



# TOLL DIVISION ANNUAL REPORT FY 2016

JULY 1, 2015 - JUNE 30, 2016



*Moving Forward*



# A Message from WSDOT

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I am pleased to present Washington State Department of Transportation's Toll Division Annual Report for fiscal year 2016 (July 1, 2015 - June 30, 2016). This fiscal year was filled with several milestones for the Toll Division, many of which are included in this report. One of our major milestones was to take steps to improve tolling for our customers but also as an organization. We have conferred with experts in peer agencies and other stakeholders to identify three overarching business plan goals outlined below with our highlights for the past year.

## **High quality customer service**

In 2015, *Good To Go!* grew rapidly with the opening of the express toll lanes and the launch of a popular program to waive civil penalties and fees, and collect late tolls, which has helped over 70,000 customers. We experienced staffing, fulfillment and customer service challenges due to the rapid and unprecedented growth and popularity of our programs.

Based on our experience this year, the Toll Division is prioritizing developing a customer focused culture through continuous improvement. Since the launch of express toll lanes, we have improved customer service by adding capacity at the call center and reducing call wait times. We also made changes to the tolling website to make it more user-friendly and convened a customer service peer advisory group who will make recommendations to improve our customer service through the next fiscal year and beyond.

One major change that will begin to take shape in the coming years is the next generation toll billing system, for which WSDOT is currently seeking a new vendor.

## **Outstanding program delivery and operation**

On September 27, 2015, WSDOT opened the I-405 express toll lanes. Previously the HOV lanes were often as congested as the regular lanes. The new lanes provide drivers with a choice to pay a toll to avoid congestion. In the first nine months, the lanes have provided over 11 million faster, more reliable trips. WSDOT is closely monitoring performance and has already made many adjustments based on driver feedback including longer access points, improved signage and striping, and shorter hours of operation. We are happy to report that through the use of toll revenue, WSDOT is accelerating delivery of the peak-use shoulder lane project which will add capacity during times with the heaviest congestion – in this case, the weekday afternoon commute.

In April 2016, WSDOT and the SR 520 Program accomplished a significant and long-awaited milestone by opening the new SR 520 floating bridge to traffic. The new span serves nearly 77,000 weekday drivers. Tolling is on track to help pay for \$1.2 billion of the construction costs.

Construction of an eight-mile extension of the southbound SR 167 HOT lane is underway and will open to toll-paying customers in the winter of 2016.

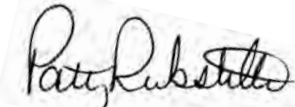
## Proactive, transparent communication

The opening of the express toll lanes by the I-405 Program, marked the culmination of more than a decade of evaluation, planning, partnerships and public engagement to bring more efficiency and reliability to the corridor. Building upon the years of outreach in the corridor by the I-405 Program, the Toll Division undertook an extensive educational marketing and outreach campaign to prepare drivers leading up to the launch of express toll lanes. More drivers are using the express toll lanes than originally anticipated and we attribute that in part to the success of public outreach campaign.

We are proud of our accomplishments and continuing efforts to improve mobility and customer service for *Good To Go!* customers and commuters throughout the Puget Sound region. Hundreds of thousands of drivers depend on *Good To Go!* for a high level of customer service and accountability for approximately 46.6 million transactions annually. As we move forward, we will continue to apply lessons learned from our existing facilities and use best practices from tolling agencies both near and far.

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." That spirit of customer service as well as continuous improvement informs all that we do at the Toll Division, and in the coming year we will keep striving for improvement in all of our services.

Sincerely,



Patty Rubstello  
Assistant Secretary, WSDOT Toll Division

December 2016



We are in year three of Results WSDOT, the agency's strategic plan for 2014-2017, which provides the vision, mission, goals, priority outcomes, and strategies to guide the work of the agency. It represents a shift in the way we do business to get the most capacity of the entire multimodal transportation system, leverage our limited funding, and engage with communities and partners.



**Strategic investment:** tolls provide critical funding for large, urban transportation projects on strategic corridors



**Modal integration:** tolls work to optimize system capacity, supporting speed and reliability of the many transportation modes that use our highway system



**Environmental stewardship:** tolls promote practices, like carpooling and transit, that reduce greenhouse gas emissions



**Organizational strength:** the Toll Division is home to many teams who look for innovative solutions, seek continuous improvement, and apply Lean practices



**Community engagement:** the Toll Division works with the Transportation Commission, advisory groups, communities, and our customers to evaluate options and provide feedback to decision makers regarding tolling



**Smart technology:** tolling in Washington state uses advanced technology to inform, improve, and operate efficiently



# Highlights from fiscal year 2016

## Tolls help fund transportation improvements

Since 2007, 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. The facilities authorized for tolling are determined by the Washington State Legislature, and the Transportation Commission sets the toll rates and related fees. The facilities noted in this report are either already authorized for tolling or are in various stages of development, and will supplement the existing tolling framework in Washington state:

### Fiscal Year (FY) 2016 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 (under construction)
- I-405 express toll lanes expansion from Renton to Bellevue (potential toll project, in design phase)
- Gateway Project completion of SR 167 and SR 509 (intended toll project, in design)

## Toll revenue helps pay for construction

Toll revenue in Washington state is used as a funding source for construction work on projects that have been authorized by the Legislature. Toll revenue funds improvements and financial obligations on the corridor in which they are collected. This allows for expedited project delivery resulting in more efficient and reliable construction and operation of the facility, increased transportation benefits, and increased revenue. Project investors typically purchase bonds backed by tolls which are paid from future revenue. Toll revenues from operational facilities are used for operations, maintenance, repair, and rehabilitation. Revenues are also used to pay the debt on existing toll bonds.

**46.6 million**  
toll transactions

**23.2 million** SR 520 Bridge

**14.8 million** Tacoma Narrows Bridge

**7.5 million** I-405 express toll lanes

**1.1 million** SR 167 HOT Lanes

**500,000 Calls**  
to Good To Go! Customer Service Centers last year

**1 million** different vehicles used the I-405 express toll lanes

**\$2.6 million** collected from unpaid tolls through penalty waiver program

**673,000** Good To Go! accounts  
**133,000** NEW accounts in FY 2016

**12 minutes** average time saved using I-405 express toll lanes

**10** minutes southbound

**15** minutes northbound

**\$161.3 million** gross toll revenue

**\$78.2 million** Tacoma Narrows Bridge

**\$69.4 million** SR 520 Bridge

**\$12.3 million** I-405 express toll lanes

**\$1.4 million** SR 167 HOT Lanes

### Tolling helps manage traffic

Dynamic pricing is used on the SR 167 HOT Lanes and the I-405 express toll lanes. A computer algorithm responds to changing traffic demand. Toll rates increase as congestion increases, and drop accordingly to maximize efficient traffic movement throughout the corridor.

