



# TOLL DIVISION ANNUAL REPORT FY 2018

JULY 1, 2017 - JUNE 30, 2018

## MOVING FORWARD

A decade of HOT lanes



# A Message from WSDOT

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I am pleased to share the Washington State Department of Transportation's Toll Division Annual Report for fiscal year (FY) 2018 (July 1, 2017 – June 30, 2018). This year, the Toll Division achieved 10 years of operation for the SR 167 HOT lanes and focused efforts to rebuild the **Good To Go!** customer service and toll billing systems.

In each Annual Report, we outline our overarching division business goals, and share highlights from the past year.

## High quality customer service

The **Good To Go!** system now serves over 1.5 million customers, when combining both **Good To Go!** and Pay By Mail customers, and processed nearly 53 million toll trips during FY 2018, up from 50 million toll trips during FY 2017.

The work under way with the new **Good To Go!** customer service system and updated toll billing system will improve the customer experience by offering new payment options to better fit customer needs and give more options when paying tolls. We'll also offer customers more self-service features, and improvements to the MyGoodToGo.com website based on customer feedback we've received over the years.

## Outstanding program delivery and operation

The Toll Division marked a significant milestone in May with the 10-year anniversary of the SR 167 Hot lanes. Since their inception, the lanes have met the goals of the pilot program, despite an increase in traffic for the overall region. Our experience has shown that tolling can offer a sustainable model for transportation to manage our region's population growth, providing reliability for transit and a choice for drivers.

WSDOT is actively working to improve I-405 express toll lane performance. This year the Toll Division continued refinements to the toll rate algorithm to respond to increasing express toll lane volumes, a result of the heavy demand from drivers for a more reliable trip. The Legislature also invested \$15 million in revenue back into the corridor to fund preliminary engineering to extend the dual express toll lane system from SR 522 to SR 527, which will help improve north-end performance.

The Toll Division continues to support the teams delivering the SR 99 Alaskan Way Replacement, an authorized toll facility, and the Puget Sound Gateway Program and I-405 Renton to Bellevue Widening and Express Toll Lanes Project, both intended toll projects.

## Proactive, transparent communication

The Toll Division strives to maintain a robust social media presence to provide high quality customer service and communicate in a proactive, transparent way. Using our multiple social media platforms allows us to provide consistent, reliable information about our projects and issues affecting customers. The team provides quick and responsive solutions to customer inquiries allowing us to connect directly with our customers.

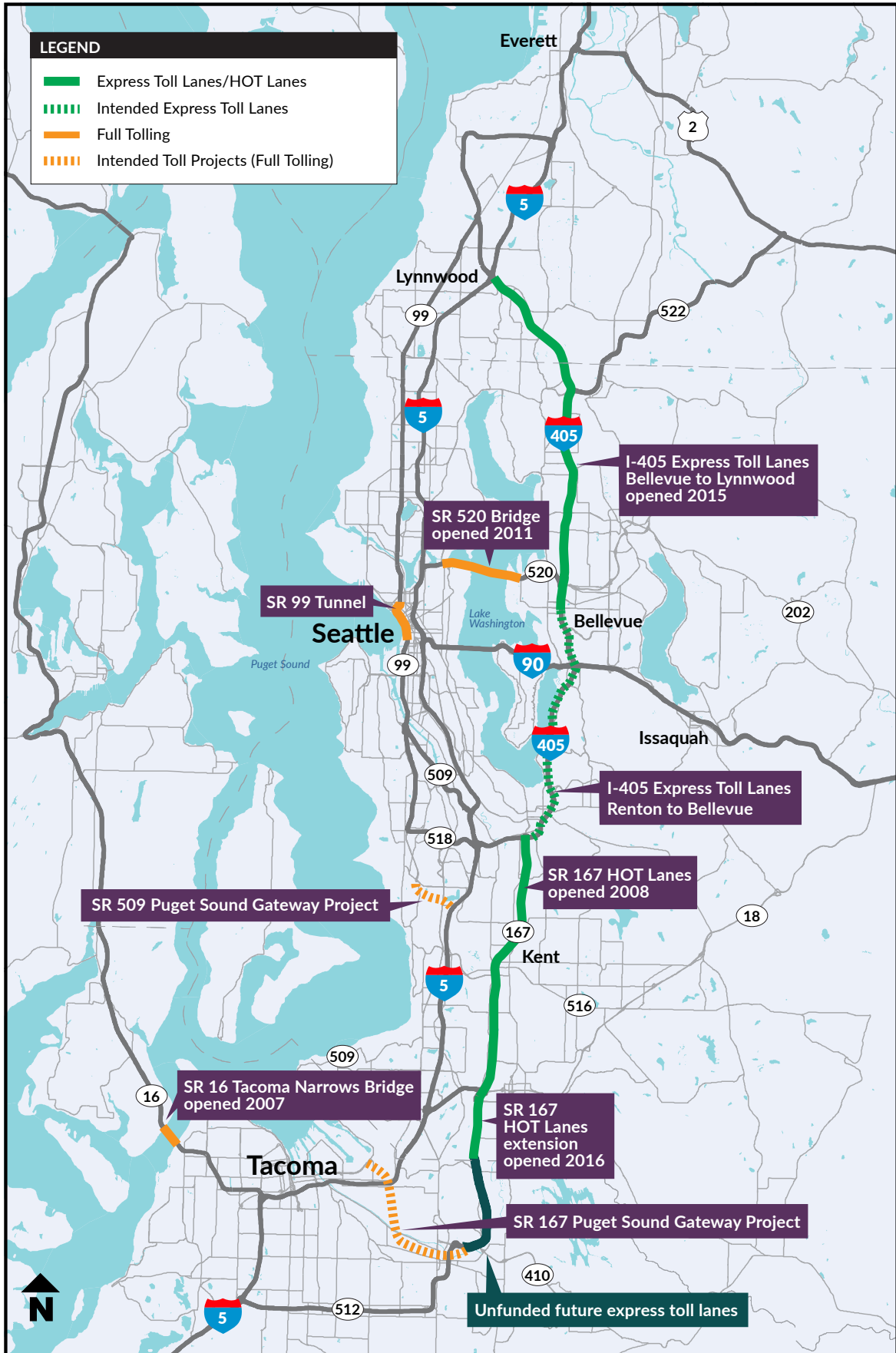
Sincerely,

A handwritten signature in black ink, appearing to read 'E. Barry'.

Edward Barry  
Director, WSDOT Toll Division

December 2018

# TOLL FACILITIES



# Highlights from Fiscal Year 2018

## Tolling in Washington state

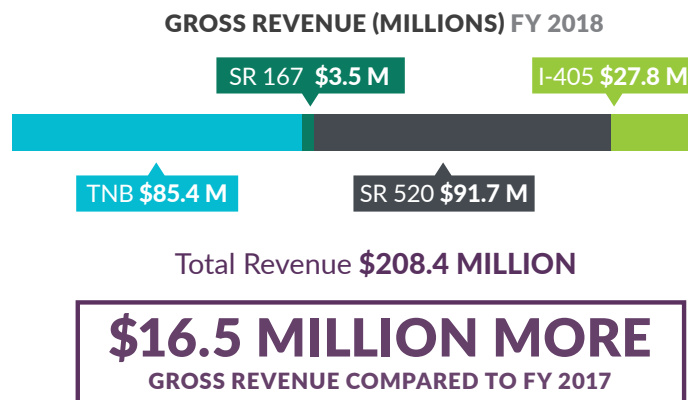
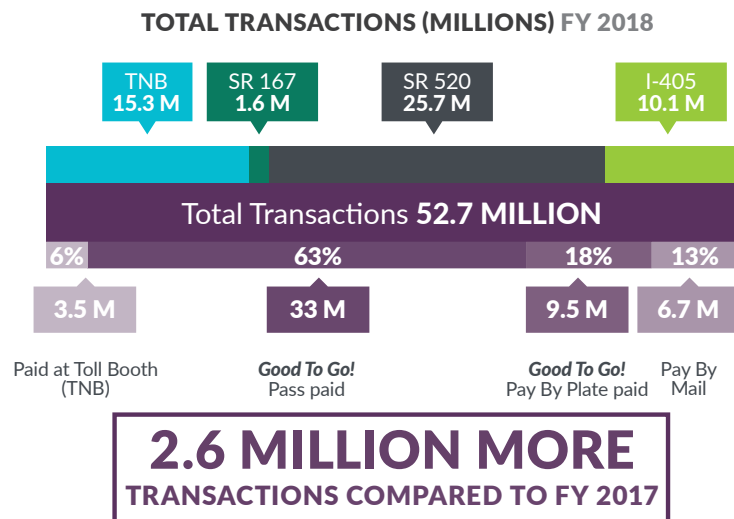
For the last decade, Washington state has used tolling as a strategic tool to help manage congestion, enhance mobility, fund public improvement projects, and generate revenue required for ongoing operation and maintenance costs of existing facilities. Toll facilities are authorized by the Washington State Legislature, and the Transportation Commission establishes the toll rates and exemptions. The facilities noted in this report are either already authorized for tolling or are in various stages of planning:

### Fiscal Year (FY) 2018 current toll facilities

- State Route (SR) 16 Tacoma Narrows Bridge
- SR 167 HOT Lanes
- SR 520 Bridge
- I-405 express toll lanes from Bellevue to Lynnwood

### Future facilities

- SR 99 tunnel authorized toll project, (under construction)
- I-405 express toll lanes expansion from Renton to Bellevue (intended toll project, in design phase)
- Gateway Project completion of SR 167 and SR 509 (intended toll project, in design phase)

