



**Tacoma Narrows Bridge
Toll Revenue Expenditure
Review**

***Report on Findings &
Recommendations***

***PRESENTED TO GOVERNOR GREGOIRE & THE
WASHINGTON STATE LEGISLATURE***

JANUARY 2008



WASHINGTON STATE TRANSPORTATION COMMISSION



STATE OF WASHINGTON
TRANSPORTATION COMMISSION

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January 2, 2008

The Honorable Christine Gregoire
Office of the Governor
PO Box 40002
Olympia, WA 98504-0002

The Honorable Members
Senate Transportation Committee
PO Box 40468
Olympia, WA 98504-0468

The Honorable Members
House Transportation Committee
PO Box 40600
Olympia, WA 98504-0600

Dear Governor Gregoire and Transportation Committee Members:

The Washington State Transportation Commission (WSTC) submits this report on Tacoma Narrows Bridge (TNB) toll revenue expenditures for your review and consideration during the upcoming session.

In this report you will find recommendations from the WSTC on what cost items TNB toll revenue should and should not be used for. These recommendations were derived from a somewhat lengthy and thorough process that involved input and testimony from the Washington State Department of Transportation, the TNB Citizen Advisory Committee, and the general public.

We hope you find this report useful as you begin your policy and budget deliberations during the 2008 Legislative Session. If you have any questions or would like further information, please feel free to contact our Executive Director, Reema Griffith, at 360.705.7070 or email her at griffir@wstc.wa.gov

Sincerely,

A handwritten signature in black ink that reads "Richard Ford".

Richard Ford, Chairman
Washington State Transportation Commission



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WASHINGTON STATE TRANSPORTATION COMMISSION

This report of findings and recommendations is presented to you for consideration as budget and policy discussions commence during the 2008 Legislative Session. The Washington State Transportation Commission (WSTC) has conducted a public input and review process aimed at determining which costs and activities should, and should not be paid for with toll revenue generated on the Tacoma Narrows Bridge (TNB), in the context of what current law requires toll revenue pay for.

The body of this report is organized as follows:

1. Final recommendations from the Transportation Commission
2. Recommendations received from the Tacoma Narrows Bridge Citizen Advisory Committee (CAC) - *considered by the Commission in determining its final recommendations*
3. Chronology of Events
4. Background

Final Recommendations

Washington State Transportation Commission Final Recommendations to Governor Gregoire and the Washington State Legislature

The Commission concludes that tolls collected on the TNB should be used to pay back bonds, interest and only those operational activities directly related to the TNB. This approach takes into account the fact that the state is preparing to open another tolled facility as a pilot project in 2008 - the SR 167 HOT Lanes - and that tolls are being discussed widely as a means to finance future highway improvements. Given this trend, clear and consistent toll expenditure policies must be in place and rigorous cost allocation must be applied within WSDOT to ensure that costs can be tied directly to each toll facility in place.

Based on the information made available to the WSTC, and taking into account the recommendations of the TNB Citizen Advisory Committee, the Commission makes four specific policy recommendations and five general budget-related recommendations related to current TNB administrative and enforcement costs. The budget recommendations reflect expenditure items the Commission feels should be subject to further budgetary review by OFM and the Legislature to determine the appropriate level of reduction, in the context of 2008 budget deliberations.

The Commission wishes to emphasize that its review and recommendations are focused on determining what administrative and enforcement costs are appropriate charges against TNB toll revenues and what costs should be paid for out of state tax revenues.

Policy Recommendations

1. TNB administrative costs should be allocated to the appropriate accounts; expenses significantly related to other toll projects in the state or to the development of a statewide tolling system should not be paid for with TNB toll revenues.
2. Washington State Patrol (WSP) on-road enforcement and response unrelated to toll collection enforcement should be paid in the same manner and from the same sources as are all other WSP operations of a similar nature. WSP costs related directly to toll collections and enforcing toll violations on the TNB are properly paid for from TNB toll revenues.
3. Based on the Commission's experience with setting and reviewing TNB tolls, the scope and definition of "operation and maintenance expenses" needs further clarification. It is recommended that the Commission, in collaboration with the Office of Financial Management, be authorized to work with WSDOT and the TNB Citizen Advisory Committee to determine the specific cost elements appropriately billed to the TNB toll revenues.
4. WSDOT should review the current agreement with the tolling contractor to ensure that the terms of the agreement properly reflect actual toll collection experiences. This type of review should occur periodically to ensure actual toll collection experiences are accurately reflected in the operational agreement. Further, the WSDOT should be enabled and encouraged to obtain technical tolling expertise to assist in the contractual review process.

Budget Review Recommendations

1. While a reasonable level of customer service oversight is needed to ensure contractor performance, the number of WSDOT staff paid for with TNB toll revenue who are assigned to provide oversight of the tolling contractor's customer service operations appears to exceed a reasonable level and should be reduced.
2. Travel and expense costs of WSDOT employees that are paid for with TNB toll revenues should be minimized and limited to only those costs directly related to TNB operations and activities.
3. With TNB market penetration for electronic tolling at or near 100 percent in the bridge area, marketing and communications expenditures paid for with TNB toll revenues should be scaled back significantly.
4. WSDOT should evaluate the work performed by management and support staff to determine the level and amount of work that is directly related to the

TNB. Work that is determined to contribute to or benefit other projects in the state should not be paid for with TNB toll revenues.

5. WSDOT should evaluate its consultant contracts for technical and general toll support that are currently being paid for with TNB toll revenues, and determine which of those contract costs directly support TNB operations. Those contract costs determined to provide benefit and/or support to other projects in the state, should be reallocated to those projects and not paid for with TNB toll revenues.

TNB Citizen Advisory Committee Recommendations Presented to the Washington State Transportation Commission

The CAC made the following recommendations for reductions in costs on the Tacoma Narrows Bridge project. These recommendations address the Administration costs as identified by WSDOT in their presentation to the WSTC and CAC at the October 9, 2007 public input meeting in Gig Harbor.