### Cost to collect toll per transaction

| Payment Method     | All facilities |
|--------------------|----------------|
| Good To Go! Pass   | \$0.38         |
| Pay By Plate       | \$0.43         |
| Short Term Account | \$0.38         |
| Pay By Mail        | \$0.95         |
| TNB Cash           | \$0.99         |

Source: WSDOT Toll Division

### The cost to toll

In FY 2016 the average toll collected was \$3.46. On average, 51 cents of each *Good To Go!* transaction went 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 (Pleasanton, CA), 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.

### Washington state's tolling framework, roles and responsibilities

The overall tolling framework was established by the Washington State Legislature in 2008. This framework serves as a guide for all toll facilities and establishes expectations that each facility should meet. The basic responsibilities of these facilities are to provide toll revenues as a source of transportation funding, to enhance transportation system performance by managing demand in particularly congested corridors throughout the Puget Sound region, and to increase the overall efficiency of the system. The setting of toll rates is an important part of this process. Tolls should be at rates that are both fair and equitable - covering debt and operations and maintenance costs. The responsibilities of the toll system are outlined below.

|                       | Washington State Legislature  | Transportation Commission  | Department of Transportation   |
|-----------------------|---|--|--|
| <b>Responsibility</b> | Establish tolling, designate toll corridors and use of toll revenues  | Set toll rates and related fees  | Plan, analyze and construct facilities, collect tolls, build and operate toll collection systems   |
| <b>Roles</b>          | Establish legal toll framework<br>Authorize tolling in designated corridors<br>Approve financing plans<br>Enable tolling practices<br>Appropriate toll operation budget | Set toll rates within funding requirements<br>Set toll exemptions<br>Establish advisory committees | Develop toll collection systems and procedures<br>Collect tolls<br>Finance improvements<br>Operate tolled corridors<br>Assess financial feasibility of toll projects |

# Good To Go! Customer Service



## AGENCY GOAL

**Community Engagement:**  
The *Good To Go!* customer service center allows WSDOT to interact with customers and strengthen credibility with the public.

### Outstanding program delivery

*Good To Go!* is Washington's electronic tolling system serving over 670,000 customers and processing 47 million toll transactions a year. Throughout FY 2016, the *Good To Go!* customer base continued to grow, driven in large part by new customers opening accounts in preparation for the I-405 express toll lanes, and WSDOT partnered with its vendor to implement several key service improvements.

### *Good To Go!* customer base experiences continued growth

A variety of toll payment methods allow customers to choose the way they travel and pay their tolls. Most customers use a pre-paid *Good To Go!* account saving them money and time. Toll operators across the country are increasingly choosing all electronic tolling methods to lower costs and raise efficiency which translates into direct benefits to customers.

The *Good To Go!* program had another landmark year, passing 670,000 active accounts. Input from customer surveys and other forms of feedback have served to refine *Good To Go!* New updates to the website and automated phone system will continue to improve the *Good To Go!* system and the corresponding customer service experience.

|  | New Accounts |             |                     | Active Passes |             |
|--|--------------|-------------|---------------------|---------------|-------------|
|  | Total        | New in FY16 |                     | Total         | New in FY16 |
| <b>Total <i>Good To Go!</i> Accounts</b> | 673,000      | 133,000     | <b>Total Passes</b> | 1.23 million  | 256,000     |
| <b>Registered Passes</b>                 | 602,000      | 122,000     | <b>Stickers</b>     | 827,000       | 98,000      |
| <b>Pay By Plate</b>                      | 59,000       | 10,000      | <b>Flex Pass</b>    | 220,000       | 182,000     |
| <b>Other</b>                             | 12,000       | 1,000       | <b>Motorcycles</b>  | 15,000        | 6,000       |

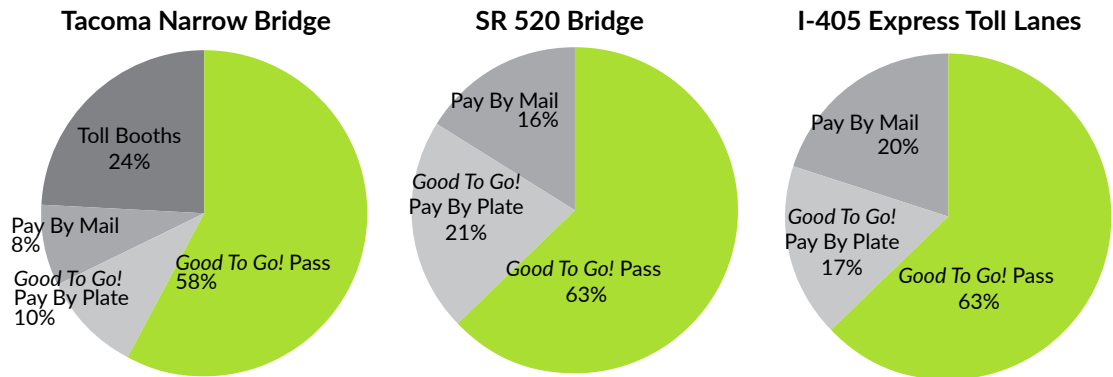


We messed up our pass and your CS team fixed OUR mistake up in 8 minutes!! Thank you for being reasonable and fair.

- Brent Koning, customer

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

Toll transactions by payment method (FY 2016)



Source: WSDOT Toll Operations

### Washingtonians pay their tolls

As of September 2016, 94 percent of FY 2016 toll transactions have been paid. Three quarters of drivers who paid their tolls used their *Good To Go!* account.

WSDOT designed a fair toll enforcement program that holds people accountable when they don't pay their tolls. After 80 days, customers with an unpaid toll bill are issued a notice of civil penalty. A fee of \$40 is added to each unpaid toll transaction. Failure to pay this fee or request a hearing by the due date may result in a hold on the vehicle registration and other collection efforts. Of all tolls, 2.3 percent result in a civil penalty, which is one of the lowest rates in the nation.

On July 20, 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. WSDOT's intent is to collect tolls that are owed, and get citizens back on track. Since the beginning of this program, over 70,000 people have asked for, and received, forgiveness, and WSDOT has doubled the collection rate of unpaid tolls, totaling \$2.6 million.

