



TOLL DIVISION ANNUAL REPORT FY 2019

JULY 1, 2018 - JUNE 30, 2019



YEARS

A message from WSDOT



I am pleased to share the Washington State Department of Transportation's Toll Division Annual Report for fiscal year (FY) 2019 (July 1, 2018 – June 30, 2019).

The Toll Division marked a milestone in June with the 10-year anniversary as a division within WSDOT. While some of our older tolled facilities – the Tacoma Narrows Bridge and the SR 167 HOT lanes – predate the division it became apparent in 2009 that a team dedicated to overseeing tolled projects was necessary. At that time the state received a Federal Urban Partnership grant to implement a tolling program on SR 520 and at the same time WSDOT was studying I-405 express toll lanes.

Looking to the future, in 2019 the Legislature authorized tolls for express toll lanes between Renton and Bellevue and made the SR 167 HOT lanes permanent while extending them to SR 512. This will create a 50-mile express toll lane corridor to provide a reliable trip for transit, carpoolers and drivers on the eastside corridor. It also authorized tolling for the Gateway Program which completes SR 167 and SR 509 connections to I-5. The legislation bonds the toll revenue for these roads and provides a list of projects to be funded by bonded toll revenues.

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 1.6 million customers, when combining both **Good To Go!** and Pay By Mail customers, and processed nearly 53.3 million toll trips during FY 2019, up from 52.7 million toll trips during FY 2018.

Outstanding program delivery and operation

The Toll Division has continued work to deliver 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. While the new back-office vendor, ETAN, continued to make progress, delays in development and testing resulted in delays in transitioning to the new system.

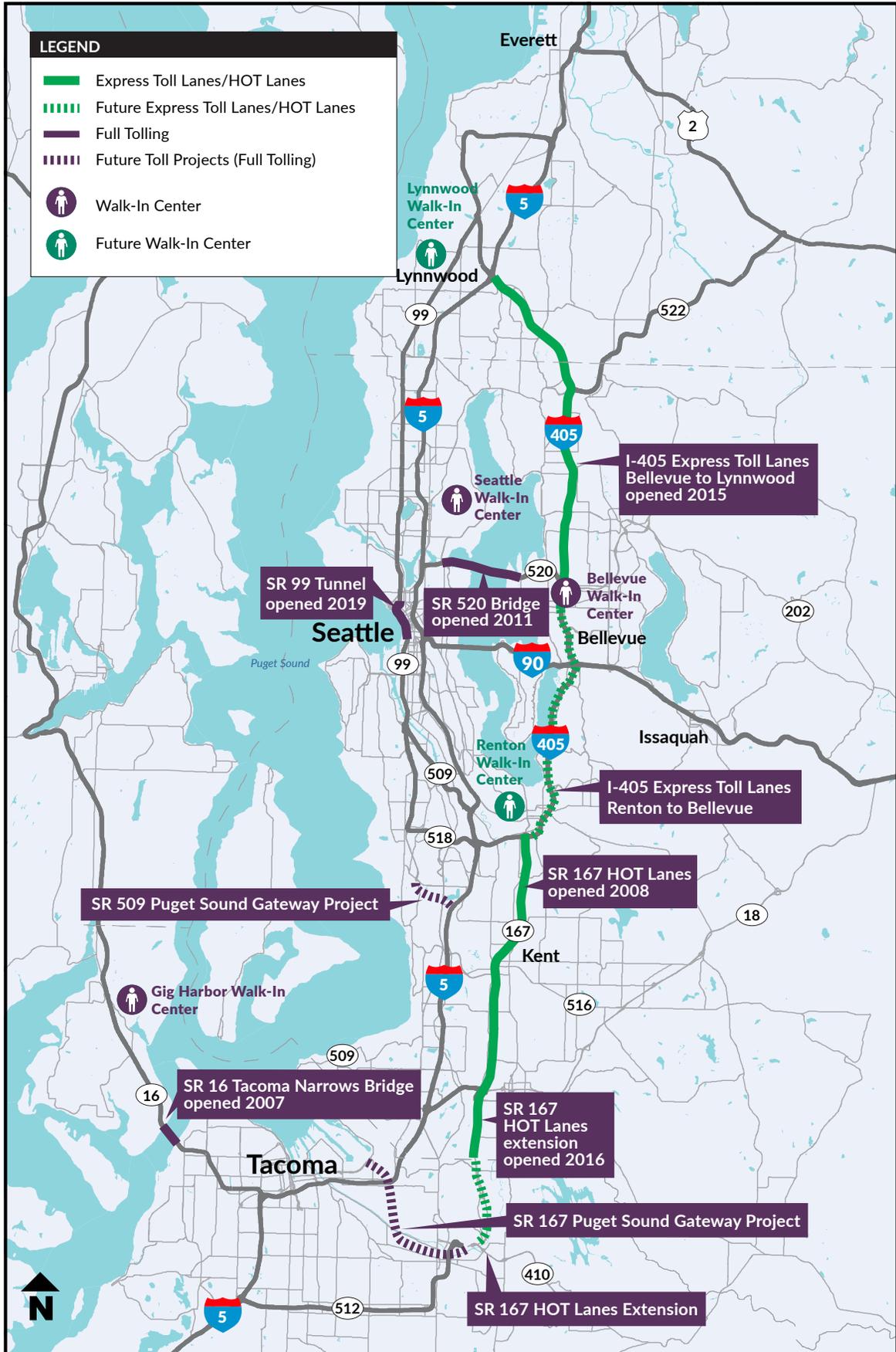
Proactive, transparent communication

This year the Toll Division embarked on a comprehensive educational campaign in preparation for the start of tolling on Seattle's first toll road – the SR 99 tunnel. The goal of the educational campaign is to encourage drivers to get a **Good To Go!** pass to pay the lowest toll rate in the tunnel and other toll roads in Washington. As a part of this effort, WSDOT launched an incentive program to give SR 99 tunnel drivers a free **Good To Go!** sticker pass. The Toll Division will continue the educational campaign through the start of tolling including outreach and briefings, media and social media engagement, marketing and in-language outreach to reach the broadest possible audience.

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

Edward Barry | Director, WSDOT Toll Division
December 2019

TOLL FACILITIES



Highlights from Fiscal Year 2019

Tolling in Washington state

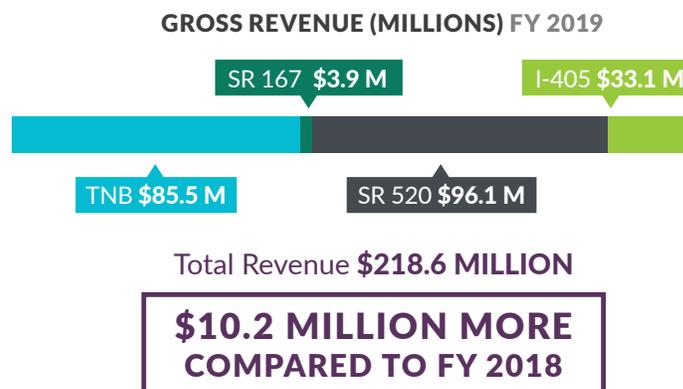
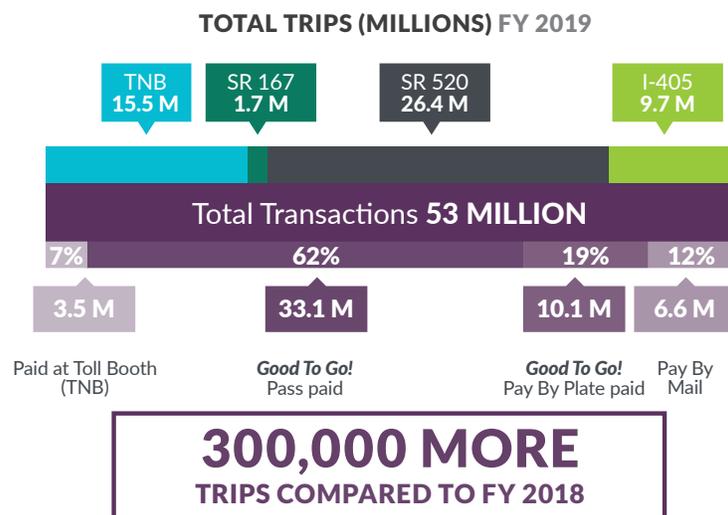
For over the last decade, Washington state has used tolling as a strategic tool to help manage congestion, enhance mobility, fund public improvement projects, and generate revenue required for ongoing operation and maintenance costs of existing facilities. Toll facilities are authorized by the Washington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

Fiscal Year (FY) 2019 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 (tolling begins on Nov. 9, 2019)
- I-405 express toll lanes expansion from Renton to Bellevue
- Gateway Project completion of SR 167 and SR 509