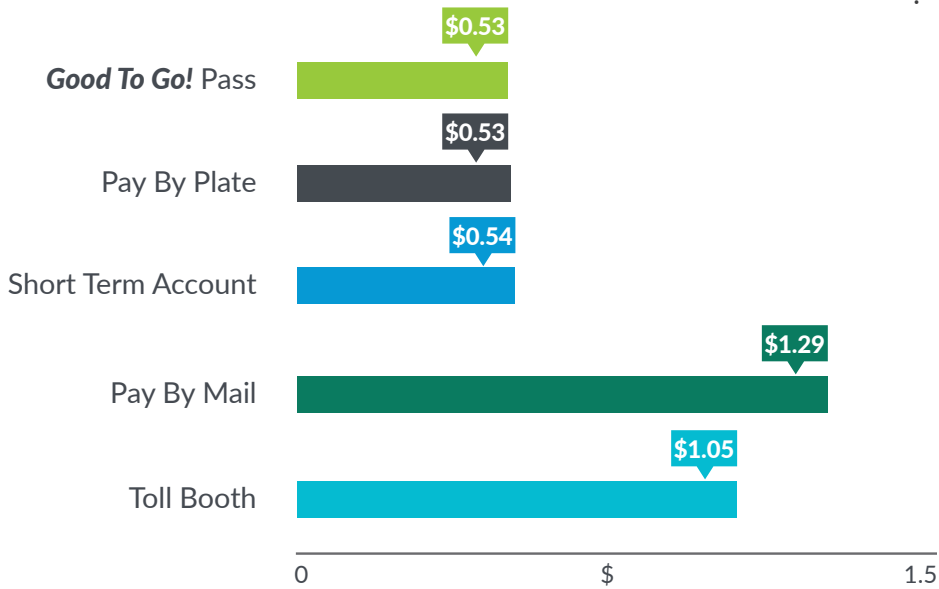


# Highlights from Fiscal Year 2018

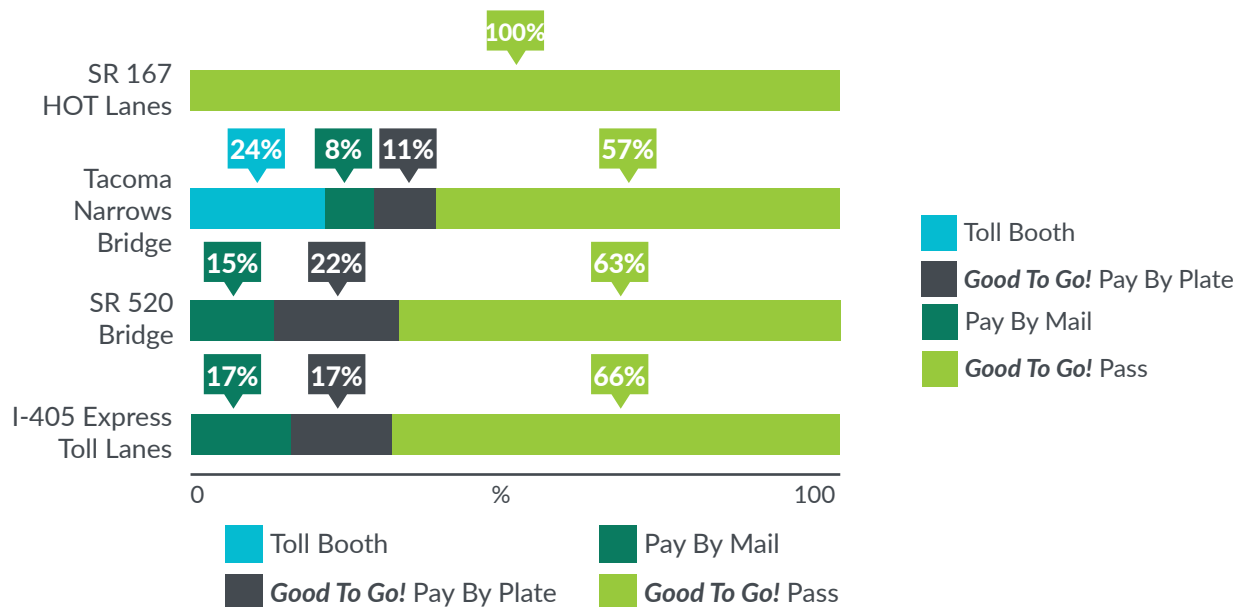
## The cost to toll

In FY 2018, the average toll collected across all facilities was \$3.65, with 66 cents of each toll going towards the costs of toll collection. As the graph demonstrates, the largest factor in this average is payment method. A small portion of this cost goes to the following vendors: Kapsch USA (McLean, VA), Electronic Transaction Consultants (Richardson, TX), and TransCore (Nashville, TN). The vendors employ approximately 160 employees in the Puget Sound region and their compensation is independent of traffic or toll rate levels. All net 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



### TOTAL TRANSACTIONS BY FACILITY AND PAYMENT METHOD



# Business Plan

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The Toll Division's Business Plan serves as a strategic planning tool and helps a variety of policy-makers and stakeholders external to the Toll Division understand the range of activities that the division is engaged in.

## **Lean Improvements**

The Toll Division's Business Plan emphasizes Lean as a critical effort and serves as a strategic planning tool to help a variety of policymakers and stakeholders.

WSDOT is continually working to improve the way we do business in order to add value for our customers. We made several improvements to our processes in FY 2018.

## **Streamlining Customer's Program for Resolution**

In July 2015, WSDOT introduced the Customer Program for Resolution which offered first-time forgiveness of late fees and penalties. In FY 2018, the Toll Division worked with Accounting and Financial Services to streamline the process to reduce call durations and wait times, and improve overall service to customers.

## **Quality Assurance & Risk Mitigation Manager**

A new position was created to lead the continuous improvement charge and identify and assist with implementation of areas where the Toll Division can be more efficient.

## **Bringing expertise in-house**

The Toll Division shifted more tasks in-house to state staff, requiring less consultant support.

# Business Plan Goal: High Quality Customer Service

WSDOT strives to provide excellent customer service for people contacting **Good To Go!** whether it's on the phone, via email or in person at one of three walk-in locations.

WSDOT's customer relief program continues to be a success. The program makes it easier for customers to resolve a toll bill and offers first-time waiver of late fees and penalties. Nearly 84,000 customers had penalties waived in FY 2018 and WSDOT collected \$3.8 million in unpaid tolls as a result of the program.

## Active Accounts

	Total	New in FY18
Total <i>Good To Go!</i> Accounts	856,000	93,000
Registered Passes	760,000	80,000
Pay By Plate	82,000	12,000
Other	14,000	1,000

## Active Passes\*

	Total	New in FY18
Total Passes	1.485 million	140,000
Stickers	941,000	73,000
Flex Pass	353,000	63,000
Motorcycles	19,000	2,000
Other	172,000	2,000

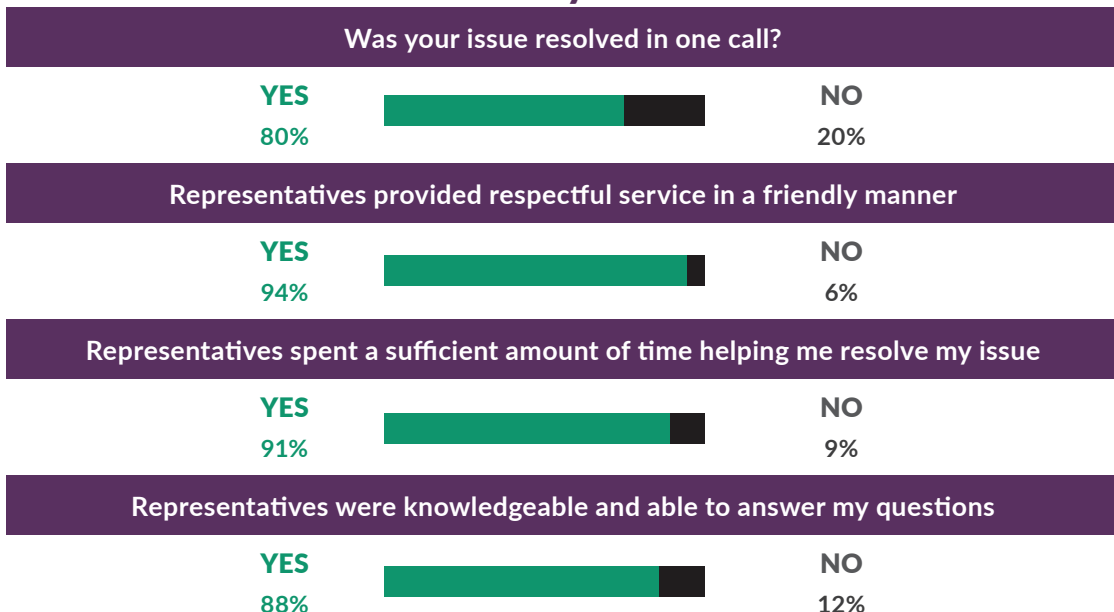
\*Active Passes is the count of passes that have been registered to an active **Good To Go!** account.



**113,000 VISITS**



## Customer survey from FY 2018



## Business Plan Goal: Outstanding Program Delivery and Operation



The current **Good To Go!** system was designed nearly a decade ago. Both technology and our customers' needs have changed significantly in that time. The **Good To Go!** customer service centers served more than 1.5 million customers and processed nearly 53 million transactions last year. Due to the growth and demand for our programs, we have continued to work on improvements to our system based on feedback from our customers.

We're currently in the process of rebuilding our customer service center and updating our billing system. These improvements will better the customer experience by offering new ways to manage their account, more self-service features, and improvements to the MyGoodToGo.com website based on customer feedback we've received over the years.

### Benefits for customers

- New payment options to better fit customer needs and give more options when paying tolls.
- Manage a **Good To Go!** account and any Pay By Mail toll bills within a single account.

### Website improvements

- Live chat with a customer service representative.
- More self-service features and more intuitive navigation.

### New customer service centers

- New service centers will be opening in Lynnwood and Renton. The Gig Harbor customer service center will move to a new location.
- Seattle and Bellevue customer service centers will be closing.

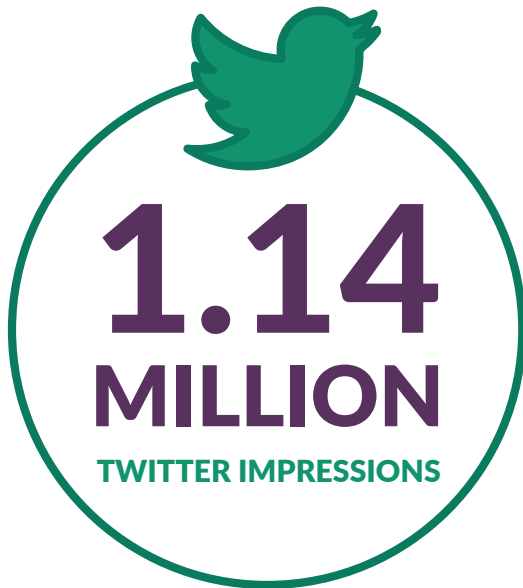
### New partnerships

- The current contracts to operate the customer service center and billing system are expiring.
- WSDOT awarded a contract to design and implement a new billing and payment system to ETAN, a technology firm which specializes in payment and billing systems.
- The contract to run the **Good To Go!** customer service center was awarded to AECOM, a firm which provides customer relations for transportation agencies across the nation.
- This contract requires that the customer service center remain in the Puget Sound and an overflow call center located outside Puget Sound for business continuity. Current representatives will have the opportunity to apply to continue working in the new customer service center.



# Business Plan Goal: Proactive, Transparent Communication

Social media continues to play an important role in achieving our goals to provide high quality customer service and proactive, transparent communication. Whether a customer has a quick question or a problem, we always seek to provide quick and responsive solutions via secure messaging on Facebook and Twitter. In addition to providing basic customer service, we always seek to advocate for our customers' needs, provide answers to any questions that we are asked, and to ensure that any feedback we receive makes it to the right people. This helps us to improve our system and ensure that ideas from the public are shared internally. This also helps provide a personal touch to our work, and we are proud to offer this form of open human-to-human engagement with a sense of humor as appropriate.



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NEWS CLIPS ▶

5 BLOGS PUBLISHED 

## CUSTOMER SERVICE EXAMPLES (TWITTER)

A screenshot of a Twitter thread. The first tweet is from Marcie Sigvartson (@Marciesigs) asking a question about toll lanes. The second tweet is a reply from WSDOT Good To Go! (@GoodToGoWSDOT) providing an answer. The third tweet is a reply from Marcie Sigvartson saying "Thank you!! Good to know and now I'm good to go!".

A screenshot of a Twitter thread. The first tweet is from Andrew & Cheryl Anderson (@GoTeamAndersons) asking about a sticker pass. The second tweet is a reply from WSDOT Good To Go! (@GoodToGoWSDOT) providing information about the pass. The third tweet is a reply from Andrew & Cheryl Anderson asking another question. The fourth tweet is a reply from WSDOT Good To Go! (@GoodToGoWSDOT) providing an answer. The fifth tweet is a reply from Andrew & Cheryl Anderson saying "Thank you so much. Have a great holiday.".

# Toll Division: Focusing on the Customer

The Toll Division is organized into four groups: Business Administration, Systems and Engineering, Customer Service Center Operations and Communications. Each group creates a customer-focused culture through continuous improvement and customer driven services.



## Systems and Engineering

### Michael Severance

Michael Severance started as an intern with the Toll Division in summer 2013, after his undergrad advisor recommended that he apply for the position.

Five years later, Michael is still working for the Toll Division as a transportation engineer. What keeps him here are his supervisors, who he says

are always open to hearing new ideas and trying new things.