Requests for administrative adjudication hearings are down 86 percent compared to last year. WSDOT is now resolving more Department of Licensing vehicle registration holds than we are submitting.

The program does not expire. As long as it's the customers first time and they agree to pay the tolls they owe, WSDOT will dismiss the civil penalties and late fees. The goal is to educate drivers about the toll collection system and how penalties accumulate, so they can learn how to avoid incurring penalties again.



## High quality customer service

### Website updates

In spring 2016 WSDOT conducted a web usability study and identified challenges customers faced using our website. In June 2016, Toll Division communications unveiled updates to WSDOT's tolling website based on feedback from customers and the study. The updated site features streamlined content and better organized links to make it easier for customers to find the information they need. We plan to make more improvements over the coming year to WSDOT's tolling website and MyGoodToGo.com.



*Just experienced some of the best customer service over the phone. I wish I would have gotten his name, but am very thankful.*

- Cara M LeDuc, customer

### Good To Go! Billing System vendor update

Toll system technology has advanced greatly since WSDOT's current *Good To Go!* back-office system was implemented in 2011. The second generation tolling system, set for implementation in 2019, must be able to serve the citizens of Washington state for at least a decade into the future, during which time WSDOT expects to process more than 700 million toll transactions and \$2 billion in potential revenue.

In September 2016, WSDOT issued a Request for Qualifications (RFQ), beginning the process of procuring a vendor to update, design, develop, implement, and maintain the new WSDOT *Good To Go!* back-office system. The vendor will provide tolling, financial, and customer relationship management functions and will modernize the platform by which *Good To Go!* operates all Washington state toll facilities. Following award of the back-office system contract, WSDOT will release a separate Request for Proposals for the *Good To Go!* customer service operations vendor.

The FY 2017 Annual Report will cover outcomes and next steps for securing the new back office system vendor.

### Proactive, transparent communication

With the launch of the express toll lanes and other toll facility updates, we've relied heavily on traditional and social media. In FY 2016 we received over 1.86 million Twitter impressions, had over 775 news clips covering tolling, and reached 670,000 customers through our ever-growing *Good To Go!* listserv.

### Maintaining high standards in serving customers

We offer different options for our customers to get assistance: three walk-in centers, a toll-free number for our call center and self-serve online. Incoming email and walk-in numbers saw a huge increase over FY 2015 (20 percent and 23 percent, respectively), and WSDOT continues to strive for excellent service to its customers, whether it is on the phone, via email, or in person.

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

**3 Customer Service Centers**  
**143,000 visits**



**Bellevue: 64,000**

**Gig Harbor: 59,000**

**University District: 20,000**



**501,000 phone calls**



**3.7 million emails**



**3.5 million pieces of mail**

Source: WSDOT Toll Operations



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

- Jacob Lee, customer

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

- WSDOT



## Embracing a Lean culture

After the opening of the I-405 express toll lanes, a spike in *Good To Go!* pass sales exposed areas for improvement in the established processes for tracking inventory, ordering new passes, and performing verification testing. Inadequate processes led to a shortage of passes during the peak of sales, resulting in delays in order fulfillment of up to four weeks.

The team realized that the existing processes were labor-intensive, inefficient, and lacked a useful alert system. This made it difficult to manage periods of elevated demand. A team of WSDOT and vendor staff worked together to create helpful tools, modify processes, and eliminate unnecessary steps.

The Lean project resulted in the following key changes:

- **Tracking:** A more robust tracking tool was developed that is used to evaluate trends and make timely decisions on order volumes and scheduling. It uses recent sales to dynamically forecast upcoming demand.
- **Manufacturing:** WSDOT worked with the vendor to coordinate partial shipments of orders, which leveled the flow and saved inventory space.
- **Verification Testing:** Switched to testing a statistically significant sample of vendor-supplied passes, instead of testing 100 percent of passes.
- **Inventory:** We streamlined the method of loading up the passes into inventory.

Previously, it took 12 weeks to restock WSDOT's inventory of passes from the time WSDOT placed a restocking order with the pass vendor to when they were ready for distribution. After the Lean project, an order was ready within 5 weeks. Eliminating unneeded steps from the process allowed approximately 2,900 labor hours to be redeployed annually to support other work in the division. Since implementing these changes, standard orders have been fulfilled within 24 hours. We expect that this level of service can be maintained through other spikes in sales like the one experienced between September-October 2015.

# SR 16 Tacoma Narrows Bridge



Traffic on the Tacoma Narrows Bridge increased to approximately 14.8 million transactions in FY 2016 from 14.4 million transactions in FY 2015. On average 43,000 vehicles crossed the bridge each weekday, with approximately 70 percent of transactions being paid using a *Good To Go!* account. WSDOT generated approximately \$78.2 million in gross toll revenue and \$344,000 in reprocessing fees. Revenue met the projected totals, and expenses were below forecast by about 10 percent.

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

## AGENCY GOAL

**Strategic Investment:**  
The new Tacoma Narrows Bridge has decreased travel times between the Kitsap Peninsula and Tacoma and improved safety in the corridor.

**Community Engagement:**  
The Tacoma Narrows Bridge Citizen Advisory Committee engages the community through the toll rate setting process. Their work is integral to the Transportation Commission's annual toll rate setting process.

**Total Transactions:**  
14.8 million

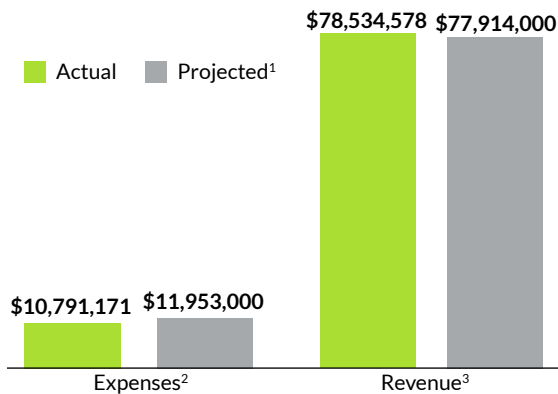
**Average weekday transactions:**  
43,000

| Objectives                      | Goal Met? | Accomplishments         |
|---------------------------------|-----------|-------------------------|
| Pay for new bridge construction | ✓         | • Meeting debt payments |

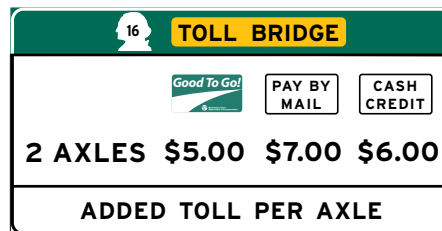
## 2016 toll rate increase repealed after annual review of traffic and revenue

In May 2016, the Washington State Transportation Commission repealed a 50 cent toll rate increase, enacted last year for the Tacoma Narrows Bridge that would have taken effect July 1, 2016. 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.