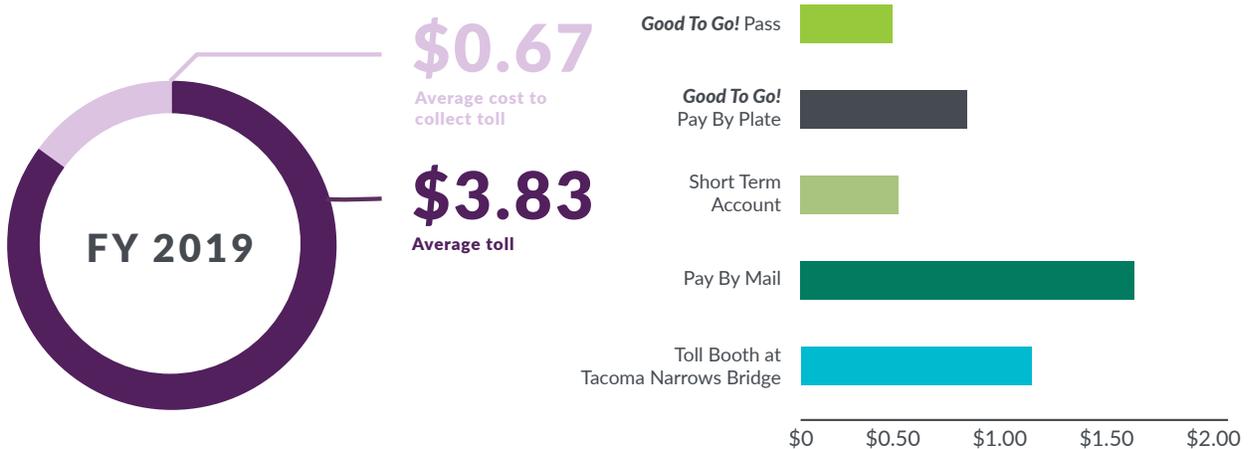
Highlights from Fiscal Year 2019

The cost to collect a toll

In FY 2019, it cost WSDOT an average of 43 cents to collect a toll for a trip made with a **Good To Go!** pass. Other methods available for customers to pay tolls, including Pay By Plate and Pay By Mail, are more expensive to collect. Customers choosing to use these more expensive payment methods pay a higher toll rate, which is intended cover the extra cost for WSDOT to collect the toll.

When looking at all payment methods, the average cost to collect was 67 cents and the average toll was \$3.83. All net revenue above the cost to collect the toll is reinvested back into overall roadway operations, maintenance, construction and debt service as directed by the Legislature.

COST TO COLLECT TOLL PER TRANSACTION



How the cost to collect is calculated

The cost to collect analysis uses operating costs found in toll financial statements, which includes vendor costs for customer service and toll equipment maintenance, mailing and credit card fees, WSDOT staff and consultant work. In addition, toll traffic and revenue and customer service data are also incorporated.

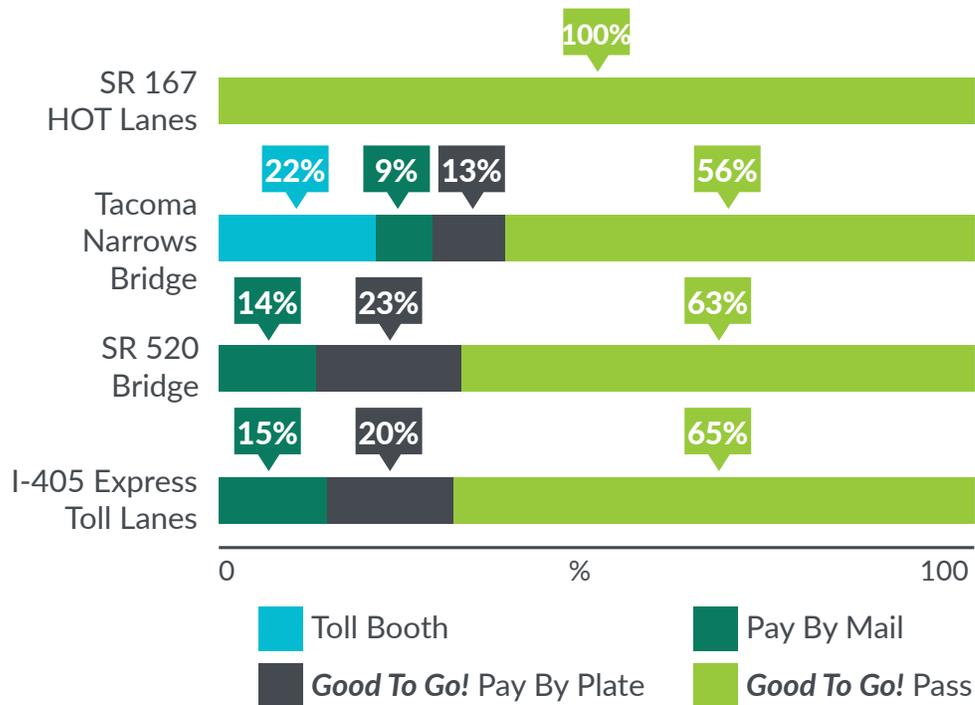
In order to more accurately reflect ongoing operational costs of tolling, WSDOT continues to make refinements to how the cost to collect is calculated. In FY 2019, WSDOT removed one-time customer service center replacement capital expenditures which do not reflect ongoing operational costs. WSDOT also added new data available regarding the length of time it takes call center representatives to field various calls, updated the number of vendor staff conducting various activities at the customer service center and updated how credit card fees are distributed based on more detailed toll revenue data by payment type.

Cost to collect trends in FY 2019

Historically, the cost to collect a toll paid through a pre-paid **Good To Go!** account was similar regardless whether it was paid using a **Good To Go!** pass or by registering the license plate (Pay By Plate). Given the refinements to the cost to collect methodology described above, the cost to collect a Pay By Plate toll is 35 cents higher than a **Good To Go!** pass.

WSDOT will continue to monitor this trend into the future and after transitioning to a new **Good To Go!** toll system and customer service center.

TOLL TRIPS BY PAYMENT METHOD IN FY 2019



WSDOT Strategic Plan in action



The business administration team (pictured above) takes WSDOT's strategic plan to heart

Inclusion

One of the goal areas for WSDOT's strategic plan is inclusion, which is rooted in developing an inclusive and diverse workforce, diversify business spending, create opportunities, and community engagement.

At the Toll Division, Pani Saleh, director of business administration, has built her team with this goal area in mind.

"It's important that we reflect the communities that we serve," she said. "Different cultures bring in different ways of communicating. We have Iran, China, Russia, and Vietnam represented. We each understand things differently, but it provides us with opportunities to adapt and be flexible."

While each culture represented communicates differently, the team has developed a sense of comfort with each other, as many have immigrated to the United States from their home countries and have a level of comradery that they have similar shared experiences.

"It's fun, and it feels at home," Pani said. "When people are happy, they do better at work, and having a diverse environment helps with that."

During the holidays, the business administration team brings their cultural traditions to work, when they each decorate their cubicle walls with holiday decorations that represent their culture or beliefs.

"We each think differently, and you need to be friends with it and not a point of difference," Pani said. "The more we understand where each other came from, the better of we are. It allows us to be part of something bigger than ourselves."

Workforce Development and Practical Solutions

When our new customer service operator needed to get some new RFID readers for inventory and scanning **Good To Go!** passes already on vehicles, Michael Severance, transportation engineer, and Robert Kopelk, lane system project engineer, put their heads together to develop a custom app that would allow for better customer service.

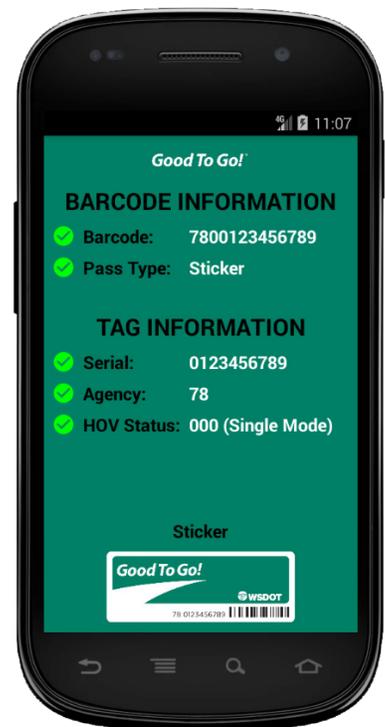
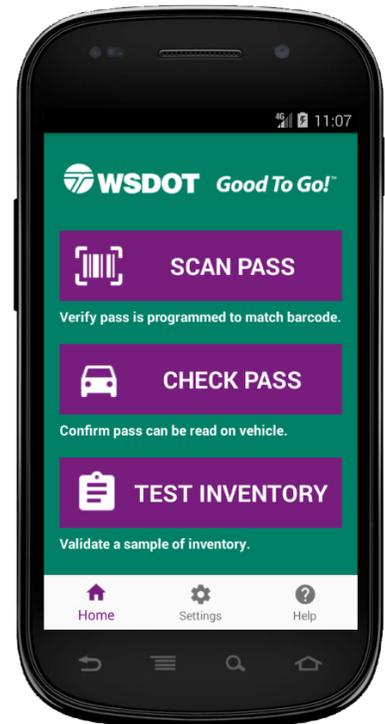
“In the past our readers could confirm that passes were reading, but they would not display all of the information specific to **Good To Go!** passes,” Michael said. “Without this information, we could not validate for a customer that their pass was programmed correctly. Now with our new app, we can ensure passes are being read correctly with the customers present, so that they can be more confident that they will be charged accurately.”

Once the new device is completed, customers who are experiencing issues with their passes, can have their passes read at a customer service center to diagnose any problems with their pass.

Creating the app in-house is saving the Toll Division thousands of dollars. One reader typically runs around \$1,500. If a vendor had developed and integrated the app with the readers, it would likely double the cost of procuring the readers.

Once development of the app is finished, Michael and Robert will provide training to customer service representatives on how to use the app. In addition, Toll Division staff will be educated on the framework of the app so that ongoing maintenance and upkeep can remain in-house.

