



Washington State
Department of Transportation

TOLL DIVISION ANNUAL REPORT FY 2015

JULY 1, 2014 - JUNE 30, 2015



MOVING FORWARD



A Message from WSDOT



I am pleased to present Washington State Department of Transportation's Toll Division Annual Report for fiscal year 2015 (July 1, 2014 - June 30, 2015). Results WSDOT, the agency's strategic plan for 2014-2017, provides the vision, mission, values, goals, priority outcomes, and strategies to guide the work of the agency. In the report you will see how tolling continues to support a safe, reliable transportation system and contribute to each of our six agency goals:



Strategic investment: tolls provide critical funding for large, urban transportation projects on strategic corridors



Modal integration: tolls work to optimize system capacity, supporting speed and reliability of the many transportation modes that use our highway system



Environmental stewardship: tolls promote practices, like carpooling and transit, that reduce greenhouse gas emissions



Organizational strength: the Toll Division is home to many teams who look for innovative solutions, seek continuous improvement, and apply Lean practices



Community engagement: the Toll Division works with the Transportation Commission, advisory groups, communities, and our customers to evaluate options and provide feedback to decision makers regarding tolling



Smart technology: tolling in Washington state uses advanced technology to inform, improve, and operate efficiently

We have met every traffic and performance goal on the three toll facilities in operation in fiscal year 2015. Our 2015 customer survey showed satisfaction with the quality of customer service. The vast majority of tolls were paid on time and we surpassed 500,000 active *Good To Go!* accounts.

We are proud of our accomplishments and continuing efforts to improve mobility and customer service for *Good To Go!* customers and commuters throughout the Puget Sound region. Hundreds of thousands of drivers depend on *Good To Go!* for a high level of customer service and accountability for approximately 37.6 million transactions. As we move forward, we will continue to apply lessons learned from our existing facilities and use best practices from tolling agencies both near and far. In the coming year we will keep striving for improvement in all of our services.

In July 2015, we changed how we resolve penalties for unpaid tolls so customers can pay their tolls and start over with a clean slate. This program was implemented after the end of the fiscal year and results will be included in the fiscal year 2016 report.

The I-405 express toll lanes opened September 27, 2015. The new lanes provide drivers a choice to pay to avoid congestion. While many travelers have seen a real benefit, WSDOT is continuing to monitor performance and make further improvements.

In the fall of 2015, Craig Stone transitioned from assistant secretary to program administrator of the new SR 167/SR 509 Gateway Project. I am excited to take on leadership of this dynamic program as the new assistant secretary. I have had the opportunity to work with Craig for the last 16 years and am proud to share this Annual Report with you.

Sincerely,



Patty Rubstello
Assistant Secretary, WSDOT Toll Division

Highlights from fiscal year 2015



We are in year two of Results WSDOT, the agency's strategic plan for 2014-2017, which provides the vision, mission, goals, priority outcomes, and strategies to guide the work of the agency. It represents a shift in the way we do business to get the most capacity of the entire multimodal transportation system, leverage our limited funding, and engage with communities and partners.

How tolls help fund transportation projects

Washington state uses tolling to manage traffic more effectively, fund public improvement projects, and generate revenue required for ongoing operation and maintenance costs of existing facilities. The facilities authorized for tolling are determined by the Washington State Legislature. These authorized facilities are in various stages of development and will supplement the existing tolling framework in Washington state.

Fiscal Year (FY) 2015 current toll facilities

- Tacoma Narrows Bridge
- State Route (SR) 167 HOT lanes
- SR 520 bridge

Legislatively authorized future toll facilities:

- I-405 express toll lanes (Operations began in FY 2016)
- SR 99 tunnel

Gateway Project (directed to study)

How do future toll revenues help pay for construction?

Toll revenues in Washington state can be used as a funding source for construction work on projects that have been legislatively authorized. Toll revenues go to fund improvements and financial obligations on the corridor in which they are collected. This allows for a more expedited delivery on projects resulting in more efficient and reliable construction, increased transportation benefits, and increased revenue. Project investors typically purchase bonds backed by tolls which are paid from future revenue. Toll revenues from operational facilities are used for operations, maintenance, repair, and rehabilitation. Revenues are also used to pay the debt on existing toll bonds.

How does tolling help manage traffic?

Dynamic pricing is used on the SR 167 HOT lanes and I-405 express toll lanes. A computer algorithm changes the toll rate in response to traffic volumes. Toll rates increase as congestion increases to keep traffic moving.

37.6 million
toll transactions

22 million
SR 520 Bridge

14.4 million
Tacoma Narrows Bridge

1.2 million
SR 167 HOT Lanes

116,000
visits to **3** *Good To Go!*
Customer Service Centers

448,000
Calls
to *Good To Go!* Customer Service Center last year

\$133.8 million
gross toll revenue

\$68.2 million
Tacoma Narrows Bridge

\$64 million
SR 520 Bridge

\$1.7 million
SR 167 HOT Lanes

On SR 520
Transit ridership levels increase 52%

since 2010
(4 percent increase since FY14)

7.5 minutes
average time saved using
SR 167 HOT Lanes

5 minutes southbound	10 minutes northbound
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Good To Go! tolling on track to generate **\$1.2 billion** to help fund new SR 520 Bridge

540,000
Good To Go! accounts surpassed half million mark
Launch of Flex Pass
44,000
distributed in first 3 months

How much does each toll transaction cost?

In FY 2015 on average 52 cents of each *Good To Go!* transaction went towards toll collection. As the table demonstrates, payment method influences this average the most. A portion of this cost goes to the following vendors: Schneider Electric (Rockville, MD), Electronic Transaction Consultants (Richardson, TX), and TransCore (Nashville, TN). The vendors employ approximately 150 employees in the Puget Sound region and their compensation is independent of traffic or toll rate levels. All revenue above the cost to collect the toll is reinvested into overall roadway operations, maintenance, and project construction as appropriate.

Cost to collect toll per transaction

Payment Method	All facilities
<i>Good To Go!</i> Pass	\$0.40
Pay By Plate	\$0.44
Short Term Account	\$0.38
Pay by Mail	\$0.98
TNB Cash	\$1.02

Source: WSDOT Toll Division

Washington State's tolling framework, roles and responsibilities

The overall tolling framework was established by the Washington State Legislature in 2008. This framework serves as a guide for all toll facilities and establishes expectations that each facility should meet. The basic responsibilities of these facilities are to use tolls as a source of transportation funding, to enhance transportation system performance, and to increase the overall efficiency of the system. The setting of toll rates is an important part of this process. Tolls should be at rates that are both fair and equitable - covering debt and operations and maintenance costs. The responsibilities of the toll system are outlined below.

	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	Establish legal toll framework Authorize tolling in designated corridors Approve financing plans Enable tolling practices Appropriate toll operation budget	Set toll rates within funding requirements Set toll exemptions Establish advisory committees	Develop toll collection systems and procedures Collect tolls Finance improvements Operate tolled corridors Assess financial feasibility of toll projects

Good To Go! Customer Service

Agency Goal

• Community Engagement: The *Good To Go!* customer service center allows WSDOT to interact with customers and strengthen credibility with the public.

The WSDOT Toll Division began an extensive public outreach effort prior to the opening of I-405 express toll lanes.

July 2014-June 2015 (FY 15)

Public Briefings: 56

PEOPLE REACHED: 1,458

Fairs/Festivals: 1

PEOPLE REACHED: 314

WSDOT Briefings: 16

WSDOT STAFF REACHED: 384

Motorcycle Briefings: 6

PEOPLE REACHED: 240

Total Briefings: 79

Total Reached: 2,396

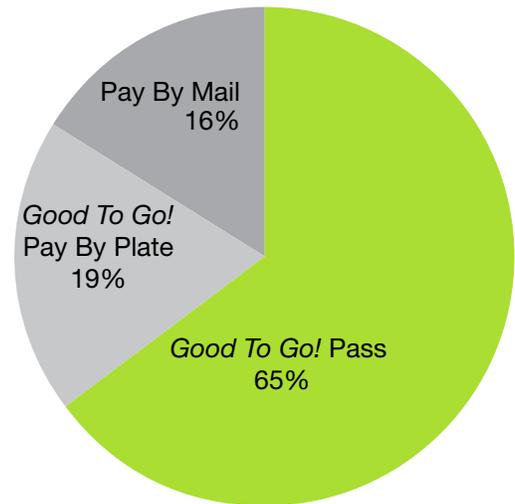
Source: WSDOT Toll Operations

Growth of *Good To Go!* Program

A variety of toll payment methods allow customers to choose the way they travel and pay their tolls. The majority of customers use a pre-paid *Good To Go!* account. Electronic tolling is more cost efficient and saves time. Toll operators across the country are increasingly choosing all electronic tolling methods to lower costs and raise efficiency.

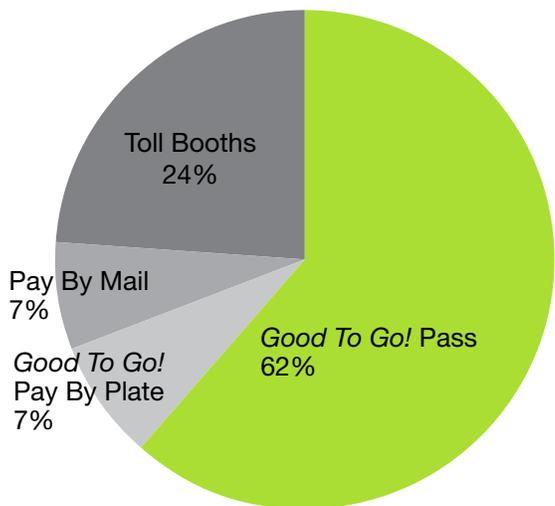
The *Good To Go!* program had a landmark year, passing half a million active accounts. Input from customer surveys and other forms of feedback have served to refine *Good To Go!* New updates will continue to improve the *Good To Go!* system and the corresponding customer service experience.