1. Customer Service Oversight by WSDOT, while necessary, should be minimized.
2. Marketing and Communications should end December 31, 2007 for the TNB project.
3. Financial Management & Auditing: The one FTE for auditing should be a WSDOT expense and not be charged to the TNB project. The five FTEs should be evaluated for on-going operations vs. start-up requirements of the project.
4. Management and Support Staff: Work performed by Management and Support Staff outside the scope of the TNB project should be charged to other projects or to WSDOT operations.
5. Credit Card fees and Postage: We would recommend that these two items be broken out separately for accountability purposes.
6. There is concern over the discussion by WSDOT to move the offices and the recommendation is to not have moving costs paid by the toll payers. Also only the specific space used by the administrative functions of WSDOT on the TNB project should be paid by the toll payers.
7. Travel and Expenses: We recommend these expenses be minimized. The projected budget amounted to nearly \$14,000 per FTE and we believe this is excessive.
8. Consultant Contracts: While we understand the need for the Department to obtain assistance in certain areas, (due to the non-existence of toll facilities in the State), we believe the costs are a system cost and not a project cost. As a system cost, we believe WSDOT should be paying for these and not the toll payers.

9. Photo-enforcement: The projected violation rate was 10% and the actual rate is approximately 3%, therefore the budgeted amount should be reduced proportionately.
10. WSP on-road enforcement and response: We believe the WSP enforcement should not be charged to the TNB project, these charges should be budgeted out of the WSP's general account.
11. Due to the lack of a statutory definition of Administration and Maintenance it is difficult for any body to hold WSDOT accountable. We would recommend to the Commission that they work with the Legislature to have some definition of "Administration and Maintenance".

Chronology of Events

October 9, 2007 Public Input Meeting

On October 9, 2007 the WSTC held a public input meeting in Gig Harbor Washington to receive information on how Tacoma Narrows Bridge (TNB) toll revenue was being spent and to allow citizens the opportunity to comment on the subject. The TNB CAC members joined the Commission at the public input meeting, as did Representative Larry Seaquist and Senator Derek Kilmer. *(see Appendix A for detailed meeting minutes)*

This public input meeting was convened as a result of bridge-dependent communities and their legislators concerns regarding what the tolls are paying for. It was decided that a public forum was needed to openly discuss the use of toll revenue and to allow citizens the opportunity to share their views on the matter.

At the meeting, the Commission indicated to the CAC members present that they would like the CAC to meet separately at a later date to deliberate on the information provided by WSDOT in order to determine and formulate recommendations to the Commission on possible adjustments or changes to current toll revenue expenditure practices.

WSDOT Presentation:

The information presented by WSDOT at this meeting primarily covered how toll revenue was being spent *(see Appendix B for details)*. Background information was provided on the project, current bridge operations, and current statutory requirements on what toll revenue must pay for. Detailed information on how the toll revenue is being spent was provided generally and then went into specifics related to WSDOT Oversight & Administration costs, and Enforcement/ Security / Tow Truck costs.

Information was provided by WSDOT on the costs a \$3 toll pays for - seven cost categories were identified: Enforcement/ Security/ Tow Truck Service; WSDOT Oversight & Administration of Toll Operations; Maintenance on New Bridge; Preservation of New Bridge; Toll Systems Operations (TransCore Contract); Insurance; and Debt Service. Combined, these seven cost categories totaled \$70,100,000 for FY 2008-09.

Within the WSDOT Oversight & Administration cost category, eight specific cost components were shared totaling \$7.3 million for FY 2009-09 – equating to .31 cents of a \$3.00 toll.

Within the Enforcement/ Security/ Tow Truck Service cost category, four specific cost components were shared totaling \$1,587,815 for FY 2008-09 – equating to .07 cents of a \$3.00 toll. However, it was noted that the costs related to the tow truck service was now zero due to the fact that WSDOT discontinued the service as of October 5, 2007.

Legislative Input:

Rep. Seaquist provided a handout that outlined tolling policy concerns (*See Appendix C for details*). Three core questions were raised in this handout: 1) Are operating expenses charged to tolls too high? 2) Does tolling operations contract have expensive defects? 3) Do we need to reevaluate future toll structure? Seven specific policy questions were raised within the context of these three questions.

Public Comments:

Three citizens testified at this meeting. Comments given by them are summarized as follows:

- Oversight costs of WSDOT and payments to consultants seems too high.
- Free flowing traffic should be a standard not a premium service.
- Residents of Gig Harbor are paying a toll for the use of the bridge so all projects across the state should be tolled.
- The Legislature and the Commission must define what “legitimate” operating costs are.
- Concern was expressed that the WSDOT has overstaffed the Toll Operations organization and that those same staff may be utilized in other positions elsewhere, such as the SR 167 HOT Lane Project.

October 30, 2007 CAC Meeting

The CAC met on October 30th to review and discuss the information presented to them at the Commission’s October 9 public input meeting. Discussions were held but no decisions were made at this meeting.

November 6, 2007 CAC Meeting

The CAC met on November 6th to further discuss the information presented to them at the Commission’s October 9th meeting and to formulate recommendations. The CAC agreed to submit 11 recommendations to the WSTC (*see page 3 of this report*). The recommendations largely focused on WSDOT Oversight & Administration costs and Enforcement costs.

November 13, 2007 WSTC Meeting

The CAC presented their recommendations to the WSTC. The Commission Chairman, Richard Ford, appointed Commissioners Dan O’Neal and Philip Parker to a sub-committee charged with further reviewing the CAC recommendations and formulating proposed recommendations for WSTC consideration and final adoption at the December Commission meeting.

December 12, 2007

Commissioners Dan O'Neal and Philip Parker presented nine proposed recommendations for the Commission's consideration. The Commission essentially adopted those nine recommendations with some minor modification and re-ordering. The final adopted recommendations are reflected on page 2 of this report.

Background

This report is the result of a lengthy review process that commenced in response to concerns raised by citizens and legislators from the area that travel on the Tacoma Narrows Bridge. Those bridge users questioned the expenses TNB toll revenue was paying for. The TNB Citizens Advisory Committee – established by the Legislature¹ to provide impacted residents input in toll-setting policy – provided the WSTC with 11 recommendations (see page 3 of this report) aimed at reducing or eliminating several operating and administrative costs currently being paid for with toll revenues.