“By allowing employees to develop these skills, it allows us to be trained on how it works,” Michael said. “It also makes us not dependent on a vendor, and we can update it whenever the need arises.”



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 55,000 customers had penalties waived in FY 2019 and WSDOT collected \$2.5 million in unpaid tolls as a result of the program.

Active accounts

| | Total | New in FY19 |
|-----------------------------------|---------|-------------|
| Total Good To Go! Accounts | 929,000 | 73,000 |
| Registered Passes | 821,000 | 61,000 |
| Pay By Plate | 94,000 | 12,000 |
| Other | 14,300 | - |



96,000 VISITS

Active passes*

| | Total | New in FY19 |
|--------------|-----------|-------------|
| Total Passes | 1,594,000 | 109,000 |
| Stickers | 992,000 | 51,000 |
| Flex Pass | 412,000 | 59,000 |
| Motorcycles | 21,000 | 2,000 |
| Other | 169,000 | -3,000 |



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

Customer survey from FY 2019



Business plan goal: Outstanding program delivery and operation



After 10 years of operation WSDOT's **Good To Go!** back office system needs a refresh to catch up with technology and the expanding desires of our customers. Years of customer feedback, internal brainstorming sessions and best practices helped us design a modern, customer-focused system to replace our decade old back office system, which we are currently developing.



Pay As You Go

One of our top customer feedback items was difficulties with the \$30 prepaid balance. This new option eliminates the balance and charges tolls directly to a credit card.



Text message notifications

Texting wasn't common 10 years ago, today it is key to customer communication. We will provide it as an option for more immediate notification of changes to a customer's account.



Online chat with a customer service agent

Chatting with a customer service rep using online chat has become common and we wanted to give our customers another avenue to reach us.



Good To Go! account integration

Today, customers receiving bills in the mail cannot easily transfer their charges to a **Good To Go!** account, the future system will be able to do this seamlessly. They will be able to have multiple payment options available from a single account, including Pay By Plate, HOV trips and using a **Good To Go!** pass.



User-oriented design

New tools will give customers greater control over their accounts. They will be able to reset their own password, more easily add and remove vehicles, manage finances, dispute a toll bill, and more.

A user experience (UX) designer streamlined the efficiency of the website, focusing on making it more intuitive.

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.



CUSTOMER SERVICE EXAMPLES (TWITTER)

The screenshot displays a series of tweets and replies from the account 'WSDOT Good To Go!'. The first tweet, from user Josh Lavalleur, asks about the best way to get more of a specific Velcro tape. The account replies that it is called 3M Dual Lock and can be found at hardware stores. A second tweet from the same user says 'Perfect thanks!'. The account then replies to another user, kvorbeta, who asks about a GTG sticker and a photo enforcement fee. The account explains that the sticker is fine as long as the pass is registered and the vehicle is online. A third tweet from user D-Man West shares feedback about a past customer service experience. The account responds with gratitude and offers to share the account if the user wants to know more.

Toll Division: Employee spotlight

With FY 2019 marking 10-years for the Toll Division as a department within WSDOT, this section highlights two staff: one new staff member and one long-time staff member and the important work they do to support tolling.



Communications

Lauren McLaughlin

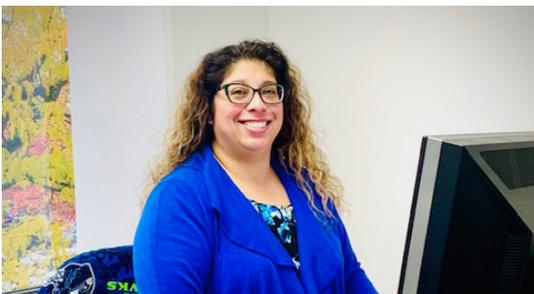
Lauren McLaughlin started with the Toll Division in May 2019, and has proved to be an integral part of the division's communications team ever since.

Prior to joining the WSDOT Toll Division team, Lauren worked at a small newspaper in Eastern Washington. Lauren came to our team brand new

to tolling and the world of transportation.

"I've been learning a lot about our tolling systems, and am seeing how it all interacts together," she said. "It's a lot more involved than I originally thought."

Since joining our team of communicators, Lauren has helped to increase response times to customer emails and interactions on social media. Lauren has also been assisting with the incentive program for the SR 99 tunnel.



Customer Service

Jenny Ugale

Jenny Ugale's first day with the Toll Division was the very same day tolling started on the Tacoma Narrows Bridge, July 16, 2007. Her first position was a temporary role with TransCore, the customer service vendor at the Tacoma Narrows Bridge. Jenny started out in an entry

level customer service position and has worked her way up to a supervisor role, providing oversight of our customer service vendor to ensure high quality customer service for all customers.

What has kept Jenny here all this time is because she says the work the Toll Division does matters.

"What we do here matters," she said. "My job touches so many different things. It really ranges from helping educate customers on the **Good To Go!** program, to helping and educating staff. No day is the same, and I'm constantly learning. It makes coming into work fun."

Bridges



The summer of 2019 marked 12 years since tolling began on the eastbound span of the Tacoma Narrows Bridge. Tolls are a flat rate and 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.

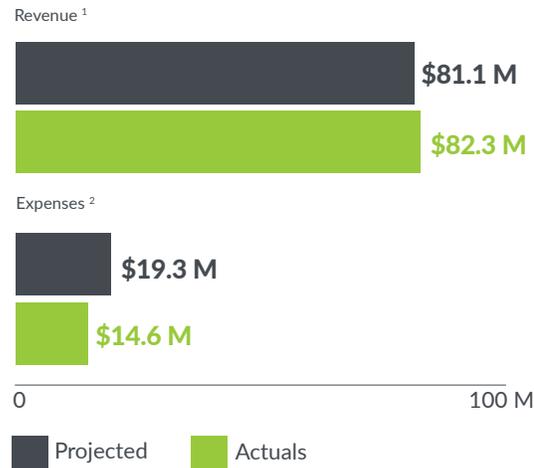
WSDOT is on track to meet the debt repayment goal in the early 2030s.

Looking ahead to FY 2020

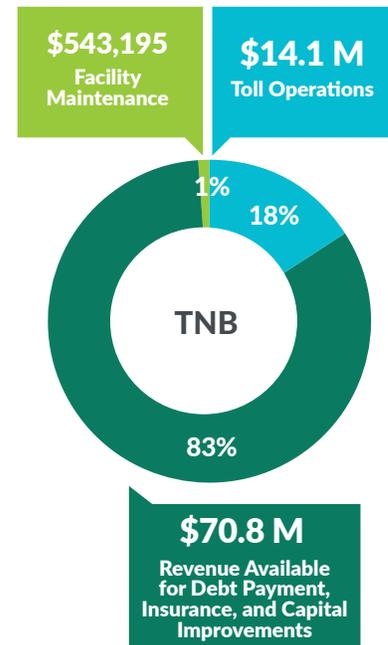
The tolling equipment on the Tacoma Narrows Bridge is nearing the end of its usable life. The Toll Division is in the midst of a procurement process to replace this aging infrastructure.

For more information visit wsdot.wa.gov/Tolling/TNB Tolling.

SR 16 REVENUE VS EXPENSES FY 2019



SR 16 REVENUE VS OPERATIONS AND MAINTENANCE FY 2019



Total Revenue
\$85.5 M



Average weekday trips

46,000

Increase of 1,000 trips
each weekday compared
to FY 2018



Good To Go! rate

\$5.00

¹ Only includes tolling revenues.

² Expenses exclude civil penalty, preservation, and transponder costs.

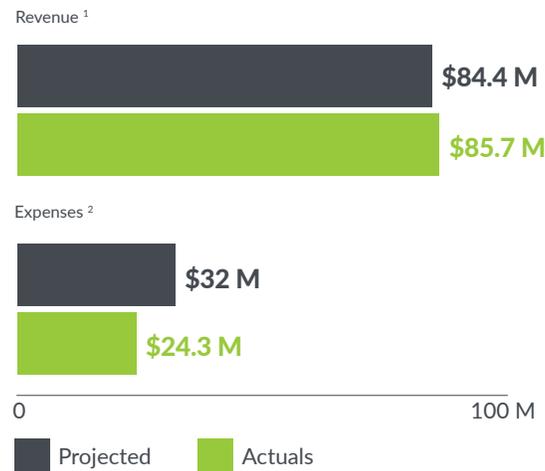


The 1.4 mile SR 520 Bridge is the world's longest floating bridge. In addition to generating revenue, SR 520 tolls adjust throughout the day to manage congestion in the corridor.

SR 520 bridge toll rates vary by time of day and on weekends. 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.

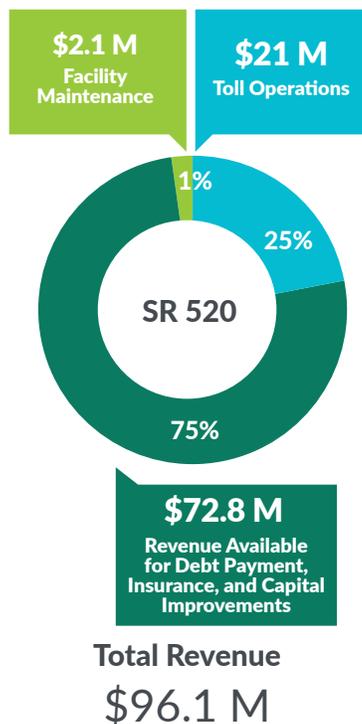
SR 520 REVENUE VS EXPENSES FY 2019



¹ The revenue forecast only includes toll revenue. The expense forecast includes toll collection O&M costs, CSC Procurement costs, Roadway O&M costs, Credit Card Fees, and Bridge Insurance Premiums, and excludes transponder inventory costs.