Toll transactions by payment method (FY 2015) SR 520 bridge



Source: WSDOT Toll Operations

Tacoma Narrows Bridge



Source: WSDOT Toll Operations

The *Good To Go!* customer service center provides a direct connection between WSDOT and its customers.

3 Customer Service Centers



116,000 visits

1/2 of all visits are in Gig Harbor



448,000 phone calls



3.1 million emails



2.8 million pieces of mail

Source: WSDOT Toll Operations

Maintaining high standards in serving customers

All three of WSDOT's toll customer service centers (CSCs) are dedicated to a high level of service. Incoming email and walk in numbers continue to increase, and WSDOT continues to strive for excellent service to its customers, whether it is on the phone, via email, or in person. According to a survey released in FY 2015, customers were satisfied with the level of customer service provided by the *Good To Go!* program.

Enforcement for tolling keeps system fair

Drivers pay 78 percent of tolls using *Good To Go!* accounts. As of September 20, 2015, 95 percent of WSDOT FY 2015 toll transactions have been paid.

The new customer program for resolution developed in FY 2015 will affect enforcement operations in FY 2016. Customers with unpaid civil penalties can call *Good To Go!* to request a one time waiver of fees and penalties if they agree to pay all outstanding tolls. Details of this program will be released in the FY 2016 annual report.

The system for dealing with unpaid toll bills ensures fairness for all toll customers. After 80 days, customers with an unpaid toll bill are issued a notice of civil penalty. A fee of \$40 is added to each unpaid toll transaction. Failure to pay this fee or request a hearing by the due date may result in a hold on the vehicle registration and other collection efforts.

For customers that decide to contest a civil penalty, judges are able to consider mitigating factors during the hearing process. Judges can also dismiss a civil penalty for just cause, requiring that the customer only pay the amount of the toll.

Lean management practices at CSC

WSDOT has applied Lean management practices to help better operate its CSC. One example is working with the CSC vendor to standardize their inventory management process and provide tools for more accurate reporting. The CSC vendor is responsible for managing pass and mailing supplies inventories. Changes included:

- Creating a better tracking tool
- Managing inventory levels more closely
- Delivering passes directly to WSDOT
- WSDOT handing off inventory to CSC vendor, who assumes stewardship of pass through sale distribution

Another example of Lean management practices at the CSCs is ensuring that customer service representatives were able to resolve customer complaints in a single call. WSDOT's Toll Division launched a Lean effort to look at what authority the customer service representatives have to address customer issues on the first call. The primary changes to the process included establishing criteria and delegating authority to customer service representatives allowing them to dismiss fees and address other customer issues directly based on certain parameters. As a result of these changes, approximately 626 labor hours annually were redeployed and more than 700 customers are now able to receive issue resolution in one call.

Toll bill envelope redesign

Since the launch of photo tolling and Pay By Mail in December 2011, WSDOT has several years of experience and feedback from customers regarding envelopes and toll bills. This Lean review evaluated the Pay By Mail toll bill and envelope, reviewed best practices from across the county, and used focus groups to test proposed changes. The envelope improvements focused on increasing the likelihood of the recipient opening the envelope. The toll bill improvements focused on simplified language using a larger font size and adding graphics as appropriate.

Tacoma Narrows Bridge



Agency Goal

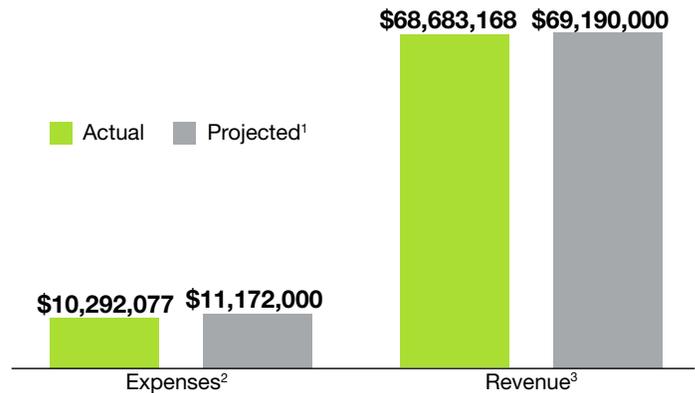
- **Strategic Investment:** The new Tacoma Narrows Bridge has decreased travel times between the Kitsap Peninsula and Tacoma and improved safety in the corridor.
- **Community Engagement:** The Tacoma Narrows Bridge Citizen Advisory Committee engages the community through the toll rate setting process. Their work is integral to the Transportation Commission's annual toll rate setting process.



Objectives	Goal Met?	Accomplishments
Pay for new bridge construction	✓	• Meeting debt payments

Traffic on the Tacoma Narrows Bridge increased to approximately 14.4 million transactions in FY 2015. On average 42,000 vehicles crossed the bridge each weekday, with approximately 70 percent of transactions being paid using a *Good To Go!* account. WSDOT generated approximately \$68.2 million in gross toll revenue and \$456,000 in reprocessing fees. Revenue was slightly below projected totals, however, due to cost saving measures implemented by WSDOT, expenses were below projected by about 8 percent.

Tacoma Narrows Bridge expenses are less than projected (FY 2015)



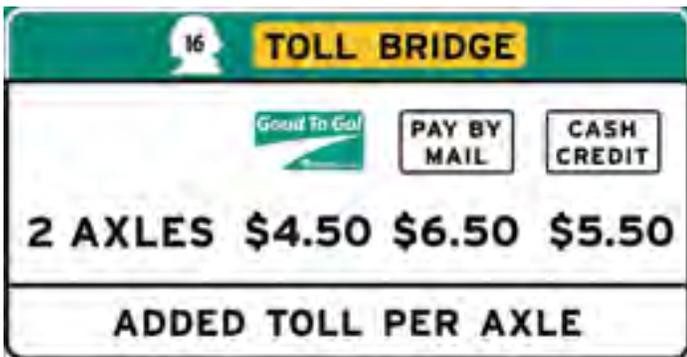
¹ November 2014 Forecasted Revenue and January 2015 Projected Expenses

² Expenses exclude Preservation, Civil Penalty, and Transponder costs

³ Includes tolling revenue and rebilling fees

Source: WSDOT Toll Finance

Tacoma Narrows Bridge toll rates for FY 2015

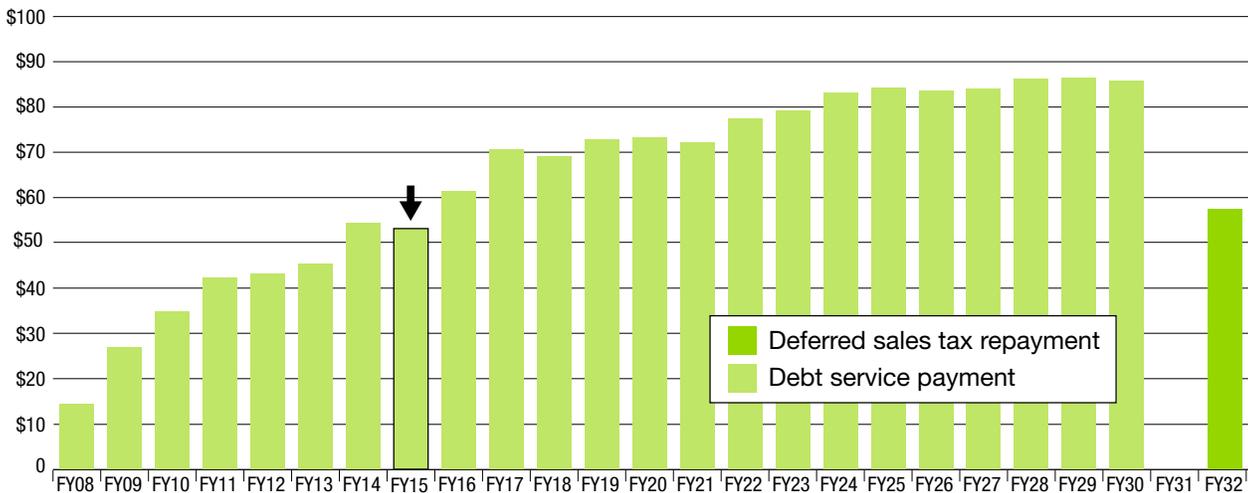


Increase in average toll rates allow for debt payment to proceed

The 2002 plan for the Tacoma Narrows Bridge called for low initial debt repayment that would rise over time. The payment plan was altered in FY 2015 by deferring sales tax repayment to FY 2032. The toll rate for the Tacoma Narrows increased by 25 cents across all payment types for all two axle vehicles.