The Transportation Commission sets tolls for bridges and other tolled facilities in the state. In establishing toll charges, both RCW Chapter 47.46 and Chapter 47.56 direct the commission to give due consideration to any required costs for operating and maintaining toll bridge(s).² RCW 47.56.240 adds the requirement that “tolls and charges shall be at all times fixed at rates to yield annual revenue *equal to* annual operating and maintenance expenses,” including bond, interest, and insurance payments.

The TNB toll bridge facility includes a new toll bridge, including approaches, adjacent to and within two miles of an existing bridge.³ The Commission's authority to set TNB tolls equal to the amounts necessary for bond payment, interest, operations and maintenance, appears narrowly proscribed as compared to the broader authority granted the Commission to set tolls for Regional Transportation Improvement District facilities.⁴

There is little guidance as to which operational expenses may be paid from toll revenue. Although WSDOT has full charge of the operation of facilities (RCW 47.56.030) nowhere in Chapter 47.56 or Chapter 47.46 is the term “operation” defined. It may be deduced, however, from a close reading of RCW 47.46.110, that allowable operational costs for TNB do not extend beyond funds typically appropriated to the department for highway operations. Once the bonds are paid off, “The operation, maintenance, upkeep, and repair of the facility must be paid from

¹ In 2002, the Legislature amended Chapter 47.46 RCW to ensure “citizens living in the impacted areas [have] a statutory mechanism to review proposed toll rates and provide input before adoption of toll schedules by the toll authority.” 47.46.090 RCW.

² See RCW 47.46.100 (2) and 47.56.240. The toll setting role of the Commission is not a ministerial function. Rather than merely approve tolls and charges established by the Department, the task of the Commission is to *determine* and *establish* tolls and charges. RCW 47.56.030 (1)(b).

³ RCW 47.46.080.

⁴ RCW 47.56.076 broadly empowers the commission to “set and impose the tolls in amounts sufficient to implement the regional transportation investment plan under RCW 36.120.020.”

funds appropriated for the use of the department for the construction and maintenance of the primary state highways of the state of Washington.”⁵

Although TNB tolls may be used to pay for operating and maintenance expenses, reading the language of RCW 47.46.110 in light of the Legislature’s attention to citizen input into toll setting, leads the Commission to conclude that tolls collected be used to pay back bonds, interest and those operational activities specifically related to the toll facility. This approach – limiting the payment of operational expenses from toll revenue – also takes into account the fact that WSDOT is preparing to open another tolled facility as a pilot project in 2008 – the SR 167 HOT Lanes - and that tolls are being discussed widely as a means to finance future highway improvements.

In determining appropriate TNB operating expenses the Commission looked at which operational activities are attributable exclusively to TNB and recommends rigorous cost allocation for activities significantly related to other projects or a statewide tolling strategy.

⁵ RCW 47.46.110 (3).

Appendix A

Minutes from October 9th Public Input Meeting in Gig Harbor

**MINUTES OF THE TACOMA NARROWS BRIDGE
TOLL REVENUE USE MEETING
WASHINGTON STATE TRANSPORTATION COMMISSION
October 9, 2007**

The special meeting of the Washington State Transportation Commission was called to order at 6:00 p.m. on Tuesday, October 9, 2007, at the Gig Harbor Civic Center, City Council Chambers, 3510 Grandview Street, Gig Harbor, Washington.

Commissioners present at the meeting were: Chair Ford, Ed Barnes, Bob Distler, Elmira Forner, Carol Moser and Dale Stedman.

Chair Ford called the meeting to order introducing Commissioners and welcoming Senator Kilmer, Representative Seaquist and members of the Citizen Advisory Committee, Chair Bob Ryan, Alan Weaver and Sonja Morgan.

Chair Ford explained that today's special meeting has been called as a result of bridge-dependent communities and their legislators concerns regarding what the tolls are paying for, or are they paying too much for things they should. He emphasized that toll policy is legislative and the role of the Commission is to set the toll. He emphasized that \$50 million of the cost of building the bridge came from the gas tax with the balance coming from the tolls.

OVERVIEW OF TNB TOLL REVENUE USES

Greg Selstead, Director of Tolling Operations, WSDOT, stepped through a PowerPoint presentation starting off with an overview of the commencement of tolling operations in the state. He explained that this is not only the first startup of tolling in the state in nearly two decades, but the first electronic toll collection system with photo enforced violation and citations. As well, it's the first time that WSDOT has had a headquarters based field operations organization that is unique in its self. The operations focus is to provide customer service, efficiency, innovation and teamwork. From a statewide perspective the Department is forward looking to make certain that the system is inner operable for the future. SR 167 HOT Lanes is coming on line and the Department wants to make certain that it is integrated. He emphasized that the Department is listening and customer service is important. The primary challenges that the public is talking about:

- *In the wrong lane and unable to change lanes safely therefore crossing the bridge without paying the manual toll.*

The Department has worked towards addressing this issue by placing new signage approaching the bridge.

- *Confusion of criminal prosecution verses civil prosecution for violations.*

The Department is addressing this confusion with customers. The Department is focusing on having 100 percent of the tolls go towards paying down the bridge.

- *Tow trucks are a waste and the money should go towards paying down the bridge debt.*

The Department believes that the tow trucks are of value, but is currently evaluating this element and has recently suspended this service.

Commissioner Forner asked if violations are similar to parking tickets, if so, is there an appeal process? Has the cost been factored into the violation budget?

Mr. Selstead responded that SSB 5391 was established for photo enforcement. The legislation creates an administrative fee of \$40 for Pierce County Courts with \$9 going into the toll revenue account. The key element is that the \$9 goes back to the bridge fund.

Commissioner Distler questioned that the \$9 may perhaps go towards more than paying for the bridge. The revenue goes towards other things as well. This is the subject that has brought us here today.