Tacoma Narrows Bridge expenses are less than projected (FY 2016)



Tacoma Narrows Bridge toll rates for FY 2016



<sup>1</sup> November 2015 Forecasted Revenue and December 2015 Projected Expenses

<sup>2</sup> Expenses exclude Preservation, Civil Penalty, and Transponder costs

<sup>3</sup> Includes tolling revenue and rebilling fees

Source: WSDOT Toll Finance

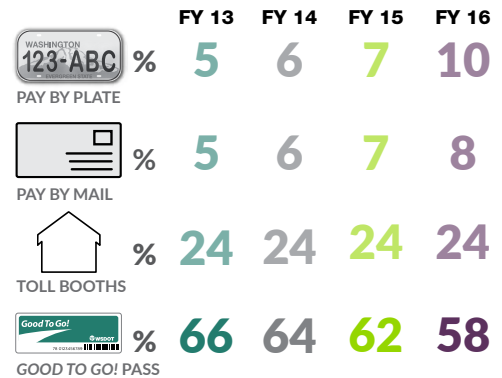
### Next Steps

- Installation of shoulder camera to improve image capture
- Upgrading credit card processing system to maintain compliance with changing security standards

### 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 have increased since FY 2015 despite the additional processing fee of \$0.25 per transaction. On the other hand, payments through the *Good To Go!* pass have decreased. WSDOT is currently studying these trends.

### TNB transaction type by percentage



Source: WSDOT Toll Operations

### Where your Tacoma Narrows Bridge toll dollar goes

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



**Total<sup>3</sup>: \$78,534,578**

|  |                    |   |                      |
|--|--------------------|---|----------------------|
| <b>1</b> Customer service center vendor (ETCC)                     | \$2,137,903 (2.7%) | <b>6</b> Pay By Mail mailing  | \$350,814 (0.4%)     |
| <b>2</b> Roadway and toll booth toll collection vendor (TransCore) | \$3,185,519 (4.1%) | <b>7</b> Bridge/roadway operations and maintenance  | \$438,171 (0.6%)     |
| <b>3</b> WSDOT oversight and other <sup>1</sup>                    | \$1,238,373 (1.6%) | <b>8</b> Consultant services  | \$803,435 (1.0%)     |
| <b>4</b> Credit card and bank fees                                 | \$1,453,057 (1.9%) | <b>9</b> Available for debt service payments, capital expenditures, reserves <sup>2</sup> | \$67,743,407 (86.3%) |
| <b>5</b> Insurance premiums  | \$1,183,899 (1.5%) |   |                      |

<sup>1</sup> Other\* includes expenditures for supplies, communications, rents, repairs, services provided by outside vendors, registered owner look up costs, etc.

<sup>2</sup> Includes funds set aside for periodic repair and replacement (preservation).

<sup>3</sup> Expenses related to Civil Penalty adjudication and transponder sales are not included as they have corresponding revenue sources other than Tolling Revenue. "Toll dollar" refers only to revenue collected as a tolls and rebilling fees, so excludes civil penalty, transponder, contractual damages, interest, and miscellaneous revenue.

Source: Tacoma Narrows Bridge Account WSDOT Financial Statements for FY2016

# SR 167 HOT Lanes Pilot Project



The SR 167 HOT Lanes Pilot Project serves to reduce congestion and travel times for all users of the SR 167 corridor. These toll lanes, opened on May 3, 2008, have served as a model for the I-405 express toll lanes as well as other projects across the United States.

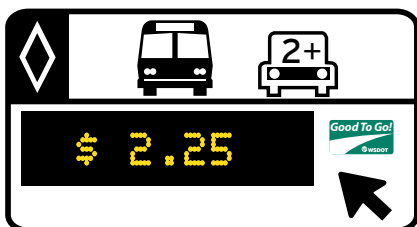
Eight years after the start of the project overall traffic in the region has increased. Despite this increase, during FY 2016, the HOT lanes provided faster, reliable trips for 4,600 paying customers each weekday. The lanes also provided more reliable trips each weekday for over 2,200 bus riders. Drivers choosing to use the HOT lanes saved an average of 6 minutes during peak commute times compared to the general purpose traffic, for an average toll of \$2.16.

## HOT lanes objectives

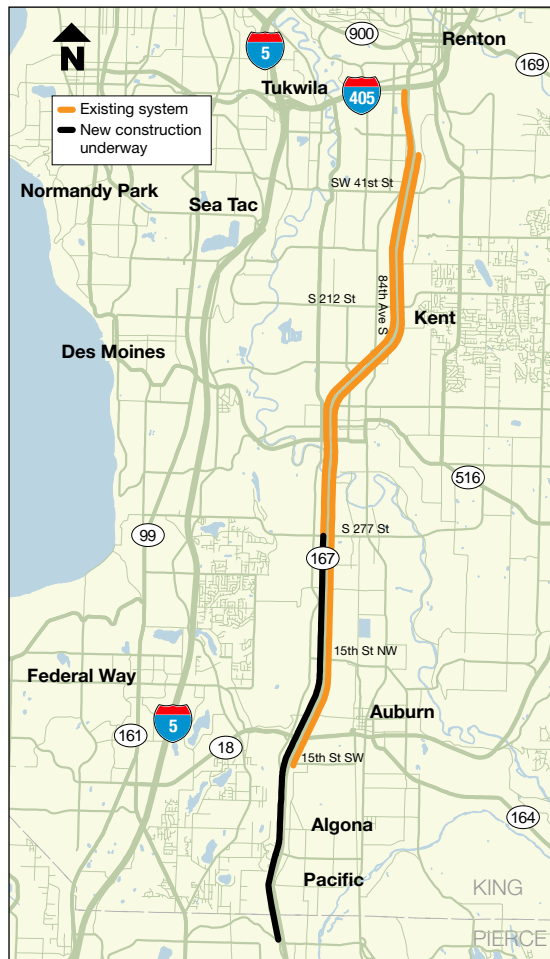
| Objectives                                   | Goal Met? | Accomplishments   |
|--|-----------|---|
| Traffic                                      | √*        | <ul style="list-style-type: none"> <li>Average HOT lane speeds 45 mph or faster during peak periods:</li> <li>Southbound: 99 percent of the time</li> <li>Northbound: 87 percent of the time</li> </ul> |
| Reduced Congestion                           | √         | <ul style="list-style-type: none"> <li>Daily tolled volumes up</li> <li>Corridor transit volumes up</li> </ul>  |
| Improved Safety                              | √         | <ul style="list-style-type: none"> <li>Average collision rate remains stable</li> <li>Incident response time down</li> </ul>  |
| Demonstrated Ability to Finance Improvements | √         | <ul style="list-style-type: none"> <li>HOT lanes generating revenue to cover operating costs since April 2011</li> </ul>  |
| Equitable Use of Facility                    | √         | <ul style="list-style-type: none"> <li>Annual surveys show both low and high income drivers use HOT lanes</li> </ul>  |