2002 plan toll rate		FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY30			
		\$3.00		\$4.00		\$5.00						\$6.00			
Annual Toll Rate	Good To Go!	\$1.75		\$2.75		\$2.75	\$4.00	\$4.25	\$4.50	\$5.00	\$5.50				
	Cash	\$3.00		\$4.00		\$4.00	\$5.00	\$5.25	\$5.50	\$6.00	\$6.50				
	Pay By Mail	N/A		N/A		\$5.50	\$6.00	\$6.25	\$6.50	\$7.00	\$7.50				

dollars in millions



Source: WSDOT Toll Finance

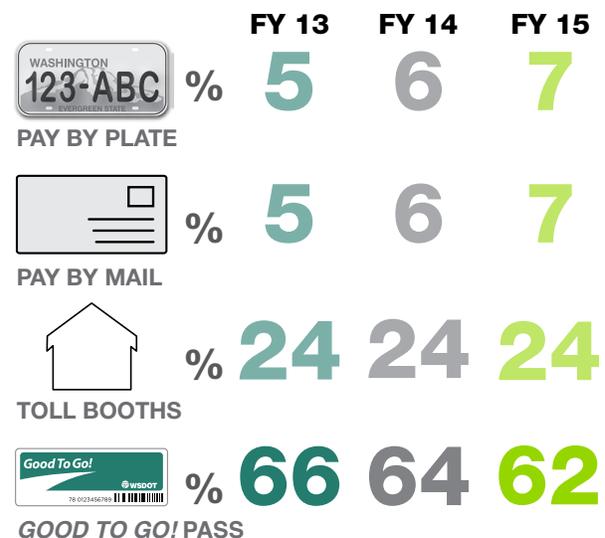
- Notes:
- 2002 planned toll rates were based on the Traffic and Revenue Study completed by Wilbur Smith Associates in August 2002. The financing assumption was \$800 million state general obligation bonds at an interest rate of 5.85%. A 2005 Traffic and Revenue Update, also conducted by Wilbur Smith Associates, confirmed the same toll rate structure.
 - Payments and toll rates were assumed to increase over time in the 2002 plan.
 - In 2015, the legislature moved repayment for deferred sales taxes to FY 2032 (Chapter 44, 2015 Laws, 3rd Special Session)

Growing numbers of customers are using photo tolling rather than the Good To Go! Pass

Payment patterns seen on the Tacoma Narrows Bridge highlight a trend across all toll facilities. Customers are increasingly choosing to pay tolls via photo tolling versus a Good To Go! pass despite the higher cost of the Pay By Plate or Pay By Mail method.

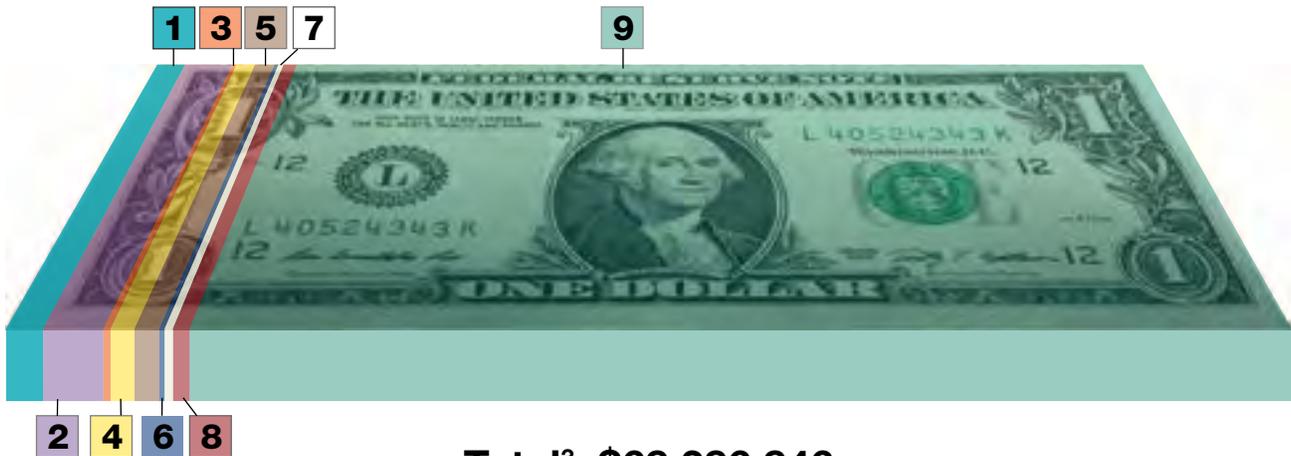
This trend poses a few challenges: the higher cost to collect associated with photo based methods, and the requirement to use a manual review process on photo transactions. WSDOT sought to encourage Good To Go! electronic payment while conducting outreach associated with the opening of the I-405 express toll lanes and the introduction of the Flex Pass. WSDOT will continue to monitor this trend and evaluate possible alternatives.

TNB transaction type by percentage



Source: WSDOT Toll Operations

Where your Tacoma Narrows Bridge toll dollar goes



Total³: \$68,386,846

1 Customer service center vendor (ETCC)	\$1,970,609 (2.9%)	6 Pay By Mail mailing	\$284,585 (0.4%)
2 Roadway and toll booth toll collection vendor (TransCore)	\$3,145,887 (4.6%)	7 Bridge/roadway operations and maintenance	\$447,577 (0.7%)
3 WSDOT oversight and other ¹	\$350,065 (0.5%)	8 Consultant services	\$906,481 (1.3%)
4 Credit card and bank fees	\$1,297,997 (1.9%)	9 Available for debt service payments, capital expenditures, reserves ²	\$58,658,706 (85.8%)
5 Insurance premiums	\$1,324,939 (1.9%)		

¹ "Other" includes expenditures for supplies, communications, rents, repairs, services provided by outside vendors, etc.

² Includes funds set aside for a sufficient minimum balance.

³ Expenses related to Civil Penalty adjudication and transponder sales are not included as they have corresponding revenue sources other than Tolling Revenue.

"Toll dollar" refers only to revenue collected as a toll, so excludes rebilling fees, civil penalty, transponder, contractual damages, interest, and miscellaneous revenue.

Source: Tacoma Narrows Bridge Account WSDOT Financial Statements for FY 2015

Next Steps

- Replace aging network equipment
- Evaluate measures for cost efficiency

SR 167 HOT Lanes Pilot Project



Agency Goal

- Strategic investment: HOT lanes manage limited roadway space to improve traffic. Toll revenue will be reinvested in the corridor.
- Modal Integration: HOT lanes have strong support from regional transit agencies and offer a more reliable trip for all modes that choose to use them.
- Environmental Stewardship: By improving transit and rideshare operations and improving traffic flow, HOT lanes can decrease air pollution and greenhouse-gas emissions.
- Smart Technology: Dynamic tolls change based on real-time traffic conditions to maintain speeds of at least 45 miles per hour in the HOT lanes.

The SR 167 HOT lanes pilot project serves to reduce congestion and travel times for all users of the SR 167 corridor. These toll lanes, opened on May 3, 2008, have served as a model for the newer I-405 express toll lanes as well as other projects across the United States. Six years after the start of the project overall traffic in the region has increased, leading to an overall traffic increase on SR 167. However, due to the HOT lanes, drivers are continuing to experience decreased travel times along the corridor.

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 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

SR 167 average peak hour toll rates for FY 2015



Northbound AM (7-8 a.m.)



Southbound PM (4-5 p.m.)

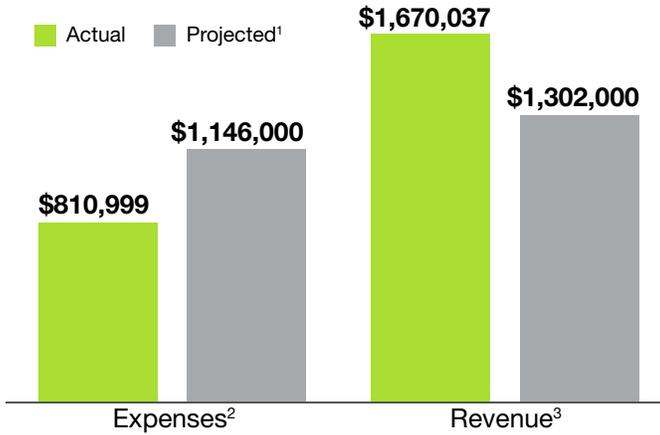
SR 167 HOT Lanes



HOT lanes use and revenue continues to grow

Outside of the main objectives, the HOT lanes have the added benefit of steady revenue generation. Revenue exceeded projections in FY 2015 largely due to increased volumes which leads to higher toll rates.

HOT lanes expenses are down (FY 2015)



¹ November 2014 Forecasted Revenue and Budgeted Expenses
² Total expenses less Transponder costs
³ Only includes toll revenue
 Source: WSDOT Toll Finance

SR 167 average daily toll transactions (Tu-Th)



Source: WSDOT Toll Operations

HOT lanes benefit transit users

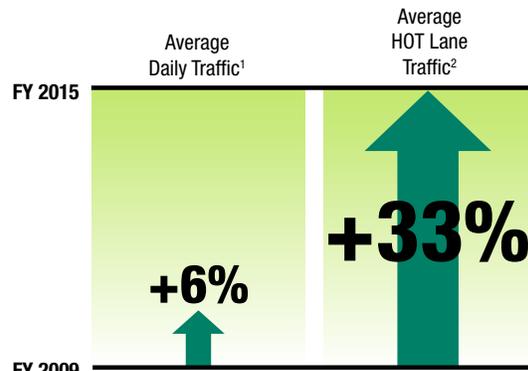
Increasing transit ridership on SR 167 since the HOT lanes opened suggests that the HOT lanes may have a direct impact on transit ridership, though with other factors involved such as gas prices and changes in transit service also having an impact, it is difficult to determine the HOT lanes' impact. Either way, users of transit systems on SR 167 are able to take full advantage of the HOT lanes.

