



TOLL DIVISION ANNUAL REPORT FY 2017

JULY 1, 2016 - JUNE 30, 2017



Moving Forward: A decade of tolling



A Message from WSDOT



I am pleased to present Washington State Department of Transportation's Toll Division Annual Report for fiscal year 2017 (July 1, 2016 - June 30, 2017). During this fiscal year (FY), the Toll Division achieved many milestones, including opening the first major toll-funded improvement to I-405 and a six-mile extension of the SR 167 HOT lanes.

We have three overarching business plan goals outlined below with our highlights for the past year.

High quality customer service

Demand for *Good To Go!* accounts has grown significantly since the opening of the I-405 express toll lanes in FY 2016. The *Good To Go!* system now serves over 763,000 customers and processed over 50 million transactions during FY 2017. Due to the growth and demand for our programs, we have efforts on continuing to foster a customer-focused culture through continuous improvement.

In order to better serve our customers, we developed an updated, mobile-friendly website which allows customers to access their accounts and pay bills online more easily.

The Toll Division is also preparing for the next generation of our toll billing system. We have awarded a contract for a new toll back office system vendor and accepting proposals for a new customer service program vendor.

Outstanding program delivery and operation

In their two years of operation, the I-405 express toll lanes have generated \$28.8 million for improvements on I-405. WSDOT invested \$11.5 million of this revenue into a new peak-use shoulder lane in the northbound direction between SR 527 and I-5. In April 2017, the peak-use shoulder lane opened to the public and has already improved travel times and reduced toll rates during the afternoon peak period.

WSDOT also completed a six-mile southbound extension of the SR 167 HOT lanes which opened to the public in December 2016. SR 167 drivers can now travel from Renton to Pacific on the HOT lanes, which have been operating for nine years. The additional miles improve travel times in the corridor by allowing drivers to pass through the often-congested SR 18 interchange in the HOT lanes.

The Tacoma Narrows Bridge marked its 10th year in operation in FY 2017. More than 147 million trips have been taken on the bridge since it opened to the public in June 2007. On average, 44,000 paid trips are taken on the bridge every weekday and the facility is on track to meet its bond repayment commitments by 2032.

Proactive, transparent communication

Throughout Toll Division offices you'll see signs that read, "Our goal is to treat every call, every complaint, like it's coming from a friend or family member." The phrase demonstrates our approach to each customer interaction. Customer service is one our business goals, and we work continuously to improve our service to all of the travelers who depend on toll facilities for more reliable trips for home, work, and play.

The Toll Division is tasked with regularly communicating with hundreds of thousands of customers on a variety of subjects. In order to better serve the increasing *Good To Go!* customer base, this year we focused on educating customers on how to prevent billing issues and how to properly use toll facilities. The Toll Division utilized a number of strategies to better communicate with *Good To Go!* customers, including consistent social media engagement to educate and assist. In July 2016, WSDOT began notifying *Good To Go!* customers by email and/or phone if they would be receiving a civil penalty in the next 10 days for unpaid toll bills. We've discovered that this proactive outreach helped many customers avoid a civil penalty.

We also updated the WSDOT tolling website to make information easier to find for customers.

At the WSDOT Toll Division, we work daily to improve the service we provide to our customers and communities. Thank you for reading this report!

Sincerely,

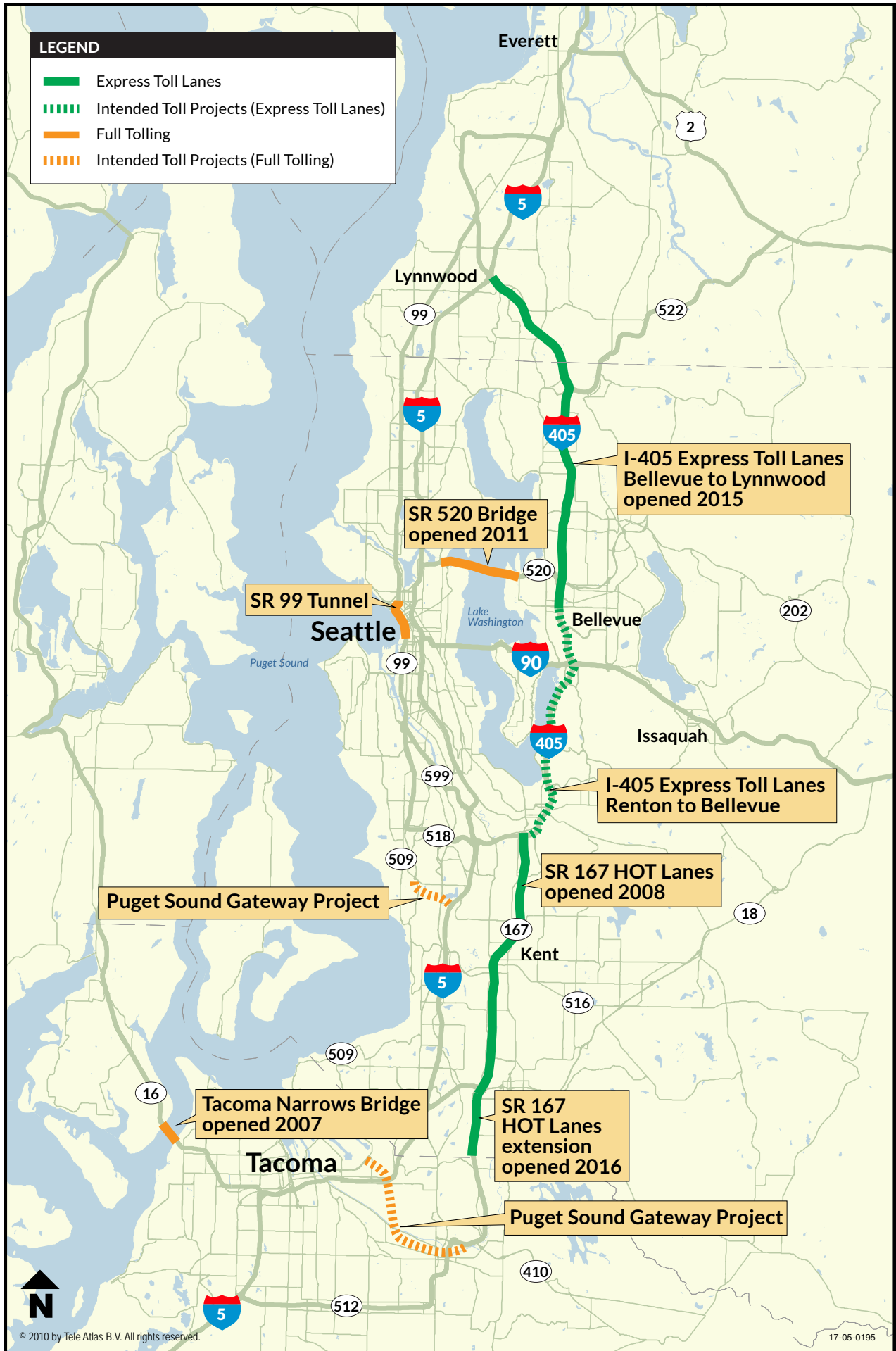
A handwritten signature in black ink, appearing to read 'Ed Barry', with a stylized flourish at the end.

Ed Barry
Director, WSDOT Toll Division

December 2017

LEGEND

- Express Toll Lanes
- Intended Toll Projects (Express Toll Lanes)
- Full Tolling
- Intended Toll Projects (Full Tolling)



Highlights from fiscal year 2017

Tolling in Washington state

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

Fiscal Year (FY) 2017 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 intended toll project, (under construction)
- I-405 express toll lanes expansion from Renton to Bellevue (intended toll project, in design phase)
- Gateway Project completion of SR 167 and SR 509 (intended toll project, in design phase)

50.1 million

toll transactions

23.9 million SR 520 Bridge

15 million Tacoma Narrows Bridge

9.6 million I-405 express toll lanes

1.5 million SR 167 HOT Lanes

540,000 Calls

to *Good To Go!* Customer Service Centers last year

1.3 million different vehicles have used the I-405 express toll lanes

\$4.1 million collected in FY 2017

from unpaid tolls through customer relief program

763,000

Good To Go! accounts **90,000** NEW in FY 2017

12 minutes

average time saved using I-405 express toll lanes

11 minutes southbound

14 minutes northbound

\$191.9 million

tolling revenue

\$82 million

Tacoma Narrows Bridge

\$83.8 million

SR 520 Bridge

\$23.3 million

I-405 express toll lanes

\$2.8 million

SR 167 HOT Lanes

2 million Twitter impressions & **10 blogs** in FY 2017

The cost to toll

In FY 2017, the average toll collected was \$3.56. A fraction of the toll collected per transaction goes toward toll collection. As the table demonstrates, the largest factor in this average is payment method. A small portion of this cost goes to the following vendors: Kapsch USA (McLean, VA), Electronic Transaction Consultants (Richardson, TX), and TransCore (Nashville, TN). The vendors employ approximately 160 employees in the Puget Sound region and their compensation is independent of traffic or toll rate levels. All revenue above the cost to collect the toll is reinvested into overall roadway operations, maintenance, and project construction as appropriate.

While both toll revenue and overall traffic increased in FY 2017, the cost per transaction increased as well. The biggest reason for this increase was due to the first full year of operations for I-405 express toll lanes in FY 2017 – compared to the partial year of operations paid in FY 2016. The I-405 capital program funded the ramp-up and initial months of customer service operations in FY 2016. In addition, the toll equipment vendor did not begin receiving operational payments for I-405 until after they completed final system acceptance. Costs also increased for credit card processing fees and salaries and benefits as a result of filling of vacant state positions, combined with the increase need for Pay By Mail activities resulted in higher per transaction costs in FY 2017.

Cost to collect toll per transaction

Payment Method	All facilities
Good To Go! Pass	\$0.53
Pay By Plate	\$0.60
Short Term Account	\$0.59
Pay By Mail	\$1.22
Toll booth Cash	\$1.06

Source: WSDOT Toll Division

The Toll Division's Business Goals



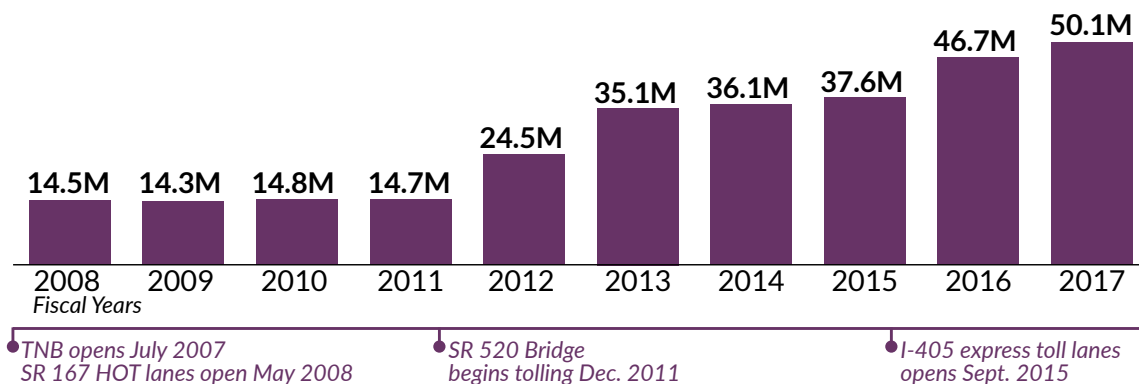
High quality *Good To Go!* Customer Service

Good To Go! is Washington's electronic tolling system serving over 763,000 customer accounts and processing over 50 million toll transactions a year. Throughout FY 2017, the *Good To Go!* customer base has continued to grow, driven in large part by new customers opening accounts to use the I-405 express toll lanes.

“Our goal is to treat every call, every complaint, like it's coming from a friend or family member.”

Good To Go! offers different options for our customers to get assistance, including three walk-in centers, customer hotline, website, and Twitter and Facebook. Incoming email and walk-in numbers have decreased since FY 2016, likely due to more widespread understanding of how to correctly use toll facilities in the region. WSDOT continues to strive to provide excellent service to its customers, whether it is on the phone, via email, or in person. Offering a variety of toll payment methods allows customers to choose the way they travel and pay their tolls. Most customers use a pre-paid *Good To Go!* account which can save customers time and money. For further savings, many customers choose to use a *Good To Go!* pass to avoid the \$0.25 processing fee used for Pay By Plate.

Toll transactions have increased over a decade of tolling (July 2007-June 2017)





Finally got my Good To Go! pass - Here's to a cheaper toll and quicker commute.

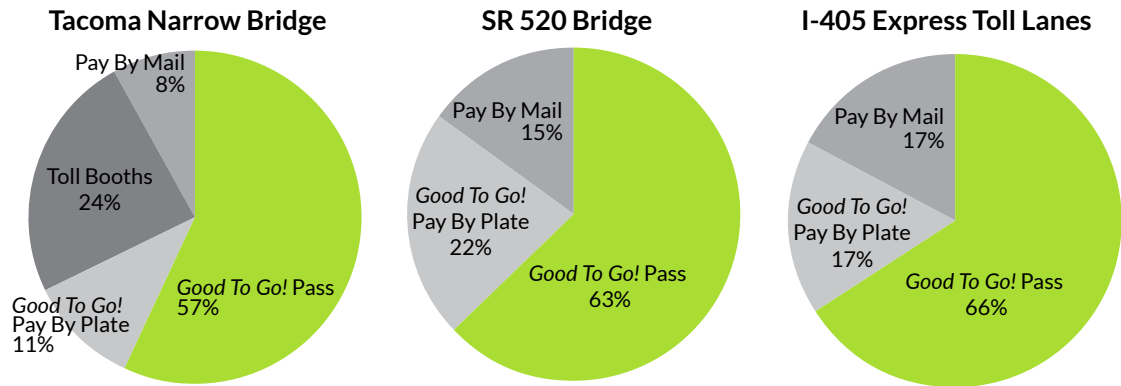
- Kelsey R., customer

Just had the best experience picking up a flex pass...

