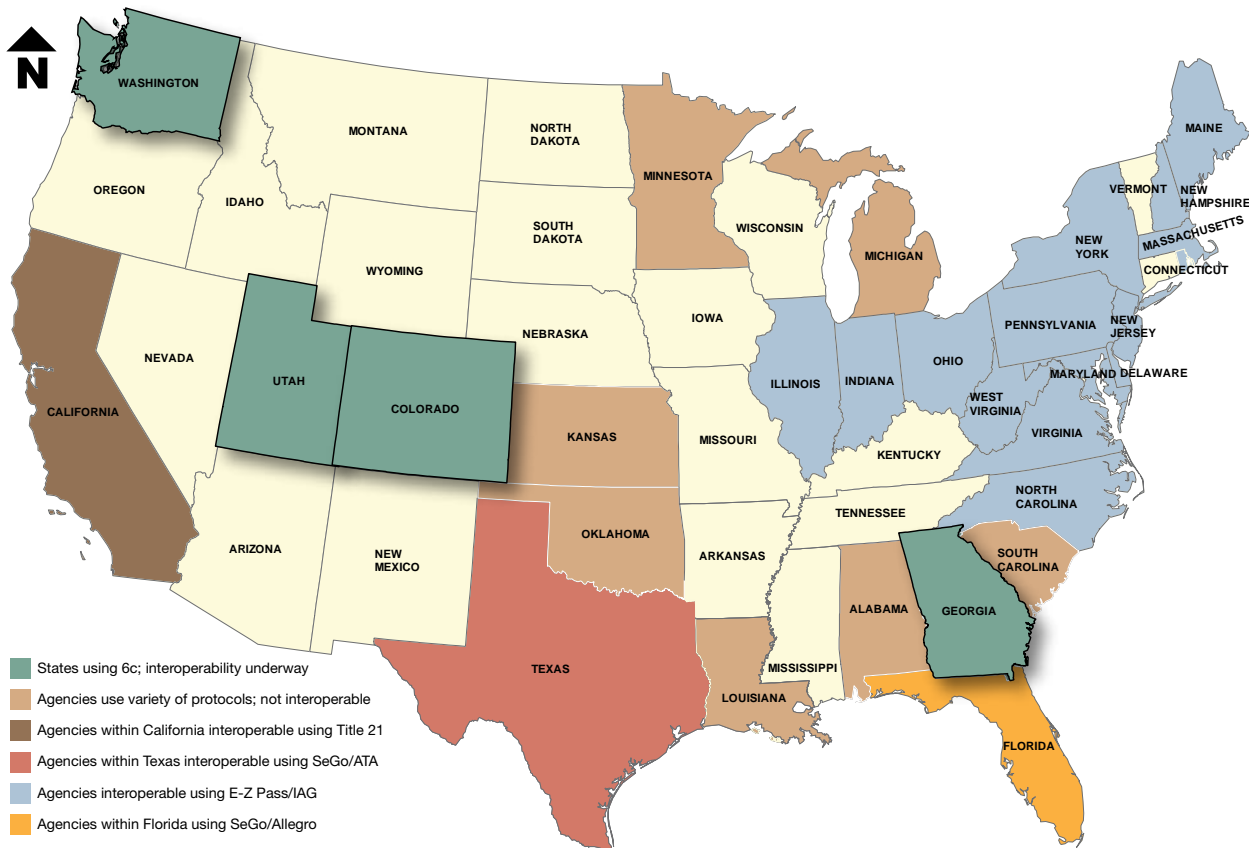


Technology and interoperability

WSDOT has a history of pioneering cutting-edge technological solutions. In 2011 the SR 167 HOT lanes became the first existing toll facility in the United States to convert to a new tolling communications protocol: ISO 18000-6C (known as '6C'). This protocol is faster, non-proprietary, more accurate, more secure, less costly and offers more pass options for customers.

Recognizing that interoperability between toll agencies is and will continue to be important to our customers, WSDOT took action. We created a partnership with peer agencies across the country, developed a standardized data format for the 6C passes, and a certification program for tolling equipment, similar to Wi-Fi. WSDOT has also leveraged its influence strategically and has pushed new pass technology to the forefront. Customers noticed this change when the price for a sticker pass decreased from \$12 to \$5. This price is expected to decrease even more in the coming years.