More drivers are using the HOT lanes and saving time

	Tolled Trips ¹	Average Toll Paid ²	Travel Time Savings ³	
			Northbound	Southbound
June 2008	1,000	\$1.00	8	4
			Minutes Saved	
June 2013	4,200	\$1.25	9	6
			Minutes Saved	
June 2014	4,500	\$1.25	8	6
			Minutes Saved	
June 2015	4,800	\$1.75	10	5

¹Tolled trips per weekday (Tuesday - Thursday)
²Average toll rate (Tuesday - Thursday)
³AM Peak (7-8am) PM Peak (4-5pm); Savings = HOT lanes vs. general purpose lane
 Source: WSDOT Toll Operations

More people are choosing HOT lanes



¹ Weekday traffic (Tuesday - Thursday); All lanes
² Weekday traffic (Tuesday - Thursday); HOT Lanes only
 Source: WSDOT Toll Operations

Safety remains a priority in the HOT lanes

Although there are multiple factors that impact safety on any given roadway, WSDOT is confident that there is no adverse impact to safety caused by the HOT lanes.

Vehicle Speeds in the HOT lanes remain consistent

One of the main objectives of the HOT lanes is to keep vehicle speeds above 45 mph. WSDOT achieves this by using a dynamically priced toll system. The toll rates change during the day based on traffic demand in order to maintain the speed requirements. These dynamically adjusted rates range from \$0.50 to \$9.00 to accommodate varying traffic demands. The average toll rate for Tuesday to Thursday travel was \$1.25 for FY 2014 and \$1.75 in FY 2015.

Change of access to HOT lanes has made HOT lanes easier to use

One major focus in the HOT lanes for FY 2015 was the change in access. WSDOT applied for and received a \$520,000 federal grant to fund construction and a collaborative evaluation with the Washington State Transportation Center at the University of Washington to study continuous access. WSDOT evaluated its effects on safety, revenue, reliability and speed, customer attitudes, transit operations, and lane system performance. The lessons learned from this project will help inform access on other WSDOT toll lane projects. The final evaluation of the change is nearly complete and will be released in FY 2016.

The SR 167 extension project continues to move forward

In FY 2015 focus was brought to Stage 4 of the SR 167 Extension project. This phase of the project focuses on adding a lane on SR 167 southbound going over SR 18 to just south of the Pierce County line. In addition, HOV bypass lanes and ramp meters will be installed at six ramp locations.

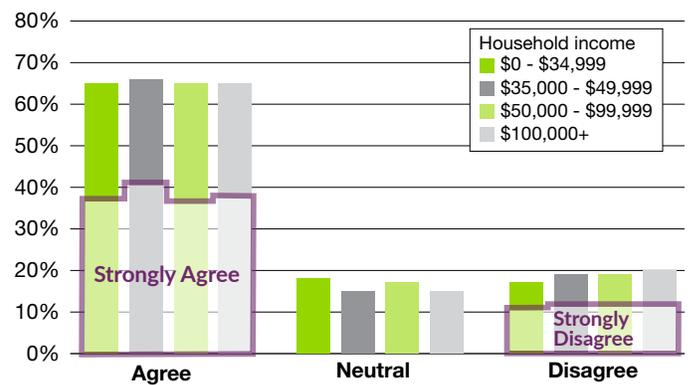
Next Steps

- Southbound extension
- Extend pilot status through FY 2017
- Transition to new lane systems vendor

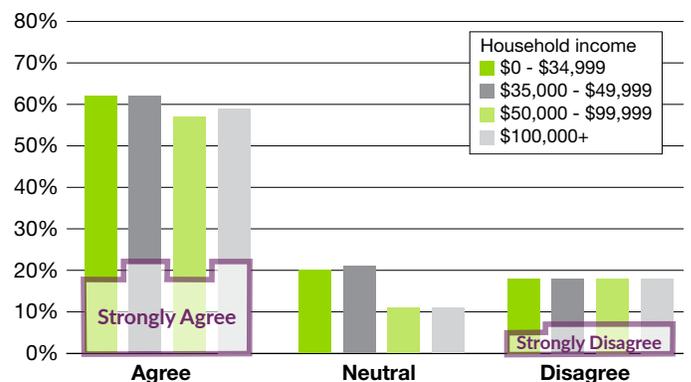
Customer survey shows high satisfaction again

Since the toll lanes first opened in 2008, WSDOT has conducted a yearly survey of the users of the toll lanes to determine their overall effectiveness and diversity of use. The 2015 survey included responses from nearly 3,000 *Good To Go!* customers who had paid to use the SR 167 HOT Lanes within the past year. The survey showed strong overall satisfaction with the value of the HOT Lanes among all income groups, especially among households with incomes below \$50,000. 65% of users across all income groups supported expanding HOT Lanes to other freeways in our region. These results are consistent with surveys conducted over the past three years, showing that the HOT Lanes have gained loyal users that enjoy the benefit of the HOT Lanes system.

HOT lanes should be opened on other freeways in our region



The money I spend for the HOT lanes is well worth it



Source: SR 167 HOT Lanes Pilot Project – 2015 Online User Survey

SR 520 Bridge



Agency Goal

- **Strategic Investment:** Tolling the existing SR 520 Bridge saves the state money in financing as a new, safer SR 520 bridge is built.
- **Modal Integration:** Buses and vanpools travel toll-free on the SR 520 Bridge, encouraging transit and vanpool use.
- **Environmental Stewardship:** Analysis shows that emissions have been reduced by over 30 percent for all pollutants on SR 520 since tolling began.
- **Organizational Strength:** WSDOT engages teams from the Toll Division and the SR 520 program to deliver a complex project on time.
- **Smart Technology:** All-electronic tolling uses advanced technology while keeping traffic moving at highway speeds.

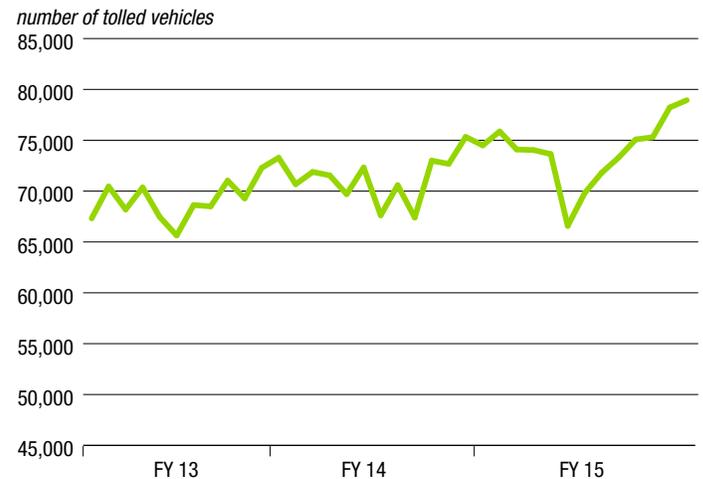


The main objectives of tolling on SR 520 are to help pay for the new SR 520 Bridge, reduce overall traffic congestion, and improve travel times on SR 520. The overall projected contribution to the new SR 520 Bridge fund from tolling is \$1.2 billion.

Objectives	Goal Met?	Accomplishments
Pay for new bridge construction	✓	• On track to generate \$1.2 billion in toll revenue for the new SR 520 Bridge
Reduce congestion on SR 520	✓	• Faster travel times on SR 520

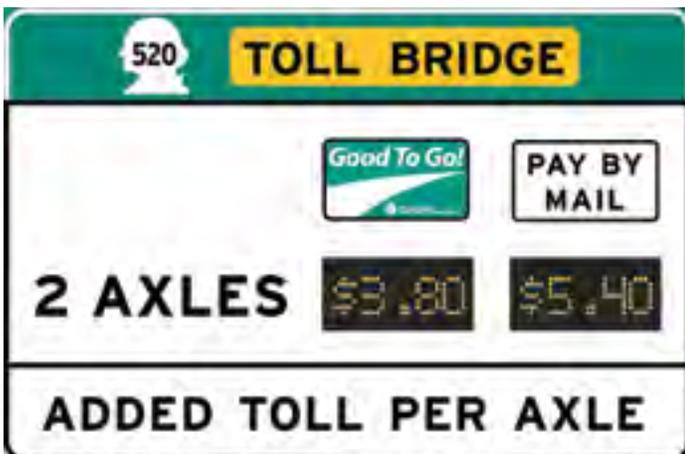
Toll volumes on SR 520 maintain steady growth

On average 74,000 tolled vehicles per weekday crossed the SR 520 Bridge in FY 2015, up from 72,000 per weekday in FY 2014. Overall, toll volumes are down by about one-third of the pre-tolling level of 103,000 in FY 2011.



Source: WSDOT Toll Operations

Average weekday peak toll rates for FY 2015



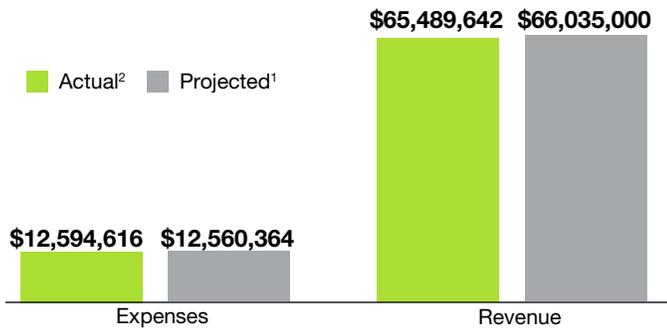
Generated revenue aligns with planned \$1.2 billion of funding towards the new SR 520 bridge

In FY 2015 tolling on SR 520 generated \$64 million in gross toll revenue and \$1.5 million in reprocessing fees. These fees count towards the goal of \$1.2 billion dollars in funding contributing to the new SR 520 Bridge construction set by WSDOT in December of 2011.