Super friendly informative FUN staff!

- Ali S., customer

Toll transactions by payment method (FY 2017)



Source: WSDOT Toll Operations

Majority of tolls are paid through accounts

WSDOT collected 79 percent of FY 2017 toll transactions through *Good To Go!* passes or Pay By Plate accounts. At 98 percent, WSDOT's total collection rate is among the nation's best. This is due in part to the success of the customer relief program.

In order to ensure that those who use the facility pay for that use, WSDOT designed a toll enforcement program. After 80 days, customers with an unpaid toll receive a \$40 notice of civil penalty for each unpaid toll transaction. If the customer does not pay this fee or request a hearing by the due date, a hold is placed on the vehicle registration. Of all tolls, 2.4 percent result in a civil penalty, which is one of the lowest rates in the nation.

On July 1, 2016, WSDOT began notifying *Good To Go!* customers by email and/or phone if they would be receiving a civil penalty within the next 10 days and asking them to contact *Good To Go!* customer service. WSDOT notified more than 24,700 customers of impending civil penalty assessment. Of these, 48 percent responded and paid \$960,000 in tolls and fees.

New Accounts			Active Passes		
	Total	New in FY17		Total	New in FY17
Total <i>Good To Go!</i> Accounts	763,000	90,000	Total Passes	1.35 million	114,000
Registered Passes	680,000	78,000	Stickers	868,000	41,500
Pay By Plate	70,000	11,000	Flex Pass	290,000	70,000
Other	13,000	1,000	Motorcycles	17,000	2,500

Customer relief program continues to be a success

In July 2015, WSDOT introduced a new Customer Program for Resolution making it easier to resolve a toll bill and offering first-time forgiveness of late fees and penalties. As long as a customer agrees to pay the toll they owe, WSDOT will dismiss civil penalties and late fees. The goal is to educate drivers so they learn how to avoid incurring penalties in the future.

Since July 2015, the customer relief program has waived \$56 million in fees and penalties. Over 155,000 customers have had penalties forgiven. WSDOT has doubled the collection rate of unpaid tolls, totaling \$6.7 million.

WSDOT is now resolving more Department of Licensing vehicle registration holds than the Toll Division are submitting.

Good To Go! website updates

The original *Good To Go!* website was launched in 2011. In spring 2017, WSDOT launched a new version of the *Good To Go!* website. The new website features an updated user interface design, a different overall look and a host of improvements to help customers better navigate the *Good To Go!* system. The new site makes it easier for customers to make changes to their account or pay a negative balance.

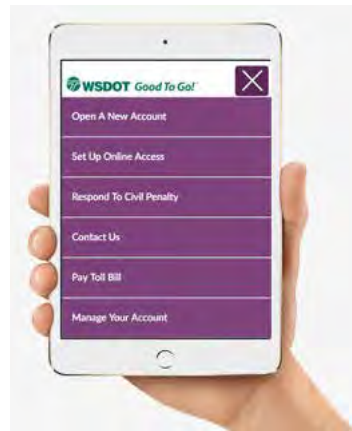
Unlike the old website, the new *Good To Go!* website is mobile-friendly so customers can access their accounts and pay tolls from their smartphones. Making the website mobile-friendly is essential for providing quality customer service, as a growing number of people primarily access the internet through their phone.



New website looks great!

Much cleaner aesthetic

- Taylor O., customer





Josh in CustSupport was super helpful! He called back when we got disconnected, and made sure I was all the way through. Thanks!

- Jacob L., customer

We will pass this on! Thanks for the shout out.

- WSDOT

Outstanding Program Delivery and Operation

Good To Go! Back Office System vendor update

WSDOT released a request for proposals (RFP) for a vendor to design and implement a new back office toll system for its statewide *Good To Go!* program in December 2016.

How will the new system help customers?

- Paying for tolls will be easier by allowing customers to manage their *Good To Go!* account and any Pay By Mail toll bills within a single account. Currently, Pay By Mail and pre-paid *Good To Go!* transactions are tracked on separate systems, creating confusion for customers.
- Customers will be able to perform more self-service tasks on our website, which will have new features such as a live-chat option.
- *Good To Go!* will become an alternate payment method for ferry trips, and potentially for future parking and transit systems, and will be compatible with toll agencies in other states.
- Modern technology will allow WSDOT the ability to make customer-driven changes to the system when necessary.

Final proposals were due in April 2017. WSDOT will award a toll back office system contract in FY 2018 and issue a separate request for proposals to operate its statewide *Good To Go!* customer service program. This contract will include staffing for the call center and walk-in centers, pass fulfillment, image review, adjudication support and mail processing.

Proactive, transparent communication

In FY 2017, the Toll Division received over 2 million Twitter impressions, had over 216 news clips covering tolling, and reached 763,000 customers through our *Good To Go!* listserv. Due to modifications to various tolling facilities, such as rate changes on SR 520 and the southbound extension on SR 167, the Toll Division continues to focus on customer education. The Toll Division published 10 blogs and corresponded with hundreds of customers. The Toll Division participated in community outreach events and hearings. Additionally, the Toll Division answered many media inquiries and facilitated interviews with print, radio and video journalists.

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

3 Customer Service Centers
114,000 visits
Bellevue: 48,000
Gig Harbor: 51,000
University District: 15,000



Source: WSDOT Toll Operations

WSDOT utilizes input from customer surveys and other forms of feedback to guide updates to the *Good To Go!* website and automated phone system. *Good To Go!* will continue to improve the toll collection system and the corresponding customer service experience.

Customer surveys from fiscal year 2017

Was your issue resolved in one call?



Representatives spent a sufficient amount of time helping me resolve my issue?



Representatives provided respectful service in a friendly manner?



Representatives were knowledgeable and able to answer my questions?



Source: 2017 ETCC Customer Survey



Every Good To Go! representative I've talked to has been absolutely wonderful and helpful.

Keep it up!

- Andrew S., customer

Thanks for the quick turnaround.

- Nick G., customer

Embracing continuous improvement

WSDOT is continually working to improve the way we do business in order to add value for our customers. We made several improvements to our to customer service in FY 2017:

Vehicle registration holds: If a customer receives a civil penalty and does not pay or dispute it within 20 days, the Department of Licensing (DOL) places a hold on their vehicle registration. Customers cannot renew their vehicle registration until the civil penalties are resolved. For customers with 11 or more civil penalties, the approval process took 21-24 days to release vehicle registration holds. DOL can only process these in batches, and WSDOT was only sending batches once a week. WSDOT worked with DOL, our vendor, and our financial services to agree to send batches twice a week. This has reduced registration hold processing times by 10 days, to 10-14 days so customers can renew their vehicle registrations with less wait time.

Pass inventory: WSDOT and vendor staff developed a robust tracking tool to forecast demand, worked with the vendor to coordinate partial shipments of orders, switched to testing a statistically significant sample instead of all passes, and streamlined the method of loading the passes into inventory. Since these changes, standard orders have been fulfilled within 24 hours.

Automation of toll bill report: WSDOT's toll bill report helps identify potential issues with processing a customer's trips on tolled facilities. Previously, a WSDOT data analyst would spend up to 40 hours per month completing the data analysis portion of the toll bill report. We automated this process, creating an application to perform the data analysis overnight instead of during work hours. This reduced the number of WSDOT data analyst hours to 8-12 per month as well as human error.



Tolled Bridges

Generating revenue to fund facility construction

There are currently two types of tolled facilities in Washington state: tolled bridges and managed lanes.

For the SR 520 Bridge, tolling generates revenue to help finance the replacement bridge and manage congestion on SR 520. Tolling is projected to generate \$1.2 billion towards the funded portion of the SR 520 Bridge Replacement and HOV Program.

The summer of 2017 marked 10 years since the eastbound span of the Tacoma Narrows Bridge opened to traffic. The primary goal of tolling the Tacoma Narrows Bridge is to repay the debt for constructing the bridge which opened in 2007. Project investors purchased bonds backed by tolls which are paid from future revenue. Toll revenues are also used for operations, maintenance, repair, and rehabilitation.

The Toll Division interviewed two people who have worked at the Tacoma Narrows bridge since it opened to see what they think about last 10 years.



Paul West

Paul West has been a toll collector for *Good To Go!* since the new eastbound Tacoma Narrows Bridge opened in July 2007. West has lived in Gig Harbor for 16 years with his wife where they raised their two daughters.

West works the morning shift starting at 4:15 a.m. 'I love working early, I'm a morning person it's my favorite shift that

I've worked,' said West. It's a tough job, but West is up for the challenge. "I'm the only toll collector at that time which means everyone goes through my lane. Everyone is headed to work and there's a steady stream of cars. You need to be fast but you also need to have a smile on your face."

According to West, his job is more than just collecting tolls, a big part is talking with people. "People like to interact with you. They may not always like paying a toll, but I try to make it as pleasant of an experience as possible." West's proudest achievement is the relationship he's forged with some customers. "Even though it's a short amount of time you may see someone each day, with regular customers you begin to develop a friendship with them."

Before the eastbound span opened in 2007, West commuted to Tacoma to work at the saw mill in Commencement Bay. "Traffic was a nightmare. It was a struggle to get home every day and it used to take up to two hours." The new bridge has alleviated that traffic and stress.

When he's not working, West likes to go hiking and is an avid runner. You may even see him running along one of his favorite routes – the Tacoma Narrows Bridge.

Valisa Douglas



Valisa Douglas started out as a toll collector when the bridge opened in July 2007. Within four months she was promoted to supervisor which oversees 19 toll collectors. In addition to that, she, along with several colleagues, monitor the performance of the toll equipment. “It’s not hurry up and wait here, its go-go-go all the time,” Valisa Douglas says of collecting tolls on the Tacoma Narrows Bridge, “The toll

collectors have the hardest job here. It’s super busy and multitasking is paramount.”

A toll collector can assist hundreds of customers on a single shift as thousands of travelers visit the toll booths each day. Douglas and her associates work hard to keep traffic moving and help customers, but toll collecting is more difficult than it may seem. “It’s hurry-hurry and people are talking to you so it’s easy to make a change error while someone is asking you for directions to the hospital or Tacoma Dome.” As Douglas points out, toll collection is happening simultaneously in the *Good To Go!* lanes, which also require constant monitoring to ensure the system is working properly and customers are being charged accurately. “People don’t understand how intricate the equipment is: treadles, light curtains, cameras and sensors are monitored 24/7. It’s constant movement.”

During her 10 years at the bridge, Douglas says we have had our share of challenges. For instance when the toll plaza traffic backed up for miles the first Thanksgiving the bridge was open or when a semi-truck overturned on the bridge, blocking all eastbound traffic. “You never know what to expect, that’s the challenge.” Even with the fast-paced atmosphere, Douglas says toll collectors really like their jobs and value their relationship with customers. Toll collectors really get to know their regular customers and vice versa.” One of Douglas’ favorite things to see is customer’s generosity to one another, like when a customer will pay the toll for the car behind them. “You would not believe how many people do these random acts of kindness. We have toll collectors keep track of these acts and everyday it’s incredible how many people do that.”

Douglas lives on the Hood Canal and deeply enjoys working with the dynamic team. “We have an eclectic group here. There are so many personalities but it’s really my second home. I love it here! The Tacoma Narrows Bridge Plaza has a special atmosphere and I believe that is why the toll collectors stick around.”

SR 16 Tacoma Narrows Bridge

Total Transactions:
15 million

Average weekday transactions:
44,000

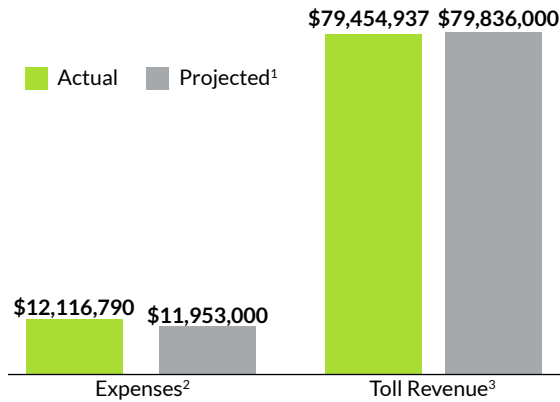


Outstanding program delivery

The Tacoma Narrows Bridge has served the south Puget Sound region for 10 years. Traffic on the Tacoma Narrows Bridge increased to approximately 15 million transactions in FY 2017 from 14.8 million transactions in FY 2016. On average 44,000 vehicles crossed the bridge each weekday, with approximately 68 percent of transactions being paid using a *Good To Go!* account. WSDOT generated approximately \$79.5 million in gross toll revenue and \$408,000 in reprocessing fees. Revenue met the projected totals, and expenses were slightly above forecast.

