

Multiple Agency Fiscal Note Summary

Bill Number: 6444 S SB	Title: Eligible toll facilities
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Estimated Cash Receipts

Agency Name	2011-13		2013-15		2015-17	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	Non-zero but indeterminate cost. Please see discussion."					
Department of Transportation	Non-zero but indeterminate cost. Please see discussion."					
Total \$	0	0	0	0	0	0

Estimated Expenditures

Agency Name	2011-13			2013-15			2015-17		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Transportation	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Transportation Commission	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total	0.0	\$0	\$0	0.0	\$0	\$0	0.0	\$0	\$0

Estimated Capital Budget Impact

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

Prepared by: Garry Austin, OFM	Phone: 360-902-0564	Date Published: Final 2/21/2012
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

Individual State Agency Fiscal Note

Bill Number: 6444 S SB	Title: Eligible toll facilities	Agency: 090-Office of State Treasurer
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates,

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 02/08/2012
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 02/09/2012
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 02/09/2012
OFM Review: Cheri Keller	Phone: 360-902-0563	Date: 02/09/2012

Request # 118-1

Bill # 6444 S SB

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

SSB 6444 creates the Alaskan way viaduct replacement project account and allows the account to retain its earnings from investments.

Earnings from investments:

Estimated earnings from investments are indeterminable because projected cash flows are needed to make the estimate and are currently unavailable. Earnings for an account are a function of the average daily balance of the account and the earnings rate of the investment portfolio. The average daily balance is a function of the beginning balance in the account and the timing & amount of receipts, disbursements, & transfers during the time period in question. Accordingly, even with a beginning balance of zero, two accounts with the same overall level of receipts, disbursements, and transfers can have different average daily balances, and hence different earnings.

For illustrative purposes, assume based on the November 2011 Revenue Forecast that the net rate for estimating earnings for FY 11 is 0.25%, FY 12 is 0.10%, and FY 13 is 0.10%. Approximately \$2,500 in FY 11, \$1,000 in FY 12, and \$1,000 in FY 13 in net earnings and \$5,000 in fees would be gained or lost annually for every \$1 million increase or decrease in average daily balance.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

SSB 6444 creates the Alaskan way viaduct replacement project account and allows the account to retain its earnings from investments.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 6444 S SB	Title: Eligible toll facilities	Agency: 405-Department of Transportation
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates,

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 02/08/2012
Agency Preparation: Helena Kennedy Smith	Phone: 206-464-1226	Date: 02/13/2012
Agency Approval: Craig Stone	Phone: 206-464-1222	Date: 02/13/2012
OFM Review: Paul Ingiosi	Phone: (360) 902-9822	Date: 02/13/2012

Request # 12-062-2

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 2 of this proposal would authorize the initial imposition of tolling on the Alaskan Way Viaduct (AWV) replacement project (tunnel). The project may be tolled between the deep bore tunnel under First Avenue from the vicinity of the sports stadiums in Seattle to Aurora Avenue north of the Battery Street tunnel. The toll may be charged only for travel in the tunnel. Toll funding must be used as allowed under RCW 47.56.820. Toll rates are required to be variable in order to maintain travel time and reliability, to generate enough revenue for eligible costs, and/or meet the redemption of bonds. Tolls may be adjusted at least annually to reflect inflation.

Section 3 creates the AWV Replacement Project Account. The account is to be a repository for toll income, interest earned on balances in the account, and proceeds from the sale of any surplus real property acquired for the purpose of building the AWV replacement project.

Section 4 requires that the AWV replacement project account receives its proportional share of interest earnings.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

The State Transportation Commission has not set rates for AWV project. Therefore cash receipts from tolling cannot be estimated accurately. Additionally, cash receipts would be dependent on the number of travelers who chose to use this facility versus many options for alternative routes through downtown Seattle, making projections difficult.

The Washington State Department of Transportation (WSDOT) intends to begin tolling on January 1, 2016; however, for the purpose of this fiscal note, WSDOT assumes that toll revenue collections for the AWV would begin July 1, 2016 in order to be conservative (impacts of ramp up, etc.). Additional traffic forecasts and revenue analysis will be required when toll rates are set to reflect the latest economic conditions.

Current traffic and revenue modeling assumes tolls vary by time of day (An equivalent fixed-rate toll would likely increase diversion substantially). The toll revenue projections for this toll facility are currently being updated as WSDOT adjust the underlying traffic and revenue model to match SR 520 assumptions. From previous studies, WSDOT has learned that this corridor is susceptible to high rates of diversion. To address this issue, a 15-member Advisory Committee on Tolling and Traffic Management (ACTT) is currently studying ways to discourage trips from diverting to city streets. Because the ACTT work will not be completed until late 2012 and the traffic model is still being updated, estimates in this fiscal note are preliminary.

Based on preliminary assumptions in early January 2012, the average revenue per toll transaction in the opening year would be between \$2.20 and \$2.90 (in 2016 dollars). Potential gross toll revenue would be between \$20 and \$31 million in FY 2017, depending upon assumptions regarding the driver's value of time as compared to the amount of time they believe they would save using the toll facility.

The department assumes that tolling the tunnel will result in more Good to Go! accounts, and the sale of additional transponders. Revenue from transponder sales is intended to offset the cost of the transponders, including shipping costs.

Section 3: WSDOT currently assumes that three properties could be sold for a combined total of approximately \$42.5 million.