Rate Increase for SR 520

Tolls on SR 520 increased approximately 2.5 percent in FY 2015. The peak weekday *Good To Go!* pass rate rose to \$3.80 and the peak weekday Pay By Mail rate rose to \$5.40. The toll increase affects all rate levels. This is the fourth planned 2.5 percent annual rate increase for SR 520. These incremental toll increases are needed for operations and maintenance costs and to make debt payments on the bonds that are financing the SR 520 program construction.

SR 520 revenue: actual vs. forecast (FY 2015)



¹ Consistent with the November 2014 Net Revenue forecast. The expense forecast includes Toll Collection O&M costs, Credit Card Fees, and Bridge Insurance Premiums, less transponder inventory costs. The revenue forecast includes tolling revenue after adjustments for the \$0.25 Pay By Plate Fee, Short-term account discounts, and uncollectible revenue in addition to rebilling fee revenue.

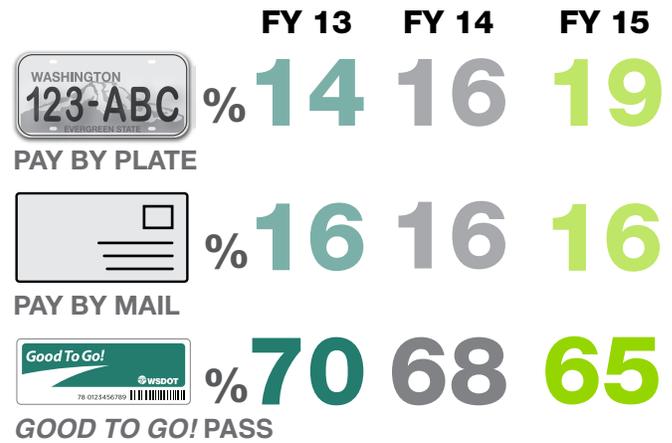
² Consistent with the values reported in the WSDOT financial statements for the facility. The revenue only includes Toll Revenue and rebilling fee revenue, thus excluding transponder sales revenue, and the expenses exclude transponder-related costs. Annual actual Expenses may not fully align to forecasted expenditures due to the way that biennium expenditures unfold.

Source: WSDOT Toll Finance

Increasing volume of photo based transactions on SR 520

Consistent with the Tacoma Narrows Bridge, there is a decreasing number of trips paid for using a *Good To Go!* Pass. WSDOT anticipates marketing for the Flex Pass will help increase use of *Good To Go!* on SR 520.

SR 520 Bridge transaction type by percentage



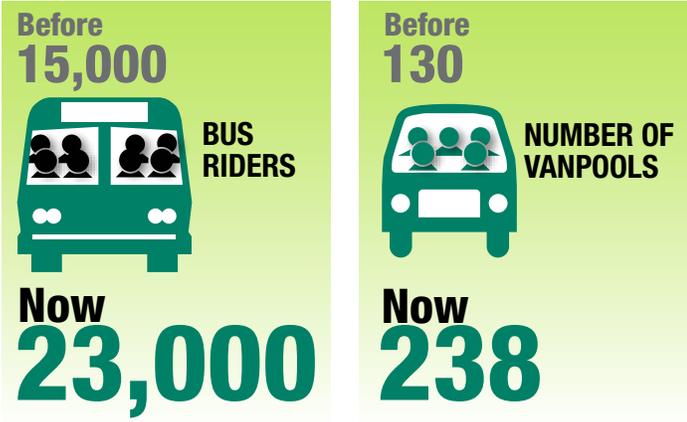
Source: WSDOT Toll Operations

Continued growth for vanpools and transit

Transit ridership on SR 520 rose to 23,000 in fiscal year 2015, up 4 percent from FY 2014 and 52 percent since FY 2010. Some of this transit increase can be attributed to the added routes by King County Metro and Sound Transit. In addition, the number of vanpools crossing the SR 520 Bridge rose to 238, compared to the FY 2014 level of 200 or the pre-tolling level of 130.

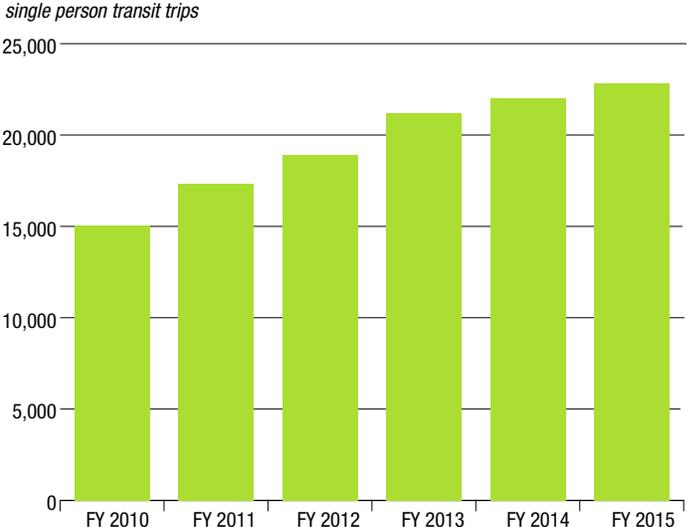
For information on travel times on the SR 520 Bridge and corresponding cross-lake routes, please refer to the Gray Notebook, WSDOT's quarterly performance and accountability report.

SR 520 daily transit volumes continue to increase



Source: King County Metro

Average weekday transit ridership



Source: King County Metro

Toll collection point is moving

In FY 2016, the toll collection point needs to be moved to an interim location to make room for construction activities as crews go into the next phase of work to prepare for opening the new floating bridge in 2016. Once the SR 520 Bridge construction is complete, the toll equipment will move a final time to its permanent location near Evergreen Point Road.



Source: 520 Project Office

Where your SR 520 toll dollar goes



Total⁴: \$66,375,642

1 Customer service center vendor (ETCC)	\$4,564,019 (6.9%)	6 Pay By Mail mailing	\$950,831 (1.4%)
2 Roadway and toll booth toll collection vendor (Telvent)	\$367,335 (0.6%)	7 Bridge/roadway operations and maintenance ²	\$0 (0%)
3 WSDOT oversight and other ¹	\$1,698,645 (2.6%)	8 Consultant services	\$1,587,467 (2.4%)
4 Credit card and bank fees	\$1,204,420 (1.8%)	9 Available for debt service payments, Capital expenditures, and contributions to reserve accounts ³	\$53,781,026 (81.0%)
5 Insurance premiums	\$2,221,899 (3.3%)		

¹ "Other" includes expenditures for supplies, communications, rents, repairs, services provided by outside vendors, printing, and registered owner look up costs.

² Tolls will begin paying for routine facility operations and maintenance costs starting in FY 2016 as construction of project segments are completed.

³ Includes funds set aside for periodic repair and replacement (preservation), repayment of deferred sales tax on construction and operations and maintenance reserves, and a revenue stabilization fund, as applicable, plus cost of investment activities. \$26,024,975 of this amount was used to pay principal and interest on project construction debt in FY 2015.

⁴ Expenses related to transponder sales are not included as they have corresponding revenue source other than Tolling Revenue. "Toll dollar" refers only to revenue collected as tolls and rebilling fees, or transferred from the Civil Penalty account after recovery. Transponder, contractual damages, interest, and miscellaneous revenue are excluded.