\* see "HOT lanes are saving people time" section for details on speed metrics

SR 167 average peak period toll rates for FY 2016 (rounded to the nearest \$0.25)



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



NOTE: in order to provide consistent reporting between SR 167 and I-405, SR 167 peak periods considered for FY 2016 are Monday thru Friday, 5am-9am (Northbound direction) and 3pm-7pm (Southbound direction).

## AGENCY GOAL

**Strategic investment:** HOT lanes manage limited roadway space to improve traffic. Toll revenue will be reinvested in the corridor.

**Modal Integration:** HOT lanes have strong support from regional transit agencies and offer a more reliable trip for all modes that choose to use them.

**Environmental Stewardship:** By improving transit and rideshare operations and improving traffic flow, HOT lanes can decrease air pollution and greenhouse-gas emissions.

**Smart Technology:** Dynamic tolls change based on real-time traffic conditions to maintain speeds of at least 45 miles per hour in the HOT lanes.

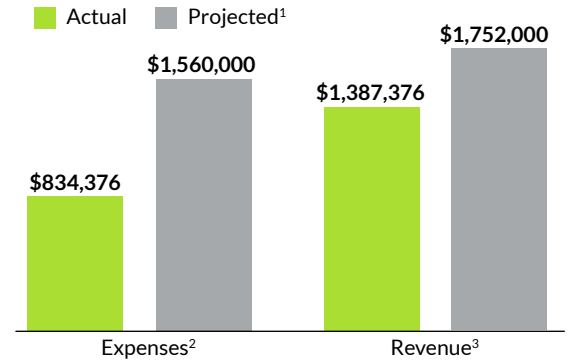
**Total Transactions:**  
1.1 million  
**Average weekday transactions:**  
4,600

### HOT lanes use and revenue update

With the extension by the Legislature of toll authorization on SR 167 through FY 2017, the Toll Division moved forward with plans to replace the aging toll collection system. The Legislature provided funding to upgrade the existing system, but one of the toll collection servers began failing in February 2016, several months before the upgrade was scheduled to happen. This limited the processing capacity of the system and resulted in some trips not being charged to customers until the system was replaced in May 2016.

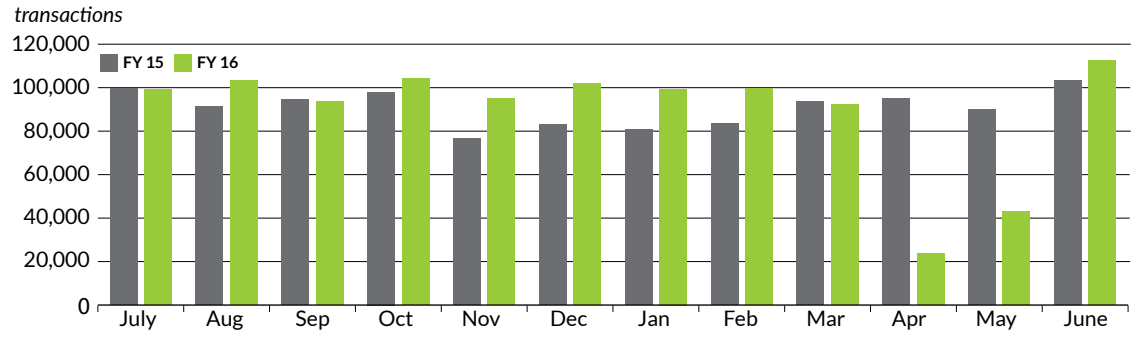
This issue led to a reported revenue of \$1.4 million, \$365,000 below the projected value, and approximately 80,000 transactions less than forecasted.

### HOT lanes expenses are down (FY 2016)



<sup>1</sup> November 2015 Forecasted Revenue and Budgeted Expenses  
<sup>2</sup> Total expenses less Preservation and Transponder costs  
<sup>3</sup> Only includes toll revenue  
 Source: WSDOT Toll Finance

### SR 167 monthly tolled trips



Source: WSDOT Toll Operations

### HOT Lanes benefit transit users

Transit ridership remains steady on SR 167, with over 2,200 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.

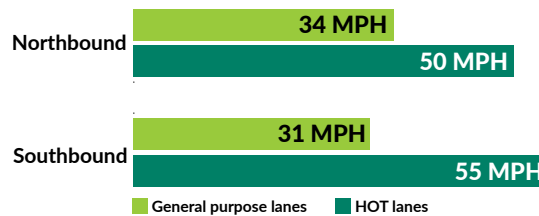
### Safety remains a priority in the HOT Lanes

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.

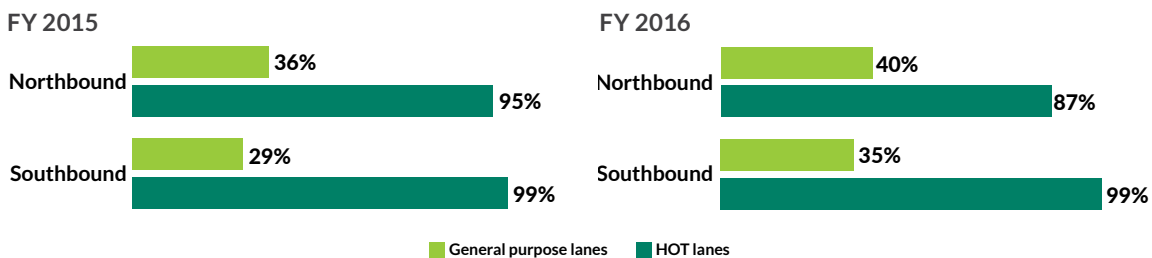
### HOT lanes are saving people time

One of the main objectives of the HOT lanes is to keep vehicle speeds above 45 mph. WSDOT achieves this objective by using a dynamically priced toll system. The toll rates change during the day based on traffic demand in order to maintain the speed requirement. These dynamically adjusted rates range from \$0.50 to \$9.00 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. The HOT lanes met the target goal of 45 mph an average of 93 percent of the time during FY 2016. HOT lane speeds in the northbound direction remained above target 87 percent of the time, and 99 percent of the time in the southbound direction. WSDOT will closely monitor these parameters during FY 2017 and make necessary adjustments to traffic operations to ensure reliability of the HOT lanes.