Federal legislation (MAP-21) requires that all tolling agencies within the United States achieve interoperability by the year 2016. While the legislation does not prescribe specific methods to reach this ambitious objective, it does empower agencies to determine the most effective strategies based on industry experience. Moving forward, WSDOT believes the best way to capitalize on the opportunity presented by this federal mandate is by strengthening existing partnerships. Currently, toll agencies in Washington, Colorado, Utah, Georgia, and British Columbia are working together to standardize a pass protocol and memory map. We have also formed a Western Region interoperability partnership that includes toll agencies in British Columbia, California, Colorado, and Utah. Toll agencies must achieve interoperability by 2016 and once in place, *Good To Go!* customers will be able to use their toll passes at more than 100 toll agencies across the country.



Financial Reports

**COMBINING BALANCE SHEET
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
WASHINGTON TOLLING SYSTEM
STATE FISCAL YEAR 2013, QUARTER ENDED JUNE 30, 2013**

	NOTES	TNB ACCOUNT	HOT LANES ACCOUNT	520 BRIDGE ACCOUNT	520 CIVIL PENALTY ACCOUNT	CENTRAL TOLL ACCOUNT	TOTAL
ASSETS							
Cash and cash equivalents		\$ 8,992,451	\$ 1,531,247	\$266,271,243	\$ 3,672,893	\$ 11,316,165	\$291,783,999
Cash held with escrow agents		-	-	11,325,125	-	-	11,325,125
Accounts receivable, net	1	1,076,632	89,129	2,142,433	-	-	3,308,194
Notice of civil penalties, net	2	9,916,416	-	-	19,529,971	-	29,446,387
Due from other funds/agencies		749,124	19,271	1,390,188	151,690	1,860,749	4,171,022
Due from toll vendor	3	1,139,791	39,986	849,039	-	35,960	2,064,776
Consumable inventories	4	-	-	-	-	978,559	978,559
TOTAL ASSETS		\$ 21,874,414	\$ 1,679,633	\$281,978,028	\$ 23,354,554	\$ 14,191,433	\$343,078,062
LIABILITIES							
Accounts payable		1,339,870	60,392	65,761,480	211,516	71,956	67,445,214
Retained percentages payable		-	-	12,366,067	-	-	12,366,067
Obligations under securities lending agreement	5	363,201	63,292	10,913,873	152,547	409,696	11,902,609
Due to other governments		3,570	-	10,297	5,927	-	19,794
Due to other funds/agencies		528,533	24,841	6,785,268	55,799	2,162,736	9,557,177
Due to department of revenue - taxes		-	-	27	-	5,559	5,586
Unearned Revenue	6	3,899,750	-	1,128,801	6,732,290	11,517,238	23,278,079
Unclaimed property refund liability	7	-	-	-	-	10,855	10,855
Liability for cancelled warrants	8	2,716	-	-	-	13,393	16,109
Total Liabilities		6,137,640	148,525	96,965,813	7,158,079	14,191,433	124,601,490
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue-\$5 Fee, NOCPs, Real Estate	9	3,469,204	-	870,355	6,905,924	-	11,245,483
Unavailable Revenue-Toll Vendor	9	689,579	39,986	849,039	-	-	1,578,604
Total Deferred Inflows of Resources		4,158,783	39,986	1,719,394	6,905,924	-	12,824,087
Fund Balances							
Nonspendable consumable inventories	4	\$ -	\$ -	\$ -	\$ -	\$ 978,559	\$ 978,559
Restricted for operations and maintenance	10	-	-	6,410,157	-	-	6,410,157
Restricted for repair and replacement	10	-	-	1,875,000	-	-	1,875,000
Restricted for unspent GARVEE bond proceeds	10	-	-	147,913,103	-	-	147,913,103
Restricted for transportation	10	11,577,991	-	27,094,561	-	-	38,672,552
Committed for transportation	10	-	1,491,122	-	9,290,551	-	10,781,673
Unassigned		-	-	-	-	(978,559)	(978,559)
Total Fund Balances		11,577,991	1,491,122	183,292,821	9,290,551	-	205,652,485
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		\$ 21,874,414	\$ 1,679,633	\$281,978,028	\$ 23,354,554	\$ 14,191,433	\$343,078,062

The notes to the financial statements are an integral part of this statement.