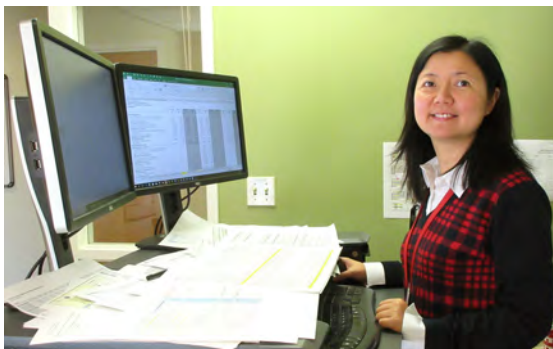
Michael is invested in projects that will ultimately improve the customer experience.

“We recently used a budget tool that I created. I love being able to see firsthand the tools that I helped create and seeing how they bring value to not only my colleagues but to the customers we serve.”

Michael also completed a dashboard for our **Good To Go!** passes, to monitor sales and inventory.

“Previously, there wasn’t a tracking system,” he said. “It eliminated delays for our customers in getting their **Good To Go!** pass.”

Michael says that all of the tools he’s helped create, all have stemmed from a desire of wanting to improve processes to benefit our customers.



## Business Administration

### Yanming Yao

Yanming Yao joined the Toll Division in January 2015, and has been in her current role as Financial Planning and Program Budget Manager since September 2017.

Each day, her goal is to improve overall toll operations, and look at all the impacts of toll revenue.

“We look at the best way to do things, while meeting our partner’s expectations,” she said. “I see it as being a watchdog with the public’s toll money.”

Ultimately, what keeps Yanming coming to work every day is the department’s values aligning with her own personal values and ethics.

“There are many things that I value, like good ethics and honesty,” she said. “It makes me feel good that I’m doing something good for the community with a great team to work with. I’m never bored and am constantly learning.”

Prior to working for the Toll Division, Yanming spent a few years in China, and prior to that held other roles within WSDOT for over 11 years.



### Customer Service Center Operations

## Maria Flesher

Maria Flesher began her work with the Toll Division nearly seven years ago as a customer service specialist, where she works with the customer service vendor to develop training programs for customer service representatives.

“I enjoy working with our customers,” she said. “We’re all so customer focused. We like to use the word advocate, and we truly all mean that.”

Everyone has experienced bad customer service at some point, which is where Maria draws her inspiration on handling various customer service issues.

“We’ve all been on the wrong side of customer service,” she said. “We work hard to make the communication transparent. It’s all about listening and helping the customer. Everyone plays a role in customer service, and it’s important to keep growing and learning.”

Solving a customer’s problem that makes the customer happy keeps Maria excited about her work.

“Since we deal directly with the customers, it’s so nice when customers appreciate what we do,” she said. “We like to keep it positive. We build relationships with our customers and the community.”



### Communications

## Chris Foster

Chris Foster has worked in the Toll Division for one year in communications. What led him here was his desire to do something with a purpose, have opportunities to make things better, and serve as an advocate for customers.

Chris’ desire to be an advocate for our customers is most noticeable when managing the Toll Division’s various social media

accounts, and assisting customers with whatever needs they may have.

“As we were designing our new system, I saw new ways to inform customers how to save money on their bill,” he said. “We were able to make it easier for customers to automatically save money when paying their bill online by opening a **Good To Go!** account.”

One of Chris’ biggest priorities when interacting with customers is establishing a seamless experience, with options on how to contact us.

“The most important thing to me is making sure the customers feel heard,” he said.

“Acknowledging them as soon as possible and being open and honest is a priority. When the customer knows a real person is working with them, it goes a long way.”

“Being an advocate is important, and our customers rely on us to speak up for them.”

# BRIDGES



The summer of 2018 marked 11 years since tolling began on the eastbound span of the Tacoma Narrows Bridge. The primary goal of tolling the Tacoma Narrows Bridge is to repay the debt for constructing the bridge. Toll revenue is also used for operations, maintenance, repair, and rehabilitation.

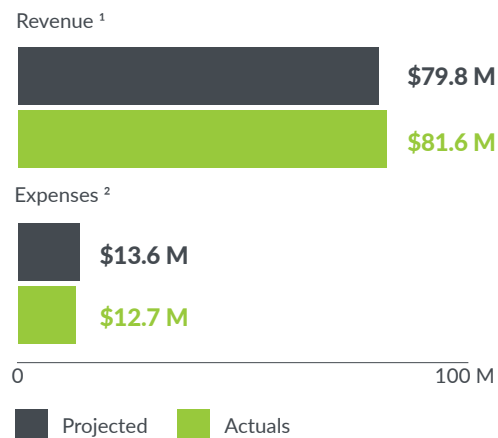
WSDOT is on track to meet the debt repayment goal in the early 2030s.

## Looking ahead to FY 2019

The tolling equipment on the Tacoma Narrows Bridge is nearing the end of its usable life. Starting in FY 2019, the Toll Division will begin the procurement process to replace this aging infrastructure.

For more information visit [wsdot.wa.gov/Tolling/TNBTolling](http://wsdot.wa.gov/Tolling/TNBTolling).

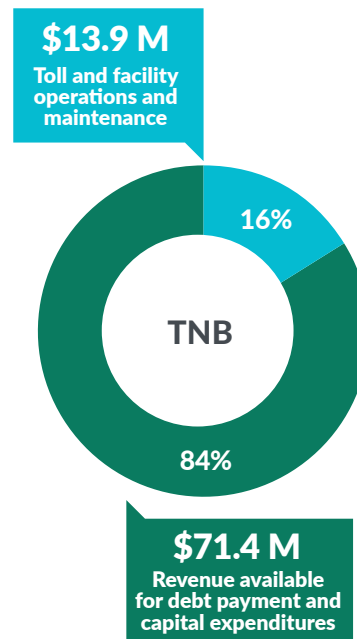
### SR 16 REVENUE VS EXPENSES FY 2018



<sup>1</sup> Only includes tolling revenues.

<sup>2</sup> Expenses exclude civil Penalty, preservation, and transponder costs.

### SR 16 REVENUE VS OPERATIONS AND MAINTENANCE FY 2018



**Total Revenue**  
**\$85.4 M**



Average weekday trips

**45,000**

Increase of 1,000 trips  
each weekday compared  
to FY 2017



Good To Go! rate

**\$5.00**

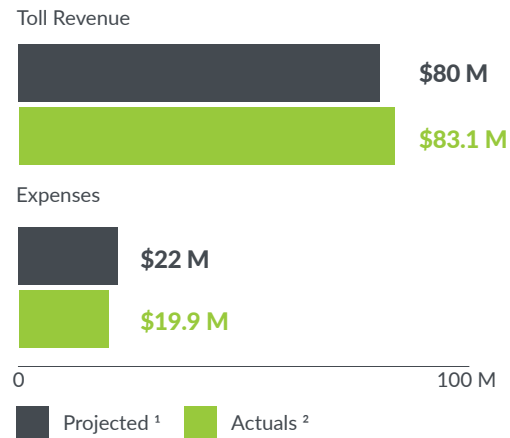


The 1.4 mile SR 520 Bridge is the world's longest floating bridge. In addition to generating revenue, SR 520 tolls adjust throughout the day to manage congestion in the corridor.

SR 520 bridge toll rates vary by time of day and on weekends. Vehicles with more than two axles pay a higher pro-rated toll rate. WSDOT is on track to raise \$1.2 billion in revenue for the SR 520 Bridge fund.

For more information visit [wsdot.wa.gov/Tolling/520](http://wsdot.wa.gov/Tolling/520).

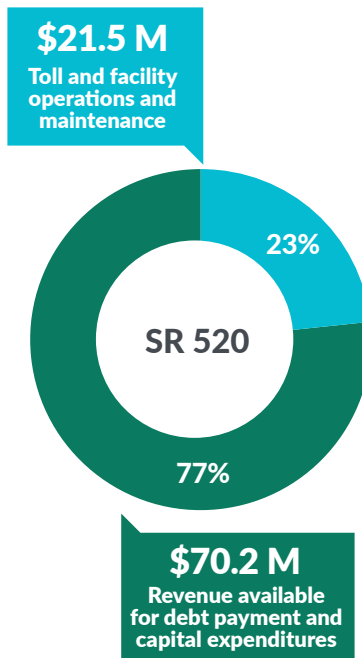
**SR 520 REVENUE VS EXPENSES  
FY 2018**



<sup>1</sup> Consistent with the November 2017 Net Revenue forecast. The revenue forecast only includes tolling revenue. The expense forecast includes toll collection O&M costs, CSC Procurement costs, Roadway O&M costs, Credit Card Fees, and Bridge Insurance Premiums, less transponder inventory costs.

<sup>2</sup> Consistent with the values reported in the WSDOT financial statements for the facility. The revenue only includes toll revenue. The expenses exclude transponder-related costs and toll lane system and facility periodic repair and replacement costs.

**SR 520 REVENUE VS OPERATIONS  
AND MAINTENANCE  
FY 2018**



**Total Revenue  
\$91.7 M**



Average weekday trips

**81,000**

Increase of 2,000 trips each weekday compared to FY 2017



Average weekday transit boardings

**23,000**



Average weekday vanpool trips

**435**



Good To Go! rate (peak period)

**\$4.30**

# Priced Managed Lanes



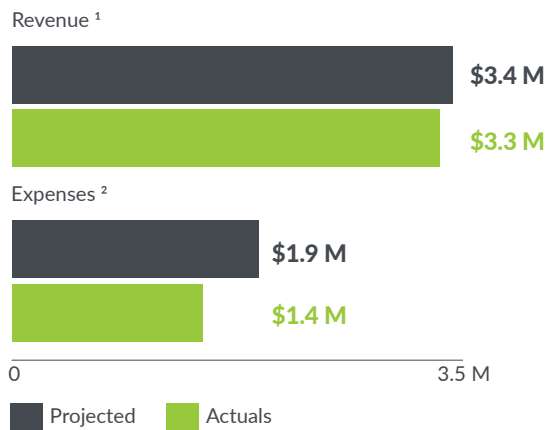
This year marked 10 years since Washington state’s first-ever HOT lanes opened to drivers on SR 167. The pilot project converted under-utilized HOV lanes to HOT lanes to allow solo drivers to pay a toll for a faster trip.

The HOT lanes have met the intended goals of the pilot project to help manage traffic and provide a reliable option for users in the SR 167 corridor, despite an increase in traffic for the overall region.

Demand for the HOT lanes has steadily increased since their opening in 2008. During the first month of operations, an average of 1,000 single occupant vehicles used the lanes each weekday. In fiscal year 2018, the HOT lanes provided faster, more reliable trips to 5,800 paying drivers and more than 2,000 bus riders each weekday.

For more information visit [wsdot.wa.gov/Tolling/SR167HotLanes](http://wsdot.wa.gov/Tolling/SR167HotLanes).

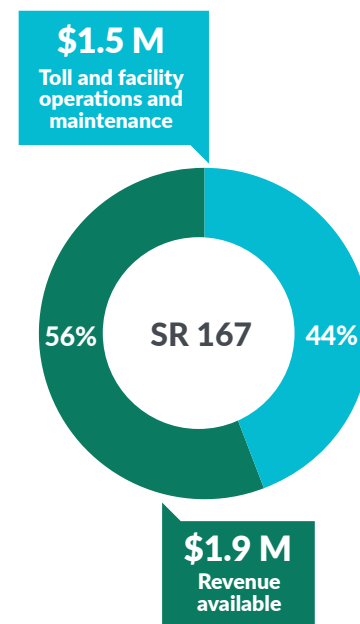
**SR 167 REVENUE VS EXPENSES  
FY 2018**



<sup>1</sup> Only includes tolling revenues.