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

SR 520 REVENUE VS OPERATIONS AND MAINTENANCE FY 2019



Average paid
weekday trips

84,000

Increase of 3,000 trips
each weekday compared
to FY 2018



Average weekday
transit boardings

22,200



Average weekday
vanpool trips

440



Good To Go! rate
(peak period)

\$4.30

Express Toll Lanes

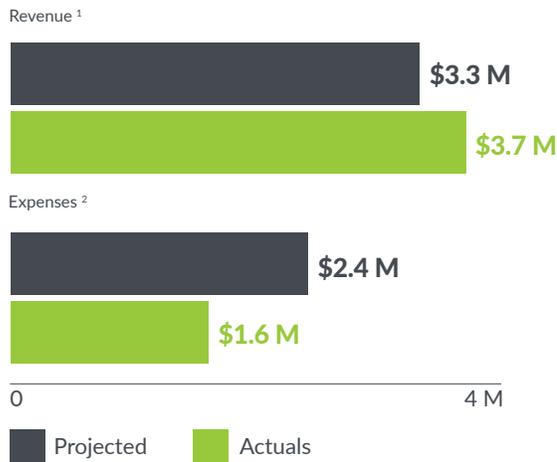


The HOT lanes have met the intended goals of the pilot project to help manage traffic and provide a reliable option for users in the SR 167 corridor. The HOT lanes also have the added benefit of steady revenue generation and are covering toll operating and maintenance costs. In 2019 the Legislature made the SR 167 HOT lanes permanent while extending them to SR 512.

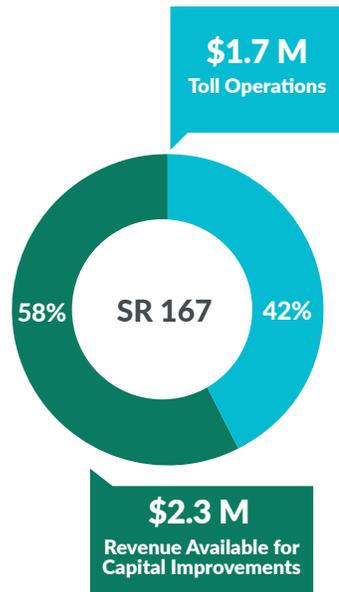
Tolls adjust dynamically based on congestion and range from 50 cents to \$9.

For more information visit wsdot.wa.gov/Tolling/SR167HotLanes.

SR 167 REVENUE VS EXPENSES FY 2019



SR 167 REVENUE VS OPERATIONS AND MAINTENANCE FY 2019



¹ Only includes tolling revenues.

² Total expenses less Preservation and Transponder costs



Average paid weekday trips

6,000

Increase of 200 trips each weekday compared to FY 2018



Average weekday transit boardings

2,000



Travel time savings

NB 7 minutes

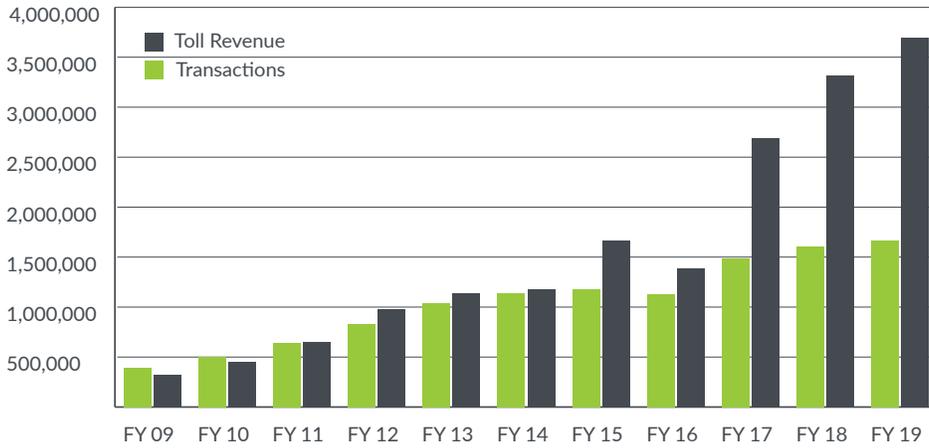
SB 9 minutes



Good To Go! rate (average peak period)

\$3.90

**SR 167 REVENUE VS EXPENSES
FY 2009 - FY 2019**



In FY 2019, WSDOT opened a new flyover ramp connecting the HOT lanes on SR 167 to the carpool lanes on I-405 in Renton. This ramp is designed to improve traffic flow and safety performance at this critical interchange, and is the first phase of a broader project, the I-405 Renton to Bellevue Widening and Express Toll Lanes project, and will be tolled when the new I-405 Renton to Bellevue Express Toll Lanes open in 2024.

**SR 167 45 MPH METRIC
FY 2019**

FY 2019 45 MPH Metric

Jul - Dec **78%**

Jan - Jun **76%**

While the new flyover ramp was still under construction during the first half of FY 2019, SR 167 saw a lower performance tied to corridor changes from the construction, and congestion where the southbound where the southbound HOT lanes end in Auburn, with traffic backing up and slowing down the southbound HOT lanes. With the continuous construction work and lane reconfiguration, no rate adjustments were sought in this period.

CUSTOMER SURVEY RESULTS

WSDOT conducts an annual survey of the users of the SR 167 HOT lanes. The 2019 survey included responses from over 1,250 **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, 93% like having a choice for a faster trip. Additionally, most customers reported that their trips in the HOT lanes were worth the toll they paid.



I am impatient with being stuck still in traffic. HOT lanes make it possible to move.

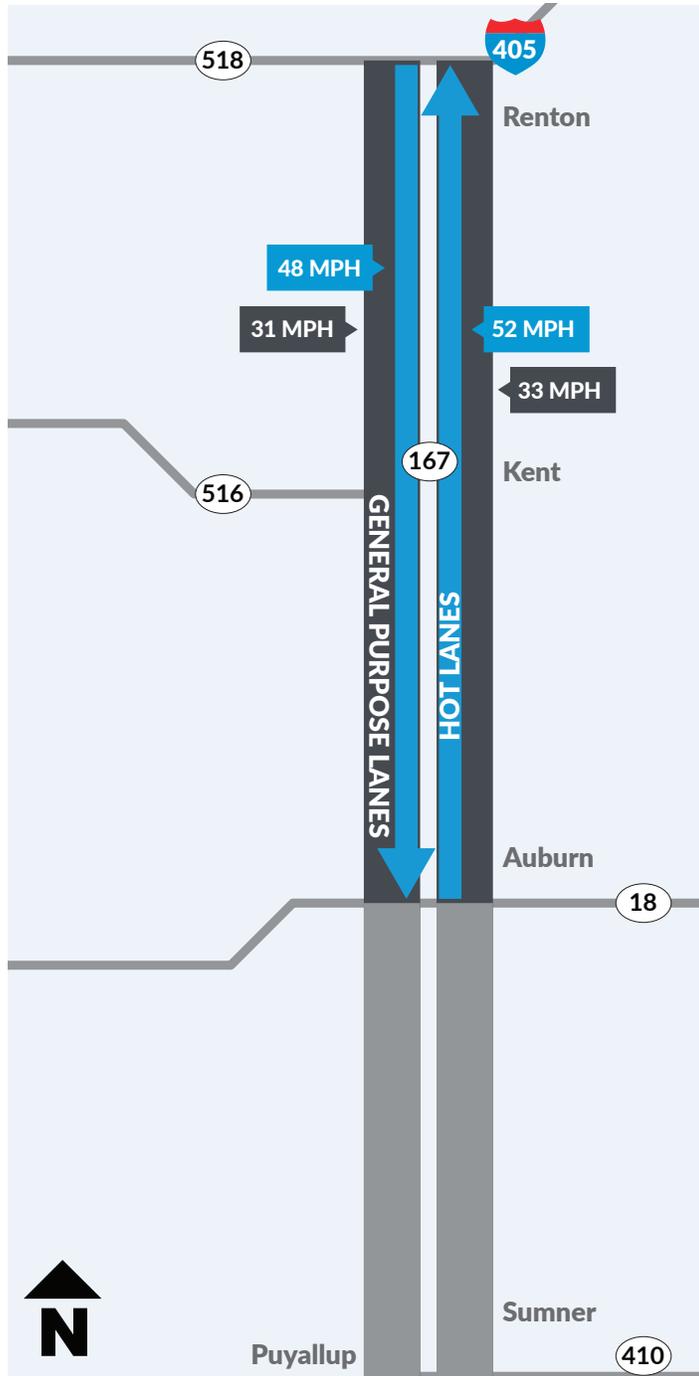
That it's an option for a faster commute. That it's free when HOV and the FlexPass is easy to use.

It makes my commute faster. It also helps our environment keeping less cars on our roads.

1) Super fast 2) I drive alone 100% for work (work out of home, so never a regular time, destination or day of the week); 3) can pay a fee and am eligible for the lane.



HOT LANES SPEEDS VS. GENERAL PURPOSE LANES SPEEDS FY 2019



The opening of the direct connector helped keep traffic moving between SR 167 and I-405, which created additional demand on the general purpose lanes and HOT lanes. WSDOT continues to monitor this growth in demand, and study adjustments to the algorithm to respond faster to increasing congestion.