**NOTES TO THE COMBINING BALANCE SHEET
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
WASHINGTON TOLLING SYSTEM
STATE FISCAL YEAR 2013, QUARTER ENDED JUNE 30, 2013**

Backlogged Financial Reconciliations - On February 13, 2011, WSDOT transitioned tolling customer service center operations to a new vendor - Electronic Transaction Consultants Corporation (ETCC). During the transition, the new ETCC system encountered problems in the accuracy and timeliness of recording revenue and other accounting transactions. WSDOT and ETCC have investigated and corrected accounting records for known discrepancies. At this time, ETCC has not completed key reconciliations which ensure timely and accurate processing of financial transactions and accurate system reporting. Upon completion of these reconciliations, any discrepancies identified will be addressed and necessary correcting adjustments will be made.

Reports in the Subsidiary Accounting System for Tolling - After the close of the fiscal year, WSDOT determined, through independent audits, that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contained weaknesses in internal control requiring revision to existing procedures and protocols. The results of the audit findings provide concern to WSDOT, and we will take appropriate actions to remediate the issues. WSDOT will aggressively pursue actions by our contracted service provider to remediate deficiencies identified through these independent audits, as we are committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

Detailed Notes

1. Accounts Receivable, net:

- (a) TNB and 520 Bridge Accounts consist primarily of: (1) Crossings where a Toll Bill has been sent to the customer via Pay-by-Mail, (2) Customer payments made by credit card which had yet to settle by June 30, and (3) the Accounts allocated share of NSF fee, transponder sales and \$5 reprocessing fee receivables.
- (b) HOT Lanes Account consists of amounts due from customers because their prepaid account had an insufficient balance and HOT Lanes allocated share of NSF fee and transponder sales receivables.

2. Notice of Civil Penalties, net - The TNB balance consists of all outstanding amounts due related to TNB notices of civil penalties and the 520 Civil Penalty balance consists of all outstanding amounts due related to 520 Bridge notices of civil penalties.

3. Due from Toll Vendor - For TNB, HOT Lanes and the 520 Bridge Account, the Due from Toll Vendor consists primarily of amounts due from the CSC operations vendor (ETCC) due to renegotiation of the CSC operations contract. For the Central Toll Account amount are due from the CSC operations vendor ETCC due to operational and system errors that have required manual corrections and have resulted in amounts due to WSDOT.

4. Consumable Inventory - Toll transponders valued at cost using the first in, first out (FIFO) method.

5. Obligations Under Security Lending Agreement - State statutes permit the Office of State Treasurer (OST) to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. OST records an asset and an offsetting liability for securities on loan at fiscal year end.

6. Unearned Revenue:

- (a) TNB Account - Notice of civil penalty amounts not yet recognized because the adjudication process has not been completed. Also included are amounts associated with deferrals for toll bill amounts not estimated to be collected until they become NOCP receivables.
- (b) 520 Bridge Account - amounts associated with deferrals for toll bill amounts not estimated to be collected until they become NOCP receivables.
- (c) 520 Civil Penalty Account - Notice of civil penalty amounts not yet recognized because the adjudication process has not been completed.
- (d) amounts from customers on deposit for prepaid *GoodToGo!* accounts. No revenue is recognized in the Central Toll Account. Funds from the prepaid accounts, held in the Central Toll Account, are transferred to the applicable toll facility when a transponder is "read" as the customers' vehicle crosses one of the toll facilities. Until this event, the prepaid toll account balance represents a liability to the state and is owed to the customer.

7. Unclaimed Property Refund Liability - After twenty-four months of inactivity, prepaid toll accounts are closed and remaining balances, less any associated fees, are refunded to the customer. In cases where the *Good To Go!* vendor cannot locate the customer, WSDOT remits the prepaid toll account balance to the Department of Revenue's Unclaimed Property Section.

8. Cancelled Warrants - When a vendor cannot be located, such as when the vendor changes addresses without notification, the original warrant (check) must be cancelled and reissued once the vendor is located.

9. Unavailable Revenue:

- (a) TNB Account - amounts associated with TNBs long-term portion of the toll vendor receivable and a real estate contract receivable. Also included are deferrals for NOCP and \$5 fee receivable amounts estimated to take over 12 months to collect.
- (b) HOT Lanes Account - amounts associated with the accounts long-term portion of the toll vendor receivable.
- (c) 520 Bridge Account - amounts associated with 520s long-term portion of the toll vendor receivable. Also included are deferrals for \$5 fee receivable amounts estimated to take over 12 months to collect.
- (d) 520 Civil Penalty Account - amounts associated with deferral for NOCP receivable amounts estimated to take over 12 months to collect.