### Percentages of peak period with speed > 45 mph



## Continuous access made HOT lanes easier to use



In August 2014, WSDOT changed the access controls for the SR 167 HOT Lanes, allowing 'continuous access' into and out of the HOT lanes at any location. Through a federal grant to fund construction and a collaborative evaluation with the Washington State Transportation Center at the University of Washington, WSDOT evaluated the effects of continuous access on safety, revenue, reliability and speed, customer attitudes, transit operations, and lane system performance.

WSDOT conducted an electronic survey in December 2014 to obtain customer feedback for this study. The researchers requested input from 44,276 users who had paid to use the SR 167 HOT Lanes at least once during the previous eight months, and received 3,962 responses (9 percent).

The overall response from the public toward the change was positive despite its operational impact. There have been minor speed reductions – an expected trade-off. Drivers gain ease of use but sometimes experience reduced speeds. The respondents felt the new access configuration allowed the corridor to operate more safely because of the increase in freedom to enter and exit the HOT lanes. However, they also indicated that weaving into and out of the HOT lanes had increased. WSDOT is aware of the effects continuous access has had on traffic, and will assess whether traffic trends under the new access configuration indicate a detriment in the performance of the HOT lanes over time.

Researchers also asked transit staff about their experiences with the access rule change. Transit operators have seen the change result in easier, safer access to HOT lanes, which in addition has helped them keep transit on schedule.

For the complete study, please refer to the [publications section](#) of the Washington State Transportation Center (TRAC) website.



## The SR 167 extension project continues to move forward

WSDOT and its contractors are expanding the SR 167 HOT Lanes southbound from SR 18 to just north of the Pierce County line. Extending the southbound HOT lanes from its existing end point at 37th Street NW in Auburn to north of Eighth Street E in Pacific is expected to reduce congestion and improve mobility, traffic flow and safety on SR 167. This extension opened in late 2016.

## Customer survey shows continued high satisfaction

WSDOT has conducted a yearly survey of the users of the SR 167 HOT Lanes to determine their overall effectiveness and diversity of use. The 2016 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 strong overall satisfaction with the value of the HOT lanes among all income groups, especially among households with incomes below \$50,000. 66 percent of HOT lanes users across all income groups stated that they were satisfied with the amount of time they saved relative to the toll they paid.



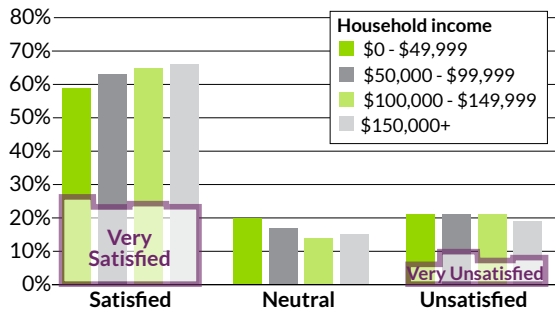
*“Love them and would like to see all express lanes be open for Good To Go! customers with just one driver who is willing to pay.”*

- *Good To Go!* customer survey response

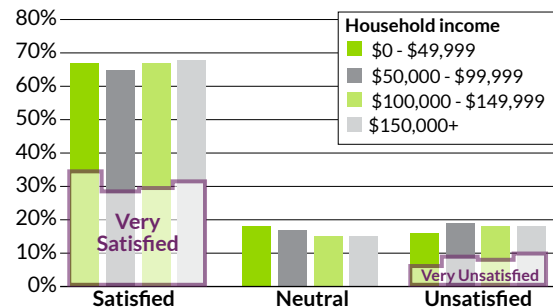
*“I could not conduct my business as far north of my location as I do without it!”*

- *Good To Go!* customer survey response

How I feel about the speed on the HOT lanes



How I feel about the time I saved relative to the paid toll



Source: SR 167 HOT Lanes Pilot Project – 2016 Online User Survey

## Next Steps

- Southbound extension completion

## Where your SR 167 toll dollar goes



**Total<sup>2</sup>: \$1,387,376**

|   |                   |  |                   |
|---|-------------------|--|-------------------|
| <b>1</b> Customer service center vendor (ETCC)  | \$204,474 (14.7%) | <b>5</b> WSP Enforcement                                 | \$66,044 (4.8%)   |
| <b>2</b> Roadway toll collection vendor         | \$167,544 (12.1%) | <b>6</b> Infrastructure maintenance                      | \$82,118 (5.9%)   |
| <b>3</b> WSDOT oversight and other <sup>1</sup> | \$212,644 (15.3%) | <b>7</b> Consultant services                             | \$72,565 (5.2%)   |
| <b>4</b> Credit card and bank fees              | \$28,987 (2.1%)   | <b>8</b> Available for reserves and capital expenditures | \$553,000 (39.9%) |

<sup>1</sup> "Other" includes expenditures for supplies, communications, rents, repairs, services provided by outside vendors, etc.

<sup>2</sup> Expenses related to transponder sales are not included as they have corresponding revenue sources other than Tolling Revenue. "Toll dollar" refers only to revenue collected as a tolls, so excludes transponder, contractual damages, interest, and miscellaneous revenue.

Source: WSDOT Financial Statements

# SR 520 Bridge



## AGENCY GOAL

**Strategic Investment:**  
Tolling provides \$1.2 billion in revenue to help fund the new SR 520 Bridge.

**Modal Integration:**  
Buses and vanpools travel toll-free on the SR 520 Bridge, encouraging transit and vanpool use.

**Environmental Stewardship:** Analysis shows that emissions have been reduced by over 30 percent for all pollutants on SR 520 since tolling began.