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

**SOUTHBOUND RENTON TO AUBURN
= 17 MPH FASTER**



In FY 2019, the I-405 express toll lanes between Bellevue and Lynnwood continued to meet the intended goals of providing a faster, more predictable trip, providing a choice to people and generating revenue to reinvest back into the the corridor. Tolls adjust dynamically based on congestion and range from 75 cents to \$10.

For more information visit wsdot.wa.gov/Tolling/405.

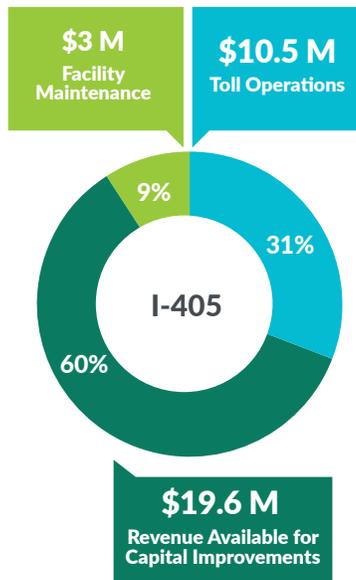
I-405 REVENUE VS EXPENSES FY 2019



¹ Only includes tolling revenues.

² Expenses exclude civil Penalty, capital improvements, and transponder costs.

I-405 REVENUE VS OPERATIONS AND MAINTENANCE FY 2019



Average paid
weekday trips

38,000



Average weekday
transit boardings

7,600



Travel time savings
NB 12 minutes

SB 11 minutes



Good To Go! rate
(average peak period)

\$4.50

I-405 45 MPH METRIC
FY 2019

FY 2019 45 MPH Metric



WSDOT is required to report to the Federal Highway Administration (FHWA) annually on whether the express toll lanes are moving 45 mph or faster 90 percent of the time during peak periods. WSDOT reports this measure in six month increments, to align with FHWA reporting.

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. 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 61 percent of the time during peak periods due to a lack of capacity and heavy demand. In 2019, the Legislature approved the extension of the dual express toll lane from SR 522 to SR 527 in Bothell which will help traffic move faster in the express toll lanes. The northbound dual lane section meets the requirement 87 percent of the time. 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 2019 survey included responses from over 1,500 **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, 87 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.



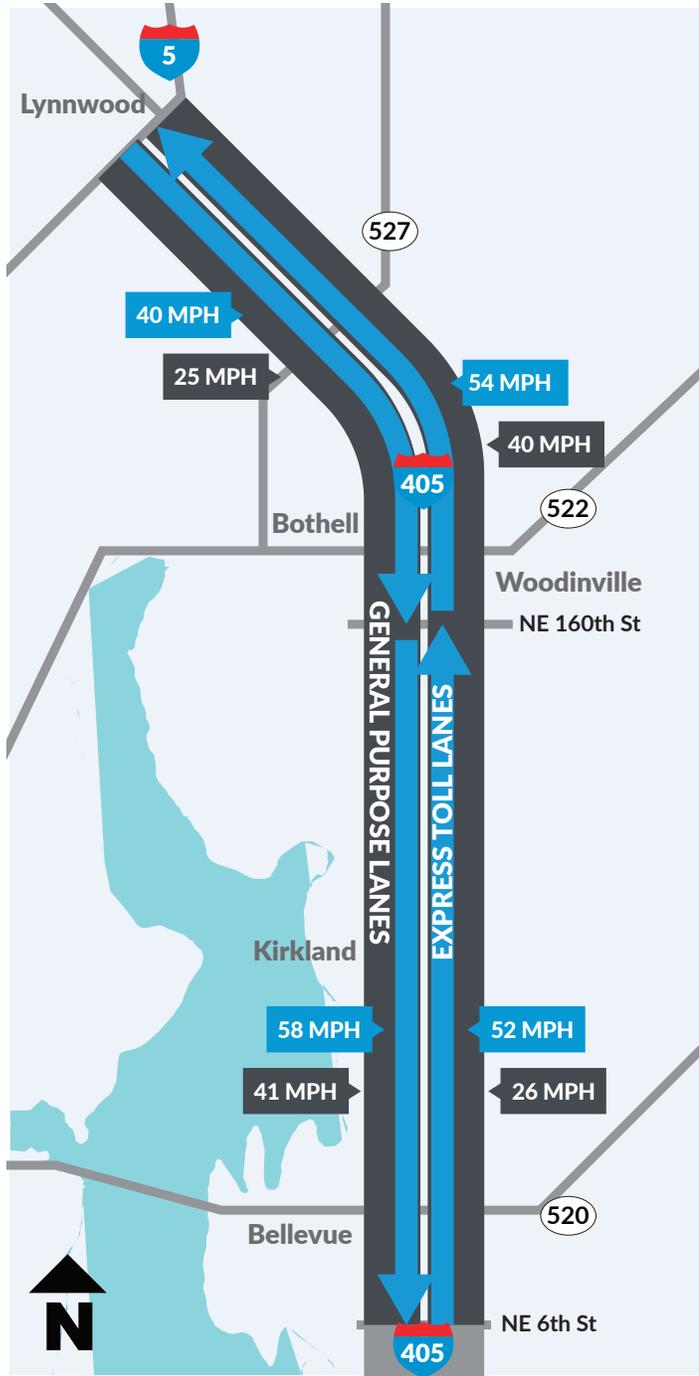
Convenience. Makes it nice in the evenings to take the 128th exit in Kirkland. And in the mornings when I'm visiting and traffic is heavy, it's nice to be able to get south to work a little faster. Usually prefer not to use them when there's a toll, unless I have company/a carpool.

I like that it offers a non-carpool option now that children are out of the house.

I like that I can spend less time in my car and more time with my family.



I-405 EXPRESS TOLL LANES VS GENERAL PURPOSE LANES SPEEDS FY 2019



In FY 2019, 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
= 14 MPH FASTER**

**SOUTHBOUND LYNNWOOD TO BOTHELL
= 15 MPH FASTER**

**NORTHBOUND BELLEVUE TO BOTHELL
= 26 MPH FASTER**

**SOUTHBOUND BOTHELL TO BELLEVUE
= 17 MPH FASTER**

PROJECTS IN PROGRESS



After nearly two decades of planning and construction, the SR 99 tunnel under downtown Seattle opened to traffic on Feb. 4, 2019. The tunnel replaced the aging Alaskan Way Viaduct, an elevated structure built in the 1950s, which was seismically vulnerable.

The Toll Division convened an inter-agency task force to conduct an extensive monitoring effort to measure changes in traffic and traveler behavior that occurred during and after the permanent viaduct closure, through the tunnel opening and toll-free period and through the start of tolling. This includes partner agencies Seattle Department of Transportation, King County Metro, Sound Transit and Port of Seattle who will collect and analyze data to help describe how the transportation system operates during each phase.

WSDOT also embarked on a robust educational campaign to educate drivers how the tunnel and tolling would work and how to pay the lowest rate with the goal being to help ensure that as many drivers as possible continue using the tunnel once tolling starts instead of other routes. This includes launching an incentive program to offer free **Good To Go!** sticker passes to tunnel drivers.

The Alaskan Way Viaduct Replacement Program is made up of 30 projects that work together to reshape the SR 99 corridor. 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 will begin in fall 2019 after demolition of the existing viaduct is complete.

For more information visit wsdot.wa.gov/Projects/Viaduct/SR99Tolling.





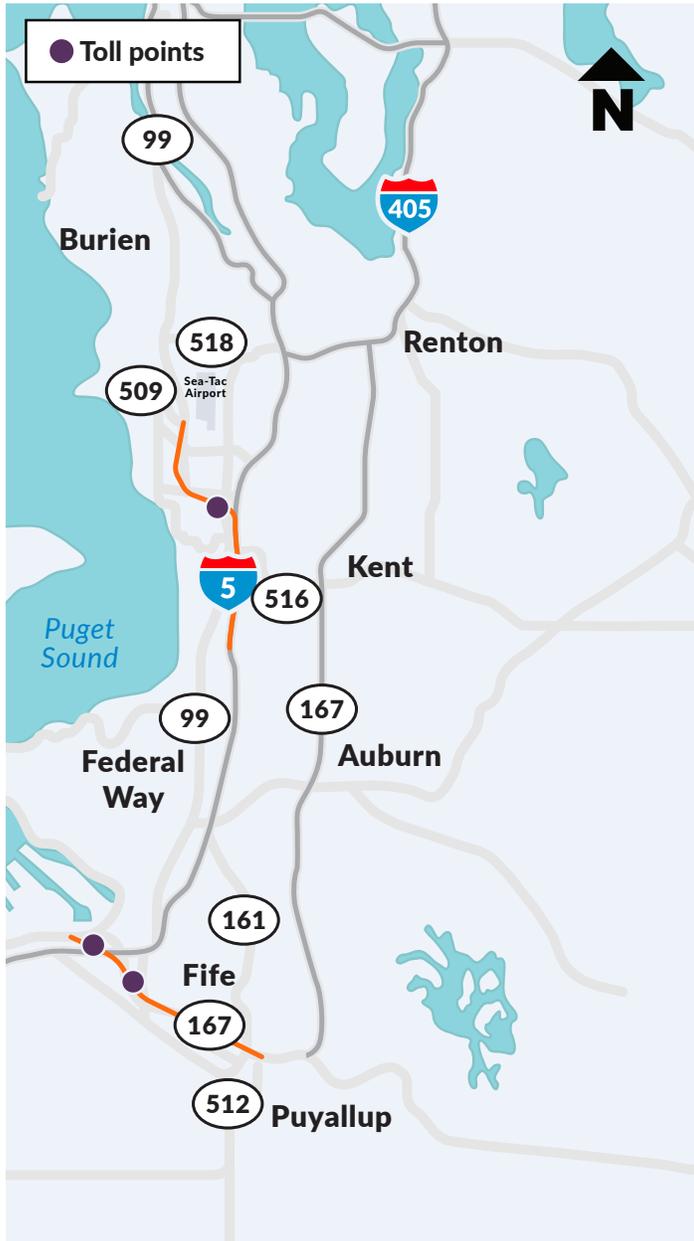
I-405/SR 167 Express Toll Lane Corridor

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 more than 50 mile system of managed lanes that will improve speeds and trip reliability across all lanes for most trips.