10. The Unspent Bond Proceeds and Operations and Maintenance Restrictions - Reserves required by the Master Bond Resolutions. Additionally, fund balances are considered "restricted" if its usage is limited by creditors, other governments, or through constitutional provisions, and "committed" if usage is limited by the governing authority.

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
TACOMA NARROWS BRIDGE ACCOUNT
STATE FISCAL YEAR 2013, QUARTER ENDED JUNE 30, 2013

	NOTES	JULY THROUGH MARCH	APRIL THROUGH JUNE	YEAR-TO-DATE
REVENUES				
Tolling revenue	1	\$ 43,359,326	\$ 15,315,799	\$ 58,675,125
Civil penalty	2	376,730	3,449,533	3,826,263
Violation penalty revenue		17,183	4,319	21,502
Transponder sales	3	224,208	83,142	307,350
Toll vendor contractual damages	4	367,796	106,300	474,096
Toll bill reprocessing fee	5	317,528	(51,062)	266,466
Interest income		20,179	9,682	29,861
Miscellaneous	6	34,565	9,770	44,335
TOTAL REVENUES		<u>44,717,515</u>	<u>18,927,483</u>	<u>63,644,998</u>
EXPENDITURES				
Goods and Services				
Toll CSC operations vendor contract		1,513,917	508,531	2,022,448
Toll booth and lane vendor contract		2,476,929	895,182	3,372,111
Insurance		1,557,190	-	1,557,190
Credit card and bank fees		691,806	267,633	959,439
Transponder cost of goods sold	7	156,950	60,372	217,322
Other	8	133,623	60,782	194,405
Total Goods and Services		<u>6,530,415</u>	<u>1,792,500</u>	<u>8,322,915</u>
Personal service contracts	9	547,550	165,339	712,889
Salaries and benefits		413,754	147,311	561,065
Civil penalty adjudication costs	10	300,617	172,413	473,030
Infrastructure maintenance and preservation	11	175,833	80,442	256,275
TOTAL EXPENDITURES		<u>7,968,169</u>	<u>2,358,005</u>	<u>10,326,174</u>
EXCESS OF REVENUES OVER EXPENDITURES		<u>36,749,346</u>	<u>16,569,478</u>	<u>53,318,824</u>
OTHER FINANCING USES				
Operating transfers out	12	<u>(34,863,003)</u>	<u>(10,790,165)</u>	<u>(45,653,168)</u>
TOTAL OTHER FINANCING USES		<u>(34,863,003)</u>	<u>(10,790,165)</u>	<u>(45,653,168)</u>
NET CHANGE IN FUND BALANCE		1,886,343	5,779,313	7,665,656
FUND BALANCE - BEGINNING		<u>3,912,335</u>	<u>5,798,678</u>	<u>3,912,335</u>
FUND BALANCE - ENDING		<u>\$ 5,798,678</u>	<u>\$ 11,577,991</u>	<u>\$ 11,577,991</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
TACOMA NARROWS BRIDGE ACCOUNT
STATE FISCAL YEAR 2013, QUARTER ENDED JUNE 30, 2013

Backlogged Financial Reconciliations - On February 13, 2011, WSDOT transitioned tolling customer service center operations to a new vendor - Electronic Transaction Consultants Corporation (ETCC). During the transition, the ETCC system encountered problems in the accuracy and timeliness of recording revenue and other accounting transactions. WSDOT and ETCC have investigated and corrected accounting records for known discrepancies. At this time, ETCC has not completed key reconciliations which ensure timely and accurate processing of financial transactions and accurate system reporting. Upon completion of these reconciliations, any discrepancies identified will be addressed and necessary correcting adjustments will be made.

Reports in the Subsidiary Accounting System for Tolling - After the close of the fiscal year, WSDOT determined, through independent audits, that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contained weaknesses in internal control requiring revision to existing procedures and protocols. The results of the audit findings provide concern to WSDOT, and we will take appropriate actions to remediate the issues. WSDOT will aggressively pursue actions by our contracted service provider to remediate deficiencies identified through these independent audits, as we are committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

Motor Vehicle Account Obligation - In 2005-07, as tolling began on the Tacoma Narrows Bridge, an operating loan of \$5,288,000 was made from the Motor Vehicle Account to capitalize the Tacoma Narrows Bridge Account (Chapter 518, Laws of 2007, Section 1005(15)). RCW 46.63.160 requires that net civil penalties deposited in the Tacoma Narrows Bridge Account must first be allocated toward repayment of the operating loan. In order to transfer the funds the State Treasurer's Office must be provided administrative transfer authority. For the 2013-15 biennium, the Legislature provided authority in ESSB 5024, Section 407(15) to transfer \$950,000.