Source: SR 520 Account WSDOT Financial Statements for FY 2015

Next Steps

- New bridge is set to open Spring 2016
- Analyze measures for cost efficiency

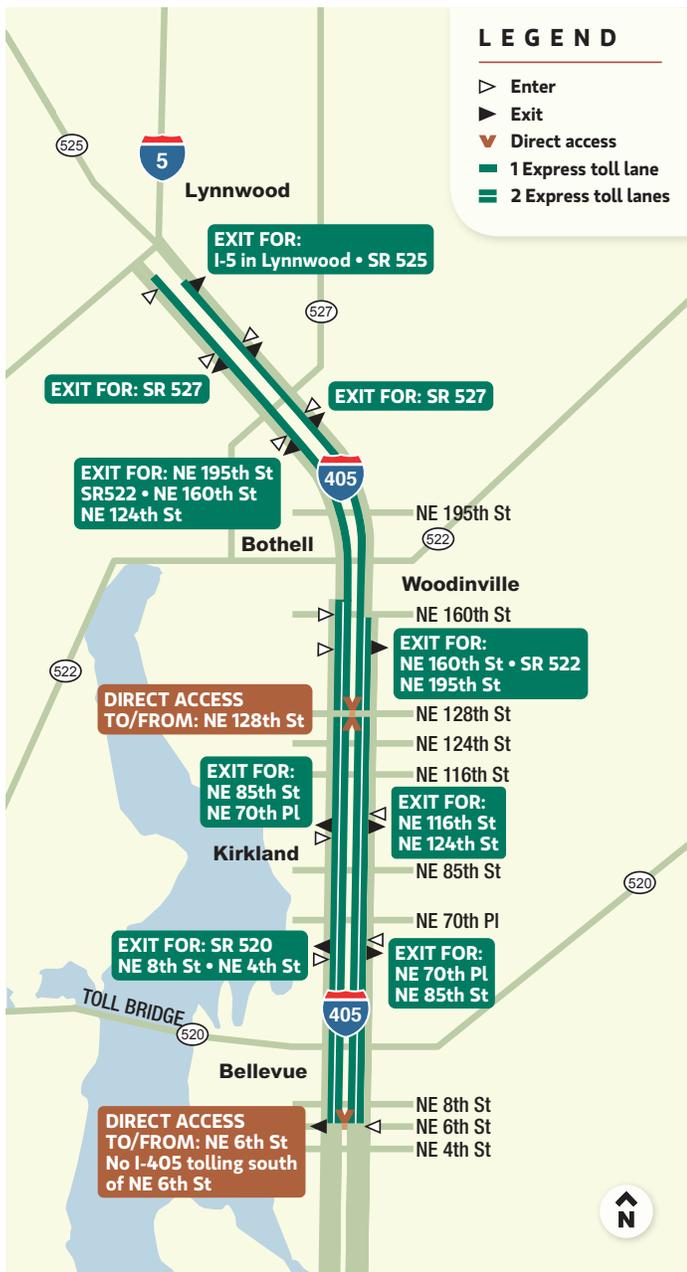
I-405 Express Toll Lanes



Agency Goal

- Strategic investment: Express toll lanes strategically manage limited roadway space to improve traffic. Toll revenue will be reinvested in the corridor.
- Modal Integration: Express toll lanes offer a more reliable trip for all modes that choose to use them.
- Environmental Stewardship: By improving traffic flow, express toll lanes can decrease air pollution and greenhouse-gas emissions.
- Organizational Strength: The Toll Division and the I-405/SR 167 Corridor program worked together to deliver a complex project on time.
- Community Engagement: Over a decade of community-based partnerships led to toll authorization and consensus recommendations on carpool policy and future funding priorities.
- Smart Technology: Dynamic tolls change based on real-time traffic conditions to maintain speeds of at least 45 miles per hour in the express toll lanes.

Please note that this report covers activities in FY 2015 from July 1, 2014 through June 30, 2015. Initial post-launch operations of the I-405 express toll lanes, which opened on September 27, 2015, will be covered in the FY 2016 Annual Report. Additional reporting will be available online at www.GoodToGo405.com/library



Source: WSDOT Toll Operations

Overview of I-405 express toll lanes

The I-405 express toll lanes are the newest WSDOT toll facility. Upon their launch in fall 2015, the I-405 express toll lanes will let drivers choose to travel faster by paying a toll. Toll rates will adjust depending on traffic, and drivers will pay the rate they see upon entering the lanes. Tolls can be paid with the current *Good To Go!* pass or using Pay By Mail for an additional \$2.00.

Introduction of the Flex Pass



The Flex Pass was introduced in March 2015. Carpools in the express toll lanes must have the correct number of occupants and a *Good To Go!* Flex Pass set to HOV mode to travel toll-free. The Flex Pass works in two modes, HOV and TOLL. Drivers who do not meet occupancy requirements can use the toll lanes with a Flex Pass in TOLL mode, and will be charged a toll based on the displayed rate.

Sale of Flex Pass shows strong start for I-405 express toll lanes

Sales of the Flex Pass began on March 21, 2015 in preparation for the opening of the I-405 express toll lanes. Between its introduction and the end of FY 2015, 13,850 Flex Passes were sold compared to a projected number of 6,500. These numbers are a positive sign for the I-405 express toll lanes and the *Good To Go!* program in general.

RideshareOnline.com

WSDOT partnered with RideshareOnline.com to give away free Flex Passes in FY 2015. The carpool incentive program required applicants to live, work, or play in King or Snohomish counties, and carpool on I-405 between Bellevue and Lynnwood with at least one other person at least once a week. As of the end of FY 2015, 10,000 free carpool passes had been distributed.

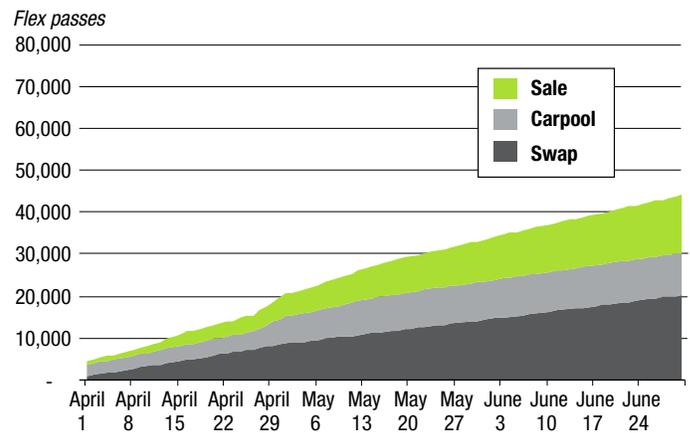
Motorcycle incentive

WSDOT introduced a motorcycle incentive program for users of I-405. To get a free motorcycle pass, riders had to live, work or play in King or Snohomish counties and ride their motorcycle on I-405. Approximately 2,500 free motorcycle passes were distributed as of FY 2015.

Pass replacement program

In advance of the opening of the I-405 express toll lanes, WSDOT offered customers with existing *Good To Go!* switchable passes the opportunity for a free upgrade to a Flex Pass. The switchable (on/off) pass was originally designed for carpooling on the SR 167 HOT lanes, but customers who wish to carpool toll-free in the I-405 express toll lanes must have a Flex Pass set to HOV mode. As of the end of fiscal year 2015, 20,000 replacement passes had been distributed.

Flex Pass distribution totals



Source: WSDOT Toll Operations

Community Engagement

The I-405 express toll lanes mean a lot of changes for drivers, which is why it was essential for WSDOT to help drivers prepare. Drivers take nearly 500,000 trips on the north end of I-405 each day, and WSDOT worked to get the word out to these travelers letting them know what to expect and how to get ready for the changes to I-405.

In October 2013, WSDOT began a grassroots outreach effort including a speakers bureau, media and social media outreach, and began planning for an extensive marketing education campaign.

For more information please visit GoodToGo405.org.

Next Steps

- I-405 express toll lanes opening date: September 27, 2015 (FY 2016)
- Monitor and report on lane performance
- Continue successful sales and giveaways of Flex Pass

SR 99 Tunnel



Agency Goal

- Strategic Investment: The seismically vulnerable 1950s-era viaduct will be replaced by the new tunnel.
- Organizational Strength: WSDOT engages teams from the Toll Division and the Alaskan Way Viaduct Replacement Program to deliver a complex project



Tolling to help SR 99 work

The viaduct replacement program serves to replace the aging Alaskan Way Viaduct with a tunnel. WSDOT aims to use tolling on this project to provide an estimated \$200 million dollars toward project construction.

For more information on the status of the SR 99 Tunnel project, please visit www.wsdot.wa.gov/Projects/Viaduct/About/Tunneling

Puget Sound Gateway Program



Agency Goal

- Strategic Investment: Leverages the opportunity to build an integrated system by constructing SR 509 and SR 167, using the design-build approach to accelerate construction and capitalize on economies of scale. 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.
- Modal Integration: Completes critical freight links between the ports of Seattle and Tacoma and key distribution centers, warehouses, and industrial areas in King and Pierce counties. 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.
- Organizational strength: The Toll Division will engage with teams from the Northwest and Olympic regions to complete this complex project.

What is the Puget Sound Gateway Program?

The Puget Sound Gateway Program is comprised of two unique projects, SR 509 and SR 167, which together make major improvements to ease traffic congestion and improve regional mobility. Construction funding is part of the Connecting Washington Transportation Revenue Package, approved by the State Legislature.

What do the first phases of the Gateway projects do?

The project will add 6 miles of new highway for SR 167 and 2 miles of new highway for SR 509. There will be several new interchanges, including connections between these two highways and Interstate 5.



Technology and Interoperability

WSDOT leads a group of toll agencies whose goal is to standardize the way in which passes are programmed across multiple states. Toll interoperability is the effort to make toll passes from every state compatible with one another. This allows travelers to use a single toll pass at facilities across multiple states. There are currently six protocols used for tolling across the country, the challenge at this point is to shift nationally to a single interoperable protocol.

Federal legislation in place requires interoperability within the United States by 2016. Washington has been making a push to utilize tolling communications protocol ISO 18000-6C (commonly known as 6C). California, Indiana, and Louisiana are currently in the process of implementing the 6C protocol.

Washington's use of flexible tolling technology means that whichever protocol is chosen can fit the WSDOT tolling framework.