<sup>2</sup> Total expenses less Preservation and Transponder costs

**SR 167 REVENUE VS OPERATIONS  
AND MAINTENANCE  
FY 2018**



**Total Revenue  
\$3.5 M**



Average weekday trips

**5,800**

Increase of 500 trips each weekday compared to FY 2017



Average weekday transit boardings

**2,050**



Travel time savings

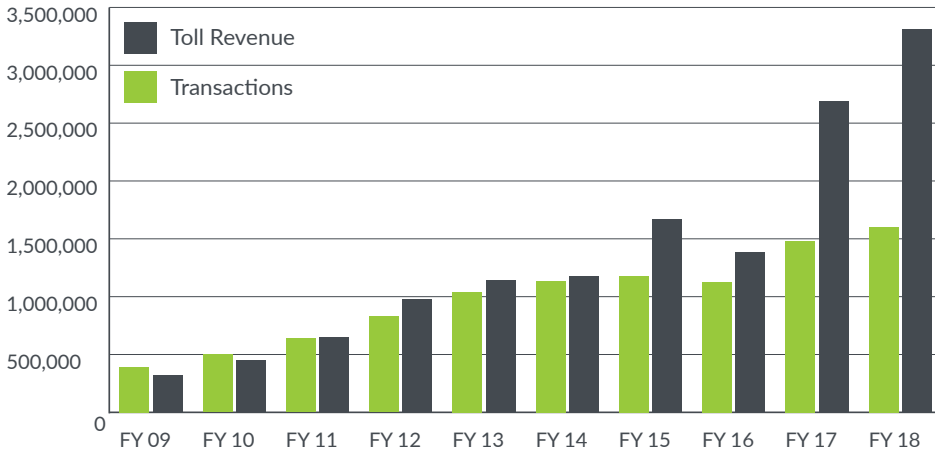
**8 minutes**



Good To Go! rate (average peak period)

**\$3.70**

**SR 167 REVENUE VS EXPENSES FY 2009 - 2018**



The HOT lanes also have the added benefit of steady revenue generation and are covering toll operating and maintenance costs. Since FY 2013, the HOT lanes have consistently generated a sufficient amount to cover operations and maintenance costs.

The HOT lanes have seen changes since opening. WSDOT successfully converted the HOT lanes from restricted to open access in 2014. In late 2016, WSDOT opened a six-mile southbound extension on the HOT lanes to help manage traffic at the major bottleneck at the intersection of SR 167 and SR 18 in Auburn.

Looking ahead, construction is underway to provide a direct connection from the SR 167 HOT lanes to the carpool lanes on I-405 in Renton, which will help improve traffic flow. The I-405/SR 167 interchange is one of the most heavily congested in the state, with congestion in the area lasting for up to eight hours each day.

**SR 167 45 MPH METRIC FY 2009 - 2018**

**FY 2018 45 MPH Metric**

Jul - Dec **77%**

Jan - Jun **81%**

During the first half of FY 2018, SR 167 saw a lower performance tied to corridor changes from construction of the I-405 and SR 167 Direct Connector, and congestion beyond the HOT lane endpoints at both the I-405 interchange and where the southbound HOT lane ends in Auburn. WSDOT responded by adjusting the algorithm to respond faster to increasing congestion.

**CUSTOMER SURVEY RESULTS**

WSDOT conducts an annual survey of the users of the SR 167 HOT lanes. The 2018 survey included responses from over 475 **Good To Go!** customers who had paid to use the HOT lanes within the past year. The survey showed that an overwhelming majority of drivers, 81 percent, believe that the HOT lanes give people a reliable choice for a faster trip. Additionally, most customers reported that their trips in the HOT lanes were worth the toll they paid.



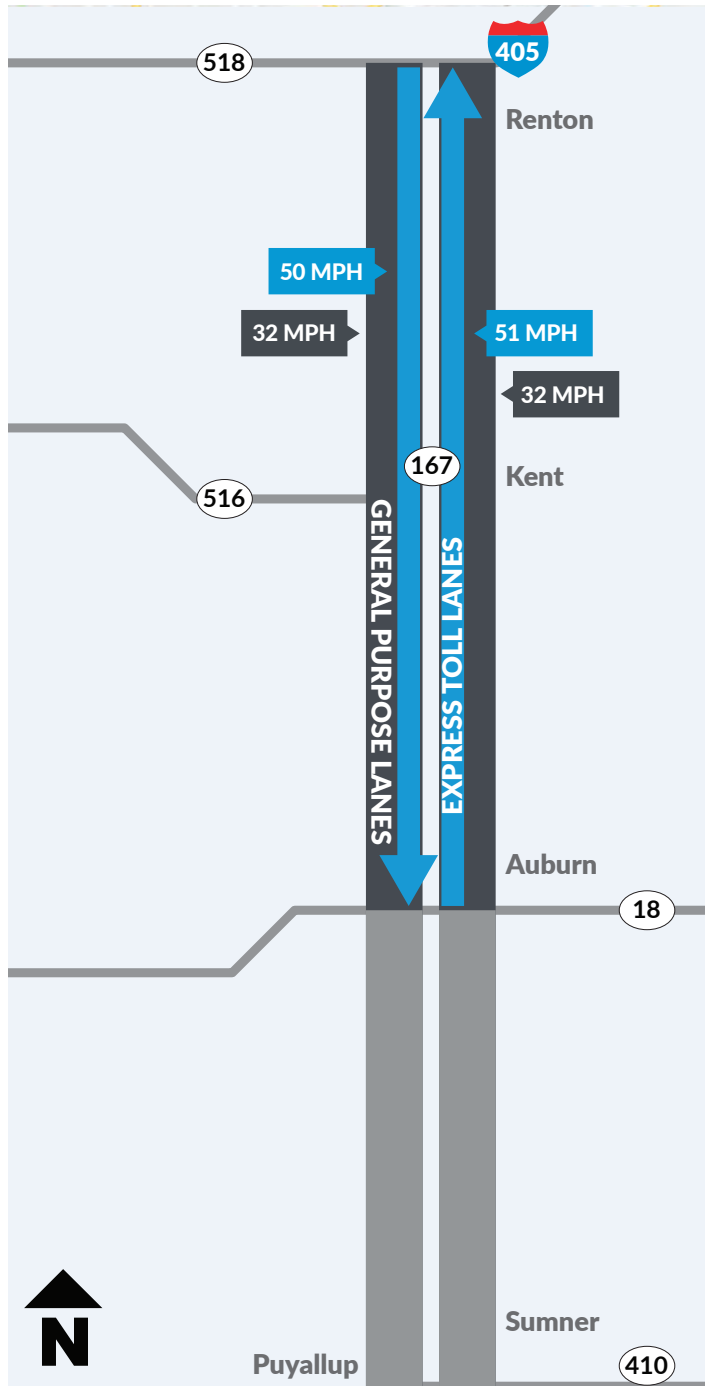
*I LOVE that the HOT lanes allow me to buy a pass rather than have a carpool buddy, because my work has an irregular schedule, so carpooling is not an option for me. It's very helpful not to be excluded from the HOT lane. Thank you for that!*

*Like the option of paying when it's worth it to me - for example if I'm in a hurry or if the fee is low. I like that we can enter or exit almost any time now as opposed to when the lanes first opened and were limited.*

*Typically gives a faster travel option. Peace of mind to pay ahead & have an account set-up. The pre-pay options best if the HOT lanes are in need of use, during your commute.*



**HOT LANES SPEEDS VS. GENERAL PURPOSE LANES SPEEDS  
FY 2018**

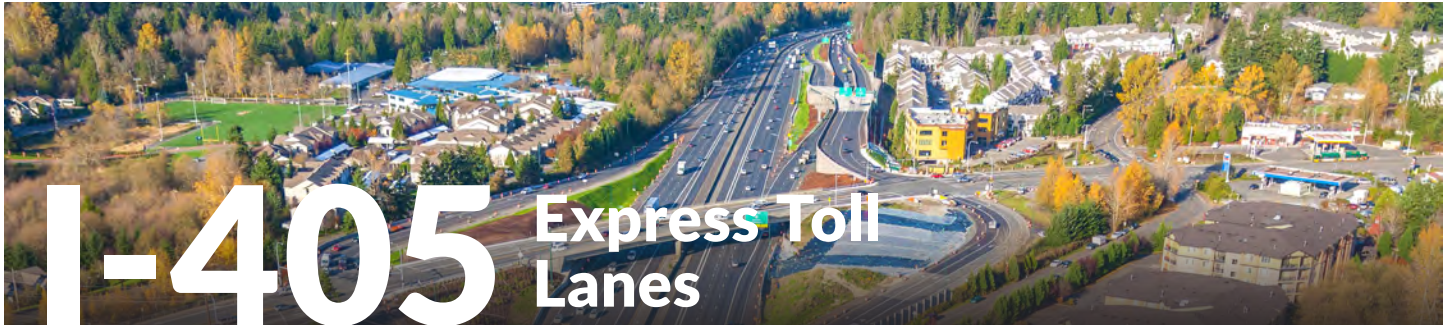


WSDOT made a second adjustment to traffic operations by removing the default transition to HOV ONLY when speeds were decreasing. WSDOT has been continuing to use dynamic tolling to manage demand and improve the lane performance, while keeping the HOV ONLY configuration to be used during manual interventions caused by a collision or incident on the corridor. This measure and the adjustments to the algorithm improved speed reliability of the HOT lanes, to an average of 81 percent in the second half of FY 2018.

**NORTHBOUND AUBURN TO RENTON  
= 19 MPH FASTER**

**SOUTHBOUND RENTON TO AUBURN  
= 18 MPH FASTER**





In FY 2018, the I-405 express toll lanes continued to meet the intended goals of the corridor.

### Provide a choice to people

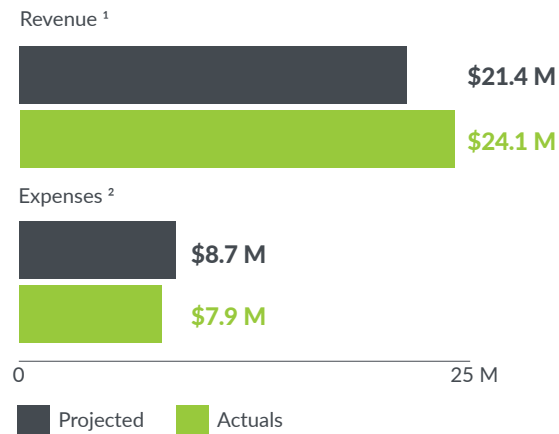
Demand for the express toll lanes has continued to grow during FY 2018 with an increase of 3,000 toll-paying trips each weekday.

### Provide a faster and more predictable trip

In FY 2018, the express toll lanes saved drivers an average of 10-11 minutes using the express toll lanes, for an average toll of \$3.50, on trips between Bellevue and Lynnwood.

For more information visit [wsdot.wa.gov/Tolling/405](http://wsdot.wa.gov/Tolling/405).

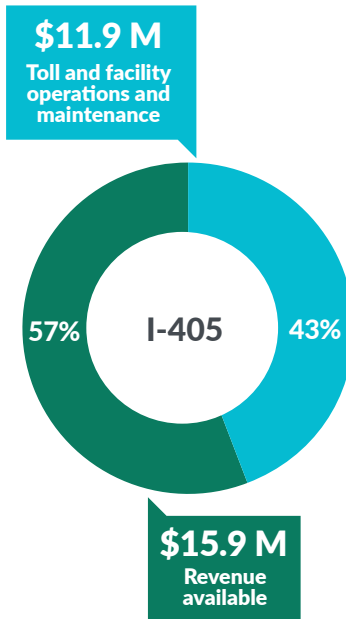
#### I-405 REVENUE VS EXPENSES FY 2018



<sup>1</sup> Only includes tolling revenues.