The primary goal of tolling the Tacoma Narrows Bridge is debt repayment for bridge construction and currently this facility is on track to meet the debt repayment goal in the early 2030s.

Tacoma Narrows Bridge expenses are less than projected (FY 2017)



¹ November 2016 Forecasted Revenue and December 2016 Projected Expenses

² Expenses exclude Preservation, Civil Penalty, and Transponder costs

³ Includes tolling revenue and rebilling fees

Source: WSDOT Toll Finance

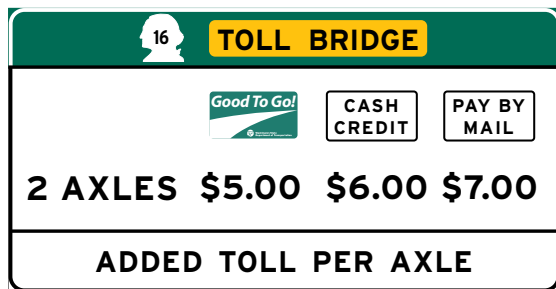
2017 toll rate increase repealed after annual review of traffic and revenue

The scheduled increases in debt service payments for the Tacoma Narrows Bridge require the Washington State Transportation Commission to regularly review traffic volumes and revenue collections. These reviews ensure tolls generate adequate revenue to make debt service payments, and to maintain and operate the facility. Debt service payments increased by 16 percent in FY 2016 and 15 percent in FY 2017. The Commission, in consultation with the Tacoma Narrows Bridge Citizen Advisory Committee, deemed a rate increase in FY 2017 unnecessary to meet debt payment obligations. A \$2.5 million appropriation from the Legislature funded by gas tax, and higher than forecasted bridge traffic, allowed current toll levels to remain in place to meet debt obligations.

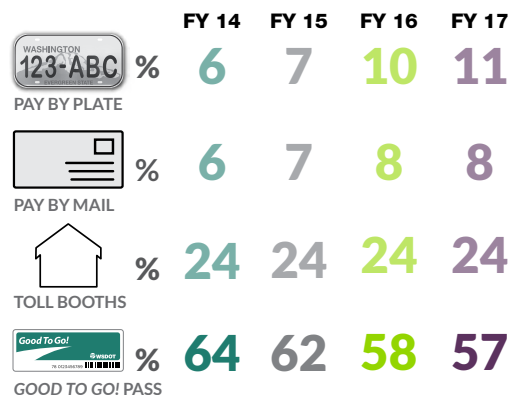
Growing numbers of customers are using photo tolling rather than the Good To Go! pass

Payment patterns seen on the Tacoma Narrows Bridge highlight a trend across all toll facilities. The percentage of Pay By Plate transactions and Pay By Mail have increased since FY 2016 despite the additional fees of 25 cents for Pay By Plate and \$2 for Pay By Mail. On the other hand, payments through the Good To Go! pass have decreased.

Tacoma Narrows Bridge toll rates for FY 2017



TNB transaction type by percentage

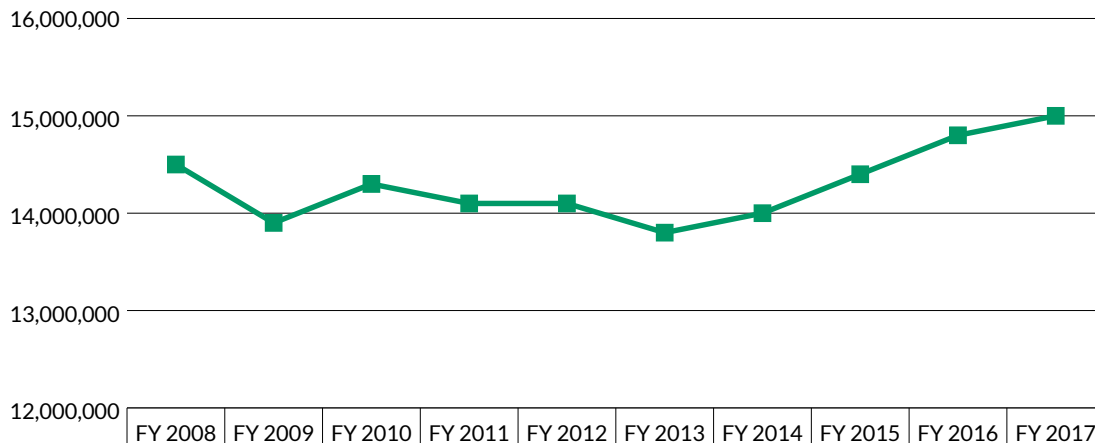


Source: WSDOT Toll Operations

10 years of operations

The number of trips taken annually on the Tacoma Narrows Bridge have changed over its ten years of operations. When the Tacoma Narrows Bridge was opened, regional growth had plateaued due to the Great Recession so the ramp up of annual transactions was initially lower than expected. Since 2013, transactions of the bridge have increased every year. In FY 2017, the number of annual transactions exceeded 15 million.

total transactions



Next Steps

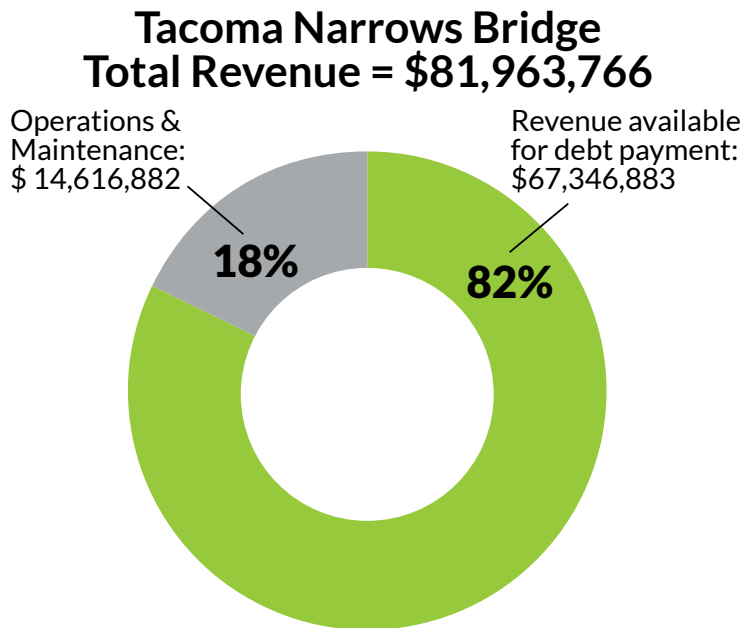
- Upgrading credit card processing system to read chips.

Improving tolling efficiency on Tacoma Narrows Bridge

In FY 2017, WSDOT installed shoulder cameras to the tolling plaza of the Tacoma Narrows Bridge to improve image capture and insure that all vehicles, regardless of location on the road, are tolled for their trip. Additionally, WSDOT upgraded the facility's credit card processing system to maintain compliance with changing security standards.

Where your Tacoma Narrows Bridge toll dollar goes

The majority of every toll dollar goes to repaying the construction debt.



Source: Tacoma Narrows Bridge Account WSDOT Financial Statements for FY 2017

SR 520 Bridge

Total Transactions:
23.9 million

Average weekday transactions:
79,000



Outstanding program delivery

In order to replace the aging and vulnerable SR 520 Bridge, future tolling revenue was bonded to pay for the construction of a new bridge. The new 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. The overall projected contribution to the new SR 520 Bridge fund from tolling is \$1.2 billion.

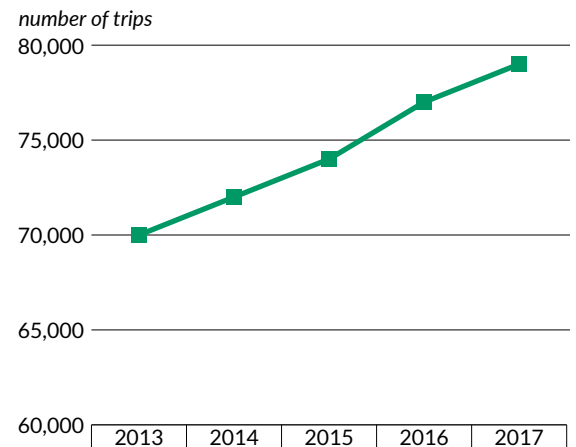
New SR 520 Bridge

The new bridge has three lanes in each direction including an HOV lane, an improvement over the old bridge which had two lanes in each direction, no shoulders and no HOV lanes. Additionally, the new bridge has a 14-foot-wide bicycle and pedestrian path that will connect the Eastside and Montlake Boulevard in FY 2018. Bicyclists and pedestrians will not have to pay a toll to cross the bridge. All these additions will provide greater reliability and more transportation options to accommodate growth in the region.

Traffic volumes on SR 520 maintain steady growth

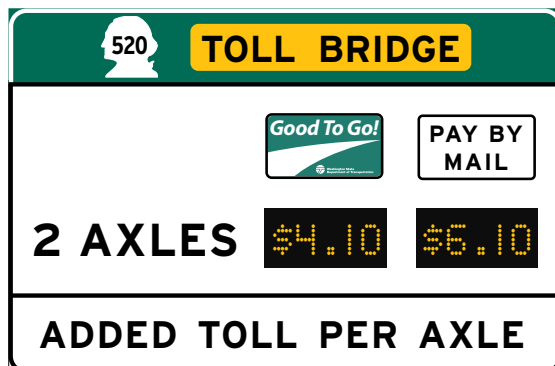
On average 79,000 tolled vehicles per weekday crossed the SR 520 Bridge in FY 2017, up from 77,000 per weekday in FY 2016. This upward trend has remained steady since the beginning of toll operations on the SR 520 Bridge in 2011. However, growth in demand means that drivers are experiencing increasing congestion on the corridor.

Tolled vehicle graph



Source: WSDOT Toll Operations

Average weekday peak toll rate for FY 2017



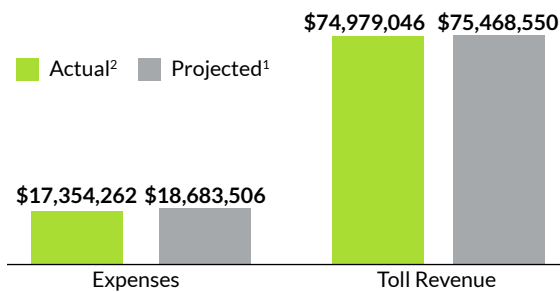
Generated revenue aligns with planned \$1.2 billion of funding towards the new SR 520 Bridge

In FY 2017 tolling on SR 520 generated \$75 million in gross toll revenue and \$1.1 million in reprocessing fees. The revenue and fees count toward the goal of \$1.2 billion dollars in funding contribution to the new SR 520 Bridge construction.

Rate increase and nighttime tolls for SR 520

In May 2016, the Washington State Transportation Commission (WSTC) adopted rates changes for the SR 520 Bridge that took effect July 1, 2016 and July 1, 2017. Each rate change increases all toll rates by approximately 5 percent. This rise in toll rates is needed for operations and maintenance costs and to make debt payments on the bonds that are financing the SR 520 program construction. The toll increases affect all rate levels. The WSTC also authorized nighttime tolling to take effect on July 1, 2017.

SR 520 revenue: actual expenses lower than projected (FY 2017)

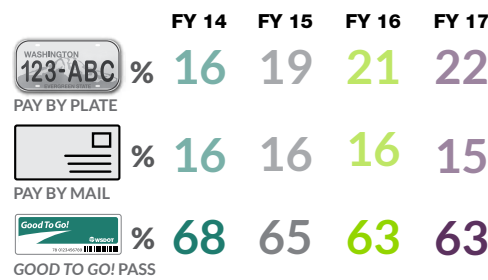


1 Consistent with the November 2016 Net Revenue forecast. The revenue forecast only includes tolling revenue. The expense forecast includes toll collection O&M costs, Roadway O&M costs, Credit Card Fees, and Bridge Insurance Premiums, less transponder inventory costs.