Detailed Notes

1. **Tolling Revenue** - Revenue earned, net of any adjustments, from tolls on vehicles traveling in the eastbound direction over the Tacoma Narrows Bridge, which are collected at toll booths, electronic toll accounts, or pay-by-mail.
2. **Civil Penalty Revenue** - Revenue earned when any of the following conditions exist: (a) Payment of Notice of Civil Penalty is received, or (b) Notice of Civil Penalty payment due date passes without receiving a request for an administrative hearing, or (c) an Administrative Law Judge upholds the Notice of Civil Penalty.
3. **Transponder Sales** - Sales of transponder devices to potential and existing *Good To Go!* electronic toll account customers.
4. **Toll Vendor Contractual Damages** - Charges to ETCC for not meeting Key Performance Indicators (KPIs), totaling \$74,100, and the short-term portion of future amounts due from ETCC, totaling \$399,996.
5. **Toll Bill Reprocessing Fee Revenue** - The allocated portion of fees associated with the issuance of second toll billings. Toll bill reprocessing fee revenue was reduced this quarter primarily to limit revenue recognition to amounts estimated to be collected within 12 months and deferring the remaining balance. Due to ETCC system data availability this is the first period in which WSDOT has been able to make this adjustment and the amount of the adjustment is cumulative from inception of toll bills through the end of this reporting period.
6. **Miscellaneous Revenue** - Revenue for administrative and statement fees, NSF check fees, cash over, payments related to sale of surplus property, and prior period recoveries.
7. **Transponder Cost of Goods Sold** - Cost of purchasing, packaging, and shipping transponders.
8. **Other Goods and Services** - Expenditures for supplies, communications, rents, repairs, services provided by outside vendors, etc.
9. **Personal Service Contracts** - Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting.
10. **Civil Penalty Adjudication Costs** - TNB's share of the adjudication system vendor contract with ETCC for the adjudication system module, as well as its share of supplies, communications, credit card fees, Office of Administrative Hearings costs, and salaries and benefits of WSDOT staff.
11. **Infrastructure Maintenance and Preservation** - Cost of maintenance and bridge preservation activities on the new Tacoma Narrows Bridge not performed by TNB Toll Operations staff. These costs include Goods and Services of \$103,930 and Salaries and Benefits of \$152,345.
12. **Operating Transfers Out** - Transfer of toll proceeds and cash to the Highway Bond Retirement Account to facilitate the payment of debt service.

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
HIGH OCCUPANCY TOLL OPERATIONS ACCOUNT
STATE FISCAL YEAR 2013, QUARTER ENDED JUNE 30, 2013

	NOTES	JULY THROUGH MARCH	APRIL THROUGH JUNE	YEAR-TO-DATE
REVENUES				
Tolling revenue	1	\$ 840,382	\$ 301,449	\$ 1,141,831
Transponder sales	2	24,556	\$ 9,858	34,414
Toll vendor contractual damages	3	6,183	\$ 639	6,822
Interest income		2,411	\$ 1,237	3,648
Miscellaneous	4	2,765	\$ 914	3,679
TOTAL REVENUES		<u>876,296</u>	<u>314,097</u>	<u>1,190,393</u>
EXPENDITURES				
Goods and Services				
Toll CSC operations vendor contract		131,535	45,704	177,239
Credit card and bank fees		13,543	5,932	19,475
Transponder cost of goods sold	5	17,183	7,129	24,312
Washington state patrol	6	64,401	24,136	88,537
Other	7	11,642	4,586	16,228
Total Goods and Services		<u>238,304</u>	<u>87,487</u>	<u>325,791</u>
Personal service contracts	8	103,712	29,536	133,248
Salaries and benefits		75,361	28,190	103,551
Infrastructure maintenance	9	150,387	32,931	183,318
TOTAL EXPENDITURES		<u>567,764</u>	<u>178,144</u>	<u>745,908</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		<u>308,533</u>	<u>135,953</u>	<u>444,486</u>
NET CHANGE IN FUND BALANCE		308,533	135,953	444,486
FUND BALANCE - BEGINNING		<u>1,046,636</u>	<u>1,355,169</u>	<u>1,046,636</u>
FUND BALANCE - ENDING		<u>\$ 1,355,169</u>	<u>\$ 1,491,122</u>	<u>\$ 1,491,122</u>

The notes to the financial statements are an integral part of this statement.