Source: WSDOT Toll Operations

Financial Reports

WASHINGTON TOLLING SYSTEM STATE FISCAL YEAR 2015, QUARTER ENDED JUNE 30, 2015

	NOTES	TNB ACCOUNT	HOT LANES ACCOUNT	520 BRIDGE ACCOUNT	520 CIVIL PENALTY ACCOUNT	CENTRAL TOLL ACCOUNT	TOTAL
ASSETS							
Cash and cash equivalents		\$ 14,185,791	\$ 2,912,095	\$ 50,901,152	\$ 16,648,757	\$ 12,381,956	\$ 97,029,751
Cash held with escrow agents		-	-	16,370,147	-	-	16,370,147
Accounts receivable, net	1	1,293,793	1,075	3,473,751	-	-	4,768,619
Notice of civil penalties, net	2	11,482,634	-	-	17,704,266	5,124	29,192,024
Due from other governments		-	-	-	-	-	0
Due from other funds/agencies		528,919	24,661	1,826,867	89,040	3,990,660	6,460,147
Due from toll vendor	3	408,469	35,999	764,406	-	5,840	1,214,714
Consumable inventories	4	-	-	-	-	151,354	151,354
TOTAL ASSETS		\$ 27,899,606	\$ 2,973,830	\$ 73,336,323	\$ 34,442,063	\$ 16,534,934	\$ 155,186,756
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable		\$ 1,131,302	\$ 62,156	\$ 1,652,879	\$ 170,984	\$ 60,650	\$ 3,077,971
Retained percentages payable		-	-	16,725,350	-	-	16,725,350
Obligations under Security Lending		-	-	-	-	-	0
Due to other governments		2,124	-	-	3,876	-	6,000
Due to other funds/agencies		1,014,496	36,028	3,917,139	99,537	1,895,767	6,962,967
Due to department of revenue - taxes		-	-	-	-	11,033	11,033
Unearned revenue	5	1,701,034	-	651,444	2,442,294	14,518,456	19,313,228
Unclaimed property refund liability		-	-	-	-	-	0
Liability for cancelled warrants	6	2,720	-	826	-	49,028	52,574
Total Liabilities		3,851,676	98,184	22,947,638	2,716,691	16,534,934	46,149,123
Deferred Inflows of Resources							
Unavailable revenue-\$5 fee, NOCPs, Real Estate	7	9,689,633	-	1,910,267	13,215,353	-	24,815,253
Unavailable revenue-toll vendor		274,833	24,000	509,610	-	-	808,443
Total Deferred Inflows of Resources		9,964,466	24,000	2,419,877	13,215,353	-	25,623,696
Fund Balances							
Nonspendable consumable inventories		-	-	-	-	(151,354)	(151,354)
Restricted for unspent GARVEE bond proceeds	8	-	-	-	-	-	-
Restricted for operations and maintenance		-	-	7,798,635	-	-	7,798,635
Restricted for repair and replacement		-	-	3,402,768	-	-	3,402,768
Restricted for transportation		14,083,464	-	36,767,405	-	-	50,850,869
Committed for transportation		-	2,851,646	-	18,510,019	151,354	21,513,019
Unassigned		-	-	-	-	-	-
Total Fund Balances		14,083,464	2,851,646	47,968,808	18,510,019	-	83,413,937
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		\$ 27,899,606	\$ 2,973,830	\$ 73,336,323	\$ 34,442,063	\$ 16,534,934	\$ 155,186,756

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 2015, QUARTER ENDED JUNE 30, 2015**

Tolling Subsidiary Accounting System – Repeat independent audits have determined that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contains weaknesses in internal controls. The most recent audit showed that some of the deficiencies identified in previous audits have been remediated, resulting in improved internal controls. The Toll Division continues to work with our service organization to remediate the remaining deficiencies. WSDOT is 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 March 31, (3) Crossings that are in the image review process and toll fees have yet to be transferred from customer accounts, (4) Crossings that are not viable and are awaiting dismissal, (5) and the Accounts allocated share of NSF fee, transponder sales and \$5 reprocessing fee receivables
 - (b) HOT Lanes Account consists of 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. **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, as well as amounts directly attributable to items (a) (3) and (4) described above in Note 1.
 - (b) 520 Bridge Account - amounts associated with deferrals for toll bill amounts not estimated to be collected until they become NOCP receivables, as well as amounts directly attributable to items (a) (3) and (4) described above in Note 1.
 - (c) 520 Civil Penalty Account – Notice of civil penalty amounts not yet recognized because the adjudication process has not been completed.
 - (d) Central Toll Account - amounts from customers on deposit for prepaid *Good To Go!* 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.
6. **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.
7. **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.
8. **The Unspent Bond Proceeds and Operations and Repair Restrictions** – 520 Bridge Account Reserves required by the Master Bond Resolution. 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.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
TACOMA NARROWS BRIDGE ACCOUNT
STATE FISCAL YEAR 2015, QUARTER ENDED JUNE 30, 2015

	NOTES	JULY THROUGH MARCH	APRIL THROUGH JUNE	YEAR-TO-DATE
REVENUES				
Tolling revenue	1	\$ 50,403,027	\$ 17,823,780	\$ 68,226,807
Civil penalty	2	2,875,481	293,923	3,169,404
Transponder sales	3	246,187	90,067	336,254
Toll vendor contractual damages	4	110,768	34,703	145,471
Toll bill reprocessing fee	5	355,211	101,150	456,361
Interest income		35,239	39,614	74,853
Miscellaneous	6	36,057	11,228	47,285
TOTAL REVENUES		54,061,970	18,394,465	72,456,435
EXPENDITURES				
Goods and Services				
Toll CSC operations vendor contract	7	1,477,567	493,042	1,970,609
Toll booth and lane vendor contract		2,351,974	793,913	3,145,887
Insurance	8	1,320,258	4,681	1,324,939
Credit card and bank fees		923,009	374,988	1,297,997
Transponder cost of goods sold	9	134,318	71,446	205,764
Pay-by-mail		212,299	72,286	284,585
Other	10	266,309	83,756	350,065
Total Goods and Services		6,685,734	1,894,112	8,579,846
Personal service contracts	11	665,899	240,582	906,481
Salaries and benefits		416,662	147,275	563,937
Civil penalty adjudication costs	12	937,770	251,781	1,189,551
Infrastructure maintenance and preservation	13	348,303	215,287	563,590
TOTAL EXPENDITURES		9,054,368	2,749,037	11,803,405
EXCESS OF REVENUES OVER EXPENDITURES		45,007,602	15,645,428	60,653,030
OTHER FINANCING USES				
Operating transfers out	14	(41,350,015)	(14,300,785)	(55,650,800)
TOTAL OTHER FINANCING USES		(41,350,015)	(14,300,785)	(55,650,800)
NET CHANGE IN FUND BALANCE		3,657,587	1,344,643	5,002,230
FUND BALANCE - BEGINNING		9,081,234	12,738,821	9,081,234
FUND BALANCE - ENDING		12,738,821	\$ 14,083,464	\$ 14,083,464

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

**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
TACOMA NARROWS BRIDGE ACCOUNT
STATE FISCAL YEAR 2015, QUARTER ENDED JUNE 30, 2015**

Tolling Subsidiary Accounting System – Repeat independent audits have determined that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contains weaknesses in internal controls. The most recent audit showed that some of the deficiencies identified in previous audits have been remediated, resulting in improved internal controls. The Toll Division continues to work with our service organization to remediate the remaining deficiencies. WSDOT is committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

Motor Vehicle Account (MVA) Obligation – In 2005-07, as tolling began on the Tacoma Narrows Bridge (TNB), 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 Chapter 10, laws of 2015 PV (2ESHB 1299, Section 1106(13)) 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 TNB, which are collected at toll booths, as electronic toll accounts, or pay-by-mail. The increase in Tolling Revenue is directly related to increased summer travel across the TNB.
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. Civil Penalty revenue decreased 54.5% to \$293,923, primarily due to a \$450,072 adjustment to correct duplicate entries from July 2012 to March 2015 resulting from a system defect. While we work with our service organization to fix the system defect, we will make monthly adjusting entries to ensure accurate Civil Penalty Revenue.
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 \$12,270, and the short-term portion of future amounts due from ETCC, totaling \$133,200.
5. **Toll Bill Reprocessing Fee Revenue** – The allocated portion of fees associated with the issuance of second toll billings.
6. **Miscellaneous Revenue** – This can include revenue for administrative and statement fees, NSF check fees, cash over, payments related to sale of surplus property, and prior period recoveries.
7. **Toll CSC Operations Vendor Contract** – Payment for monthly Customer Service Center (CSC) operations costs.
8. **Insurance** – Annual premium for insuring the facility and monthly insurance brokerage fee paid to the Department of Enterprise Services (DES).
9. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders. Cost of purchasing, packaging, and shipping transponders. The per unit cost of transponders and packaging cost increased in the 4th quarter.
10. **Other Goods and Services** – Expenditures for supplies, communications, rents, repairs, outside vendor services, printing, and registered owner look up costs.
11. **Personal Service Contracts** – Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting.
12. **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.
13. **Infrastructure Maintenance and Preservation** – Cost of maintenance and bridge preservation activities on the new TNB.
14. **Operating Transfers Out** – Pursuant to RCW 47.46.140, \$13,350,785 was transferred to MVA for debt service paid.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
HIGH OCCUPANCY TOLL OPERATIONS ACCOUNT
STATE FISCAL YEAR 2015, QUARTER ENDED JUNE 30, 2015

	NOTES	JULY THROUGH March	APRIL THROUGH JUNE	YEAR-TO-DATE
REVENUES				
Tolling revenue	1	\$ 1,318,994	\$ 351,043	\$ 1,670,037
Transponder sales	2	31,509	11,749	43,258
Toll vendor contractual damages	3	10,124	3,152	13,276
Interest income		4,750	6,123	10,873
Miscellaneous	4	2,748	864	3,612
TOTAL REVENUES		1,368,125	372,931	1,741,056
EXPENDITURES				
Goods and Services				
Toll CSC operations vendor contract	5	153,945	52,260	206,205
Toll lane vendor contract		60,325	15,875	76,200
Credit card and bank fees		24,271	7,871	32,142
Transponder cost of goods sold	6	17,072	9,305	26,377
Washington state patrol	7	88,551	26,003	114,554
Other	8	17,465	6,166	23,631
Total Goods and Services		361,629	117,480	479,109
Personal service contracts	9	98,860	31,544	130,404
Salaries and benefits		40,650	13,797	54,447
Infrastructure maintenance	10	137,353	35,063	172,416
TOTAL EXPENDITURES		638,492	197,884	836,376
EXCESS OF REVENUES OVER EXPENDITURES		729,633	175,047	904,680
NET CHANGE IN FUND BALANCE		729,633	175,047	904,680
FUND BALANCE - BEGINNING		1,946,966	2,676,599	1,946,966
FUND BALANCE - ENDING		\$ 2,676,599	\$ 2,851,646	\$ 2,851,646