To provide a range of estimated impacts, revenue estimates for FY 2017 are provided on the attached table with the following caveats:

- All estimates are preliminary.
- Work is still underway to update traffic and revenue model.
- Revenues are provided in ranges.
- Further work will be required closer to the actual commencement of tolling.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The department is not required to toll; however, for the purpose of this fiscal note, WSDOT has provided estimates as if tolling were implemented. The operating cost estimates are from work done in 2009. Additional analysis will be required closer to the start of tolling in order to update expenditure impacts based on revised traffic and revenue estimates and updated information about new customer service contracts, insurance estimates, postage rates, etc.

For the purpose of this analysis, the department assumes net revenue streams will be used to pay debt service on bonds. From the gross revenue estimates, a number of ongoing expenditures are typically required by bondholders prior to determining the amount of available net revenue. Expenses would include:

- Toll collection costs include: customer service; accounting and auditing; credit card fees; reporting; and oversight.
 - Costs are assumed to be shared across all tolled facilities and then allocated to a corridor based on the relative number of transactions or revenues on a toll facility.
 - Facilities assumed to be tolled in FY 2017 include: Tacoma Narrows Bridge, State Route (SR) 520, SR 167, Interstate 405, and AWW.
 - AWW's share in FY 2017 is estimate to be 11 percent.
- Toll facility insurance.
- Toll facility operations and maintenance.

In addition to the operational items listed above, there will be one-time operational investments to start up tolling on a new corridor. These include:

- Marketing and public outreach for new account holders and media relations.
- Transponder expense (Note: WSDOT assumes transponder revenue = expense).
- Initial rate setting support.

Lastly, it should be noted that tunnel "Periodic Repair and Replacement (R&R)" costs are expected to be significant over time, and are currently expected to come in large chunks. As a result, bondholders would expect WSDOT to set aside

contributions to an R&R fund as soon as toll collection commences, unless the department can provide another source of funding.

To provide a range of estimated impacts, expenditure estimates for FY 2017 are provided on the attached table with the following caveats:

- All estimates are preliminary.
- Work is still underway to update traffic and revenue model.
- Expenditures are provided in ranges.
- Further work will be required closer to the actual commencement of tolling.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

AWV Fiscal Note SSB 6444

Dollars in millions

23-Jan-12

<u>Item</u>	<u>BASIS</u>	<u>FY 2017</u>	
		<u>Hi</u>	<u>Low</u>
<u>REVENUE (a,b)</u>			
Adjusted Gross Toll Revenue			
Option 1 (c) Hi Value of Time	Gross Revenue, FY 2017, OPTION 1	\$31.1	n/a
Option 2 (c) Low Value of Time	Gross Revenue, FY 2017, OPTION 2	n/a	\$21.3
	<u>Total Toll Revenue</u>	\$31.1	\$21.3
Transponder Revenue	300,000-400,000 transponders at \$5 (sold at cost)	\$2.0	\$1.5
Sale of surplus property	FY 2017 (d)	\$32.0	\$32.0
<u>EXPENDITURES (a,b)</u>			
On-going Toll collection O&M			
Routine Toll collection	Customer service center, state operations, and toll collection systems O&M.	\$5.6	\$5.0
Credit Card / Banking Fees	Fees charged by banks and credit card vendor to process credit card transactions; estimated as a percentage of adjusted gross toll revenue.	\$0.9	\$0.6
Insurance Premium	Premium for insuring physical tunnel asset and toll revenue stream.	\$2.0	\$2.0
Routine Tunnel Maintenance	Annual cost to operate and maintain physical tunnel asset.	\$6.4	\$6.4
	<u>Total O&M</u>	\$14.9	\$14.0
One-Time(e)			
Marketing	Good To Go! marketing for future SR 99 tunnel customers.	\$2.5	\$2.5
Support Rate Setting	Consultant support in toll rate setting process.	\$0.5	\$0.5
Transponder Expenditure	300,000-400,000 transponders at \$5 (sold at cost)	\$2.0	\$1.5

NOTE:

(a) All estimates are preliminary. Work is underway to update traffic and revenue model.

(b) Additional work will be required close to the actual commencement of tolling.

(c) Options still in development.

(d) The fiscal note estimated properties could be sold for a total of \$42.5 million. This only provides estimates for properties sold in FY 2017.

(e) Expenditures are estimated based on experience from other toll facilities.

Individual State Agency Fiscal Note

Bill Number: 6444 S SB	Title: Eligible toll facilities	Agency: 410-Transportation Commission
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates,

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- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 02/08/2012
Agency Preparation: Paul Parker	Phone: (360)705-7118	Date: 02/13/2012
Agency Approval: Reema Griffith	Phone: 360-705-7070	Date: 02/13/2012
OFM Review: Jim Albert	Phone: (360) 902-0419	Date: 02/13/2012

Request # 12-009-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Through the rulemaking process, the Transportation Commission establishes toll rates on facilities authorized by the Legislature for tolling. This bill adds the Alaskan way viaduct replacement project to the list of authorized toll facilities, and requires the Commission set variable tolls on the tunnel to generate up to \$400 million in toll revenue and to maintain travel time, speed and reliability on SR 99 from the vicinity of the stadiums to Aurora Avenue.

Section 3, listing appropriate uses for toll revenue, is identical in language and construction to the parallel provision for the SR 520 bridge.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Additional public meetings and outreach, as well as meetings with the department, and additional legal support needs will increase workload and costs, but it is unknown by how much for each authorized toll facility that is added.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

The Transportation Commission adopts toll rates through the rulemaking process. Section 2 authorizes the Commission to set variable tolls on the tunnel section of SR 99 to generate up to \$400 million for the Alaskan Way Viaduct replacement project and to maintain travel time, speed and reliability on the facility from the vicinity of the stadiums to Aurora Avenue.