**NOTES TO THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
HIGH OCCUPANCY TOLL OPERATIONS ACCOUNT
STATE FISCAL YEAR 2013, QUARTER ENDED JUNE 30, 2013**

HOT Lanes Operating Expenditures in other Accounts - Currently the High Occupancy Toll (HOT) Lanes Account pays most costs associated with operations and maintenance of the HOT Lanes on SR 167. However, the monthly cost associated with Toll Lane vendor warranty as well as some WSDOT staffing has been funded outside of the HOT Lanes Account. Based upon the 2013 biennium budgeted amounts, the project costs that are currently estimated to be funded outside of the HOT Lanes Account are approximately \$43,500 per quarter (\$174,000 per fiscal year).

Detailed Notes

1. **Tolling Revenue** – Revenue earned from single occupancy vehicles traveling in the High Occupancy Vehicle (HOV) Lanes on SR-167 with a *Good To Go!* transponder account. A variable fee, based on traffic volumes, is automatically charged to their account.
2. **Transponder Sales** – Sales of transponder devices to new and existing *Good To Go!* electronic toll account customers.
3. **Toll Vendor Contractual Damages** – Charges to ETCC for not meeting Key Performance Indicators (KPIs), totaling \$6,822.
4. **Miscellaneous Revenue** – Revenue for administrative and statement fees, NSF check fees, cash over, and prior period recoveries.
5. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders.
6. **The Washington State Patrol** – Support for the enforcement of the laws governing the use of the HOT Lanes by issuing citations to HOT Lane violators.
7. **Other Goods and Services** – Expenditures for supplies, communications, rents, repairs, services provided by outside vendors, etc.
8. **Personal Service Contracts** – Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting.
9. **Infrastructure Maintenance** – Cost of maintenance activities on the HOT Lanes. These costs include Goods and Services of \$42,912 and Salaries and Benefits of \$140,406.

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
THE 520 BRIDGE ACCOUNT
STATE FISCAL YEAR 2013, QUARTER ENDED JUNE 30, 2013

	NOTES	JULY THROUGH MARCH	APRIL THROUGH JUNE	YEAR-TO-DATE
REVENUES				
Tolling revenue	1	\$ 41,292,276	\$ 14,149,388	\$ 55,441,664
Debt Service Reimbursement (FHWA)	2	18,282,056	-	18,282,056
Transponder sales	3	344,194	122,383	466,577
Toll vendor contractual damages	4	125,418	12,311	137,729
Toll bill reprocessing fee	5	1,673,705	(355,529)	1,318,176
Interest income		957,139	262,255	1,219,394
Miscellaneous	6	102,370	15,833	118,203
TOTAL REVENUES		<u>62,777,158</u>	<u>14,206,641</u>	<u>76,983,799</u>
EXPENDITURES				
Goods and Services				
Toll CSC operations vendor contract		3,469,098	1,129,412	4,598,510
Toll lane vendor contract	7	164,746	128,673	293,419
Insurance		2,430,995	-	2,430,995
Credit card and bank fees		696,058	217,844	913,902
Transponder cost of goods sold	8	241,047	89,894	330,941
Other	9	169,637	81,585	251,222
Total Goods and Services		<u>7,171,581</u>	<u>1,647,408</u>	<u>8,818,989</u>
Personal service contracts	10	627,561	85,902	713,463
Salaries and benefits		760,087	212,594	972,681
Capital outlay - replacement bridge construction	11	249,466,951	155,798,986	405,265,937
TOTAL EXPENDITURES		<u>258,026,180</u>	<u>157,744,890</u>	<u>415,771,070</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES		<u>(195,249,022)</u>	<u>(143,538,249)</u>	<u>(338,787,271)</u>
OTHER FINANCING USES				
Cost of investment activity	12	(417,231)	-	(417,231)
Operating transfers out - debt service	13	(19,576,732)	(6,506,242)	(26,082,974)
Operating transfers out - FHWA debt service	13	(18,282,056)	-	(18,282,056)
TOTAL OTHER FINANCING USES		<u>(38,276,019)</u>	<u>(6,506,242)</u>	<u>(44,782,261)</u>
NET CHANGE IN FUND BALANCE		<u>(233,525,041)</u>	<u>(150,044,491)</u>	<u>(383,569,532)</u>
FUND BALANCE - BEGINNING		<u>566,862,353</u>	<u>333,337,312</u>	<u>566,862,353</u>
FUND BALANCE - ENDING		<u>\$333,337,312</u>	<u>\$183,292,821</u>	<u>\$183,292,821</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
THE 520 BRIDGE ACCOUNT
STATE FISCAL YEAR 2013, QUARTER ENDED JUNE 30, 2013