**Organizational Strength:** WSDOT engages teams from the Toll Division and the SR 520 program to deliver a complex project on time.

**Smart Technology:** All-electronic tolling uses advanced technology while keeping traffic moving at highway speeds.

## Outstanding program delivery

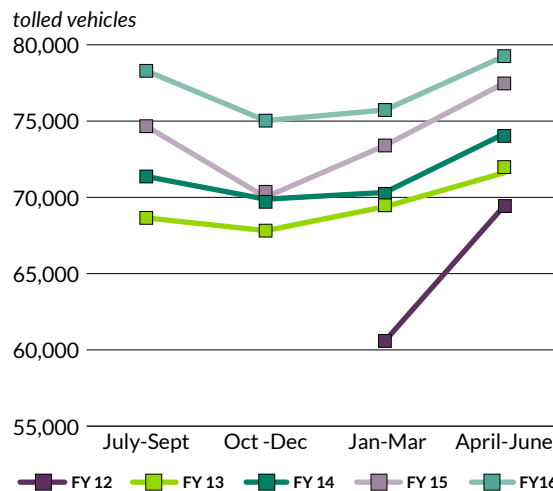
The main objectives of tolling on SR 520 are to help pay for the new SR 520 Bridge, reduce overall traffic congestion, and improve travel times on SR 520. The overall projected contribution to the new SR 520 Bridge fund from tolling is \$1.2 billion.

| Objectives                      | Goal Met? | Accomplishments  |
|---------------------------------|-----------|--|
| Pay for new bridge construction | ✓         | <ul style="list-style-type: none"> <li>On track to generate \$1.2 billion in toll revenue for the new SR 520 Bridge</li> </ul> |
| Reduce congestion on SR 520     | ✓         | <ul style="list-style-type: none"> <li>Travel times on SR 520 remained stable</li> </ul>                                       |

## Toll volumes on SR 520 maintain steady growth

On average 77,000 tolled vehicles per weekday crossed the SR 520 Bridge in FY 2016, up from 74,000 per weekday in FY 2015. This trend has remained steady since the beginning of toll operations on the SR 520 Bridge in 2011. This growth in demand means that drivers are experiencing increasing congestion on the corridor.

Tolled vehicle graph



Source: Toll Operations

**Total Transactions:**  
23.2 million

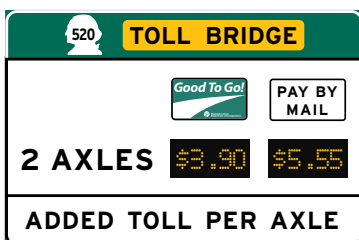
**Average weekday transactions:**  
77,000

## New SR 520 Bridge opens

WSDOT reached a major milestone this year opening the new SR 520 Floating Bridge. Over 50,000 neighbors helped celebrate the grand opening on the new bridge in April 2016.

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 bicycle and pedestrian path that will connect the Eastside and Montlake Boulevard in 2017. All these additions will provide greater reliability and more options to accommodate growth in the region.

Average weekday peak toll rate for FY 2106



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

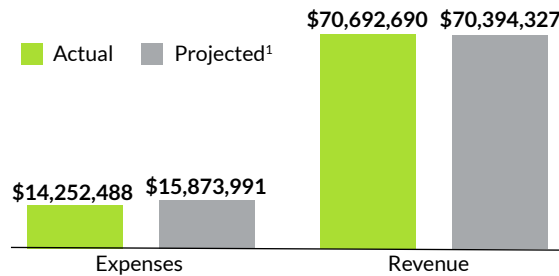
In FY 2016 tolling on SR 520 generated \$69.4 million in gross toll revenue and \$1.3 million in reprocessing fees. The revenue and fees count toward the goal of \$1.2 billion dollars in funding contribution to the new SR 520 Bridge construction.

### Rate increase for SR 520

In July 2015, the Washington State Transportation Commission (WSTC) increased the SR 520 bridge tolls approximately 2.5 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 peak weekday *Good To Go!* pass rate for 2-axle vehicles rose to \$3.90 and the peak weekday Pay By Mail rate rose to \$5.55.

Though long-term financial planning originally called for an approximate 15 percent increase in toll rates in 2016, the commission determined that a much more modest increase would be sufficient to meet financial requirements. And while the commission is proposing rate changes for two years, it will assess traffic performance and revenue collections in early 2017, before the second increase goes into effect on July 1, 2017, to ensure it is both needed and sufficient.

SR 520 revenue: actual vs. forecast (FY 2016)

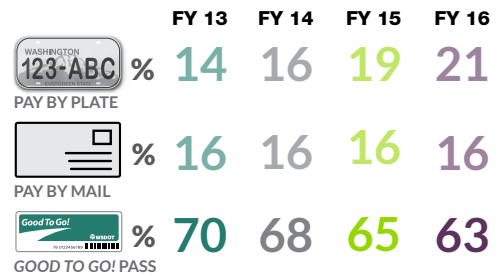


<sup>1</sup> Consistent with the November 2015 Net Revenue forecast. The expense forecast includes Toll Collection O&M costs, Roadway O&M costs, Credit Card Fees, and Bridge Insurance Premiums, less transponder inventory costs. The revenue forecast includes tolling revenue after adjustments for the \$0.25 Pay By Plate Fee, Short-term account discounts, and uncollectible revenue in addition to rebilling fee revenue.

<sup>2</sup> Consistent with the values reported in the WSDOT financial statements for the facility. The revenue only includes Toll Revenue and rebilling fee revenue, thus excluding transponder sales revenue. The expenses exclude transponder-related costs. Annual actual Expenses may not fully align to forecasted expenditures due to the way that biennium expenditures unfold.



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 37% since FY 2015, with 326 vans per day.</p>                          |
|  | <p>✓ Bus ridership remains strong for King County Metro and Community Transit with 23,000 riders a day.</p> |

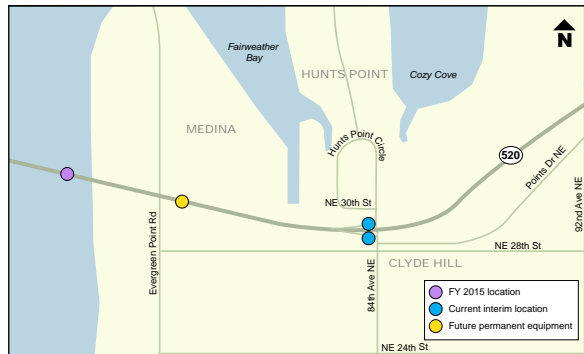
### Continued growth for vanpools and transit

The number of vanpools on the SR 520 Bridge rose 37 percent from FY 2015, to 326 in FY 2016. Weekday transit ridership remained steady at 23,000 riders, similar to FY 2015.