Construction is scheduled to start in 2020, with new lanes opening in 2024.

For more information visit wsdot.wa.gov/Projects/I405/RentontoBellevue.



Puget Sound Gateway Program

The Puget Sound Gateway Program is composed of two projects: 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 \$1.96 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 originally funded over a 16-year timeline with completion scheduled for 2031, but in 2019 the Legislature provided authorization to complete construction in 2028. The Legislature also authorized tolling funding in 2019, solidifying the \$180 million tolling contribution. Based on the funding plan under Connecting Washington, major construction for a first stage occurs between 2020 and 2026, and a second stage between 2024 and 2028.

For more information visit wsdot.wa.gov/Projects/Gateway.

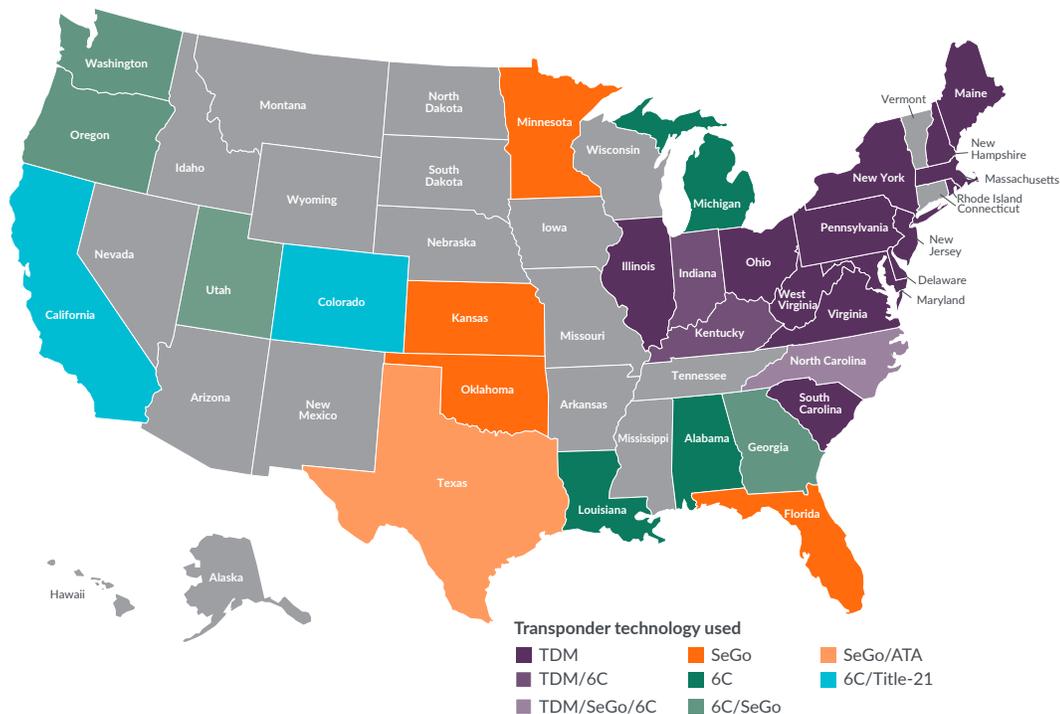
Technology and Interoperability

Toll interoperability is the nationwide effort to make toll passes from every state work all across the country. WSDOT is working hard to ensure that **Good To Go!** passes are interoperable throughout the United States. WSDOT has joined with toll organizations from 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, Oregon and Utah.

Interoperability highlights include:

- Development of agreements and regional technical specifications between Western Region Toll Operators. WSDOT Accounting, Audit and the Washington State Attorney General's office have reviewed interoperability agreements.
- Participation in the nationwide interoperability development effort with toll operators across the country, including technical specifications and business rule development.
- Work with the Western Region Hub hosted by the Transportation Corridor Agencies of California. The Western Region Hub is one of four regional hubs that will process all toll transactions nationwide.
- California is moving its toll technology to the same technology (6C protocol) used by WSDOT and WSDOT is assisting California with its adoption to make roadside technologies seamless.
- Working to ensure California's FasTrak passes and **Good To Go!** passes work in all facilities in the region, ensuring greater accuracy and less time and effort to collect tolls from regional customers.

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 being adopted by toll operators across the country. 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 2019, QUARTER ENDED JUNE 30, 2019**

| | NOTES | JUL THROUGH SEP | OCT THROUGH DEC | JAN THROUGH MAR | APR THROUGH JUN | YEAR-TO-DATE |
|--|-------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| REVENUES | | | | | | |
| Toll revenue | 1 | \$ 21,688,287 | \$ 20,096,589 | \$ 18,534,421 | \$ 21,955,035 | \$ 82,274,332 |
| Civil penalty | 2 | 424,971 | 704,710 | 101,595 | 226,695 | 1,457,970 |
| Transponder sales | 3 | 135,778 | 110,174 | 115,693 | 118,515 | 480,161 |
| Toll vendor contractual damages | 4 | 1,459 | 2,424 | 1,415 | 1,272 | 6,571 |
| Toll bill reprocessing fee | 5 | 132,138 | 123,376 | 97,001 | 243,644 | 596,160 |
| Interest income | | 81,742 | 129,856 | 155,644 | 198,538 | 565,780 |
| Miscellaneous | 6 | 8,037 | 7,764 | 54,436 | 15,532 | 85,768 |
| TOTAL REVENUES | | <u>22,472,412</u> | <u>21,174,893</u> | <u>19,060,205</u> | <u>22,759,231</u> | <u>85,466,742</u> |
| EXPENDITURES | | | | | | |
| Goods and Services | | | | | | |
| Toll operations vendor contracts | 7 | 2,061,117 | 2,010,058 | 2,044,170 | 2,261,962 | 8,377,307 |
| Insurance | 8 | 1,072,095 | 3,499 | 10,280 | 5,759 | 1,091,633 |
| Credit card and bank fees | | 490,909 | 429,323 | 370,525 | 540,489 | 1,831,246 |
| Transponder cost of goods sold | 9 | 89,868 | 76,693 | 80,290 | 99,650 | 346,501 |
| Pay-by-mail | | 150,195 | 117,157 | 107,903 | 121,884 | 497,140 |
| Other | 10 | 111,179 | 110,526 | 88,368 | 80,445 | 390,518 |
| Total Goods and Services | | <u>3,975,363</u> | <u>2,747,256</u> | <u>2,701,536</u> | <u>3,110,190</u> | <u>12,534,345</u> |
| Personal service contracts | 11 | 145,412 | 203,810 | 157,804 | 167,989 | 675,015 |
| Salaries and benefits | | 269,786 | 294,613 | 290,492 | 339,797 | 1,194,688 |
| Civil penalty adjudication costs | 12 | 204,411 | 201,322 | 186,309 | 176,650 | 768,692 |
| Maintenance and preservation | 13 | 189,495 | 117,932 | 203,453 | 281,687 | 792,566 |
| TOTAL EXPENDITURES | | <u>4,784,466</u> | <u>3,564,934</u> | <u>3,539,593</u> | <u>4,076,312</u> | <u>15,965,305</u> |
| EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | <u>17,687,946</u> | <u>17,609,959</u> | <u>15,520,612</u> | <u>18,682,919</u> | <u>69,501,437</u> |
| OTHER FINANCING USES | | | | | | |
| Operating transfer in | | - | - | - | 5,000,000 | 5,000,000 |
| Operating transfers out | 14 | (17,669,460) | (12,149,190) | (24,947,460) | (18,986,190) | (73,752,300) |
| TOTAL OTHER FINANCING USES | | <u>(17,669,460)</u> | <u>(12,149,190)</u> | <u>(24,947,460)</u> | <u>(13,986,190)</u> | <u>(68,752,300)</u> |
| NET CHANGE IN FUND BALANCE | | <u>18,486</u> | <u>5,460,769</u> | <u>(9,426,848)</u> | <u>4,696,729</u> | <u>749,137</u> |
| FUND BALANCE - BEGINNING | | <u>21,320,461</u> | <u>21,338,947</u> | <u>26,799,716</u> | <u>17,372,869</u> | <u>21,320,461</u> |
| FUND BALANCE - ENDING | | <u>\$ 21,338,947</u> | <u>\$ 26,799,716</u> | <u>\$ 17,372,869</u> | <u>\$ 22,069,598</u> | <u>\$ 22,069,598</u> |

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. That transfer occurred in June 2019. The remaining obligation at the end of 2017-19 biennium is \$2,438,000.

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 in fiscal year 2019 are \$515,587 for current quarter and \$1,737,948 for the fiscal year.