<sup>2</sup> Expenses exclude civil Penalty, capital improvements, and transponder costs.

#### I-405 REVENUE VS OPERATIONS AND MAINTENANCE FY 2018



Total Revenue  
\$27.8 M



Average paid weekday trips

40,000

Increase of 3,000 trips each weekday compared to FY 2017



Average weekday transit boardings

7,800



Travel time savings

NB 10 minutes  
SB 11 minutes



Good To Go! rate (average peak period)

\$3.50

## Generate revenue to reinvest in the corridor

During FY 2018, the express toll lanes generated \$27.8 million in total revenue. While \$11.9 million was used operate the lanes, the remaining \$15.9 million will be reinvested back into the corridor. In FY 2018, the Legislature allocated \$15 million in toll revenue to fund preliminary engineering for capacity improvements in the north-end.

WSDOT continues to improve ongoing operations by refining algorithm that generates toll rates to respond to demand and keep the lanes moving. WSDOT is also collaborating with Washington State Patrol on new enforcement strategies for the express toll lanes.

### I-405 45 MPH METRIC FY 2009 - 2018

## FY 2018 45 MPH Metric



WSDOT is required to report to the Federal Highway Administration annually on whether the express toll lanes are moving 45 mph or faster 90 percent of the time during peak periods.

While the express toll lanes have reduced travel times and increased speeds during peak periods in the corridor, some sections have fallen short of the legislative performance measure of maintaining speeds of 45 mph or faster 90 percent of the time during peak periods. WSDOT reports this measure in six month increments, to align with Federal Highway Administration reporting. Overall, the express toll lanes are meeting the speed target 80 percent of the time during peak periods which is a significant improvement compared to the old HOV lanes which only met the goal 62 percent of the time during peak periods from January to June 2015.

The southbound, single lane section only moves at 45 mph 59 percent of the time during peak periods due to a lack of capacity and heavy demand. The Legislature allocated \$15 million in toll revenue to fund preliminary engineering of additional express toll lane capacity in this section to allow traffic to move faster throughout the corridor. Also, the northbound dual lane section is at 86 percent due to heavy traffic volumes. WSDOT continues to make refinements to the algorithm to improve speeds.

## CUSTOMER SURVEY RESULTS

WSDOT conducts an annual survey of the users of the I-405 express toll lanes. The 2018 survey included responses from over 774 **Good To Go!** customers who had paid to use the express toll lanes within the past year. The survey showed that an overwhelming majority of drivers, 86 percent, like having the option to use the express toll lanes when they need a faster trip. Additionally, most customers reported that their trips in the express toll lanes were worth the toll they paid.



*Good option to have in a pinch. Convenient when I do have passengers.*

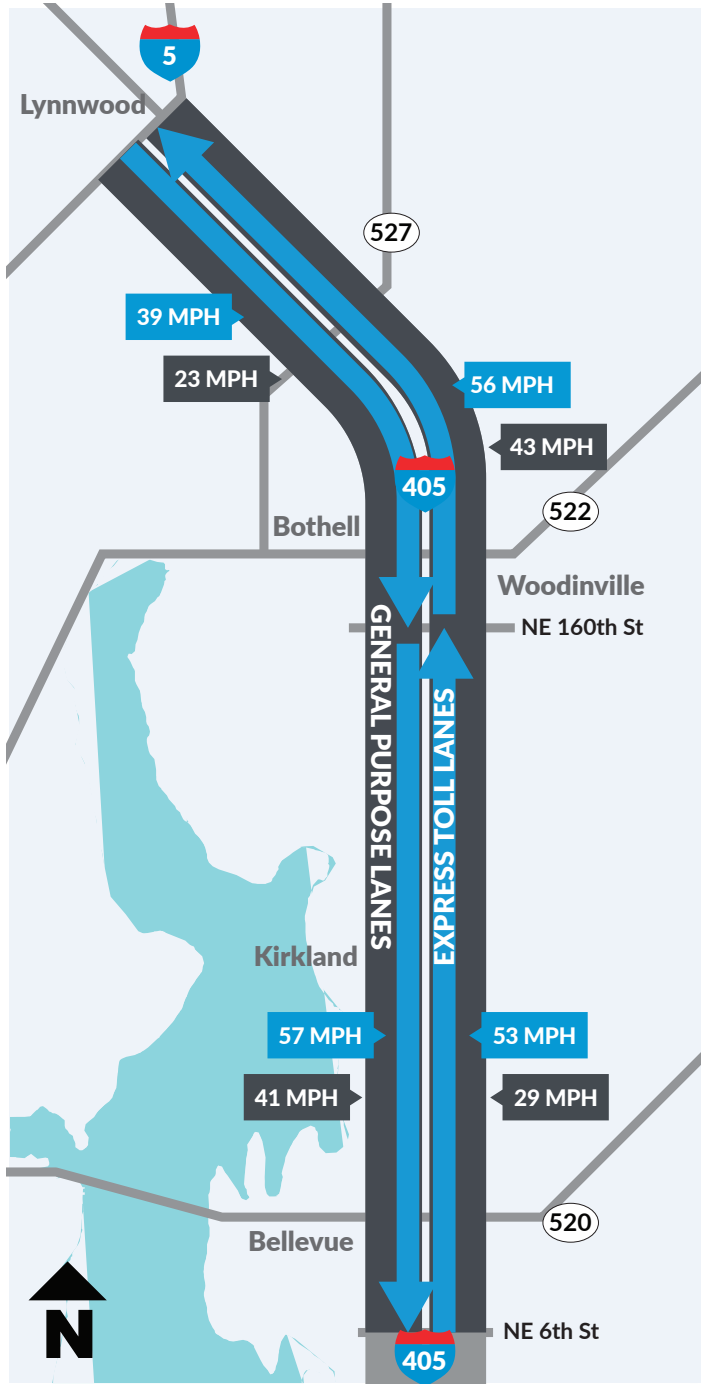
*I appreciate being able to avoid traffic when need be.*

*I enjoy being able to get into the express lane and it's moving faster than the rest of the highway.*

*The express toll lanes make public transit efficient. Without the tolls, this lane would be just as backed up as the rest of the traffic and I would be less inclined to ride the bus. I also like to have the option if I'm in a hurry.*



**I-405 EXPRESS TOLL LANES VS  
GENERAL PURPOSE LANES SPEEDS FY 2018**



In FY 2018, the express toll lanes moved vehicles an average 16 mph faster than the general purpose lanes during the southbound morning peak period and 18 mph faster during the afternoon northbound peak period.

**NORTHBOUND BOTHELL TO LYNNWOOD**

**= 13 MPH FASTER**

**SOUTHBOUND LYNNWOOD TO BOTHELL**

**= 16 MPH FASTER**

**NORTHBOUND BELLEVUE TO BOTHELL**

**= 24 MPH FASTER**

**SOUTHBOUND BOTHELL TO BELLEVUE**

**= 16 MPH FASTER**



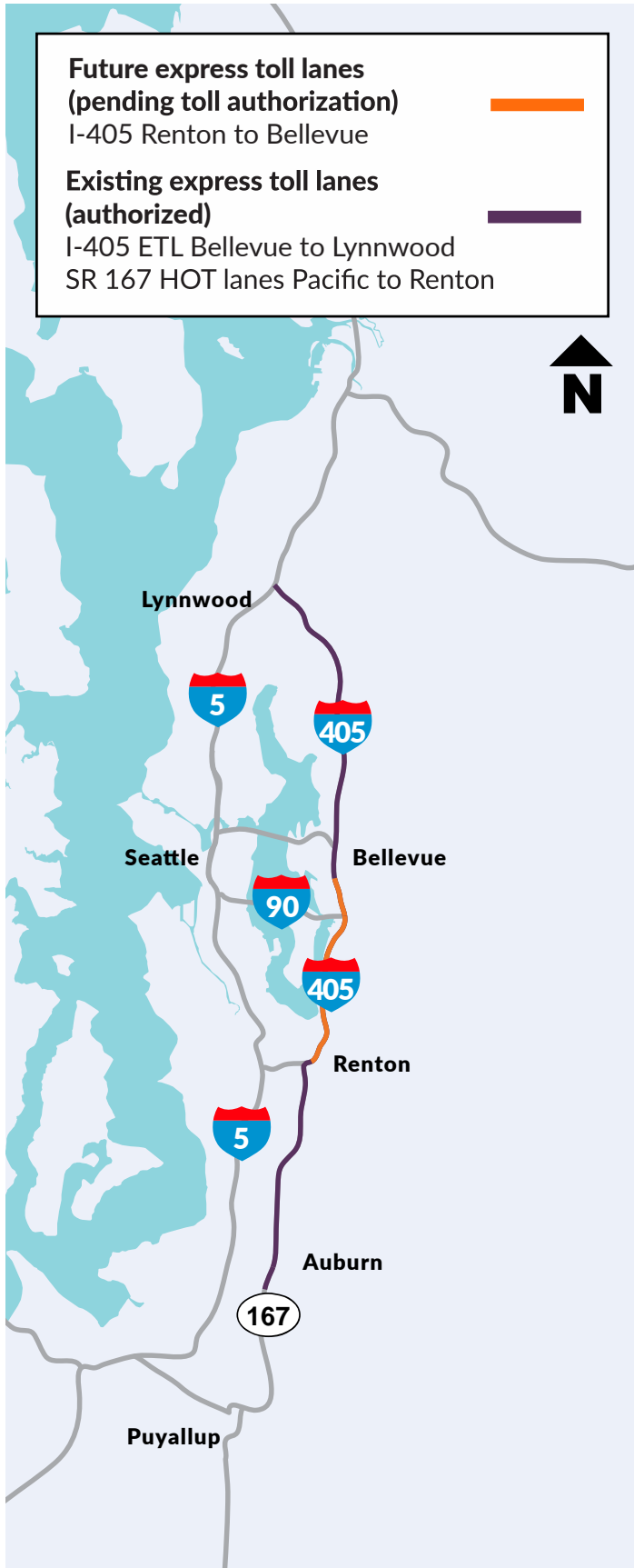
The Alaskan Way Viaduct Replacement Program is made up of 30 projects that work together to reshape the SR 99 corridor. The remaining section of the viaduct along the downtown Seattle waterfront will be replaced with an approximately two-mile-long tunnel underneath downtown. In 2017 tunneling was completed. Crews continue to work on building the roadway inside the tunnel and installing mechanical, electrical and plumbing systems. The tunnel is anticipated to open to drivers in early 2019.

Funding for the \$3.3 billion viaduct replacement program comes from state, federal and local sources as well as the Port of Seattle and future toll revenue. The Legislature included \$200 million in toll revenue in the total program budget. Tolling of the SR 99 tunnel is anticipated to begin after the tunnel opens to drivers and demolition of the existing viaduct is complete.

In FY 2018, the Washington State Transportation Commission began a public process to set toll rates for the tunnel. Toll rate options under consideration ranged from \$1 to \$2.25 with a **Good To Go!** pass depending on the time day. The Commission was scheduled to set final rates in Fall 2018.

For more information visit [wsdot.wa.gov/Projects/Viaduct/SR99Tolling](https://wsdot.wa.gov/Projects/Viaduct/SR99Tolling).