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



Source: WSDOT Toll Finance

SR 520 Bridge transaction type by percentage



Source: WSDOT Toll Operations

✓ Increased Transit and Vanpool Ridership

	<p>✓ Vanpool ridership has increased 22% since FY 2016, with 398 vans per day.</p>
	<p>✓ Bus ridership remains strong for King County Metro and Metro-operated Sound Transit with over 23,000 riders a day.</p>

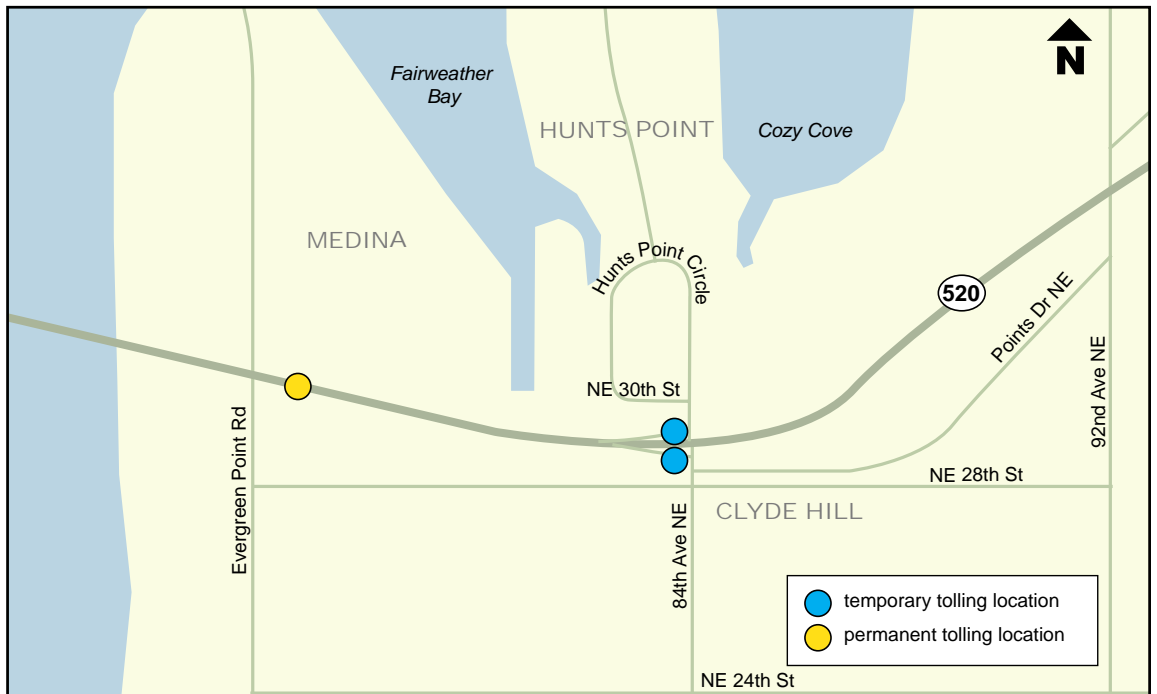
Continued growth for vanpools and transit

The number of vanpools on the SR 520 Bridge rose 22 percent from FY 2016, to 398 in FY 2017. Weekday transit ridership remained steady at 23,000 riders, similar to FY 2016.

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

Toll collection point moved

The permanent toll location collection, near Evergreen Point Road, began collecting tolls on February 4, 2017. Previously, to accommodate construction schedules, crews working on the SR 520 Floating Bridge moved the toll collection point on SR 520 to an interim location near the 84th Avenue Northeast overpass in 2016. This temporary move allowed crews to finalize construction activities around the new bridge while continuing to collect tolls.



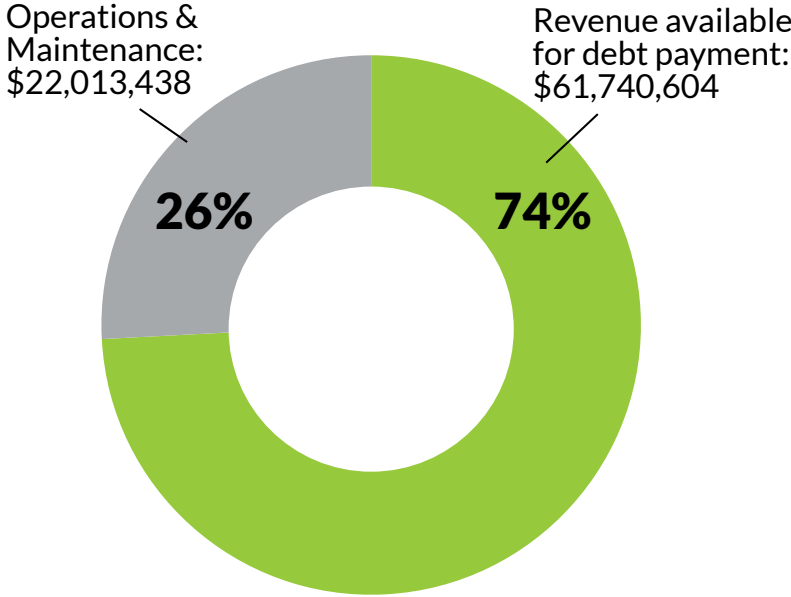
Where your SR 520 toll dollar goes

The majority of every toll dollar spent on the SR 520 Bridge goes to paying directly for construction or repaying construction debt. In addition to toll revenue, the Bridge also generates revenue from other sources, such as transponder sales, reprocessing fees and interest.

Next Steps

- Analyze measures for cost efficiency
- Bicycle and pedestrian path to open to the public

SR 520 Total Revenue = \$83,754,042



Source: WSDOT Financial Statements for FY 2017

Managed lanes

The I-405 express toll lanes and SR 167 HOT lanes use dynamic price tolling to provide faster, more predictable trips to transit, carpoolers and toll-paying vehicles. An algorithm responds to changing vehicle volumes in the managed lanes to maximize speed performance. Toll rates increase as congestion increases, and drop accordingly with reduced congestion to boost efficient traffic movement throughout the corridor.

Toll revenue that is generated by the facility is used to cover operations and maintenance costs. All additional revenue is used to fund improvements to the corridor in which they are collected.

WSDOT conducts annual customer surveys to determine public opinion of the SR 167 HOT lanes and I-405 express toll lanes. The majority of customers surveyed support extending the express toll lanes through Renton to connect to the SR 167 HOT lanes

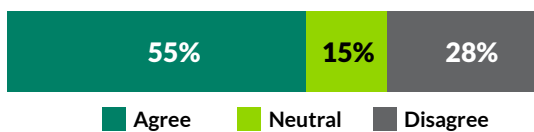
Pending direction from the Legislature, WSDOT will build a 40-mile express toll lane corridor, which ultimately connect the existing SR 167 HOT lanes to the I-405 express toll lanes.

Do you support connecting SR 167 HOT lanes to the I-405 express toll lanes?

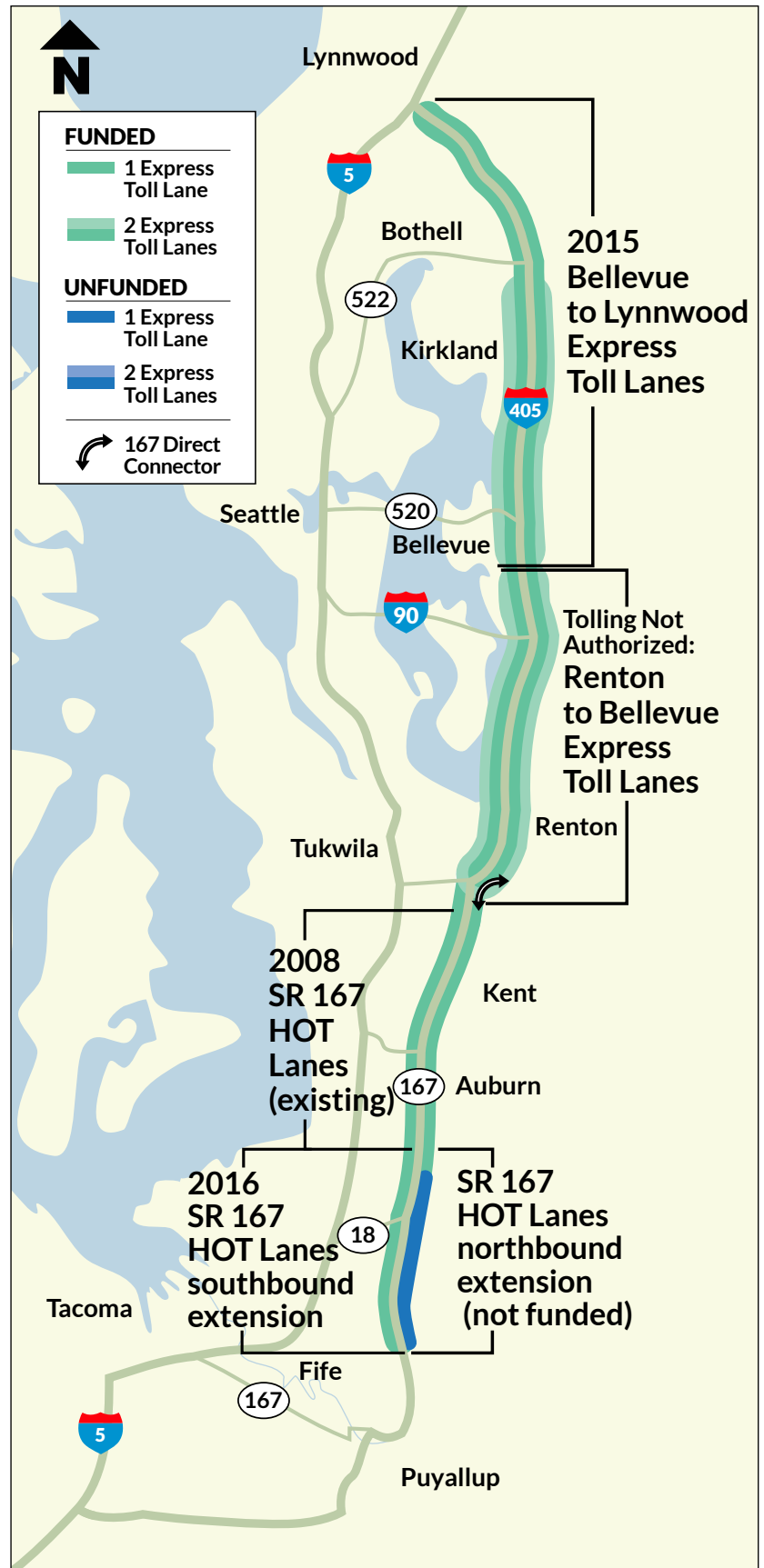


Source: 2017 SR 167 HOT lanes Customer Survey

I support extending the express toll lanes to connect to the SR 167 HOT lanes in Renton. (All respondents traveled between Renton and Bellevue in the last month)



Source: 2017 I-405 Customer Survey



SR 167 HOT Lanes Pilot Project

Total Transactions:
1.5 million

Average weekday transactions:
5,300



Outstanding program delivery

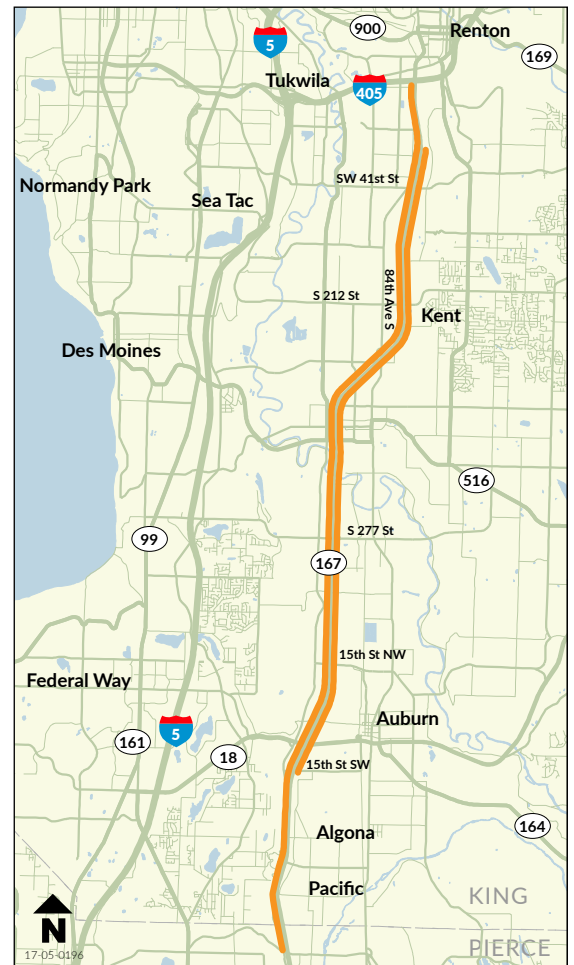
The SR 167 HOT lanes were opened in May 2008 to reduce congestion and travel times for all drivers on the SR 167 corridor. In December 2016, WSDOT opened an additional six miles of HOT lanes in the southbound direction. This extension has helped reduce traffic at the often congested SR 18 interchange.

Nine years after the project launched, the number of cars on the road in the region has increased. Despite this increase, during FY 2017, the HOT lanes provided faster, reliable trips for 5,300 paying customers each weekday. The lanes also provided more reliable trips each weekday for over 2,000 bus riders. Drivers choosing to use the HOT lanes saved an average of 7 minutes during peak commute times compared to the general purpose traffic, for an average toll of \$3.

SR 167 average peak period toll rates for FY 2017



Northbound AM (5-9 a.m.)
Southbound PM (3-7 p.m.)

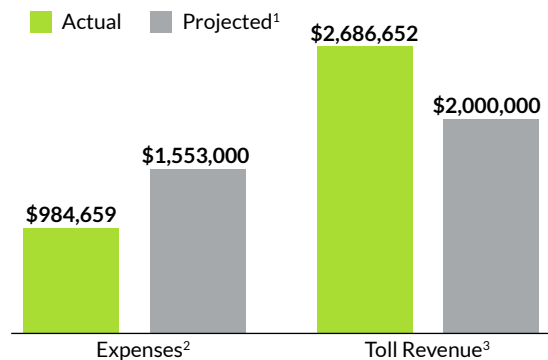


HOT lanes use and revenue update

During the 2017 legislative session, the Washington State Legislature extended authorization of the SR 167 HOT lanes through FY 2018.