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. 4th quarter Maintenance totaled \$150,862 and preservation totaled \$130,825. Year to date Maintenance totaled \$543,195 and Preservation totaled \$249,372.
14. **Operating Transfers Out** – Total includes both amount transferred to MVA for debt service pursuant to RCW 47.46.140 and \$950,000 to repay MVA Obligation as authorized in Chapter 313, Laws of 2017 PV (ESB 5096, Section 408(19)).

**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 2019, QUARTER ENDED JUNE 30, 2019**

| | NOTES | JUL THROUGH SEP | OCT THROUGH DEC | JAN THROUGH MAR | APR THROUGH JUN | YEAR-TO-DATE |
|--|-------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| REVENUES | | | | | | |
| Toll revenue | 1 | \$ 816,487 | \$ 879,587 | \$ 809,302 | \$ 1,198,241 | \$ 3,703,617 |
| Transponder sales | 2 | 25,763 | 20,904 | 21,952 | 22,487 | 91,106 |
| Toll vendor contractual damages | 3 | 209 | 342 | 199 | 179 | 929 |
| Interest income | | 18,541 | 30,927 | 36,178 | 57,831 | 143,477 |
| Miscellaneous | 4 | 1,014 | 963 | 969 | 1,361 | 4,306 |
| TOTAL REVENUES | | <u>862,013</u> | <u>932,723</u> | <u>868,600</u> | <u>1,280,099</u> | <u>3,943,435</u> |
| EXPENDITURES | | | | | | |
| Goods and Services | | | | | | |
| Toll operations vendor contracts | 5 | 155,831 | 185,733 | 196,898 | 322,460 | 860,922 |
| Credit card and bank fees | | 19,643 | 17,530 | 15,227 | 21,074 | 73,475 |
| Transponder cost of goods sold | 6 | 17,051 | 14,547 | 15,234 | 18,897 | 65,729 |
| Washington state patrol | 7 | 39,786 | 21,400 | 14,676 | 19,029 | 94,890 |
| Other | 8 | 16,275 | 16,242 | 13,486 | 13,614 | 59,616 |
| Total Goods and Services | | <u>248,587</u> | <u>255,451</u> | <u>255,521</u> | <u>395,074</u> | <u>1,154,633</u> |
| Personal service contracts | 9 | 20,559 | 29,586 | 24,406 | 43,006 | 117,557 |
| Salaries and benefits | | 110,577 | 96,324 | 96,115 | 96,604 | 399,620 |
| TOTAL EXPENDITURES | | <u>379,723</u> | <u>381,362</u> | <u>376,042</u> | <u>534,683</u> | <u>1,671,810</u> |
| EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | <u>482,290</u> | <u>551,361</u> | <u>492,558</u> | <u>745,416</u> | <u>2,271,625</u> |
| NET CHANGE IN FUND BALANCE | | 482,290 | 551,361 | 492,558 | 745,416 | 2,271,625 |
| FUND BALANCE - BEGINNING | | 6,325,655 | 6,807,945 | 7,359,306 | 7,851,864 | 6,325,655 |
| FUND BALANCE - ENDING | | <u>\$ 6,807,945</u> | <u>\$ 7,359,306</u> | <u>\$ 7,851,864</u> | <u>\$ 8,597,280</u> | <u>\$ 8,597,280</u> |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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 in fiscal year 2019 are \$69,210 for current quarter and \$233,295 for the fiscal year.

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.

**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 2019, QUARTER ENDED JUNE 30, 2019**

| | NOTES | JUL THROUGH SEP | OCT THROUGH DEC | JAN THROUGH MAR | APR THROUGH JUN | YEAR-TO-DATE |
|--|-------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| REVENUES | | | | | | |
| Toll revenue | 1 | \$ 21,613,569 | \$ 21,175,614 | \$ 19,568,991 | \$ 23,320,514 | 85,678,689 |
| Debt service reimbursement (FHWA) | 2 | 87,041,563 | - | 12,857,813 | - | 99,899,375 |
| Transponder sales | 3 | 256,140 | 207,839 | 218,251 | 223,574 | 905,804 |
| Toll vendor contractual damages | 4 | 3,136 | 5,257 | 3,070 | 2,760 | 14,223 |
| Toll bill reprocessing fee | 5 | 352,760 | 323,734 | 254,527 | 653,103 | 1,584,124 |
| Interest income | | 284,284 | 413,355 | 564,368 | 752,019 | 2,014,027 |
| Miscellaneous | 6 | 63,878 | 13,097 | 43,020 | 43,501 | 163,496 |
| TOTAL REVENUES | | 109,615,330 | 22,138,897 | 33,510,039 | 24,995,472 | 190,259,739 |
| EXPENDITURES | | | | | | |
| Goods and Services | | | | | | |
| Toll operations vendor contracts | 7 | 2,723,683 | 2,617,619 | 2,711,166 | 3,204,320 | 11,256,789 |
| Insurance | 8 | 2,780,302 | 8,288 | 24,348 | 13,641 | 2,826,580 |
| Credit card and bank fees | | 493,833 | 440,707 | 382,834 | 529,797 | 1,847,170 |
| Transponder cost of goods sold | 9 | 169,532 | 144,651 | 151,464 | 187,926 | 653,573 |
| Pay-by-mail | | 394,105 | 307,577 | 283,134 | 319,820 | 1,304,636 |
| Other | 10 | 184,590 | 197,638 | 135,912 | 153,317 | 671,458 |
| Total Goods and Services | | 6,746,045 | 3,716,481 | 3,688,858 | 4,408,822 | 18,560,205 |
| Personal service contracts | 11 | 439,277 | 704,867 | 470,390 | 395,502 | 2,010,036 |
| Salaries and benefits | | 485,311 | 516,306 | 506,037 | 604,033 | 2,111,688 |
| Cost of financing | | - | - | - | - | - |
| Maintenance and preservation | 12 | 412,095 | 535,625 | 575,103 | 768,837 | 2,291,660 |
| TOTAL EXPENDITURES | | 8,082,729 | 5,473,279 | 5,240,388 | 6,177,193 | 24,973,588 |
| EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | 101,532,601 | 16,665,619 | 28,269,651 | 18,818,280 | 165,286,151 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Operating Transfer In | | - | - | - | 1,000,000 | 1,000,000 |
| Operating transfers out - debt service | 13 | (101,036,517) | (13,990,983) | (26,840,849) | (13,985,778) | (155,854,126) |
| TOTAL OTHER FINANCING USES | | (101,036,517) | (13,990,983) | (26,840,849) | (12,985,778) | (154,854,126) |
| NET CHANGE IN FUND BALANCE | | 496,084 | 2,674,636 | 1,428,802 | 5,832,502 | 10,432,025 |
| FUND BALANCE - BEGINNING | | 81,918,282 | 82,414,366 | 85,089,002 | 86,517,805 | 81,918,282 |
| FUND BALANCE - ENDING | | \$ 82,414,366 | \$ 85,089,002 | \$ 86,517,805 | \$ 92,350,307 | \$ 92,350,307 |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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 in fiscal year 2019 are \$1,199,837 for current quarter and \$4,044,430 for the fiscal year.

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. 4th quarter Maintenance totaled \$757,534 and preservation totaled \$11,303. Year to date Maintenance totaled \$2,233,950 and Preservation totaled \$57,710.
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 2019, QUARTER ENDED JUNE 30, 2019**

| | NOTES | JUL THROUGH SEP | OCT THROUGH DEC | JAN THROUGH MAR | APR THROUGH JUN | YEAR-TO-DATE |
|--|-------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| REVENUES | | | | | | |
| Civil penalty | 1 | \$ 1,136,217 | \$ 1,488,709 | \$ 519,683 | \$ 2,441,165 | \$ 5,585,773 |
| Interest income | | 19,581 | 34,549 | 41,218 | 67,230 | 162,578 |
| TOTAL REVENUES | | 1,155,798 | 1,523,257 | 560,901 | 2,508,395 | 5,748,352 |
| EXPENDITURES | | | | | | |
| Goods and Services | | | | | | |
| Adjudication system vendor contract | 2 | 170,629 | 167,101 | 167,053 | 157,829 | 662,611 |
| Administrative hearing | 3 | 2,922 | 454 | 917 | 3,185 | 7,478 |
| Credit card and bank fees | | 28,977 | 25,729 | 22,449 | 30,932 | 108,087 |
| Other | 4 | 79,387 | 81,148 | 70,305 | 65,026 | 295,866 |
| Total Goods and Services | | 281,914 | 274,431 | 260,724 | 256,972 | 1,074,042 |
| Salaries and benefits | | 32,823 | 33,913 | 25,118 | 16,457 | 108,311 |
| TOTAL EXPENDITURES | | 314,737 | 308,345 | 285,842 | 273,429 | 1,182,353 |
| EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | 841,061 | 1,214,913 | 275,059 | 2,234,966 | 4,565,999 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Operating transfers out | | - | - | - | (1,000,000) | (1,000,000) |
| TOTAL OTHER FINANCING USES | | - | - | - | (1,000,000) | (1,000,000) |
| NET CHANGE IN FUND BALANCE | | 841,061 | 1,214,913 | 275,059 | 1,234,966 | 3,565,999 |
| FUND BALANCE - BEGINNING | | 8,312,551 | 9,153,612 | 10,368,525 | 10,643,584 | 8,312,551 |
| FUND BALANCE - ENDING | | \$ 9,153,612 | \$ 10,368,525 | \$ 10,643,584 | \$ 11,878,550 | \$ 11,878,550 |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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 2019, QUARTER ENDED JUNE 30, 2019**