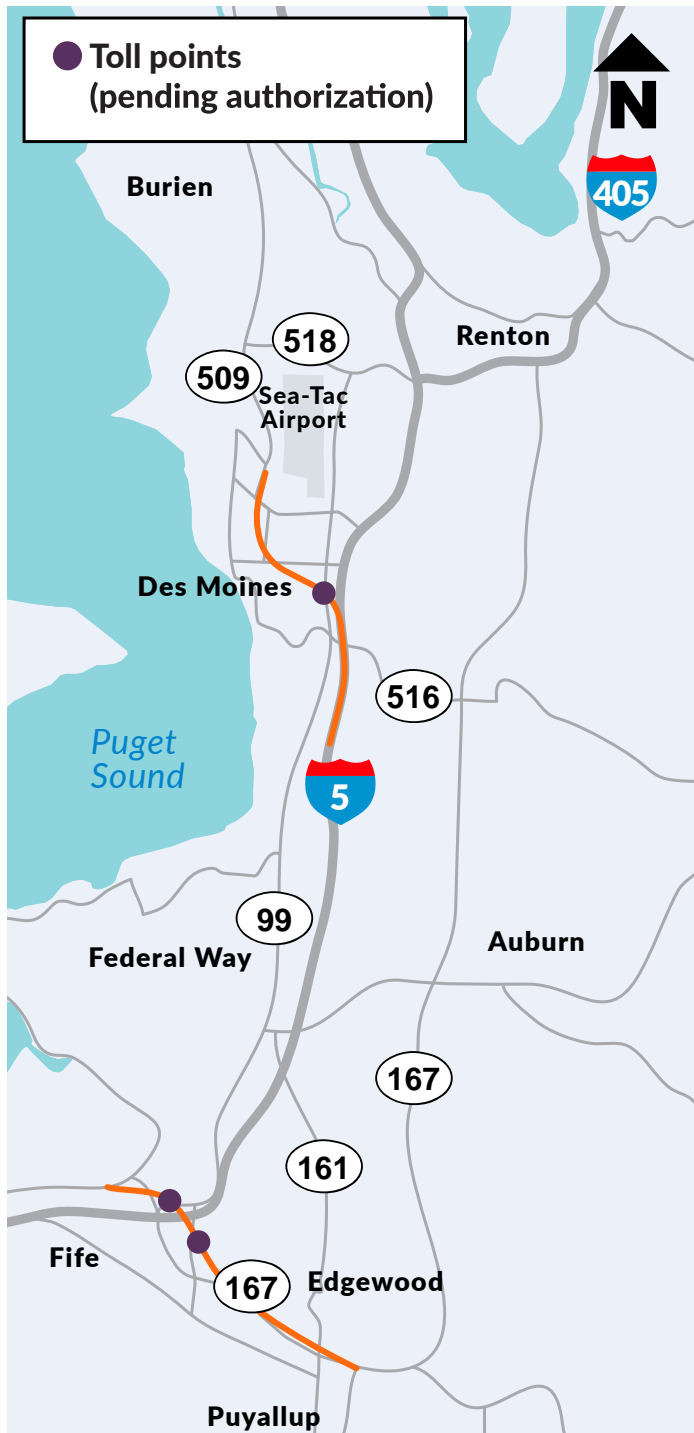
## I-405 Renton to Bellevue Project

Peak period congestion on I-405 between Renton and Bellevue is among the worst in the state. In order to provide relief to this congested corridor, the 2015 Connecting Washington transportation package allocated \$1.22 billion for the I-405 Renton to Bellevue Widening and Express Toll Lanes Project. As part of the total project budget, the Legislature identified \$215 million in toll revenue as a funding source for completing the project.

The project will connect the I-405 express toll lane system, between Bellevue and Lynnwood, to the SR 167 HOT lanes, completing a 40-mile system of managed lanes that will improve speeds and trip reliability across all lanes for most trips.

Construction is scheduled to start in 2019, with new lanes opening in 2024 pending toll authorization by the Legislature. This schedule is in line with the opening Sound Transit's Bus Rapid Transit (BRT). Sound Transit's investment in BRT relies on WSDOT's ability to maintain adequate speed and reliability through by completing the I-405 express toll lane system along the length of I-405.

For more information visit [wsdot.wa.gov/Projects/I405/RentontoBellevue](https://wsdot.wa.gov/Projects/I405/RentontoBellevue).



## Puget Sound Gateway Program

The Puget Sound Gateway Program is composed of two roadways: the completion of SR 167 in Pierce County, and the completion of SR 509 in King County. These projects provide essential connections to the ports of Tacoma and Seattle and will help ensure people and goods move more reliably through the Puget Sound region. The Gateway Program is the key to enhancing the state's economic competitiveness, both nationally and globally, by connecting the state's largest ports to key distribution centers in King and Pierce counties and to eastern Washington.

Funding for the total Puget Sound Gateway Program will come from the state gas tax, tolls, local contributions, and potential federal grants. Total funding for the project is \$1.88 billion; \$1.57 billion will come from the Connecting Washington Revenue Package, tolling will be \$180 million, and local contributions will be \$130 million. WSDOT is also seeking a federal grant.

The program was funded over a 16-year timeline. Based on the funding plan under Connecting Washington, major construction for a first stage would likely occur in 2019-2025, and a second stage in 2026-2030.

In October 2017, the Puget Sound Gateway Program team convened local jurisdictional partners to form a Funding and Phasing Subcommittee to develop a Memorandum of Understanding for the \$130 million in local funding contributions, evaluate the benefits for schedule acceleration, and establish a Construction and Implementation Plan for the Program. A Memorandum of Understanding (MOU) was ratified at the June 2018 Funding and Phasing Subcommittee meeting with signatures from all 18 participating jurisdictions. The MOU was submitted to the Legislature in June. A Benefits of Schedule Acceleration report is scheduled to be submitted to the Legislature in September. In the report, WSDOT will evaluate the benefits of three test cases for acceleration. Lastly, the Construction and Implementation Plan which establishes the scope, is scheduled to be delivered to the Legislature in September.

For more information visit [wsdot.wa.gov/Projects/Gateway](https://www.wsdot.wa.gov/Projects/Gateway).

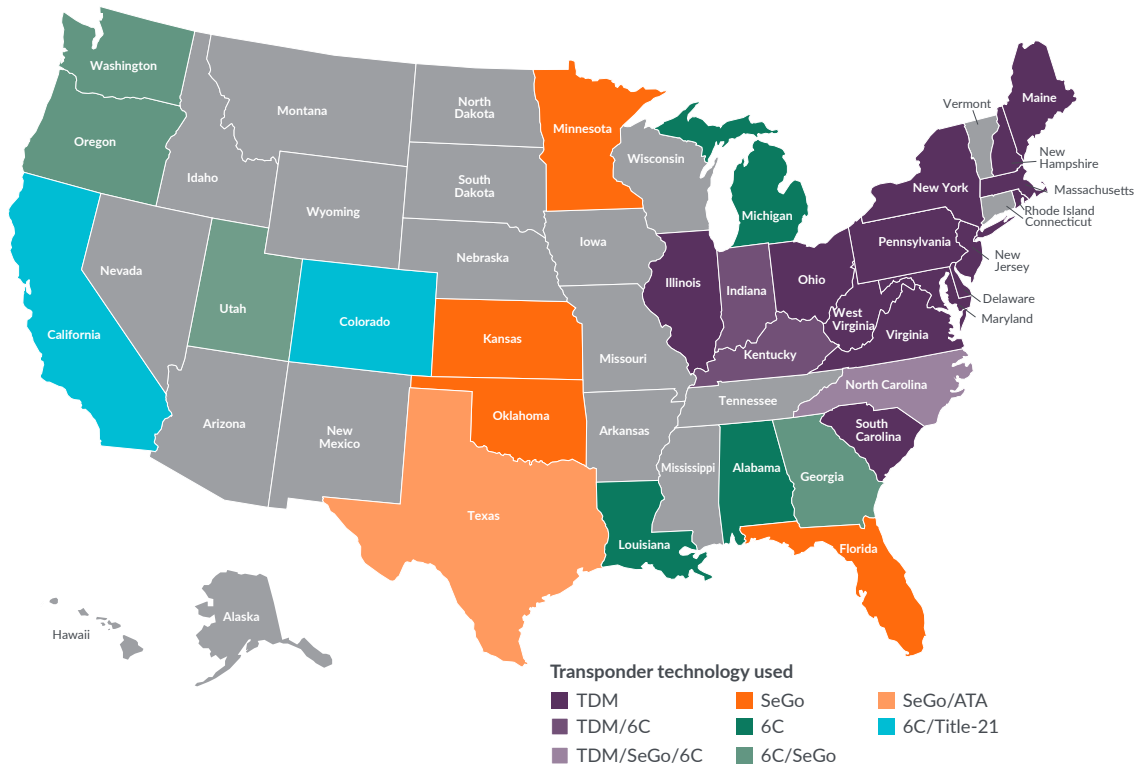
# Technology and Interoperability

Toll interoperability is the nationwide effort to make toll passes from every state work across the country. WSDOT is working hard to ensure that **Good To Go!** passes work at toll facilities across the U.S. and has joined with western region states to form the Western Region Toll Operators. These states have signed an agreement to ensure toll interoperability within the region so that **Good To Go!** passes can be used all over the west including California and Oregon.

Interoperability highlights include:

- Formation of the Western Region Toll Operators group and development of regional technical specifications.
- Participation in the nationwide interoperability development effort through the Western Region Hub, one of four regional hubs that will process all toll transactions from outside the region.
- Assisting California with adoption of the same transponder technology (6C protocol) used by **Good To Go!** to make roadside technologies seamless.
- Working to ensure California's FasTrak passes and **Good To Go!** passes work in all facilities, ensuring greater accuracy and less time and effort to collect tolls from regional customers.
- Active participation in national interoperability efforts, including technical specifications and business rule development.

WSDOT's back office toll system upgrades underway will enable electronic toll collection interoperability with out of state toll facilities. WSDOT is using toll pass technology (6C protocol) that is open-source, flexible, and cost-effective and is also being adopted by toll operators nationally. In addition, all WSDOT toll facilities are equipped to read multiple toll pass technologies which provides WSDOT flexibility to implement interoperability with other regions using compatible technologies.