The HOT lanes generated \$2,686,652 in FY 2017, a significant increase from \$1,387,376 in FY 2016. This difference is largely due to the failure of a toll collection server in February 2016 that led to a lower revenue than projected. This issue led to a reported revenue \$365,000 below the projected value, and approximately 80,000 fewer transactions less than forecasted. The aging toll collection system was replaced in May 2016. Since replacing the system with a more advanced toll collection system, WSDOT has not experienced significant tolling issues on SR 167.

HOT lanes expenses are down (FY 2017)



¹ November 2016 Forecasted Revenue and Budgeted Expenses

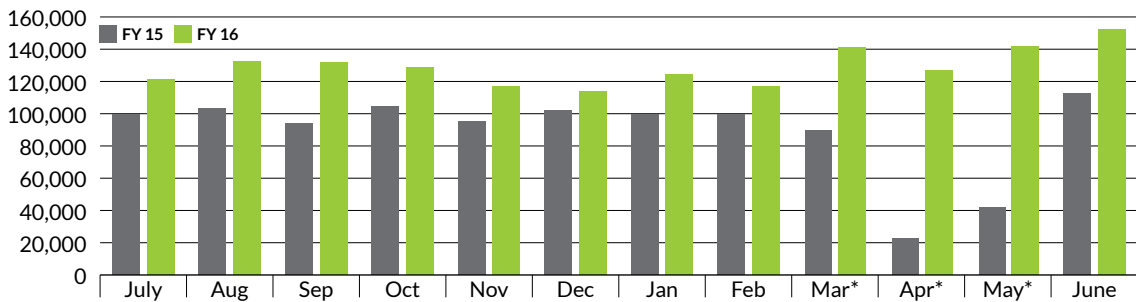
² Total expenses less Preservation and Transponder costs

³ Only includes toll revenue

Source: WSDOT Toll Finance

SR 167 monthly tolled trips

transactions



*WSDOT does not have accurate data on trips taken between March and May 2016 due to the failure of the toll collection server in February 2016.

Source: WSDOT Toll Operations

HOT lanes benefit transit users

Transit ridership remains steady on SR 167, with over 2,000 bus riders per weekday. The HOT lanes may benefit transit ridership, though given other factors such as bus frequency and gas prices, it is difficult to quantify the HOT lanes' impact.

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

HOT lanes are saving people time

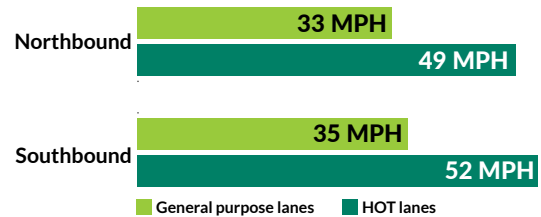
WSDOT uses a dynamically priced toll system to maintain speeds in the HOT lanes. The toll rates change during the day based on traffic demand in order to maintain higher speeds than the general purpose lanes during periods of congestion. These dynamically adjusted rates range from \$0.50 to \$9 to accommodate varying traffic demands.

Another goal of the HOT lanes is to keep the target speed of 45 mph at least 90 percent of the time during peak periods. HOT lane speeds in the northbound direction remained above 45 mph 74 percent of the time, and 84 percent of the time in the southbound direction during peak periods. The decrease of overall performance since FY 2016 is mainly due to the northbound chokepoint between 15th Street NW and S 277th Street and southbound toward the end of HOT lane. WSDOT will closely monitor these locations during FY 2018 and make necessary adjustments to traffic operations to ensure reliability of the HOT lanes.



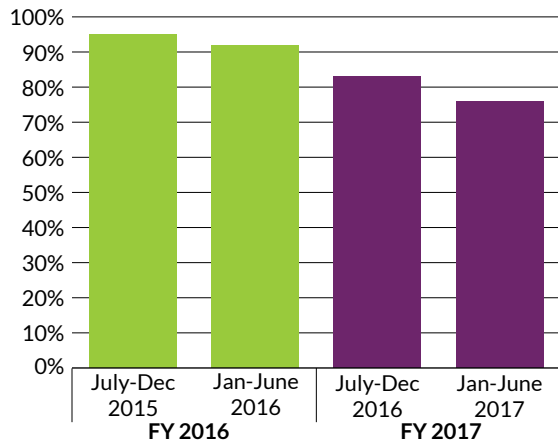
TRAVEL TIME SAVINGS in HOT LANES

during FY 2017



SR 167 HOT lanes performance

Percent of peak period when speeds are greater than 45 mph



NOTE: In order to provide consistent reporting between SR 167 and I-405, SR 167 peak periods considered for FY 2017 are Monday thru Friday, 5am-9am (Northbound direction) and 3pm-7pm (Southbound direction)

Extending the southbound HOT lanes

In December 2016, WSDOT opened the six mile southbound extension of the SR 167 HOT lanes from 37th St in Auburn to Eighth Street East in Pacific. The extension will allow HOT lane drivers to travel through the congested SR 18 interchange.

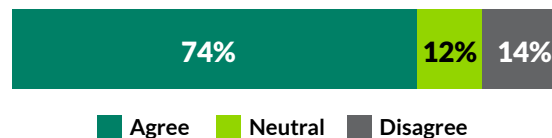
The southbound SR 167 HOT lane was extended as part of the I-405/SR 167 Master Plan vision of completing a 40-mile system of HOT and express toll lanes to provide a reliable trip on the I-405/SR 167 corridor. The southbound extension is longer than the northbound HOT lane and provides a reliable trip for commuters, particularly in the afternoon rush hours.

The HOT lanes extension included safety modifications to the corridor, including a new guardrail, pavement striping, drainage improvements, noise walls, and upgraded lighting and signage. Additionally, WSDOT built new stormwater facilities and a floodplain storage site to collect and filter roadway runoff before it is released into area streams and wetlands, improving water quality for salmon and other wildlife. WSDOT also upgraded the Jovita Creek culvert in the project area to improve fish passage.



WSDOT conducted a survey of *Good To Go!* customers who use the SR 167 HOT lanes this year. The results showed that the majority drivers are satisfied with the extension.

I am glad the HOT lane extension was implemented



“Love them and would like to see all express lanes be open for Good To Go! customers with just one driver who is willing to pay.”
– Good To Go! customer survey response

“I could not conduct my business as far north of my location as I do without it!”
– Good To Go! customer survey response

Customer survey shows continued high satisfaction



WSDOT conducts an annual survey of the users of the SR 167 HOT lanes. The 2017 survey included responses from over 8,200 *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, 90 percent, like having the option to use the HOT lanes. Satisfaction with the lanes has remained steady over the last three years with the majority of customers reporting that the HOT lanes have provided a faster trip than general purpose lanes when they use them. Additionally, most customers reported that their trips in the HOT lanes were worth the toll they paid.

Do you like having the option to use the HOT lanes?



The money I spend for the HOT lanes is worth it



When the general purpose lanes are congested, HOT lanes always allow me to travel faster

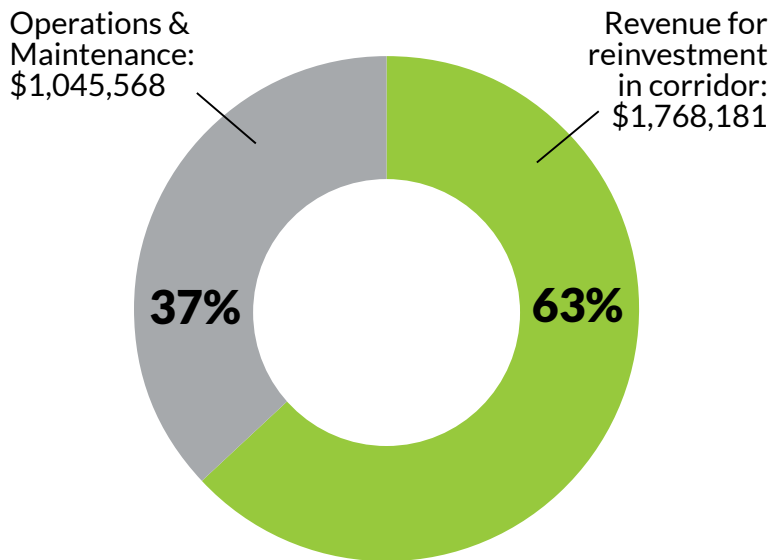


Source: SR 167 HOT Lanes Pilot Project – 2017 Online User Survey

Where your SR 167 toll dollar goes

The SR 167 HOT lanes are able to generate enough revenue to cover all operations and maintenance costs, as well as generate funds for future improvements to the corridor. In addition to toll revenue, the lanes also generate revenue from other sources, such as transponder sales, reprocessing fees and interest.

SR 167 Total Revenue = \$2,813,748



Source: WSDOT Financial Statements FY 2017

I-405 Express Toll Lanes



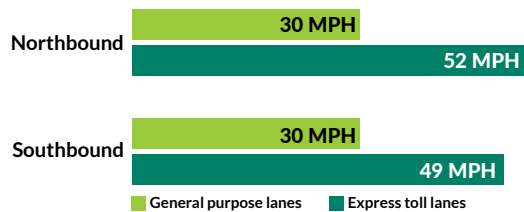
Total Transactions:
9.6 million

Average weekday transactions:
37,000

Outstanding project delivery

The I-405 express toll lanes, opened on September 27, 2015, provide an option for a faster, more predictable trip on one of the state's more congested corridors. Toll rates adjust between \$0.75 and \$10 depending on traffic, and drivers pay the rate they see upon entering the lanes.

Drivers using the express toll lanes are saving time

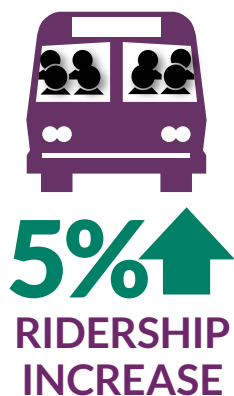


A faster, more predictable trip

Drivers have taken 24.9 million trips on the express toll lanes since it opened.

During their first 21 months of operation, the I-405 express toll lanes provided 52,000 faster, more reliable trips each weekday for 37,000 toll paying customers and 15,000 toll exempt carpools. The lanes also provided more reliable trips each weekday for over 8,200 bus riders.

In FY 2017, drivers choosing to use the express toll lanes saved an average of 11 minutes southbound and 14 minutes northbound during peak commute times compared to the general purpose traffic. The average toll paid for a peak period trip was \$2.15.



"I love the express toll lanes. They have made the commute much more manageable when I need to use 405 and I'm in a hurry."
 - 2017 Customer Survey

"It's a bit expensive, but comes in really handy when I'm in a hurry. I believe it is much more effective than carpool lanes at minimizing your travel time. Because lots of people just aren't willing to pay the price, so it stays pretty open most of the time."
 - 2017 Customer Survey

Funding improvements: peak-use shoulder lane

Average traffic volumes moving through the corridor have increased up to 20 percent (depending on location) during the peak commute in the two years since the facility opened. Northbound trips in all lanes between SR 522 and SR 527 initially experienced slower speeds when the express toll lanes opened. This slowing was caused both by the merge at SR 527 and by the transition of northbound lanes from five to three after SR 522.

The Legislature authorized WSDOT to use \$11.5 million in toll revenue to build a peak-use shoulder lane between the SR 527 and I-5 interchanges. Since opening in April 2017, the peak-use shoulder has improved northbound travel times and helped reduce average tolls paid for afternoon peak period trips.

Express toll lanes meet agency goals

WSDOT established three primary goals for the express toll lanes:

- **Improve speed and reliability in the HOV lanes** – Drivers are saving time in the express toll lanes during peak periods. Vehicles in the express toll lanes consistently maintain higher average speeds than general purpose lanes during peak periods.
- **Offer more choices to drivers** – During the first 21 months of operations, the express toll lanes provided drivers 52,000 faster, more reliable trips each weekday for 37,000 toll paying customers and 15,000 toll exempt carpools and motorcycles.
- **Fund future corridor improvements** – The express toll lanes generated enough revenue in the first 21 months of operations to cover operating costs and to fund construction of a peak-use shoulder lane on northbound I-405 between SR 527 and I-5.



Two year milestone

The statute authorizing the express toll lanes on I-405 includes two performance metrics for the facility:

1. Generate sufficient revenue to cover all operations and maintenance of the facility.
2. Maintain speeds of 45 mph or greater during 90 percent of peak periods.

The express toll lanes reached the two year milestone on September 27, 2017, during FY 2018. After 21 months of operations, the express toll lanes generated more than sufficient revenue to fund all operation and maintenance of the facility. However, due to the dramatic increase in vehicle volumes in the corridor, reaching the 90 percent metric has proven more difficult. Despite this, WSDOT has observed a significant improvement in express toll lane speed performance compared to the previous HOV lanes on I-405.

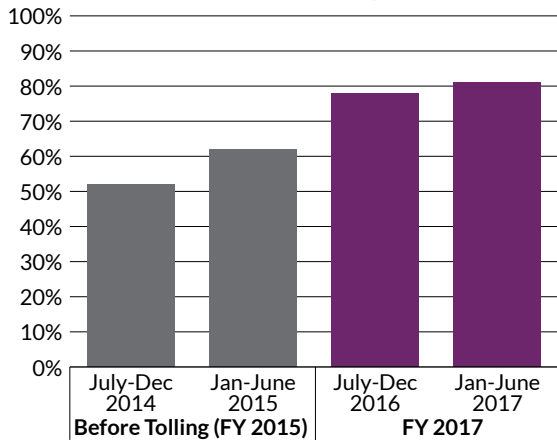
Speed performance

The dual-lane section of the express toll lanes, between Bellevue and Bothell, have succeeded in maintaining speeds of 45 mph or faster for more than 90% of peak periods, however the single-lanes struggle to reach the metric. The single-lane section, between Bothell and Lynnwood, lacks sufficient capacity to meet the demand for faster, more predictable trips in that area.