| | NOTES | JUL THROUGH SEP | OCT THROUGH DEC | JAN THROUGH MAR | APR THROUGH JUN | YEAR-TO-DATE |
|--|-------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| REVENUES | | | | | | |
| Toll revenue | 1 | \$ 7,588,352 | \$ 7,241,743 | \$ 6,172,998 | 8,332,761 | \$ 29,335,854 |
| Civil penalty | 2 | 463,817 | 763,401 | 146,877 | 253,399 | 1,627,494 |
| Transponder sales | 3 | 94,497 | 76,677 | 80,518 | 82,482 | 334,175 |
| Toll vendor contractual damages | 4 | 1,196 | 1,997 | 1,166 | 1,048 | 5,407 |
| Toll bill reprocessing fee | 5 | 175,561 | 158,566 | 124,668 | 423,574 | 882,369 |
| Interest income | | 98,794 | 178,910 | 221,510 | 357,129 | 856,343 |
| Miscellaneous | 6 | 5,084 | 4,782 | 131,589 | (119,060) | 22,395 |
| TOTAL REVENUES | | <u>8,427,300</u> | <u>8,426,076</u> | <u>6,879,327</u> | <u>9,331,334</u> | <u>33,064,037</u> |
| EXPENDITURES | | | | | | |
| Goods and Services | | | | | | |
| Toll operations vendor contracts | 7 | 1,254,611 | 1,249,764 | 1,367,021 | 1,569,200 | 5,440,596 |
| Credit card and bank fees | | 143,602 | 128,152 | 111,325 | 154,058 | 537,137 |
| Transponder cost of goods sold | 8 | 66,665 | 56,130 | 59,905 | 71,362 | 254,062 |
| Washington State Patrol | 9 | 276,604 | 103,308 | 168,940 | 227,603 | 776,456 |
| Pay-by-mail | | 193,034 | 150,312 | 138,680 | 156,648 | 638,674 |
| Other | 10 | 95,466 | 99,668 | 80,497 | 91,357 | 366,988 |
| Total Goods and Services | | 2,029,982 | 1,787,334 | 1,926,367 | 2,270,228 | 8,013,911 |
| Personal service contracts | 11 | 129,352 | 192,733 | 161,290 | 234,125 | 717,500 |
| Salaries and benefits | | 315,215 | 271,542 | 271,993 | 228,875 | 1,087,625 |
| Civil penalty adjudication cost | 12 | 168,767 | 165,915 | 153,395 | 146,485 | 634,562 |
| Capital outlay | | 53,379 | 16,226 | 630,995 | 2,309,918 | 3,010,518 |
| TOTAL EXPENDITURES | | <u>2,696,695</u> | <u>2,433,751</u> | <u>3,144,040</u> | <u>5,189,631</u> | <u>13,464,117</u> |
| EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | <u>5,730,606</u> | <u>5,992,324</u> | <u>3,735,287</u> | <u>4,141,703</u> | <u>19,599,920</u> |
| NET CHANGE IN FUND BALANCE | | <u>5,730,606</u> | <u>5,992,324</u> | <u>3,735,287</u> | <u>4,141,703</u> | <u>19,599,920</u> |
| FUND BALANCE - BEGINNING | | <u>32,811,999</u> | <u>38,542,604</u> | <u>44,534,929</u> | <u>48,270,216</u> | <u>32,811,999</u> |
| FUND BALANCE - ENDING | | <u>\$ 38,542,604</u> | <u>\$ 44,534,929</u> | <u>\$ 48,270,216</u> | <u>\$ 52,411,919</u> | <u>\$ 52,411,919</u> |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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 in fiscal year 2019 are \$446,086 for current quarter and \$1,503,673 for the fiscal year.

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.

**COMBINING BALANCE SHEET
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
WASHINGTON TOLLING SYSTEM
STATE FISCAL YEAR 2019, QUARTER ENDED JUNE 30, 2019**

Tolling Funds Balance Sheet
FY2019 Q4 ended 6/30/19

| | NOTES | SR16 TNB FUND 511 | SR167 HOT LANES FUND 09F | SR520 BRIDGE FUND 16J | SR520 CIVIL PENALTY FUND 17P | I-405 FUND 595 | CENTRAL TOLL FUND 495 | TOTAL |
|--|-------|----------------------|--------------------------------|-----------------------------|------------------------------------|----------------------|-----------------------------|-----------------------|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | | \$ 22,013,006 | \$ 8,986,559 | \$ 94,122,021 | \$ 9,730,085 | \$ 53,962,666 | \$ 24,800,306 | \$ 213,614,644 |
| Cash held with escrow agents | | - | - | - | - | - | - | - |
| Accounts receivable, net | 1 | 1,516,499 | 1,854 | 2,561,953 | - | 1,368,354 | (7) | 5,448,654 |
| Notice of civil penalties, net | 2 | 3,652,696 | - | - | 8,590,335 | 2,490,111 | - | 14,733,142 |
| Due from other governments | | - | - | - | - | - | - | - |
| Due from other funds/agencies | | 983,044 | 93,008 | 1,654,122 | 65,397 | 1,564,269 | 4,745,132 | 9,104,971 |
| Due from toll vendor | 3 | 3,688 | 20 | (1,943) | - | (126,652) | 18,581 | (106,307) |
| Loan Receivable | 4 | - | - | 3,795,854 | - | - | - | 3,795,854 |
| Consumable inventories | 5 | - | - | - | - | - | 119,330 | 119,330 |
| TOTAL ASSETS | | 28,168,933 | 9,081,441 | 102,132,007 | 18,385,816 | 59,258,747 | 29,683,341 | 246,710,287 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | | | |
| Liabilities | | | | | | | | |
| Accounts payable | | 1,540,971 | 363,568 | 2,559,425 | 127,331 | 2,803,635 | 713,555 | 8,108,484 |
| Retained percentages payable | | - | 28,474 | 445,819 | - | 92,899 | 1,114,436 | 1,681,629 |
| Obligations under Security Lending | | - | - | - | - | - | - | - |
| Due to other governments | | 280 | 30 | 15,993 | - | 177 | - | 16,481 |
| Due to other funds/agencies | | 1,083,104 | 92,089 | 2,574,386 | 27,867 | 1,466,863 | 3,701,213 | 8,945,523 |
| Due to department of revenue - taxes | | - | - | 14 | - | - | 11,182 | 11,196 |
| Unearned revenue | 6 | 1,725,860 | - | 24,932 | 2,908,861 | 1,392,643 | 24,059,234 | 30,111,530 |
| Unclaimed property refund liability | | - | - | - | - | - | - | - |
| Liability for cancelled warrants | 7 | 2,766 | - | - | - | - | 83,458 | 86,225 |
| Other Short Term Liabilities | | - | - | - | - | - | 263 | 263 |
| Total Liabilities | | 4,352,981 | 484,161 | 5,620,570 | 3,064,059 | 5,756,218 | 29,683,341 | 48,961,329 |
| Deferred Inflows of Resources | | | | | | | | |
| Unavailable revenue-\$5 fee, NOCPs, Real Estate | 8 | 1,746,354 | - | 365,276 | 3,443,208 | 1,090,611 | - | 6,645,449 |
| Unavailable revenue-Real Estate Contracts | | - | - | 3,795,854 | - | - | - | 3,795,854 |
| Total Deferred Inflows of Resources | | 1,746,354 | - | 4,161,130 | 3,443,208 | 1,090,611 | - | 10,441,304 |
| Fund Balances | | | | | | | | |
| Nonspendable consumable inventories | | - | - | - | - | - | (119,330) | (119,330) |
| Restricted for unspent bond proceeds | | - | - | - | - | - | - | - |
| Restricted for operations and maintenance | | - | - | 11,855,555 | - | - | - | 11,855,555 |
| Restricted for repair and replacement | | - | - | 23,810,928 | - | - | - | 23,810,928 |
| Restricted for transportation | | 22,069,598 | - | 23,378,866 | - | - | - | 45,448,464 |
| Restricted for revenue stabilization | | - | - | 28,804,958 | - | - | - | 28,804,958 |
| Restricted for Deferred Sales Tax | | - | - | 4,500,000 | - | - | - | 4,500,000 |
| Committed for transportation | | - | 8,597,280 | - | 11,878,549 | 52,411,919 | 119,330 | 73,007,079 |
| Unassigned | | - | - | - | - | - | - | - |
| Total Fund Balances | | 22,069,598 | 8,597,280 | 92,350,307 | 11,878,549 | 52,411,919 | - | 187,307,654 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | \$ 28,168,933 | \$ 9,081,441.20 | \$ 102,132,007 | \$ 18,385,816 | \$ 59,258,747 | \$ 29,683,341 | \$ 246,710,287 |

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. **Loan Receivable** – In Fiscal Year 2019, WSDOT sold the Aberdeen Casting Basin real property to the Port of Grays Harbor for \$4,520,521. This loan is due in monthly payments of \$32,140 including interest at 8%; the final payment is due November 2038. As of June 30, 2019, the Port of Grays Harbor has paid \$724,667 leaving the remainder balance as a Loan Receivable.
5. **Consumable Inventory** – Toll transponders valued at cost using the first in, first out (FIFO) method.
6. **Unearned Revenue:**
 - (a) TNB Account - Notice of civil penalty amounts not yet recognized because the adjudication process has not been completed. Also included are amounts associated with deferrals for toll bill amounts not estimated to be collected until they become NOCP receivables, 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.
7. **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.
8. **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

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