Mr. Selstead moved on to highlight what the rewards have been:

- The bridge is great and worth every penny.
- Not sitting in traffic anymore, more time at home and saving gas.
- The process is easy and has cut 20 minutes off my commute.
- The Good To Go system is very convenient.

He contrasted the TNB system startup operations of tolling facilities in other states. Three examples of other systems indicated that the TNB is fairing well. Since the July 16 opening of the bridge there has been a total of 2.6 million vehicles cross the new bridge. Over 60 percent used the electronic toll lanes. The preliminary report indicates a collection of \$5.6 million in toll revenue. During the early weeks of the bridge opening traffic dropped by 2.2 percent, but since that time traffic levels have been reaching levels comparable to last year. On an average of 43 thousand eastbound trips each day. He reminded, as discussed, the revenue forecast had indicated that there would be a drop off with the initial opening of the bridge and that a higher ETC usage would cause a revenue decline. ETC use has been higher than expected however the number of trips has not declined, so the revenue forecast is as expected. The Department is working with Transcore to reconcile these preliminary numbers.

He pointed out that the opening of the bridge has resolved traffic congestion in one of the state's major traffic congested areas. Smoother traffic flow has reduced trip times by 20-25 minutes during the peak hour. There are over 85 thousand Good To Go accounts and 204 thousand transponders. Frank Wilson Consulting had forecasted 25 thousand accounts and 50 thousand transponders. This program has been an overwhelming success with the discount possibly being the primary driver, as well as the initial free transponder promotion and "the gadget factor", recognizing the Northwest is technology savvy. Approximately 96 percent of the Gig Harbor households have Good To Go accounts. This level of participation in ETC is unheard of in other states. The violation rate is around 3 percent indicating that public outreach efforts were well worth it, and something that the Department can be proud of with this startup.

RCW 47.46.100 (3) – Tolls – Setting – Lien On

Lays out the Department's financial plan to provide annual revenue sufficient to provide for annual operating and maintenance expenses, make payments required under RCW 47.56.165 and RCW 47.46.140, including insurance costs and the payment of principal and interest on bonds issued for any particular toll bridge or toll bridges; and repay the motor vehicle fund under RCW 47.46.110, 47.56.165, and 47.46.140.

Commissioner Distler asked what the Department's definition of "operations" as it relates.

Mr. Selstead started off by describing global operations; customers are paying a premium price to use a facility that is smooth flowing. The detail includes the toll systems contract, preservation and maintenance of the facility, administrative oversight, enforcement, security and the initial tow service. He provided a detailed breakdown of where the toll revenue goes for the fiscal year 2008-09 and a look ahead at fiscal year 2014-15. As a result of better than anticipated traffic flow as of August 27 tow truck service was reduced from 182 hours per week to 40 hours per week. As of October 5 the tow truck program was discontinued completely, instead the Department's Incident Response Team will provide services similar to other roadways. The Department will continue to monitor and assess the ongoing needs and make adjustments as necessary.

Chair Ford emphasized that all or any of the numbers could change as we move forward.

Commissioner Distler asked if it is reasonable to assume that items that were being paid from the transportation budget before are now being taken out of the toll revenue.

Mr. Selstead responded that specific items such as WSP support and the tow service element are a premium service associated with a premium pay. The Department was forward looking to keep traffic free flowing by preventing backups on the facility. Incident Response is paid for out of the Department's budget not from the tolls. To include this corridor stretches the Department's budget.

Commissioner Distler "is it reasonable to say that the same number of people are crossing the new bridge as those crossing the old bridge, and yes it's reasonable to say that they are crossing it faster, and it's a premium product, but those same number of people were being furnished with Incident Response before the new bridge opened." The question seems to be "why is some of the cost of incident response being taken from toll revenues."

Ted Trepanier, Co-Director Maintenance and Operations State Traffic Engineer, responded that the Department had in place an incident response program that was paid for out of the Department's Q Program. The decision was made that the TNB financial plan would include extra incident response service to the new bridge in the form of contracted tow trucks, because the public's expectation would be a congestion free ride. The bridge opening went very well and traffic flowed smoothly, so the tow truck program has been suspended as of October 5.

Senator Kilmer iterated that this is a sensitive area that is twofold; one is covering costs of things that have been covered out of the transportation budget and two covering costs that are corridor wide and not simply associated with the bridge. The most common concerns are seeing a tow truck parked elsewhere as opposed to being parked near the toll plaza. The

tolling policy for tolling corridors needs to be visited.

Jennifer Ziegler, Governor's Office, questioned if the tow truck service is budgeted in the out years?

Mr. Trepanier responded that the expectation is that the amount that was budgeted will not be spent, but traffic volumes will continue to grow over time and the discussion will continue.

Commissioner Moser questioned if it was the legislature's intent that these items be included in "operations."

Senator Kilmer responded that the purchase of WSP patrol cars and tow truck service was not included in any of the briefings that were given to the transportation committees.

Mr. Trepanier responded that because of the cash handling and potential violators at the toll plazas having WSP visibility is an important safety asset.

Commissioner Stedman noted that the budgeted amount for Transcore increases over time. He explained that he feels that this contract should be looked at for consideration of adjustments as the cost of operating the bridge decreases.

Commissioner Distler questioned legislators present if they felt that a "premium service for a premium price" is what they had in mind?

Representative Seaquist responded that there was no engagement during the transportation committee sessions regarding these expenditures. Tolling policy legislation should be visited.

Mr. Selstead provided a detailed breakdown of the Department's collection of the 31 cents as applied for oversight and administration of toll operations and Mr. Trepanier wrapped up with an overview of the 7 cents as applied to enforcement, security and tow services.

PUBLIC COMMENT

Jeannie Derebry, citizen of Gig Harbor, commented that the penetration numbers provide are for Gig Harbor only, what about the rest of the peninsula? The dollars paid to the consultants and WSDOT for oversight seems extremely high. The \$50 million from the gas tax fund – is that to be repaid.

Chair Ford responded there was \$50 million from gas tax dollars applied to the project that will not be repaid by tolls.

Scott Junge, citizen of Gig Harbor expressed that free flowing traffic should be a standard, as opposed to a premium service. Users of the TNB are paying a toll for the use of the bridge, so all projects throughout the state should be tolled.