WSDOT is looking into alternatives to address the limited capacity in the southbound single-lane section and increase performance in the I-5 to SR 522 portion of I-405.

I-405 Express toll lanes performance

Percent of peak period when speeds are greater than 45 mph



Next Steps

- Evaluate options for improvements to Bothell to Lynnwood section
- Plan for construction of Renton to Bellevue extension

"The express lanes work great, but then traffic is terrible starting southbound from Bellevue to Renton, when the lane ends, it would be incredible if the lane continued to get through Bellevue".

- 2017 Customer Survey

My commute was 20 minutes faster and the toll lane was \$4.00 Bellevue to I5.

- KayTee, I-405 driver

405 toll worth every penny this morning.

- Julie S., I-405 driver

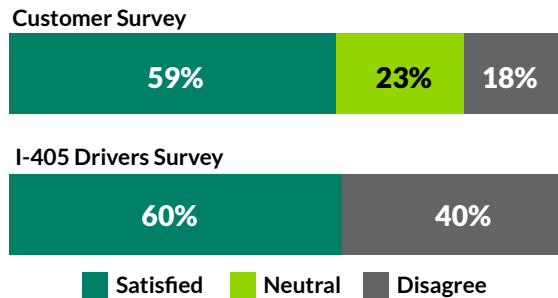
Surveys shows high satisfaction

WSDOT conducted two surveys of I-405 users in 2017. In May 2017, WSDOT conducted an online survey of *Good To Go!* customers who had used the I-405 express toll lanes. 98 percent of respondents had used the express toll lanes in the preceding month.

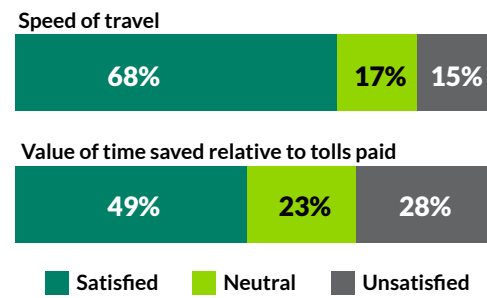
In June 2017, WSDOT contracted with a third-party to survey I-405 users, including drivers who had never used the I-405 express toll lanes.

The results of both surveys found that 60 percent of I-405 users like having the option of a faster, more predictable trip in the express toll lanes.

How satisfied are you with the option to use the express toll lanes for a faster, more predictable trip?

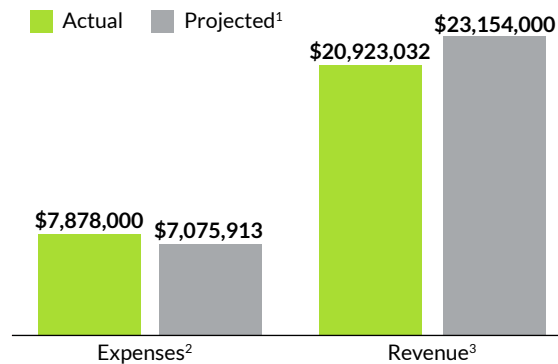


Customer Survey: How satisfied are you with the following during your trips on the I-405 express toll lanes?



Revenue and expenditures

The I-405 express toll lanes generated over \$20 million in tolling revenue in FY 2017. Of this revenue, only 38 percent was needed to cover all operations and maintenance costs, leaving almost \$13 million available for reinvestment in the corridor.



¹ Projected Revenue: November 2016 TRFC Forecast.
 Projected Expenses: 2015-2017 Biennium Adopted Operation Budget, minus FY 2016 actual expenses to get the expenditure estimates for FY 2017.

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

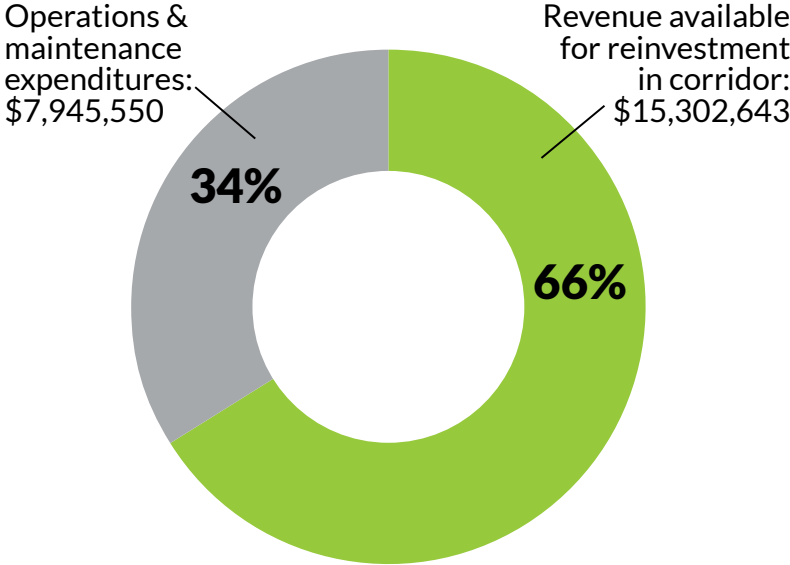
³ Only includes toll revenue

Source: WSDOT Toll Finance

Where your I-405 toll dollar goes

The I-405 express toll lanes have generated sufficient revenue to cover all operations and maintenance costs for the facility, the net revenue after these costs is reserved for reinvestment in the corridor. In addition to toll revenue, the express toll lanes also generate revenue from other sources, such as transponder sales, reprocessing fees and interest.

**I-405 Express Toll Lanes
Total Revenue = \$23,248,193**



Source: WSDOT Financial Statements

Future toll facilities

Two new toll facilities and an expansion of the express toll lanes between Renton to Bellevue were identified by the 2015 Connecting Washington package. These facilities are in various stages of planning or construction. The Washington State Transportation Commission (WSTC) will establish toll rates and exemptions for these facilities. The WSTC will engage in the rate setting process for the SR 99 tunnel in FY 2018.

I-405 Renton To Bellevue Project

Peak period congestion on I-405 between Renton and Bellevue is the worst in the state. In order to provide relief to this chronically congested corridor, the 2015 Connecting Washington transportation package provided funding for preliminary engineering, right of way acquisition, and construction of an extension of the express toll lanes from Bellevue to Renton. Construction is expected to start in 2019.

The I-405 Renton to Bellevue Widening and Express Toll Lanes project will add highway capacity and offer more reliable travel choices to keep drivers and transit riders moving. The project will connect the express toll lane system between Bellevue and Lynnwood, as well as the SR 167 HOT lanes, completing a 40-mile system of express toll lanes that will improve speeds and trip reliability for all travelers. Benefits of this project are:

- **Congestion relief:** the addition of the northbound and southbound express toll lanes between SR 167 in Renton and NE 6th Street in Bellevue will reduce congestion by moving higher volumes during peak periods.
- **Safety:** widening the corridor reduces the likelihood of sideswipes and congestion-related collisions.

SR 99 Tunnel



The Alaskan Way Viaduct Replacement Program is made up of 30 projects that work together to reshape the SR 99 corridor. As of fall 2017, 24 of the 30 projects are complete.

The remaining section of the viaduct along the downtown Seattle waterfront will be replaced with an approximately two-mile-long tunnel underneath downtown. In 2017 tunneling was completed. Crews continue to work on building the roadway inside the tunnel and installing mechanical, electrical and plumbing systems. The tunnel is anticipated to open to drivers in early 2019.

Funding for the \$3.2 billion viaduct replacement program comes from state, federal and local sources as well as the Port of Seattle and future toll revenue. The Legislature included \$200 million in toll revenue in the total program budget. Tolling of the SR 99 tunnel is anticipated to begin after the tunnel opens to drivers.

WSDOT has commissioned Stantec, an independent traffic analysis firm, to conduct a traffic and revenue study that will inform the Washington State Transportation Commission's toll rate setting process. This study will help predict how much revenue could be raised and how traffic will likely adjust to a variety of potential toll rates. In FY 2017, WSDOT shared the preliminary traffic and revenue data on a few base scenarios with partner agencies. When the rate-setting process begins in FY 2018, multiple scenarios will be modeled in order to ensure the Transportation Commission has the detailed information necessary to establish toll rates.

Final lift during disassembly



Building the roadway inside the tunnel



Puget Sound Gateway Program

What is the Puget Sound Gateway Program?

The Puget Sound Gateway Program is comprised of two projects: completion of State Route (SR) 509 in King County, and completion of State Route (SR) 167 in Pierce County. These projects provide essential connections to the ports of Seattle and Tacoma and will help ensure people and goods move more reliably through the Puget Sound region.

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 \$1.87 billion; \$1.565 billion from the Connecting Washington Revenue package, \$180 million from tolls, and \$130 million from local contributions. WSDOT is also seeking a federal grant.

What do the first phases of the Gateway projects do?



WSDOT will add six miles of new highway for SR 167 and two miles of new highway for SR 509. Based on the funding plan under Connecting Washington, major construction for a first stage would likely occur in 2019, with a second phase beginning in 2025. As part of the project WSDOT will build several new interchanges, including connections to Interstate 5 from SR 509 and SR 167. WSDOT will closely coordinate with Sound Transit on the first stage of construction, as Sound Transit's Federal Way Link Extension project is scheduled to open by 2024.

What is the timeline for these projects?

The Puget Sound Gateway projects are funded over 16 years, scheduled for completion in 2030.

Technology and Interoperability

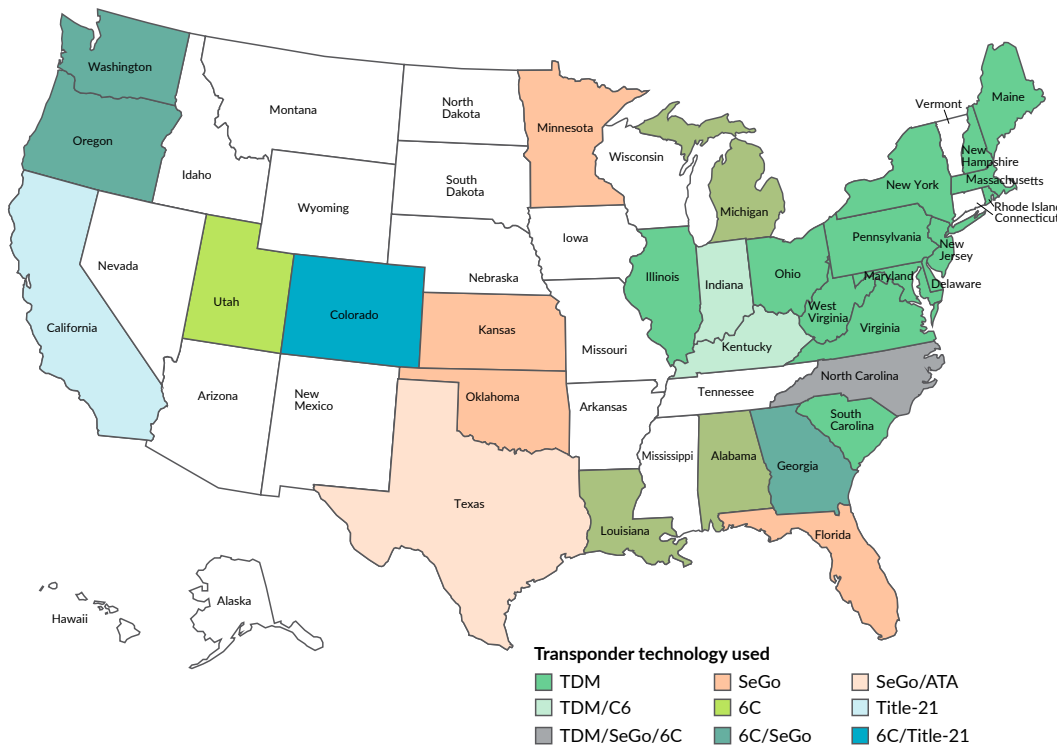
Toll interoperability is the effort to make toll passes from every state compatible with one another. This flexibility will allow travelers to use a single toll pass at facilities across multiple states. WSDOT is working hard to ensure that *Good To Go!* passes work at toll facilities across the U.S., working actively with our toll partners to achieve regional and national interoperability. Highlights of interoperability efforts include:

- Working with California Toll Operators (CTOC) to make toll payments seamless for *Good To Go!* customers using California toll facilities.
- Assisting California with adoption of the same transponder technology (6C protocol) used by *Good To Go!* to make roadside technologies more seamless.
- Working to ensure California’s FasTrak pass customers can use *Good To Go!* toll facilities, which will result in much less time and effort for WSDOT to collect these tolls.
- Active participation in national interoperability efforts, including pass protocol testing, user surveys, and oversight.