Backlogged Financial Reconciliations – In December 2011 WSDOT began tolling operations on the 520 Bridge with Electronic Transaction Consultants Corporation (ETCC) as the toll vendor. The ETCC system encountered problems in the accuracy and timeliness of recording revenue and other accounting transactions. WSDOT and ETCC have investigated and corrected accounting records for known discrepancies. At this time, ETCC has not completed key reconciliations which ensure timely and accurate processing of financial transactions and accurate system reporting. Upon completion of these reconciliations, any discrepancies identified will be addressed and necessary correcting adjustments will be made.

Reports in the Subsidiary Accounting System for Tolling - After the close of the fiscal year, WSDOT determined, through independent audits, that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contained weaknesses in internal control requiring revision to existing procedures and protocols. The results of the audit findings provide concern to WSDOT, and we will take appropriate actions to remediate the issues. WSDOT will aggressively pursue actions by our contracted service provider to remediate deficiencies identified through these independent audits, as we are committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

Detailed Notes

1. **Tolling Revenue** – Revenue earned, net of any adjustments, from tolls on vehicles traveling over the 520 Bridge, which are collected by either *Good To Go!* electronic toll accounts or pay-by-mail.
2. **Debt Service Reimbursement (FHWA)** – Federal Highway Administration Revenue provided for debt service on GARVEE bonds (Series 2012F). These revenues are received in September and March and the associated operating transfers out (Note 13) occur at the same time.
3. **Transponder Sales** – Sales of transponder devices to new and existing *Good To Go!* electronic toll account customers.
4. **Toll Vendor Contractual Damages** – Charges to ETCC for not meeting Key Performance Indicators (KPIs), totaling \$137,729.
5. **Toll Bill Reprocessing Fee Revenue** – The allocated portion of fees associated with the issuance of second toll billings. Toll bill reprocessing fee revenue was reduced this quarter primarily to limit revenue recognition to amounts estimated to be collected within 12 months and deferring the remaining balance. Due to ETCC system data availability this is the first period in which WSDOT has been able to make this adjustment and the amount of the adjustment is cumulative from inception of toll bills through the end of this reporting period.
6. **Miscellaneous Revenue** – Revenue for administrative and statement fees, NSF check fees, cash over, payments related to sale of surplus property, and prior period recoveries.
7. **Toll Lane Vendor Contract** – An adjustment of approximately \$98,000 was made in the December quarter for an over-accrued expenditure related to a prior period.
8. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders.
9. **Other Goods and Services** – Expenditures for supplies, communications, rents, repairs, services provided by outside vendors, etc.
10. **Personal Service Contracts** – Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting. Expenditures currently covered by federal funding outside of the 520 Bridge Account are not expenditures of the 520 Bridge Account and do not appear on this financial statement.
11. **Capital Outlay** – Costs associated with construction of the new replacement 520 Floating Bridge.
12. **Cost of Investment Activity** – Office of State Treasurer costs associated with the bond issuance planning and management.
13. **Operating Transfers Out** – Transfers of cash from to the Toll Facility Bond Retirement Account to facilitate the payment of debt service on the Series 2012C bonds and a transfer of \$58,000 to the Motor Vehicle Account for expenditures previously incurred on behalf of the 520 Bridge Account. The FHWA transfer out is for debt service on the Series 2012F bonds, which is being paid for by FHWA (Note 2).