# Financial Reports

**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION  
TACOMA NARROWS BRIDGE ACCOUNT  
STATE FISCAL YEAR 2018, QUARTER ENDED JUNE 30, 2018**

	NOTES	JUL THROUGH SEP	OCT THROUGH DEC	JAN THROUGH MAR	APR THROUGH JUN	YEAR-TO-DATE
<b>REVENUES</b>						
Toll revenue	1	\$ 21,249,999	\$ 20,110,268	\$ 19,165,794	\$ 21,150,959	\$ 81,677,021
Civil penalty	2	759,825	457,168	748,472	374,437	2,339,902
Transponder sales	3	125,697	123,462	113,067	122,630	484,856
Toll vendor contractual damages	4	1,285	2,230	1,475	1,464	6,454
Toll bill reprocessing fee	5	129,957	119,056	133,049	100,325	482,386
Interest income		42,457	70,337	91,945	130,628	335,367
Miscellaneous	6	13,720	18,153	6,892	6,641	45,405
<b>TOTAL REVENUES</b>		<b>22,322,939</b>	<b>20,900,674</b>	<b>20,260,694</b>	<b>21,887,085</b>	<b>85,371,392</b>
<b>EXPENDITURES</b>						
Goods and Services						
Toll operations vendor contracts	7	1,564,721	1,547,284	1,652,317	1,713,073	6,477,396
Insurance	8	1,032,291	9,844	6,602	2,339	1,051,076
Credit card and bank fees		442,951	477,233	393,440	483,913	1,797,537
Transponder cost of goods sold	9	91,275	83,874	74,534	79,139	328,822
Pay-by-mail		142,251	141,575	123,632	122,073	529,531
Other	10	110,343	107,033	84,202	94,794	396,372
Total Goods and Services		3,383,832	2,366,844	2,334,727	2,495,331	10,580,734
Personal service contracts	11	159,318	217,007	168,727	172,820	717,871
Salaries and benefits		278,941	276,991	281,506	276,412	1,113,850
Civil penalty adjudication costs	12	273,065	184,320	205,836	201,005	864,226
Maintenance and preservation	13	132,517	175,134	135,173	214,594	657,419
<b>TOTAL EXPENDITURES</b>		<b>4,227,673</b>	<b>3,220,296</b>	<b>3,125,969</b>	<b>3,360,162</b>	<b>13,934,100</b>
<b>EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>		<b>18,095,266</b>	<b>17,680,377</b>	<b>17,134,726</b>	<b>18,526,923</b>	<b>71,437,292</b>
<b>OTHER FINANCING USES</b>						
Operating transfers out	14	(16,706,730)	(11,530,095)	(24,154,730)	(17,437,095)	(69,828,650)
<b>TOTAL OTHER FINANCING USES</b>		<b>(16,706,730)</b>	<b>(11,530,095)</b>	<b>(24,154,730)</b>	<b>(17,437,095)</b>	<b>(69,828,650)</b>
<b>NET CHANGE IN FUND BALANCE</b>		<b>1,388,536</b>	<b>6,150,282</b>	<b>(7,020,004)</b>	<b>1,089,828</b>	<b>1,608,642</b>
<b>FUND BALANCE - BEGINNING</b>		<b>19,711,820</b>	<b>21,100,355</b>	<b>27,250,638</b>	<b>20,230,633</b>	<b>19,711,820</b>
<b>FUND BALANCE - ENDING</b>		<b>\$ 21,100,355</b>	<b>\$ 27,250,638</b>	<b>\$ 20,230,633</b>	<b>\$ 21,320,461</b>	<b>\$ 21,320,461</b>

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



**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 2017-19 biennium, the Legislature provided authority in Chapter 313, Laws of 2017 PV (ESB 5096, Section 408(19)) to transfer \$950,000. The current obligation at the beginning of 2017-19 biennium is \$3,338,000.

**Tolling Operations System and Customer Service** - In Fiscal Year (FY) 2018, WSDOT procured and contracted with a new toll system vendor and a customer service vendor. The costs for design and implementation of the new toll system and customer service center are allocated to all toll facilities. Design and implementation costs are reported in several categories on the financial statements. Tacoma Narrows Bridge portion of these expenditures are \$371,665 for current quarter and \$1,101,415 for fiscal year to date.

### 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.
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).
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 Operations Vendor Contracts** – Payment for monthly toll 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. Transponder Cost of Goods Sold is directly related to Transponder Sales Revenue.
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. **Maintenance and Preservation** – Cost of maintenance and preservation activities on the new TNB. 4<sup>th</sup> quarter Maintenance totaled \$201,965 and preservation totaled \$12,629. Year to date Maintenance totaled \$644,790 and Preservation totaled \$12,629.
14. **Operating Transfers Out** – Amount transferred to MVA for debt service pursuant to RCW 47.46.140.

**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 2018, QUARTER ENDED JUNE 30, 2018**

	NOTES	JUL THROUGH SEP	OCT THROUGH DEC	JAN THROUGH MAR	APR THROUGH JUN	YEAR-TO-DATE
<b>REVENUES</b>						
Toll revenue	1	\$ 844,465	\$ 807,363	\$ 745,805	\$ 915,321	\$ 3,312,955
Transponder sales	2	23,172	21,024	21,517	23,336	89,049
Toll vendor contractual damages	3	192	289	200	208	889
Interest income		7,336	12,578	16,067	29,888	65,869
Miscellaneous	4	984	2,748	1,026	988	5,746
<b>TOTAL REVENUES</b>		<u>876,149</u>	<u>844,003</u>	<u>784,616</u>	<u>969,742</u>	<u>3,474,509</u>
<b>EXPENDITURES</b>						
Goods and Services						
Toll operations vendor contracts	5	130,057	142,847	165,901	257,191	695,996
Credit card and bank fees		15,142	16,240	16,027	19,456	66,865
Transponder cost of goods sold	6	16,837	14,283	14,234	15,078	60,433
Washington state patrol	7	49,360	21,262	39,340	74,621	184,584
Other	8	16,999	13,143	16,345	12,666	59,152
Total Goods and Services		<u>228,395</u>	<u>207,775</u>	<u>251,847</u>	<u>379,012</u>	<u>1,067,030</u>
Personal service contracts	9	21,738	35,695	24,001	24,259	105,693
Salaries and benefits		82,148	74,296	84,706	123,110	364,260
Maintenance and preservation	10	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>		<u>332,281</u>	<u>317,767</u>	<u>360,554</u>	<u>526,381</u>	<u>1,536,983</u>
<b>EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>		<u>543,867</u>	<u>526,235</u>	<u>424,061</u>	<u>443,361</u>	<u>1,937,526</u>
<b>OTHER FINANCING USES</b>						
Operating transfers out		-	-	-	-	-
<b>TOTAL OTHER FINANCING USES</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>		<u>543,867</u>	<u>526,235</u>	<u>424,061</u>	<u>443,361</u>	<u>1,937,526</u>
<b>FUND BALANCE - BEGINNING</b>		<u>4,388,130</u>	<u>4,931,997</u>	<u>5,458,233</u>	<u>5,882,294</u>	<u>4,388,130</u>
<b>FUND BALANCE - ENDING</b>		<u>\$ 4,931,997</u>	<u>\$ 5,458,233</u>	<u>\$ 5,882,294</u>	<u>\$ 6,325,655</u>	<u>\$ 6,325,655</u>

*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 2018, QUARTER ENDED JUNE 30, 2018**

**Tolling Operations System and Customer Service** - In Fiscal Year (FY) 2018, WSDOT procured and contracted with a new toll system vendor and a customer service vendor. The costs for design and implementation of the new toll system and customer service center are allocated to all toll facilities. Design and implementation costs are reported in several categories on the financial statements. High Occupancy Toll Operations portion of these expenditures are \$49,891 for current quarter and \$147,849 for fiscal year to date.

**Detailed Notes**

1. **Toll 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).
4. **Miscellaneous Revenue** – This can include revenue for administrative and statement fees, NSF check fees, cash over, and prior period recoveries.
5. **Toll Operations Vendor Contract** – Payment for monthly operations costs.
6. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders. Transponder Cost of Goods Sold is directly related to Transponder Sales Revenue.
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. **Maintenance and Preservation** – Cost of maintenance and preservation activities on the HOT Lanes.

**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 2018, QUARTER ENDED JUNE 30, 2018**

	NOTES	JUL THROUGH SEP	OCT THROUGH DEC	JAN THROUGH MAR	APR THROUGH JUN	YEAR-TO-DATE
<b>REVENUES</b>						
Toll revenue	1	\$ 18,090,047	\$ 22,305,100	\$ 20,598,478	\$ 22,188,618	\$ 83,182,242
Debt service reimbursement (FHWA)	2	85,339,588	-	14,661,563	-	100,001,150
Transponder sales	3	223,831	219,755	206,390	223,846	873,822
Toll vendor contractual damages	4	2,466	4,627	3,089	3,092	13,274
Toll bill reprocessing fee	5	325,581	273,420	393,510	263,427	1,255,938
Interest income		131,759	191,315	234,737	411,868	969,678
Miscellaneous	6	12,754	29,365	13,490	12,954	68,563
<b>TOTAL REVENUES</b>		<u>104,126,025</u>	<u>23,023,582</u>	<u>36,111,256</u>	<u>23,103,804</u>	<u>186,364,668</u>
<b>EXPENDITURES</b>						
Goods and Services						
Toll operations vendor contracts	7	1,761,049	1,803,670	2,053,502	2,306,227	7,924,448
Insurance	8	2,439,764	12,774	12,774	12,774	2,478,087
Credit card and bank fees		380,764	478,763	390,142	476,441	1,726,111
Transponder cost of goods sold	9	162,470	149,292	136,167	144,500	592,429
Pay-by-mail		326,561	372,985	328,370	324,346	1,352,263
Other	10	163,530	185,556	126,032	138,186	613,304
Total Goods and Services		<u>5,234,138</u>	<u>3,003,041</u>	<u>3,046,987</u>	<u>3,402,474</u>	<u>14,686,641</u>
Personal service contracts	11	548,185	654,905	566,649	415,563	2,185,303
Salaries and benefits		425,520	451,906	465,421	474,135	1,816,982
Cost of financing		-	-	-	-	-
Maintenance and preservation	12	423,584	689,187	447,836	480,774	2,041,380
<b>TOTAL EXPENDITURES</b>		<u>6,631,428</u>	<u>4,799,039</u>	<u>4,526,892</u>	<u>4,772,946</u>	<u>20,730,306</u>
<b>EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>		<u>97,494,598</u>	<u>18,224,543</u>	<u>31,584,364</u>	<u>18,330,857</u>	<u>165,634,362</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Bonds issued		-	-	-	-	-
Operating Transfer In		-	-	-	-	-
Operating transfers out - debt service	13	(99,334,369)	(13,990,765)	(28,644,300)	(12,986,807)	(154,956,240)
Operating transfers out - GARVEE debt service		-	-	-	-	-
Operating transfers out		-	-	-	-	-
<b>TOTAL OTHER FINANCING USES</b>		<u>(99,334,369)</u>	<u>(13,990,765)</u>	<u>(28,644,300)</u>	<u>(12,986,807)</u>	<u>(154,956,240)</u>
<b>NET CHANGE IN FUND BALANCE</b>		<u>(1,839,771)</u>	<u>4,233,778</u>	<u>2,940,064</u>	<u>5,344,050</u>	<u>10,678,122</u>
<b>FUND BALANCE - BEGINNING</b>		<u>71,240,161</u>	<u>69,400,390</u>	<u>73,634,168</u>	<u>76,574,232</u>	<u>71,240,161</u>
<b>FUND BALANCE - ENDING</b>		<u>\$ 69,400,390</u>	<u>\$ 73,634,168</u>	<u>\$ 76,574,232</u>	<u>\$ 81,918,282</u>	<u>\$ 81,918,283</u>

*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 2018, QUARTER ENDED JUNE 30, 2018**

**Tolling Operations System and Customer Service** - In Fiscal Year (FY) 2018, WSDOT procured and contracted with a new toll system vendor and a customer service vendor. The costs for design and implementation of the new toll system and customer service center are allocated to all toll facilities. Design and implementation costs are reported in several categories on the financial statements. State Route Number 520 Corridor portion of these expenditures are \$864,912 for current quarter and \$2,563,134 for fiscal year to date.

**Detailed Notes**

1. **Toll 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).
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 Operations Vendor Contract** – Payment for monthly 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. Transponder Cost of Goods Sold is directly related to Transponder Sales Revenue.
10. **Other Goods and Services** – Expenditures for supplies, communications, rents, repairs, service 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. Increase in services provided by Jacobs.
12. **Maintenance and Preservation** – Cost of maintenance and preservation activities on the SR520 corridor. 4<sup>th</sup> quarter Maintenance totaled \$475,359 and preservation totaled \$5,415. Year to date Maintenance totaled \$1,763,256 and Preservation totaled \$278,124.
13. **Operating Transfers Out – debt service** – Transfers of cash to the Toll Facility Bond Retirement Account to facilitate the payment of debt service on the Series 2012C, 2012F, 2014C and 2017C bonds. The GARVEE transfer out for the Series 2012F & 2014C bonds is paid by a reimbursement from FHWA (Note 2).