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 under consideration to become one of the national standards. It is open-source, flexible, and cost-effective so our toll systems will continue to work no matter what national standards are chosen. In addition, all WSDOT toll facilities are equipped to read multiple toll pass technologies which provides WSDOT flexibility to become interoperable in the future with other regions using compatible technologies.

Protocols and interoperability nationwide



Financial Reports

**COMBINING BALANCE SHEET
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
WASHINGTON TOLLING SYSTEM
STATE FISCAL YEAR 2017, QUARTER ENDED JUNE 30, 2017**

	NOTES	TNB ACCOUNT	HOT LANES ACCOUNT	520 BRIDGE ACCOUNT	520 CIVIL PENALTY ACCOUNT	405 ACCOUNT	CENTRAL TOLL ACCOUNT	TOTAL
ASSETS								
Cash and cash equivalents		\$ 20,423,001	\$ 4,555,549	\$ 95,773,118	\$ 5,234,193	\$ 21,473,853	\$ 18,164,484	\$ 165,624,198
Cash held with escrow agents		-	-	-	-	-	-	-
Accounts receivable, net	1	1,424,978	2,720	2,390,657	-	906,614	(5)	4,724,965
Notice of civil penalties, net	2	7,373,946	-	-	7,461,336	3,489,078	79	18,324,439
Due from other governments		-	-	-	-	-	61,095	61,095
Due from other funds/agencies		704,928	57,440	1,416,708	19,711	508,510	3,949,491	6,656,787
Due from toll vendor	3	142,145	13,047	270,971	569	1,330	12,997	441,058
Consumable inventories	4	-	-	-	-	-	256,566	256,566
TOTAL ASSETS		<u>30,068,997</u>	<u>4,628,756</u>	<u>99,851,454</u>	<u>12,715,809</u>	<u>26,379,386</u>	<u>22,444,707</u>	<u>196,089,108</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities								
Accounts payable		1,157,357	77,577	9,899,952	65,887	1,073,531	226,637	12,500,940
Retained percentages payable		43,970	28,474	445,819	77,830	12,500	-	608,593
Obligations under Security Lending		348,149	77,658	1,633,239	89,227	366,062	283,364	2,797,698
Due to other governments		676	-	35,104	344	180	-	36,304
Due to other funds/agencies		1,119,728	56,917	15,463,639	494,624	2,291,558	2,748,985	22,175,452
Due to department of revenue - taxes		-	-	-	-	7	12,627	12,633
Unearned revenue	5	2,152,925	-	889,606	1,342,979	887,351	19,116,619	24,389,480
Unclaimed property refund liability		-	-	-	-	-	-	-
Liability for cancelled warrants	6	2,731	-	-	-	-	56,475	59,206
Total Liabilities		<u>4,825,535</u>	<u>240,626</u>	<u>28,367,359</u>	<u>2,070,891</u>	<u>4,631,189</u>	<u>22,444,707</u>	<u>62,580,307</u>
Deferred Inflows of Resources								
Unavailable revenue-\$5 fee, NOCPs, Real Estate	7	5,531,746	-	243,934	5,610,805	2,845,295	-	14,231,780
Unavailable revenue-toll vendor		(103)	-	-	-	-	-	(103)
Total Deferred Inflows of Resources		<u>5,531,642</u>	<u>-</u>	<u>243,934</u>	<u>5,610,805</u>	<u>2,845,295</u>	<u>-</u>	<u>14,231,677</u>
Fund Balances								
Nonspendable consumable inventories		-	-	-	-	-	(256,566)	(256,566)
Restricted for unspent bond proceeds		-	-	-	-	-	-	-
Restricted for operations and maintenance		-	-	9,204,853	-	-	-	9,204,853
Restricted for repair and replacement		-	-	14,673,386	-	-	-	14,673,386
Restricted for transportation		19,711,820	-	18,556,964	-	-	-	38,268,783
Restricted for revenue stabilization		-	-	28,804,958	-	-	-	28,804,958
Committed for transportation		-	4,388,130	-	5,034,113	18,902,902	256,566	28,581,711
Unassigned		-	-	-	-	-	-	-
Total Fund Balances		<u>19,711,820</u>	<u>4,388,130</u>	<u>71,240,161</u>	<u>5,034,113</u>	<u>18,902,902</u>	<u>-</u>	<u>119,277,125</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		<u>\$ 30,068,997</u>	<u>\$ 4,628,756</u>	<u>\$ 99,851,454</u>	<u>\$ 12,715,809</u>	<u>\$ 26,379,386</u>	<u>\$ 22,444,707</u>	<u>\$ 196,089,108</u>

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

**NOTES TO THE COMBINING BALANCE SHEET
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
WASHINGTON TOLLING SYSTEM
STATE FISCAL YEAR 2017, QUARTER ENDED JUNE 30, 2017**

Detailed Notes

1. **Accounts Receivable, net:**
 - (a) TNB, 520 Bridge and 405 accounts consist primarily of: (1) Crossings where a Toll Bill has been sent to the customer via Pay-by-Mail, (2) Customer payments made by credit card which had yet to settle, (3) Crossings that are in the image review process and toll fees have yet to be transferred from customer accounts, (4) Crossings that are not viable and are awaiting dismissal, (5) and the Accounts allocated share of NSF fee, transponder sales and \$5 reprocessing fee receivables
 - (b) HOT Lanes Account consists of: HOT Lanes allocated share of NSF fee and transponder sales receivables.
2. **Notice of Civil Penalties, net** - The TNB balance consists of all outstanding amounts due related to TNB notices of civil penalties and the 520 Civil Penalty balance consists of all outstanding amounts due related to 520 Bridge notices of civil penalties.
3. **Due from Toll Vendor** – For TNB, HOT Lanes, 520 Bridge, and 405 Account, the Due from Toll Vendor consists primarily of amounts due from the CSC operations vendor (ETCC) due to renegotiation of the CSC operations contract. For the Central Toll Account amounts are due from the CSC operations vendor ETCC due to operational and system errors that have required manual corrections and have resulted in amounts due to WSDOT.
4. **Consumable Inventory** – Toll transponders valued at cost using the first in, first out (FIFO) method.
5. **Unearned Revenue:**
 - (a) TNB Account - Notice of civil penalty amounts not yet recognized because the adjudication process has not been completed. Also included are amounts associated with deferrals for toll bill amounts not estimated to be collected until they become NOCP receivables, as well as amounts directly attributable to items (a) (3) and (4) described above in Note 1.
 - (b) 520 Bridge Account - amounts associated with deferrals for toll bill amounts not estimated to be collected until they become NOCP receivables, as well as amounts directly attributable to items (a) (3) and (4) described above in Note 1.
 - (c) 520 Civil Penalty Account – Notice of civil penalty amounts not yet recognized because the adjudication process has not been completed.
 - (d) 405 Account - amounts associated with deferrals for toll bill amounts not estimated to be collected until they become NOCP receivables, as well as amounts directly attributable to items (a) (3) and (4) described above in Note 1.
 - (e) Central Toll Account - amounts from customers on deposit for prepaid *Good To Go!* accounts. No revenue is recognized in the Central Toll Account. Funds from the prepaid accounts, held in the Central Toll Account, are transferred to the applicable toll facility when a transponder is “read” as the customers’ vehicle crosses one of the toll facilities. Until this event, the prepaid toll account balance represents a liability to the state and is owed to the customer.
6. **Cancelled Warrants** – When a vendor cannot be located, such as when the vendor changes addresses without notification, the original warrant (check) must be cancelled and reissued once the vendor is located.
7. **Unavailable Revenue:**
 - (a) TNB Account - amount associated with TNBs long-term portion of the toll vendor receivable and a real estate contract receivable. Also included are deferrals for NOCP and \$5 fee receivable amounts estimated to take over 12 months to collect.
 - (b) HOT Lanes Account - amount associated with the accounts long-term portion of the toll vendor receivable.
 - (c) 520 Bridge Account - amount associated with 520s long-term portion of the toll vendor receivable. Also included are deferrals for \$5 fee receivable amounts estimated to take over 12 months to collect.
 - (d) 520 Civil Penalty Account – amounts associated with deferral for NOCP receivable amounts estimated to take over 12 months to collect.
 - (e) 405 Account – amounts associated with long-term portion of the toll vendor receivable. Also included are deferrals for NOCP and \$5 fee receivable amounts estimated to take over 12 months to collect.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
TACOMA NARROWS BRIDGE ACCOUNT
STATE FISCAL YEAR 2017, QUARTER ENDED JUNE 30, 2017

	NOTES	JUL THROUGH SEP	OCT THROUGH DEC	JAN THROUGH MAR	APR THROUGH JUN	YEAR-TO-DATE
REVENUES						
Toll revenue	1	\$ 21,095,313	\$ 19,134,521	\$ 18,533,674	\$ 20,691,428	\$ 79,454,937
Civil penalty	2	328,647	526,375	382,290	(5,181)	1,232,131
Transponder sales	3	136,276	116,380	110,948	118,748	482,352
Toll vendor contractual damages	4	35,773	33,790	34,845	35,554	139,961
Toll bill reprocessing fee	5	102,433	96,780	107,654	101,079	407,946
Interest income		31,303	42,149	50,831	84,568	208,852
Miscellaneous	6	9,205	8,186	8,344	11,853	37,588
TOTAL REVENUES		21,738,950	19,958,182	19,228,585	21,038,049	81,963,766
EXPENDITURES						
Goods and Services						
Toll CSC operations vendor contract	7	592,960	609,875	646,976	609,783	2,459,593
Toll booth and lane vendor contract		807,390	807,531	852,667	829,732	3,297,319
Insurance	8	1,134,456	10,710	5,496	11,274	1,161,936
Credit card and bank fees		444,607	392,837	349,847	454,223	1,641,515
Transponder cost of goods sold	9	97,581	81,569	77,540	78,908	335,598
Pay-by-mail		130,529	109,603	121,973	130,365	492,471
Other	10	100,485	91,286	139,397	111,275	442,444
Total Goods and Services		3,308,008	2,103,411	2,193,897	2,225,560	9,830,875
Personal service contracts	11	215,201	300,086	161,815	150,937	828,039
Salaries and benefits		232,034	230,614	280,820	280,382	1,023,850
Civil penalty adjudication costs	12	350,599	479,900	585,522	133,673	1,549,694
Maintenance and preservation	13	84,494	134,325	858,922	306,682	1,384,424
TOTAL EXPENDITURES		4,190,335	3,248,337	4,080,975	3,097,235	14,616,882
EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES		17,548,615	16,709,844	15,147,610	17,940,814	67,346,883
OTHER FINANCING USES						
Operating transfers out	14	(15,741,330)	(12,566,995)	(22,894,330)	(17,308,995)	(68,511,650)
TOTAL OTHER FINANCING USES		(15,741,330)	(12,566,995)	(22,894,330)	(17,308,995)	(68,511,650)
NET CHANGE IN FUND BALANCE		1,807,285	4,142,849	(7,746,720)	631,819	(1,164,767)
FUND BALANCE - BEGINNING		20,876,586	22,683,871	26,826,720	19,080,001	20,876,586
FUND BALANCE - ENDING		\$ 22,683,871	\$ 26,826,720	\$ 19,080,001	\$ 19,711,820	\$ 19,711,820

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

**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
TACOMA NARROWS BRIDGE ACCOUNT
STATE FISCAL YEAR 2017, QUARTER ENDED JUNE 30, 2017**

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 2015-17 biennium, the Legislature provided authority in Chapter 10, Laws of 2015 PV (2ESHB 1299, Section 403(6)) to transfer \$950,000. The current obligation at the beginning of 2015-17 biennium is \$4,338,000.