Donald Williams, citizen, submitted written concerns to the Commission regarding the use of operating revenue. He emphasized that the Legislature and the Commission must define what "legitimate" operating costs are. He expressed concern that the WSDOT has

overstaffed the Toll Operations organization, and that these staff may be utilized in other positions elsewhere, such as the SR 167 HOT Lane Project.

Continued discussion

Commissioner Distler noted that toll collection is a very expensive way to raise money with a lot of costs associated. Irrespective of the equity issue it's a whole lot cheaper to raise the gas tax. The problem is that there is an incredible amount of opposition to raising taxes of any kind. Tolling operations is a very expensive way to raise money.

Chair Ford noted that the Commission is very aware of the elasticity of tolls.

Commissioner Moser complemented the Citizen Advisory Committee for the role that they played in assisting the Commission.

Ms. Ziegler expressed that tolling is part of our future and the discussion will continue on a number of other projects, as well as use in traffic management throughout the state. The Governor's Office is very conscious of toll revenue use and policy decisions that need to be discussed.

Senator Kilmer explained that the expectation was to pay for the bridge, never the less there is an appreciation for debt service, insurance and other costs. Local legislators have and will continue to pay close attention to "other costs." There will probably be an ongoing interest in the Transcore contract. It is the expectation that the administrative costs for collecting the toll should decrease over time. In closing he emphasized that the legislature will need to deal with tolling policy questions and concerns. A major concern is the \$56 million sales tax over the course of the project (life of the bridge). He expressed appreciation to the Department and the Commission as these questions are grappled with.

Representative Seaquist expressed appreciation to the Commission, the Citizen Advisory Committee and the Department for working so closely with the community. He shared a handout that outlined questionable tolling policy decisions made by WSDOT.

Commissioner Distler emphasized that the Commission's Tolling Study provided intent, but the legislature needs to provide direction.

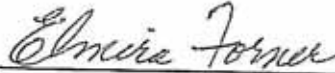
Chair Ford thanked the community and adjourned the meeting

The Special meeting adjourned at 7:30 p.m., on October 9, 2007.

WASHINGTON STATE TRANSPORTATION COMMISSION



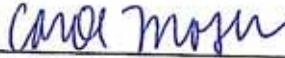
DICK FORD, Chair



ELMIRA FORNER, Vice-Chair



EDWARD BARNES, Member

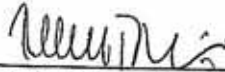


CAROL MOSER, Member

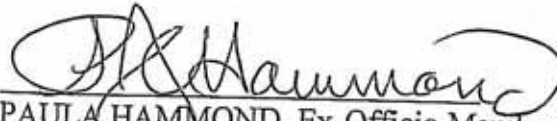
DAN O'NEAL, Member



DALE STEDMAN, Member



ROBERT S. DISTLER, Member



PAULA HAMMOND, Ex-Officio Member
Secretary of Transportation



JENNIFER ZIEGLER, Governor's Office

ATTEST:



REEMA GRIFFITH, Executive Director

11/13/07

DATE OF APPROVAL

Appendix B

WSDOT Presentation from October 9th Public Input Meeting in Gig Harbor

Appendix B

Toll Operations & Maintenance

Paula Hammond
Interim Secretary

Steve Reinmuth
Interim Chief of Staff

Ted Trepanier
Co-Director Maintenance and Operations
State Traffic Engineer

Greg Selstead
Director, Toll Operations

Washington Transportation Commission
Public Meeting
October 9, 2007



1

Commencement of Toll Operations in Washington State

- A Number of Firsts...
 - First startup of tolling in nearly two decades
 - First electronic toll collection
 - First photo enforced toll violation system
 - First citations issued
 - First WSDOT HQ based field operations organization
 - Customer Service
 - Efficiency
 - Innovation
 - Teamwork



2

What People Are Saying

Challenges

- *"We were stuck in the wrong lane and couldn't safely change lanes to the toll plaza and were forced to cross the bridge without paying. Please tell us what to do to fix this."*
- *"Why would you threaten people with criminal prosecution for non-payment of tolls when you haven't worked the bugs out of the system yet. Can't any body in government think their way out of a paper bag?"*
- *"We expected to have 100% of our toll money go towards paying down the bridge. The tow trucks are a waste of money."*

Rewards

- *"The new bridge is great. Worth every penny."*
- *"There's more time to spend at home, and the gas saved not sitting in traffic for an hour on Friday more than makes up for it."*
- *"I think your team has done a wonderful job. The entire process is easy, the transponders make my life easy, and the new bridge has easily cut 20 minutes off my afternoon commute."*
- *"Thanks to whoever was responsible for putting the Good To Go! system into place. The information is easy to understand; the system seems very convenient; and I'm very happy to have this option. (Nice bridge by the way.)"*

3

Other Startup Toll Operations

- *MassPike opened in August 1999 with 24% ETC penetration and 4% violations. Today they have 53% ETC penetration and a 1.7% violation rate.*
- *Puerto Rico (PHTRA) opened in March 2004 with a 10.3% violation rate. Today this rate is down to 2.5%.*
- *At the Florida Turnpike's first all-electronic tolling site, one out of every seven drivers fail to pay a toll (14%). This is notably higher than other nearby sites.*

4

New Tacoma Narrows Bridge

- **Project Scope:** 3.4 miles of roadway (includes one-mile-long bridge)
- **Start Date:** Broke ground October 2002
- **New Bridge Open/Tolls Collected:** July 2007
- **1950 Bridge Retrofit Complete:** Spring 2008
- **Owner:** Washington State Department of Transportation
- **Bridge Contractor:** Tacoma Narrows Constructors (Joint venture: Bechtel and Kiewit)
- **Tolls Operator:** TransCore