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

**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
HIGH OCCUPANCY TOLL OPERATIONS ACCOUNT
STATE FISCAL YEAR 2015, QUARTER JUNE 30, 2015**

Tolling Subsidiary Accounting System – Repeat independent audits have determined that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contains weaknesses in internal controls. The most recent audit showed that some of the deficiencies identified in previous audits have been remediated, resulting in improved internal controls. The Toll Division continues to work with our service organization to remediate the remaining deficiencies. WSDOT is committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

Detailed Notes

1. **Tolling Revenue** – Revenue earned from single occupancy vehicles traveling in the High Occupancy Vehicle (HOV) Lanes on SR167 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 potential 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 \$1,276 and the short-term portion of future amounts due from ETCC, totaling \$12,000.
4. **Miscellaneous Revenue** – This can include revenue for administrative and statement fees, NSF check fees, cash over, and prior period recoveries.
5. **Toll CSC Operations Vendor Contract** – Payment for monthly CSC operations costs.
6. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders. The per unit cost of transponders and packaging cost increased in the 4th quarter.
7. **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.
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. **Infrastructure Maintenance** – Cost of maintenance activities on the HOT Lanes. The quarterly costs include Goods and Services of \$3,202 and Salaries and Benefits of \$31,860.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
THE STATE ROUTE NUMBER 520 CORRIDOR ACCOUNT
STATE FISCAL YEAR 2015, QUARTER ENDED JUNE 30, 2015

	NOTES	JULY THROUGH MARCH	APRIL THROUGH JUNE	YEAR-TO-DATE
REVENUES				
Tolling revenue	1	\$ 46,912,037	\$ 17,038,189	\$ 63,950,226
Debt service reimbursement (FHWA)	2	39,095,676	-	39,095,676
Transponder sales	3	397,964	153,386	551,350
Toll vendor contractual damages	4	212,306	66,645	278,951
Toll bill reprocessing fee	5	1,152,436	386,980	1,539,416
Interest income		213,469	115,914	329,383
Miscellaneous	6	44,108	15,293	59,401
TOTAL REVENUES		88,027,996	17,776,407	105,804,403
EXPENDITURES				
Goods and Services				
Toll CSC operations vendor contract	7	3,387,995	1,176,024	4,564,019
Toll lane vendor contract		242,863	124,472	367,335
Insurance	8	2,214,590	7,309	2,221,899
Credit card and bank fees		862,848	341,572	1,204,420
Transponder cost of goods sold	9	216,755	121,638	338,393
Pay-by-mail		687,483	263,348	950,831
Other	10	495,712	220,097	715,809
Total Goods and Services		8,108,246	2,254,460	10,362,706
Personal service contracts	11	1,180,453	407,014	1,587,467
Salaries and benefits		717,639	265,197	982,836
Capital outlay - replacement bridge construction	12	314,013,516	52,099,391	366,112,907
TOTAL EXPENDITURES		324,019,854	55,026,062	379,045,916
DEFICIENCY OF REVENUES OVER EXPENDITURES		(235,991,858)	(37,249,655)	(273,241,513)
OTHER FINANCING SOURCES (USES)				
Bonds issued	13	135,198,000	50,001,364	185,199,364
Operating Transfer In	14		886,000	886,000
Operating transfers out - debt service		(19,518,731)	(6,506,244)	(26,024,975)
Operating transfers out - GARVEE debt service		(39,095,676)	-	(39,095,676)
TOTAL OTHER FINANCING USES		76,583,593	44,381,120	120,964,713
NET CHANGE IN FUND BALANCE		(159,408,265)	7,131,465	(152,276,800)
FUND BALANCE - BEGINNING		200,245,608	40,837,343	200,245,608
FUND BALANCE - ENDING		\$ 40,837,343	\$ 47,968,808	\$ 47,968,808

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

**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
THE STATE ROUTE NUMBER 520 CORRIDOR ACCOUNT
STATE FISCAL YEAR 2015, QUARTER JUNE 30, 2015**

Tolling Subsidiary Accounting System – Repeat independent audits have determined that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contains weaknesses in internal controls. The most recent audit showed that some of the deficiencies identified in previous audits have been remediated, resulting in improved internal controls. The Toll Division continues to work with our service organization to remediate the remaining deficiencies. WSDOT is 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 & Series 2014C). These revenues are received every six months and the associated operating transfers out occur at the same time.
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 \$24,154, and the short-term portion of future amounts due from ETCC, totaling \$254,796.
5. **Toll Bill Reprocessing Fee Revenue** – The allocated portion of fees associated with the issuance of second toll billings.
6. **Miscellaneous Revenue** – This can include revenue for administrative and statement fees, NSF check fees, cash over, payments related to sale of surplus property, and prior period recoveries.
7. **Toll CSC Operations Vendor Contract** – Payment for monthly CSC operations costs.
8. **Insurance** – Annual premium for insuring the facility and monthly insurance brokerage fee paid to the Department of Enterprise Services (DES).
9. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders. The per unit cost of transponders and packaging cost increased in the 4th quarter.
10. **Other Goods and Services** – Expenditures for supplies, communications, rents, repairs, services provided by outside vendors, printing, and registered owner look up costs.
11. **Personal Service Contracts** – Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting.
12. **Capital Outlay** – Costs associated with construction of the new replacement 520 Floating Bridge. Spending in 4th quarter reduced 43.5% as project is coming to a close.
13. **Bonds Issued** – Proceeds authorized in the SR520's TIFIA drawdown loan.
14. **Operating Transfers In** – For the 2013-15 biennium, the Legislature provided authority in Chapter 10, laws of 2015 PV (2ESHB 1299, Section 1106(7)) to transfer \$886,000 from SR 520 Civil Penalty Account, which represents a portion of the pledged toll revenue collected through the civil penalty process.

THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
THE 520 CIVIL PENALTY ACCOUNT
STATE FISCAL YEAR 2015, QUARTER JUNE 30, 2015

	NOTES	JULY THROUGH MARCH	APRIL THROUGH JUNE	YEAR-TO-DATE
REVENUES				
Civil penalty	1	\$ 8,062,702	\$ 1,765,041	\$ 9,827,743
Interest income		23,520	34,470	57,990
TOTAL REVENUES		8,086,222	1,799,511	9,885,733
EXPENDITURES				
Goods and Services				
Adjudication system vendor contract	2	627,279	209,574	836,853
Administrative hearing	3	584,988	137,031	722,019
Credit card and bank fees		138,895	47,928	186,823
Other	4	246,674	36,462	283,136
Total Goods and Services		1,597,836	430,995	2,028,831
Salaries and benefits		124,439	45,970	170,409
TOTAL EXPENDITURES		1,722,275	476,965	2,199,240
EXCESS OF REVENUES OVER EXPENDITURES		6,363,947	1,322,546	7,686,493
OTHER FINANCING SOURCES (USES)				
Operating transfers out -	5	-	(886,000)	(886,000)
TOTAL OTHER FINANCING USES		-	(886,000)	(886,000)
NET CHANGE IN FUND BALANCE		6,363,947	436,546	6,800,493
FUND BALANCE - BEGINNING		11,709,526	18,073,473	11,709,526
FUND BALANCE - ENDING		\$ 18,073,473	\$ 18,510,019	\$ 18,510,019

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

**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
THE 520 CIVIL PENALTY ACCOUNT
STATE FISCAL YEAR 2015, QUARTER JUNE 30, 2015**

Tolling Subsidiary Accounting System – Repeat independent audits have determined that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contains weaknesses in internal controls. The most recent audit showed that some of the deficiencies identified in previous audits have been remediated, resulting in improved internal controls. The Toll Division continues to work with our service organization to remediate the remaining deficiencies. WSDOT is committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

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. Civil Penalty revenue decreased 20.6% to \$1,765,041 primarily due to a \$538,571 adjustment to correct duplicate entries from July 2012 to March 2015 resulting from a system defect.
- 2. The Adjudication System Vendor Contract** – 520 Bridge share of the adjudication system vendor contract with ETCC for the adjudication system module.
- 3. Administrative hearing** – The Office of Administrative Hearings (OAH) has the necessary expertise to provide fair and impartial administrative law judges (ALJs) to preside over the toll violation dispute processes. OAH provides ALJs to preside over and/or decide the toll violation disputes. These costs include labor hours for the ALJs for their services performed for Toll Adjudication, Training and Administration.
- 4. Other Goods and Services** – Expenditures for the 520 bridge’s share of adjudication costs. These costs include supplies, communications, services provided by outside vendors, printing, and settlement costs.
- 5. Operating Transfers Out** - For the 2013-15 biennium, the Legislature provided authority in Chapter 10, laws of 2015 PV (2ESHB 1299, Section 1106(7)) to transfer \$886,000 to the SR 520 Corridor Account , which represents a portion of the pledged toll revenue collected through the civil penalty process.

For more information

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

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

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