Detailed Notes

1. **Toll 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 CSC Operations Vendor Contract** – Payment for monthly Customer Service Center (CSC) operations costs.
8. **Insurance** – Annual premium for insuring the facility and monthly insurance brokerage fee paid to the Department of Enterprise Services (DES).
9. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders. 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. Increase in services provided by Jacobs, new contract with Stantec.
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 bridge preservation activities on the new TNB. Maintenance totaled \$769,624 and Preservation totaled \$614,800.
14. **Operating Transfers Out** – Amount transferred to MVA for debt service pursuant to RCW 47.46.140. Also includes transfer resulting from the Moore V HCA settlement. See 2ESHB 2376 section 708.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
HIGH OCCUPANCY TOLL OPERATIONS ACCOUNT
STATE FISCAL YEAR 2017, QUARTER ENDED JUNE 30, 2017**

	NOTES	JUL THROUGH SEP	OCT THROUGH DEC	JAN THROUGH MAR	APR THROUGH JUN	YEAR-TO-DATE
REVENUES						
Toll revenue	1	\$ 490,727	\$ 611,158	\$ 736,983	\$ 847,784	\$ 2,686,652
Transponder sales	2	21,383	20,201	19,390	21,299	82,273
Toll vendor contractual damages	3	3,280	3,060	3,191	3,307	12,838
Interest income		3,563	4,978	5,814	13,899	28,255
Miscellaneous	4	843	937	1,024	926	3,730
TOTAL REVENUES		<u>519,796</u>	<u>640,334</u>	<u>766,403</u>	<u>887,215</u>	<u>2,813,748</u>
EXPENDITURES						
Goods and Services						
Toll CSC operations vendor contract	5	73,098	75,197	81,526	83,684	313,505
Toll lane vendor contract	6	-	-	-	-	-
Credit card and bank fees		8,793	8,376	(13)	13,728	30,884
Transponder cost of goods sold	7	15,302	16,304	14,473	14,829	60,909
Washington state patrol	8	27,973	24,941	27,170	50,117	130,201
Other	9	12,489	9,611	13,096	44,423	79,619
Total Goods and Services		<u>137,656</u>	<u>134,429</u>	<u>136,251</u>	<u>206,782</u>	<u>615,117</u>
Personal service contracts	10	26,880	35,101	21,083	20,257	103,320
Salaries and benefits		74,841	76,494	88,317	86,432	326,084
Maintenance and preservation	11	6,185	229,494	236,521	(152)	472,048
TOTAL EXPENDITURES		<u>245,562</u>	<u>475,518</u>	<u>482,172</u>	<u>313,319</u>	<u>1,516,570</u>
EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES		<u>274,235</u>	<u>164,816</u>	<u>284,232</u>	<u>573,896</u>	<u>1,297,179</u>
OTHER FINANCING USES						
Operating transfers out	12	(1,000)	-	-	-	(1,000)
TOTAL OTHER FINANCING USES		<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>
NET CHANGE IN FUND BALANCE		273,235	164,816	284,232	573,896	1,296,179
FUND BALANCE - BEGINNING		3,091,951	3,365,186	3,530,002	3,814,233	3,091,951
FUND BALANCE - ENDING		<u>\$ 3,365,186</u>	<u>\$ 3,530,002</u>	<u>\$ 3,814,233</u>	<u>\$ 4,388,130</u>	<u>\$ 4,388,130</u>

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

**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
HIGH OCCUPANCY TOLL OPERATIONS ACCOUNT
STATE FISCAL YEAR 2017, QUARTER ENDED JUNE 30, 2017**

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 CSC Operations Vendor Contract** – Payment for monthly CSC operations costs.
6. **Toll Lane Vendor Contract** – The cost of capturing traffic activity in tolled lanes.
7. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders. Transponder Cost of Goods Sold is directly related to Transponder Sales Revenue.
8. **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.
9. **Other Goods and Services** – Expenditures for supplies, communications, rents, repairs, services provided by outside vendors, etc.
10. **Personal Service Contracts** – Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting.
11. **Maintenance and Preservation** – Cost of maintenance and preservation activities on the HOT Lanes.
12. **Operating transfers out** – Amount of transfer resulting from the Moore V HCA settlement. See 2ESHB 2376 section 708.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
THE STATE ROUTE NUMBER 520 CORRIDOR ACCOUNT
STATE FISCAL YEAR 2017, QUARTER ENDED JUNE 30, 2017

	NOTES	JUL THROUGH SEP	OCT THROUGH DEC	JAN THROUGH MAR	APR THROUGH JUN	YEAR-TO-DATE
REVENUES						
Toll revenue	1	\$ 19,073,826	\$ 18,031,557	\$ 18,130,217	\$ 19,743,447	\$ 74,979,046
Debt service reimbursement (FHWA)	2	83,706,338	-	16,364,588	-	100,070,925
Transponder sales	3	238,679	206,897	191,433	214,687	851,696
Toll vendor contractual damages	4	68,924	65,228	66,903	68,356	269,412
Toll bill reprocessing fee	5	282,747	272,335	270,884	258,154	1,084,120
Interest income		89,029	226,621	247,975	387,217	950,842
Miscellaneous	6	14,140	31,588	(5,772)	2,863,884	2,903,841
TOTAL REVENUES		103,473,683	18,834,226	35,266,228	23,535,746	181,109,882
EXPENDITURES						
Goods and Services						
Toll CSC operations vendor contract	7	1,383,041	1,374,434	1,366,505	1,481,981	5,605,961
Toll lane vendor contract		135,502	150,541	143,021	(47,674)	381,390
Insurance	8	2,196,374	17,973	9,223	18,918	2,242,488
Credit card and bank fees		413,734	394,806	324,114	425,406	1,558,060
Transponder cost of goods sold	9	170,939	145,011	133,931	142,502	592,383
Pay-by-mail		357,893	302,663	291,240	332,356	1,284,152
Other	10	175,119	163,259	260,329	204,770	803,476
Total Goods and Services		4,832,602	2,548,687	2,528,362	2,558,260	12,467,910
Personal service contracts	11	450,322	705,904	337,383	479,461	1,973,070
Salaries and benefits		368,722	386,550	449,634	472,532	1,677,438
Cost of financing	12	129,229	-	-	133,123	262,352
Maintenance and preservation	13	314,085	554,843	421,796	1,283,326	2,574,050
Capital outlay	14	2,488,115	39,171,480	31,820,586	53,983,301	127,463,482
TOTAL EXPENDITURES		8,583,076	43,367,463	35,557,762	58,910,003	146,418,303
EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES		94,890,607	(24,533,237)	(291,534)	(35,374,256)	34,691,579
OTHER FINANCING SOURCES (USES)						
Bonds issued	15	111,012,060	-	-	-	111,012,060
Operating Transfer In	16	1,184,579	-	-	815,000	1,999,579
Operating transfers out - debt service	17	(9,214,995)	(9,341,434)	(16,039,069)	(12,268,309)	(46,863,807)
Operating transfers out - GARVEE debt service		(83,706,338)	-	(16,364,588)	-	(100,070,925)
Operating transfers out	18	(19,000)	-	-	-	(19,000)
TOTAL OTHER FINANCING USES		19,256,306	(9,341,434)	(32,403,657)	(11,453,309)	(33,942,093)
NET CHANGE IN FUND BALANCE		114,146,913	(33,874,671)	(32,695,191)	(46,827,565)	749,485
FUND BALANCE - BEGINNING		70,490,675	184,637,588	150,762,917	118,067,726	70,490,675
FUND BALANCE - ENDING		\$ 184,637,588	\$ 150,762,917	\$ 118,067,726	\$ 71,240,161	\$ 71,240,161

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

**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
THE STATE ROUTE NUMBER 520 CORRIDOR ACCOUNT
STATE FISCAL YEAR 2017, QUARTER ENDED JUNE 30, 2017**

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. Q4 increase due to sale of Medina property for \$2.85 million.
7. **Toll CSC Operations Vendor Contract** – Payment for monthly CSC operations costs.
8. **Insurance** – Annual premium for insuring the facility and monthly insurance brokerage fee paid to the Department of Enterprise Services (DES).
9. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders. 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. **Cost of Financing** – Costs representing the underwriter's discount and cost of issuance charged by OST for the issuance of the second Triple Pledge bond sale (2017C) in September 2016.
13. **Maintenance and Preservation** – Cost of maintenance and preservation activities on the SR520 corridor. Maintenance totaled \$2,345,848 and Preservation totaled \$210,649.
14. **Capital Outlay** – Costs associated with construction of the new replacement 520 Floating Bridge.
15. **Bond Issued** – Triple pledge bonds were issued in September 2016.
16. **Operating Transfer In** – The transfer amount in Q1 represents amounts transferred back to 16J due to withholding more than required for the TIFIA loan. The transfer amount in Q4 represents toll revenue transferred from NOCP account per transfer authority in 2016 Session Laws Chapter 14 Section 408.
17. **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).
18. **Operating transfers out** – Amount of transfer resulting from the Moore V HCA settlement. See 2ESHB 2376 section 708.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
THE 520 CIVIL PENALTY ACCOUNT
STATE FISCAL YEAR 2017, QUARTER ENDED JUNE 30, 2017**

	NOTES	JUL THROUGH SEP	OCT THROUGH DEC	JAN THROUGH MAR	APR THROUGH JUN	YEAR-TO-DATE
REVENUES						
Civil penalty	1	\$ 774,763	\$ 935,102	\$ 932,547	\$ 19,483	\$ 2,661,894
Interest income		10,622	11,628	10,859	20,082	53,191
TOTAL REVENUES		<u>785,385</u>	<u>946,730</u>	<u>943,405</u>	<u>39,564</u>	<u>2,715,085</u>
EXPENDITURES						
Goods and Services						
Adjudication system vendor contract	2	141,084	128,066	152,652	130,018	551,820
Administrative hearing	3	49,947	33,776	9,701	1,933	95,356
Credit card and bank fees		10,847	10,346	21,187	20,302	62,682
Other	4	353,581	656,674	840,378	809,785	2,660,418
Total Goods and Services		555,458	828,862	1,023,918	962,038	3,370,275
Salaries and benefits		47,975	41,599	39,184	32,584	161,343
Capital Outlay	5	725,455	2,004,958	332,003	612,752	3,675,169
TOTAL EXPENDITURES		<u>1,328,889</u>	<u>2,875,419</u>	<u>1,395,105</u>	<u>1,607,374</u>	<u>7,206,787</u>
EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES		<u>(543,503)</u>	<u>(1,928,689)</u>	<u>(451,700)</u>	<u>(1,567,810)</u>	<u>(4,491,702)</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers out		-	-	-	(815,000)	(815,000)
TOTAL OTHER FINANCING USES		-	-	-	(815,000)	(815,000)
NET CHANGE IN FUND BALANCE		(543,503)	(1,928,689)	(451,700)	(2,382,810)	(5,306,702)
FUND BALANCE - BEGINNING		10,340,815	9,797,312	7,868,623	7,416,923	10,340,815
FUND BALANCE - ENDING		<u>\$ 9,797,312</u>	<u>\$ 7,868,623</u>	<u>\$ 7,416,923</u>	<u>\$ 5,034,113</u>	<u>\$ 5,034,113</u>

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

**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
THE 520 CIVIL PENALTY ACCOUNT
STATE FISCAL YEAR 2017, QUARTER ENDED JUNE 30, 2017**

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. There was a settlement for \$900,000 in 4th qtr.
5. **Capital Outlay** – Funding for Connecting Washington was authorized for use in the 2015-2017 biennium. Funding is being spent according to scope of work requirements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
INTERSTATE 405 ACCOUNT
STATE FISCAL YEAR 2017, QUARTER ENDED JUNE 30, 2017**

	NOTES	JUL THROUGH SEP	OCT THROUGH DEC	JAN THROUGH MAR	APR THROUGH JUN	YEAR-TO-DATE
REVENUES						
Toll revenue	1	\$ 5,196,257	\$ 5,071,101	\$ 5,199,769	5,455,905	\$ 20,923,032
Civil penalty	2	326,066	489,396	392,451	61,294	1,269,207
Transponder sales	3	100,910	87,558	73,300	90,946	352,714
Toll vendor contractual damages	4	2,032	491	1,177	1,874	5,574
Toll bill reprocessing fee	5	136,150	130,170	127,024	123,946	517,291
Interest income		15,621	25,189	34,485	84,372	159,667
Miscellaneous	6	5,523	4,852	5,086	5,247	20,708
TOTAL REVENUES		<u>5,782,560</u>	<u>5,808,757</u>	<u>5,833,292</u>	<u>5,823,584</u>	<u>23,248,193</u>
EXPENDITURES						
Goods and Services						
Toll CSC operations vendor contract	7	511,527	534,838	484,256	525,600	2,056,222
Toll Lane Vendor		281,947	281,947	281,947	352,949	1,198,789
Credit card and bank fees		111,473	117,322	85,847	123,734	438,376
Transponder cost of goods sold	8	75,452	72,821	56,394	66,335	271,002
Washington State Patrol	9	318,473	32,396	100,660	238,415	689,943
Pay-by-mail		174,589	144,477	135,855	160,821	615,742
Other	10	84,066	59,680	115,091	72,514	331,352
Total Goods and Services		<u>1,557,528</u>	<u>1,243,480</u>	<u>1,260,051</u>	<u>1,540,367</u>	<u>5,601,426</u>
Personal service contracts	11	97,091	236,330	141,368	278,288	753,077
Salaries and benefits		246,655	223,819	259,002	262,935	992,411
Civil penalty adjudication cost	12	177,396	163,363	150,468	107,408	598,635
Capital outlay					8,327,490	8,327,490
TOTAL EXPENDITURES		<u>2,078,670</u>	<u>1,866,992</u>	<u>1,810,889</u>	<u>10,516,489</u>	<u>16,273,040</u>
EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES		<u>3,703,890</u>	<u>3,941,765</u>	<u>4,022,403</u>	<u>(4,692,905)</u>	<u>6,975,153</u>
OTHER FINANCING SOURCES (USES)						
TOTAL OTHER FINANCING USES		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE		<u>3,703,890</u>	<u>3,941,765</u>	<u>4,022,403</u>	<u>(4,692,905)</u>	<u>6,975,153</u>
FUND BALANCE - BEGINNING		<u>11,927,748</u>	<u>15,631,638</u>	<u>19,573,403</u>	<u>23,595,807</u>	<u>11,927,748</u>
FUND BALANCE - ENDING		<u>\$ 15,631,638</u>	<u>\$ 19,573,403</u>	<u>\$ 23,595,807</u>	<u>\$ 18,902,902</u>	<u>\$ 18,902,902</u>

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

**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
INTERSTATE 405 ACCOUNT
STATE FISCAL YEAR 2017, QUARTER ENDED JUNE 30, 2017**

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 CSC Operations Vendor Contract** – Payment for monthly CSC 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.

For more information

Good To Go!

www.GoodToGo.com

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Express Toll Lanes



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