5

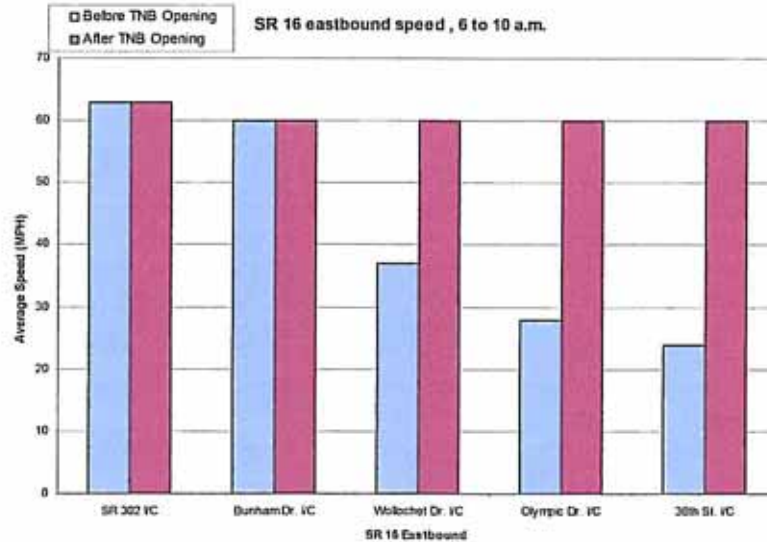
Tacoma Narrows Bridge Toll Operations Two Month Overview (July 16 – Sept. 15)

- Total of 2.6 million vehicles crossed the new bridge eastbound.
- Over 60% used electronic toll lanes.
- Preliminary report of \$5.6 million in revenue.
- Weekday traffic dropped by 2.2% during the early weeks following opening. However, traffic levels have been steadily increasing and are reaching levels comparable to last year – an average of 43,000 eastbound trips each day.



6

Solving the Morning Commute



7

Electronic Tolls



- Over 85,000 *Good To Go!* accounts and 200,000 transponders – triple the goal of 25,000 by bridge opening.
- 96% of Gig Harbor households have *Good To Go!* accounts.
- More than 70% of morning commuters use electronic toll lanes.
- Dips to below 45% on Sundays when more recreational drivers use the bridge.
- Violation rate around 3%

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Tolls Must Pay For...

RCW 47.46.100 (3) - Tolls — Setting — Lien on

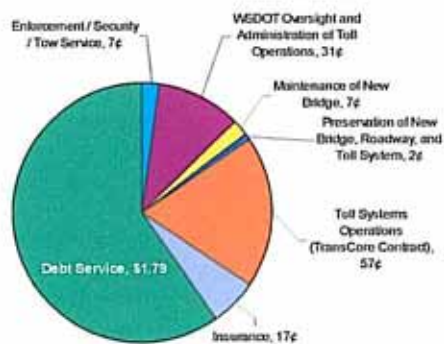
The toll charges must be imposed in amounts sufficient to:

- Provide annual revenue sufficient to provide for annual operating and maintenance expenses, except as provided in RCW [47.56.245](#);
- Make payments required under RCW [47.56.165](#) and [47.46.140](#), including insurance costs and the payment of principal and interest on bonds issued for any particular toll bridge or toll bridges; and
- Repay the motor vehicle fund under RCW [47.46.110](#), [47.56.165](#), and [47.46.140](#).

Where the Money Goes

Allocation of \$3 Toll on TNB for FY 2008 - 09

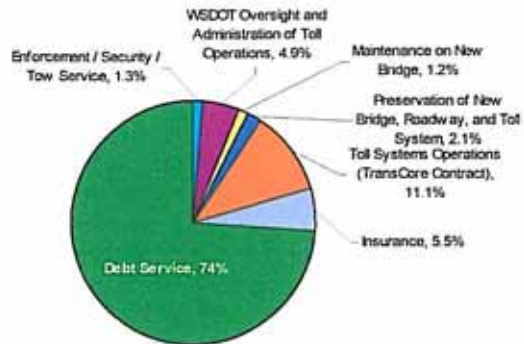
	Biennium	Percentage
Enforcement / Security / Tow Service	\$1,588,000	2.3%
WSDOT Oversight and Administration of Toll Operations	\$7,272,000	10.4%
Maintenance on New Bridge	\$1,948,000	2.2%
Preservation of New Bridge	\$417,000	0.6%
Toll Systems Operations (TransCore Contract)	\$13,368,000	19.1%
Insurance	\$4,025,000	5.7%
Debt Service	\$41,882,000	59.7%
TOTAL	\$70,108,000	100%



Where the Money Goes

A Look Ahead to FY 2014 - 15

	Biennium	Percentage
Incident Response/Security/Enhancement	\$1,857,000	1.3%
WSDOT Oversight and Administration of Toll Operations	\$7,218,000	4.9%
Maintenance on New Bridge	\$1,799,000	1.2%
Preservation of New Bridge	\$3,873,000	2.1%
Toll Systems Operations (TransCore Contract)	\$10,206,000	11.1%
Insurance	\$8,838,000	5.5%
Debt Service	\$108,865,000	74.0%
TOTAL	\$147,117,000	100%



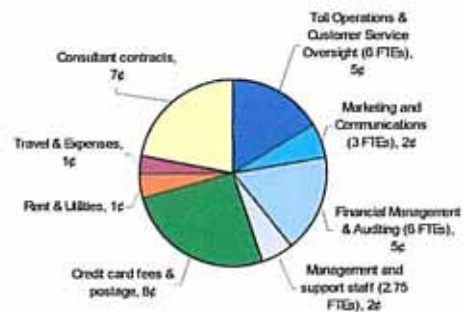
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WSDOT Oversight & Administration

Budget for FY 2008-09

WSDOT Oversight and Administration		
Toll Operations & Customer Service Oversight	\$1,200,000	10%
Marketing and Communications	\$450,000	6%
Financial Management & Auditing	\$1,200,000	10%
Management and support staff	\$423,000	6%
Credit card fees & postage	\$1,375,000	20%
Rent & Utilities	\$312,000	4%
Travel & Expenses	\$240,000	3%
Consultant contracts	\$1,000,000	22%
TOTAL	\$7,200,000	100%