NOTES TO THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
THE 520 CIVIL PENALTY ACCOUNT
STATE FISCAL YEAR 2013, QUARTER ENDED JUNE 30, 2013

	NOTES	JULY THROUGH MARCH	APRIL THROUGH JUNE	YEAR-TO-DATE
REVENUES				
Civil penalty	1	\$ 2,766,599	\$ 6,383,956	\$ 9,150,555
Interest income		2,345	1,916	4,261
TOTAL REVENUES		<u>2,768,944</u>	<u>6,385,872</u>	<u>9,154,816</u>
EXPENDITURES				
Goods and Services				
Adjudication system vendor contract	2	489,540	251,923	741,463
Other	3	411,678	169,571	581,249
Total Goods and Services		901,218	421,494	1,322,712
Salaries and benefits		101,846	43,997	145,843
TOTAL EXPENDITURES		<u>1,003,064</u>	<u>465,491</u>	<u>1,468,555</u>
EXCESS OF REVENUES OVER EXPENDITURES		<u>1,765,880</u>	<u>5,920,381</u>	<u>7,686,261</u>
NET CHANGE IN FUND BALANCE		1,765,880	5,920,381	7,686,261
FUND BALANCE - BEGINNING		<u>1,604,290</u>	<u>3,370,170</u>	<u>1,604,290</u>
FUND BALANCE - ENDING		<u>\$ 3,370,170</u>	<u>\$ 9,290,551</u>	<u>\$ 9,290,551</u>

The notes to the financial statements are an integral part of this statement.

**NOTES TO THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
THE 520 CIVIL PENALTY ACCOUNT
STATE FISCAL YEAR 2013, QUARTER ENDED JUNE 30, 2013**

Backlogged Financial Reconciliations – In December 2011 WSDOT began tolling operations on the 520 Bridge with Electronic Transaction Consultants Corporation (ETCC) as the toll vendor. The ETCC system encountered problems in the accuracy and timeliness of recording revenue and other accounting transactions. WSDOT and ETCC have investigated and corrected accounting records for known discrepancies. At this time, ETCC has not completed key reconciliations which ensure timely and accurate processing of financial transactions and accurate system reporting. Upon completion of these reconciliations, any discrepancies identified will be addressed and necessary correcting adjustments will be made.

Reports in the Subsidiary Accounting System for Tolling - After the close of the fiscal year, WSDOT determined, through independent audits, that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contained weaknesses in internal control requiring revision to existing procedures and protocols. The results of the audit findings provide concern to WSDOT, and we will take appropriate actions to remediate the issues. WSDOT will aggressively pursue actions by our contracted service provider to remediate deficiencies identified through these independent audits, as we are committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

Operating Transfer - Pursuant to RCW 47.56.876, the Legislature may transfer excess fund balance from the 520 Civil Penalties Account to the 520 Bridge Account for capital expenditures on the SR 520 Corridor. In order to transfer the funds the State Treasurer's Office must be provided administrative transfer authority. For the 2013-15 biennium, the Legislature provided authority in ESSB 5024, Section 407(9) to transfer \$886,000.

Detailed Notes

- 1. Civil Penalty Revenue** – Revenue earned when any of the following conditions exist: (a) Payment of Notice of Civil Penalty is received, or (b) Notice of Civil Penalty payment due date passes without receiving a request for an administrative hearing, or (c) an Administrative Law Judge upholds the Notice of Civil Penalty.
- 2. The Adjudication System Vendor Contract** – share of the adjudication system vendor contract with ETCC for the adjudication system module.
- 3. Other Goods and Services** – Expenditures for the 520 bridge's share of adjudication costs including supplies, communications, credit card fees, Office of Administrative Hearings costs, and salaries and benefits of WSDOT staff.

For more information

Tolling in Washington state
www.wsdot.wa.gov/tolling

Good To Go!
www.wsdot.wa.gov/goodtogo

Craig J. Stone, P.E.
Assistant Secretary, Toll Division
401 Second Avenue South, Suite 300
Seattle, WA 98104
206-464-1222
stonec@wsdot.wa.gov

Title VI Notice to Public It is the Washington State Department of Transportation's (WSDOT) policy to assure that no person shall, on the grounds of race, color, national origin or sex, as provided by Title VI of the Civil Rights Act of 1964, be excluded from participation in, be denied the benefits of, or be otherwise discriminated against under any of its federally funded programs and activities. Any person who believes his/her Title VI protection has been violated, may file a complaint with WSDOT's Office of Equal Opportunity (OEO). For additional information regarding Title VI complaint procedures and/or information regarding our non-discrimination obligations, please contact OEO's Title VI Coordinator Jonte' Sulton at (360) 705-7082.

Americans with Disabilities Act (ADA) Information This material can be made available in an alternate format by emailing the WSDOT Diversity/ADA Compliance Team at wsdotada@wsdot.wa.gov or by calling toll free, 855-362-4ADA (4232). Persons who are deaf or hard of hearing may make a request by calling the Washington State Relay at 711.



Where we've been.....

STOP PAY TOLL