**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 2018, QUARTER ENDED JUNE 30, 2018**

	NOTES	JUL THROUGH SEP	OCT THROUGH DEC	JAN THROUGH MAR	APR THROUGH JUN	YEAR-TO-DATE
<b>REVENUES</b>						
Civil penalty	1	\$ 1,612,623.45	\$ 979,004	\$ 1,824,723	\$ 865,996	\$ 5,282,347
Interest income		7,368	13,033	17,563	34,608	72,572
<b>TOTAL REVENUES</b>		<u>1,619,991</u>	<u>992,038</u>	<u>1,842,286</u>	<u>900,605</u>	<u>5,354,919</u>
<b>EXPENDITURES</b>						
Goods and Services						
Adjudication system vendor contract	2	125,338	145,798	145,766	145,406	562,307
Administrative hearing	3	1,526	1,938	2,304	2,596	8,365
Credit card and bank fees		16,710	17,756	23,377	28,168	86,011
Other	4	81,107	61,989	76,495	65,166	284,756
Total Goods and Services		<u>224,681</u>	<u>227,481</u>	<u>247,942</u>	<u>241,336</u>	<u>941,439</u>
Salaries and benefits		<u>29,022</u>	<u>31,695</u>	<u>37,505</u>	<u>36,820</u>	<u>135,042</u>
<b>TOTAL EXPENDITURES</b>		<u>253,703</u>	<u>259,176</u>	<u>285,447</u>	<u>278,156</u>	<u>1,076,482</u>
<b>EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>		<u>1,366,288</u>	<u>732,862</u>	<u>1,556,839</u>	<u>622,448</u>	<u>4,278,438</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers out		<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>
<b>TOTAL OTHER FINANCING USES</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>		1,366,288	732,862	1,556,839	(377,552)	3,278,438
<b>FUND BALANCE - BEGINNING</b>		<u>5,034,113</u>	<u>6,400,401</u>	<u>7,133,263</u>	<u>8,690,102</u>	<u>5,034,113</u>
<b>FUND BALANCE - ENDING</b>		<u>\$ 6,400,401</u>	<u>\$ 7,133,263</u>	<u>\$ 8,690,102</u>	<u>\$ 8,312,551</u>	<u>\$ 8,312,551</u>

*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 2018, QUARTER ENDED JUNE 30, 2018**

**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** – 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.

**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION  
INTERSTATE 405 ACCOUNT  
STATE FISCAL YEAR 2018, QUARTER ENDED JUNE 30, 2018**

	NOTES	JUL THROUGH SEP	OCT THROUGH DEC	JAN THROUGH MAR	APR THROUGH JUN	YEAR-TO-DATE
<b>REVENUES</b>						
Toll revenue	1	\$ 4,763,457	\$ 6,666,987	\$ 5,872,434	6,778,870	\$ 24,081,748
Civil penalty	2	813,419	285,938	1,010,687	348,992	2,459,035
Transponder sales	3	94,901	90,833	80,919	87,763	354,416
Toll vendor contractual damages	4	1,057	1,854	1,236	1,235	5,382
Toll bill reprocessing fee	5	146,654	241,850	86,605	135,491	610,601
Interest income		30,483	54,017	74,686	151,543	310,728
Miscellaneous	6	5,153	5,361	5,202	4,991	20,707
<b>TOTAL REVENUES</b>		<u>5,855,124</u>	<u>7,346,839</u>	<u>7,131,768</u>	<u>7,508,886</u>	<u>27,842,618</u>
<b>EXPENDITURES</b>						
Goods and Services						
Toll operations vendor contracts	7	872,843	849,637	954,970	1,149,482	3,826,932
Credit card and bank fees		105,968	131,739	110,845	135,217	483,769
Transponder cost of goods sold	8	73,650	66,688	62,763	59,284	262,386
Washington State Patrol	9	223,342	123,109	195,854	234,387	776,692
Pay-by-mail		173,208	178,077	166,486	164,863	682,633
Other	10	87,548	72,142	55,235	89,077	304,001
Total Goods and Services		<u>1,536,559</u>	<u>1,421,393</u>	<u>1,546,152</u>	<u>1,832,310</u>	<u>6,336,414</u>
Personal service contracts	11	133,540	211,413	176,359	153,625	674,937
Salaries and benefits		271,011	260,642	273,919	313,473	1,119,045
Civil penalty adjudication cost	12	140,300	149,222	143,356	143,042	575,921
Capital outlay		<u>1,080,072</u>	<u>919,928</u>	<u>-</u>	<u>1,208,204</u>	<u>3,208,204</u>
<b>TOTAL EXPENDITURES</b>		<u>3,161,482</u>	<u>2,962,598</u>	<u>2,139,787</u>	<u>3,650,654</u>	<u>11,914,521</u>
<b>EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>		<u>2,693,643</u>	<u>4,384,242</u>	<u>4,991,981</u>	<u>3,858,232</u>	<u>15,928,097</u>
<b>OTHER FINANCING SOURCES (USES)</b>	13	<u>(2,019,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,019,000)</u>
<b>TOTAL OTHER FINANCING USES</b>		<u>(2,019,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,019,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>		674,643	4,384,242	4,991,981	3,858,232	13,909,097
<b>FUND BALANCE - BEGINNING</b>		<u>18,902,902</u>	<u>19,577,544</u>	<u>23,961,786</u>	<u>28,953,767</u>	<u>18,902,902</u>
<b>FUND BALANCE - ENDING</b>		<u>\$ 19,577,544</u>	<u>\$ 23,961,786</u>	<u>\$ 28,953,767</u>	<u>\$ 32,811,999</u>	<u>\$ 32,811,999</u>

*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  
INTERSTATE 405 ACCOUNT  
STATE FISCAL YEAR 2018, QUARTER ENDED JUNE 30, 2018**

**Tolling Operations System and Customer Service** - In Fiscal Year (FY) 2018, WSDOT procured and contracted with a new toll system vendor and a customer service vendor. The costs for design and implementation of the new toll system and customer service center are allocated to all toll facilities. Design and implementation costs are reported in several categories on the financial statements. Interstate 405 portion of these expenditures are \$321,564 for current quarter and \$952,944 for fiscal year to date.

**Detailed Notes**

1. **Toll Revenue** – Revenue earned, net of any adjustments, from tolls on vehicles traveling in the I 405 express toll lanes, which are collected by either *Good To Go!* electronic toll accounts or pay-by-mail.
2. **Civil Penalty**- 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).
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 Operations Vendor Contract** – Payment for monthly operations costs.
8. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders. Transponder Cost of Goods Sold is directly related to Transponder Sales Revenue.
9. **The Washington State Patrol** – Support for the enforcement of the laws governing the use of 405 Express Toll Lanes by issuing citations to 405 violators.
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. **Civil Penalty Adjudication Costs** – I-405'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. **Other Financing Sources (Uses)** – Operating transfer out to reimburse Motor Vehicle Fund.

**COMBINING BALANCE SHEET  
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION  
WASHINGTON TOLLING SYSTEM  
STATE FISCAL YEAR 2018, QUARTER ENDED JUNE 30, 2018**

Balance Sheet 3rd Quarter Ending March 31, 2018

	NOTES	TNB ACCOUNT	HOT LANES ACCOUNT	520 BRIDGE ACCOUNT	520 CIVIL PENALTY ACCOUNT	405 ACCOUNT	CENTRAL TOLL ACCOUNT	TOTAL
<b>ASSETS</b>								
Cash and cash equivalents		\$ 21,061,551	\$ 6,667,664	\$ 83,873,687	\$ 7,196,536	\$ 33,576,717	\$ 21,634,179	\$ 174,010,334
Cash held with escrow agents		-	-	-	-	-	-	-
Accounts receivable, net	1	1,489,600	1,016	2,617,949	-	1,044,939	-	5,153,503
Notice of civil penalties, net	2	8,212,625	-	-	10,047,014	5,726,198	25,086	24,010,923
Due from other governments		-	-	-	-	-	-	-
Due from other funds/agencies		738,257	49,745	1,187,654	45,753	560,823	4,370,946	6,953,179
Due from toll vendor	3	661	(4)	(2,273)	-	-	16,768	15,152
Consumable inventories	4	-	-	-	-	-	284,175	284,175
<b>TOTAL ASSETS</b>		<b>31,502,694</b>	<b>6,718,421</b>	<b>87,677,016</b>	<b>17,289,304</b>	<b>40,908,678</b>	<b>26,331,153</b>	<b>210,427,265</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts payable		1,097,335	211,634	1,602,869	72,643	928,271	949,938	4,862,690
Retained percentages payable		-	28,474	445,819	-	92,899	843,706	1,410,899
Obligations under Security Lending		-	-	-	-	-	-	-
Due to other governments		284	31	1,087	-	183	-	1,585
Due to other funds/agencies		1,014,437	152,627	2,400,326	47,229	1,343,049	2,651,462	7,609,130
Due to department of revenue - taxes		-	-	-	-	-	12,227	12,227
Unearned revenue	5	1,956,887	-	1,064,305	2,729,600	1,857,532	21,796,845	29,405,168
Unclaimed property refund liability		-	-	-	-	-	-	-
Liability for cancelled warrants	6	2,732	-	-	-	-	77,966	80,698
<b>Total Liabilities</b>		<b>4,071,676</b>	<b>392,765</b>	<b>5,514,407</b>	<b>2,849,472</b>	<b>4,221,933</b>	<b>26,332,143</b>	<b>43,382,396</b>
<b>Deferred Inflows of Resources</b>								
Unavailable revenue-\$5 fee, NOCPs, Real Estate	7	6,110,660	-	244,327	6,127,281	3,874,746	-	16,357,013
Unavailable revenue-toll vendor		(103)	-	-	-	-	-	(103)
<b>Total Deferred Inflows of Resources</b>		<b>6,110,556</b>	<b>-</b>	<b>244,327</b>	<b>6,127,281</b>	<b>3,874,746</b>	<b>-</b>	<b>16,356,910</b>
<b>Fund Balances</b>								
Nonspendable consumable inventories		-	-	-	-	-	(116,184)	(116,184)
Restricted for unspent bond proceeds		-	-	-	-	-	-	-
Restricted for operations and maintenance		-	-	9,204,853	-	-	-	9,204,853
Restricted for repair and replacement		-	-	18,580,094	-	-	-	18,580,094
Restricted for transportation		21,320,461	-	25,328,377	-	-	-	46,648,838
Restricted for revenue stabilization		-	-	28,804,958	-	-	-	28,804,958
Committed for transportation		-	6,325,655	-	8,312,551	32,811,999	115,194	47,565,399
Unassigned		-	-	-	-	-	-	-
<b>Total Fund Balances</b>		<b>21,320,461</b>	<b>6,325,655</b>	<b>81,918,282</b>	<b>8,312,551</b>	<b>32,811,999</b>	<b>(989)</b>	<b>150,687,959</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		<b>\$ 31,502,694</b>	<b>\$ 6,718,421</b>	<b>\$ 87,677,016</b>	<b>\$ 17,289,304</b>	<b>\$ 40,908,678</b>	<b>\$ 26,331,153</b>	<b>\$ 210,427,265</b>

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

### **Detailed Notes**

1. **Accounts Receivable, net:**

- (a) TNB, 520 Bridge and 405 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, (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, 520 Bridge, and 405 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 amounts 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) 405 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.
- (e) 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 - amount 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 - amount associated with the accounts long-term portion of the toll vendor receivable.
- (c) 520 Bridge Account - amount 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.
- (e) 405 Account – amounts associated with long-term portion of the toll vendor receivable. Also included are deferrals for NOCP and \$5 fee receivable amounts estimated to take over 12 months to collect.

For more information

**Good To Go!**

[www.GoodToGo.com](http://www.GoodToGo.com)

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