Allocation of 31¢ from total budget



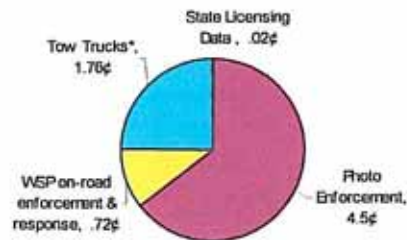
12

Enforcement / Security / Tow Trucks

Budget for FY 2008-09

Enforcement / Security / Tow Trucks	Biennium
State Licensing Data	\$4,064
Photo Enforcement	\$1,020,967
WSP on-road enforcement & response	\$164,171
Tow Trucks*	\$398,013
TOTAL	\$1,587,215.00

Allocation of 7¢ from total budget



As a result of better-than-anticipated traffic flow through the corridor following the opening of the new bridge:

- On August 27, 2007, tow truck coverage was reduced from 182 hrs/week to 40 hrs/week;
- On October 5, 2007, the tow truck program was discontinued completely;
- Instead, WSDOT's Incident Response Team will provide services similar to other roadways;
- WSDOT will continue to monitor & assess the ongoing needs of the project and make adjustments as necessary.

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Overview of Tow Truck Service

- Original Schedule (7/16/07 to 8/26/07)
 - Two Trucks 5AM to 9 PM Weekdays, and One Trucks 7 AM to 6 PM Weekends
 - 67 Responses
- Revised Schedule (8/27/07 to 10/5/07)
 - One Truck split shift 5 AM to 9 AM & 2:30 PM to 6:30 PM
 - 21 Responses
- Operation suspended October 5th
- Total cost: \$87,000 (12 weeks)
- Budgeted: \$398,000

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For more information go to:
www.tacomannarrowsbridge.com
or
www.wsdot.wa.gov/goodtogo

Or Contact
Ted Trepanier at (360) 705-7280
Greg Selstead at (360) 705-7801

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Reference Information

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Unaudited Tacoma Narrows Bridge Traffic And Revenue Data
 July 16 through September 30, 2007

	Total Traffic		Electronic		Manual		Potential Violations*		Unaudited Revenue
	Eastbound	# Vehicles	% Total	# Vehicles	% Total	# Vehicles	% Total		
Week Summary for July 16-22	295,436	199,216	67.5%	105,342	32.3%	16,364	5.2%	\$ 418,561	
Week Summary for July 23-29	298,135	197,951	66.4%	110,932	37.2%	18,489	6.2%	\$ 457,155	
JULY TOTAL (16 days)	670,198	391,827	58.5%	245,783	36.5%	40,240	6.0%	\$1,452,472	
Week Summary for July 30 - Aug 6	297,916	174,030	58.5%	105,146	35.3%	17,423	5.8%	\$ 644,757	
Week Summary for Aug 6-12	295,088	180,000	60.9%	103,230	34.9%	14,586	4.9%	\$ 652,452	
Week Summary for Aug 13-19	300,032	184,118	61.4%	101,154	33.7%	14,255	4.7%	\$ 645,889	
Week Summary for Aug 20-26	298,174	187,105	62.8%	97,142	32.6%	13,391	4.5%	\$ 637,537	
AUG TOTAL	1,332,868	822,227	61.7%	442,972	33.2%	60,118	4.5%	\$2,868,014	
Week Summary for Aug 27-Sep 2	295,025	185,322	62.8%	94,784	32.1%	14,564	4.9%	\$ 633,725	
Week Summary for Sept 3-9	242,135	147,948	61.1%	81,575	33.7%	13,275	5.5%	\$ 530,945	
Week Summary for Sept 10-16	301,883	188,511	62.4%	89,828	29.8%	23,048	7.6%	\$ 627,932	
Week Summary for Sept 17-23	276,841	176,328	63.7%	86,500	31.3%	13,497	4.9%	\$ 610,273	
Week Summary for Sept 24-30	282,874	193,856	68.6%	88,276	29.4%	8,129	2.9%	\$ 606,168	
SEPT TOTAL	1,160,695	730,850	63.0%	375,014	32.3%	52,973	4.6%	\$2,818,689	

This preliminary, unaudited data is subject to revisions.

* Potential violations include a number of vehicles which upon review may be identified as Go To Go! customers. Their toll charges will be applied to their accounts and they will no longer be viewed as violators.

Appendix C

**A Legislator's Tolling Policy Concerns
(Handout by Rep. Seaquist
at October 9th meeting)**

INITIAL OPERATIONS OF THE NEW NARROWS BRIDGE A LEGISLATOR'S TOLLING POLICY CONCERNS

ARE OPERATING EXPENSES CHARGED TO TOLLS TOO HIGH? (see B2 financial plan summary)

1. DOT establishing expensive new, stand-alone tolling operations office.

Policy question 1: should the establishment of this office be deferred? We are still several years away from a portfolio of several major tolling operations.

2. DOT putting in place a bridge management staff of 17 (?) FTE.

Policy question 2: What is the appropriate staff? Can it be cut to two: one bridge operations manager and one auditor (attached to Treasurer's office)? (Note that more FTE already embedded in other functions.)

3. DOT/WSP paying for 2 patrol officers and patrol car from toll receipts.

Policy question 3: Is this an appropriate use of tolls? Can it be cut to zero since the bridge does not seem to be the source of extra patrol requirements.

4. DOT/WSP paying for scofflaw ticketing team of 1 sergeant and 4 cadets.

Policy question 4: Is this an appropriate and cost-effective use of police officers? Could we authorize toll operators to issue tickets by mail under WSP administrative oversight?

DOES TOLLING OPERATIONS CONTRACT HAVE EXPENSIVE DEFECTS?

5. TransCore's five year, "black box" contract appears to have been based on incorrect estimates of *Good to Go* transponder use; apparently does not include efficiency incentives.

Policy question 5: Ought we adjust this contract, perhaps by seeking voluntary renegotiation of contract?

6. Separate and incompatible *Good to Go* (bridge) and *Wave to Go* (ferry) transponder systems impose unnecessary hassle on area residents many of whom regularly use both modes.

Policy question 6: Can we, as a matter of urgency, integrate the two – and make all future tolling systems compatible?

DO WE NEED TO REEVALUATE FUTURE TOLL STRUCTURE?

7. Current \$1.75 transponder toll set to expire next year. It is clear that we will need to continue to offer a transponder discount toll.

Policy question 7: Will it be appropriate to offer transponder discount tolls as a matter of permanent policy?

Toll Operations and Maintenance Program B2 Tacoma Narrows Bridge Financial Plan Summary

Dollars Rounded to Thousands

State Fiscal Year	Toll Rate	Gross Toll Revenue	Management Costs	Toll Systems Operations	Maintenance of the New Bridge	Incident Response, Security, & Enforcement	Insurance	Renewal & Replacement (R&R)	Deferred Sales Tax	Total Costs paid by Tolls	Debt Service	Transfer From/(To) Other Sources	Yearly Remaining Funds	Cumulative Funds	Debt Service Coverage
2006			171,000	368,000						5,288,000		5,288,000			0.0%
2007 ¹			1,582,000	3,167,000	733,000	752,000	735,000	112,000		12,021,000	14,751,000	5,288,000	5,756,000	5,756,000	130.2%
2008 ²	\$1.75/\$3.00	31,228,000	3,477,000	6,212,000	815,000	836,000	3,290,000	305,000		16,197,000	27,131,000	1,300,000	1,743,000	7,499,000	108.4%
2009	3.00	45,071,000	3,795,000	7,156,000	830,000	851,000	3,447,000	136,000		16,022,000	35,141,000	(2,644,000)	6,281,000	13,780,000	125.4%
2010 ³	4.00	80,088,000	3,386,000	7,370,000	845,000	867,000	3,519,000	543,000		16,818,000	45,171,000	(2,644,000)	(2,856,000)	10,824,000	99.5%
2011	4.00	81,777,000	3,452,000	7,592,000	860,000	884,000	3,646,000	184,000		16,758,000	40,747,000		5,844,000	16,769,000	114.3%
2012	4.00	83,349,000	3,440,000	7,744,000	878,000	902,000	3,826,000	500,000	5,887,000	23,397,000	46,200,000		2,922,000	19,690,000	106.3%
2013 ³	5.00	72,519,000	3,507,000	7,899,000	891,000	920,000	3,956,000	13,000	5,887,000	23,299,000	54,774,000		4,054,000	23,744,000	107.4%
2014	5.00	82,127,000	3,576,000	8,056,000	908,000	937,000	4,082,000	3,060,000	5,887,000	26,727,000	54,091,000		3,187,000	26,931,000	105.9%
2015	5.00	84,005,000	3,643,000	8,210,000	924,000	955,000	4,257,000	2,143,000	5,887,000	28,247,000	62,653,000		4,077,000	31,008,000	108.5%
2016 ³	6.00	92,977,000	3,713,000	8,368,000	941,000	975,000	4,385,000	751,000	5,887,000	29,262,000	70,908,000		5,710,000	36,716,000	108.1%
2017	6.00	101,878,000	3,786,000	8,537,000	958,000	993,000	4,466,000	3,634,000	5,887,000	28,485,000	70,389,000		4,179,000	40,897,000	105.9%
2018	6.00	103,053,000	3,857,000	8,700,000	975,000	1,012,000	4,530,000	188,000	5,887,000	28,485,000	73,724,000		5,123,000	46,020,000	106.9%
2019	6.00	104,240,000	3,929,000	8,862,000	975,000	1,030,000	4,610,000	475,000	5,887,000	28,037,000	73,685,000		5,719,000	51,739,000	107.8%
2020	6.00	105,441,000	4,005,000	9,037,000	993,000	1,051,000	4,694,000	3,005,000	5,887,000	28,950,000	72,873,000		5,014,000	56,763,000	106.9%
2021	6.00	106,837,000	4,084,000	9,218,000	1,011,000	1,072,000	4,781,000	633,000	5,887,000	26,969,000	78,537,000		2,933,000	59,886,000	103.7%
2022	6.00	108,439,000	4,164,000	9,403,000	1,029,000	1,093,000	4,869,000	3,362,000	5,887,000	24,207,000	80,337,000		5,522,000	65,208,000	106.9%
2023	6.00	110,066,000	4,245,000	9,590,000	1,048,000	1,093,000	4,956,000	233,000		21,494,000	84,381,000		5,842,000	71,050,000	106.9%
2024	6.00	111,717,000	4,330,000	9,786,000	1,067,000	1,116,000	5,043,000	321,000		22,005,000	85,435,000		5,952,000	77,002,000	107.0%
2025	6.00	113,392,000	4,417,000	9,989,000	1,086,000	1,139,000	5,130,000	1,942,000		24,300,000	84,784,000		5,730,000	82,732,000	106.8%
2026	6.00	114,814,000	4,477,000	10,198,000	1,106,000	1,162,000	5,220,000	2,327,000		24,884,000	85,045,000		6,023,000	86,765,000	107.1%
2027	6.00	115,962,000	4,600,000	10,416,000	1,126,000	1,187,000	5,303,000	716,000		23,736,000	87,340,000		6,047,000	84,802,000	106.9%
2028	6.00	117,122,000	4,695,000	10,635,000	1,146,000	1,212,000	5,381,000	955,000		24,437,000	87,737,000		7,092,000	100,921,000	107.0%
2029	6.00	118,293,000	4,791,000	10,860,000	1,167,000	1,238,000	5,425,000	3,224,000		26,393,000	85,890,000			108,013,000	108.2%
2030	6.00	119,475,000	4,892,000	11,098,000	1,189,000	1,265,000	5,478,000								

1) Toll Commencement is planned for July 16, 2007.
 2) Toll revenue calculated at \$1.75 ETC/\$3 cash for 2006, \$3 all vehicles 2009 including a corresponding ETC discount for multi-axle vehicles;
 Toll revenue forecast assumes an average of 65% ETC participation; FY 2008 Insurance costs reduced due to new assumption that design-builder insures bridge through 2008
 3) Planned toll increases of \$1.00 for 2010, 2013, and 2016.