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

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. This temporary move allowed crews to finalize construction activities around the new bridge. The toll equipment will move a final time to its permanent location near Evergreen Point Road early in 2017.



### Next Steps

- Analyze measures for cost efficiency
- Extend SR 520's three westbound lanes from the new floating bridge to the Montlake area in Seattle, scheduled to open in summer 2017

### Where your SR 520 toll dollar goes

The majority of every toll dollar goes to paying directly for construction or repaying construction debt.



**Total<sup>4</sup>: \$71,507,690**

|  |                    |  |                      |
|--|--------------------|--|----------------------|
| <b>1</b> Customer service center vendor (ETCC)   | \$4,749,693 (6.6%) | <b>6</b> Pay By Mail mailing   | \$1,046,232 (1.5%)   |
| <b>2</b> Roadway toll collection vendor (Kapsch) | \$273,612 (0.4%)   | <b>7</b> Bridge/roadway operations and maintenance <sup>2</sup>  | \$807,582 (1.1%)     |
| <b>3</b> WSDOT oversight and other <sup>1</sup>  | \$2,107,023 (2.9%) | <b>8</b> Consultant services   | \$1,692,886 (2.4%)   |
| <b>4</b> Credit card and bank fees               | \$1,311,560 (1.8%) | <b>9</b> Available for debt service payments, Capital expenditures, and contributions to reserve accounts <sup>3</sup> | \$57,255,202 (80.1%) |
| <b>5</b> Insurance premiums                      | \$2,263,900 (3.2%) |  |                      |

1 Other includes expenditures for supplies, communications, rents, repairs, services provided by outside vendors, printing, and registered owner look up costs.  
 2 Tolls began paying for routine facility operations and maintenance costs starting in FY 2016 as the new floating bridge opened.  
 3 Includes funds set aside for periodic repair and replacement (preservation), repayment of deferred sales tax on construction, operations and maintenance reserves, and a revenue stabilization fund, as applicable, plus cost of investment activities. \$28,196,468 of this amount was used to pay principal and interest on project construction debt in FY 2016.  
 4 Expenses related to transponder sales are not included as they have corresponding revenue source other than Tolling Revenue. "Toll dollar" refers only to revenue collected as tolls and rebilling fees, or transferred from the Civil Penalty account after recovery. Transponder, contractual damages, interest, and miscellaneous revenue are excluded.

Source: SR 520 Account WSDOT Financial Statements for FY2016

# I-405 Express Toll Lanes



## AGENCY GOAL

**Strategic investment:**  
Express toll lanes strategically manage limited roadway space to improve traffic. Toll revenue will be reinvested in the corridor.

**Modal Integration:**  
Express toll lanes offer a more reliable trip for all modes that choose to use them.

**Environmental Stewardship:** By improving traffic flow, express toll lanes can decrease air pollution and greenhouse-gas emissions.

**Organizational Strength:**  
The Toll Division and the I-405/SR 167 Corridor program worked together to deliver a complex project on time.

**Community Engagement:**  
Over a decade of community-based partnerships led to toll authorization and consensus recommendations on carpool policy and future funding priorities.

**Smart Technology:**  
Dynamic tolls change based on real-time traffic conditions to maintain speeds of at least 45 miles per hour in the express toll lanes.

**Total Transactions:**  
7.5 million

**Average weekday transactions:**  
36,500

## Outstanding program delivery

The I-405 express toll lanes, which opened on September 27, 2015, let drivers choose to travel faster by paying a toll. Toll rates adjust between \$0.75 and \$10 depending on traffic, and drivers pay the rate they see upon entering the lanes. Tolls can be paid with the *Good To Go!* pass, or by using Pay By Plate for an additional 25 cents, or Pay By Mail for additional \$2.

| Objectives  | Goal Met? | Accomplishments  |
|---|-----------|--|
| Meet express toll lanes speed requirements  | ✓         | <ul style="list-style-type: none"> <li>Express toll lanes maintained speeds of 45 mph at least 90 percent of the time during peak periods.</li> </ul>                      |
| Monitor impact on general purpose lanes   | ✓         | <ul style="list-style-type: none"> <li>Peak period speeds improved or stayed the same across all lanes</li> </ul>  |
| Monitor transit ridership   | ✓         | <ul style="list-style-type: none"> <li>Transit ridership levels remained stable</li> </ul>   |
| Monitor whether the actual use of express toll lanes is consistent with their projected use | ✓         | <ul style="list-style-type: none"> <li>Demand for express toll lanes was higher than forecasted</li> <li>Drivers use the express toll lanes when they need them</li> </ul> |
| Demonstrated ability to finance improvements  | ✓         | <ul style="list-style-type: none"> <li>Express toll lanes generating revenue to cover operating costs</li> </ul>   |
| Monitor impact on arterial traffic  | ✓         | <ul style="list-style-type: none"> <li>Most cities reporting no impact caused by the express toll lanes.</li> </ul>  |
| Maintain actual gross revenue consistent with projected gross revenue                       | ✓         | <ul style="list-style-type: none"> <li>Express toll lanes revenue was consistent with estimates.</li> </ul>  |

## Performance Update

Overall, demand for the express toll lanes has been steadily increasing over the first nine months of operation, with 960,000 drivers making more than 11 million trips; the equivalent to one in every eight vehicles in Washington state.

During their first nine months of operation (October 1, 2015 - June 30, 2016), the I-405 express toll lanes provided 50,000 faster, more reliable trips each weekday for 36,500 toll paying customers and 13,500 toll exempt carpools and motorcycles. The lanes also provided more reliable trips each weekday for over 3,000 vanpool riders, and nearly 8,000 bus riders. Drivers choosing to use the express toll lanes saved an average of 12 minutes during peak commute times compared to the general purpose traffic, for an average toll of \$2.35. In addition, the I-405 express toll lanes met or exceeded the state mandated HOV lane speed requirement of 45 mph, 90 percent of the time during peak travel periods.

*I was against the I-405 express toll lanes. I carpool with my wife almost every day and we have a third person with us at least 2/3rds of the time. Now with the lanes getting home during the week has been much quicker.*

- J Michael Z., Mill Creek I-405 driver

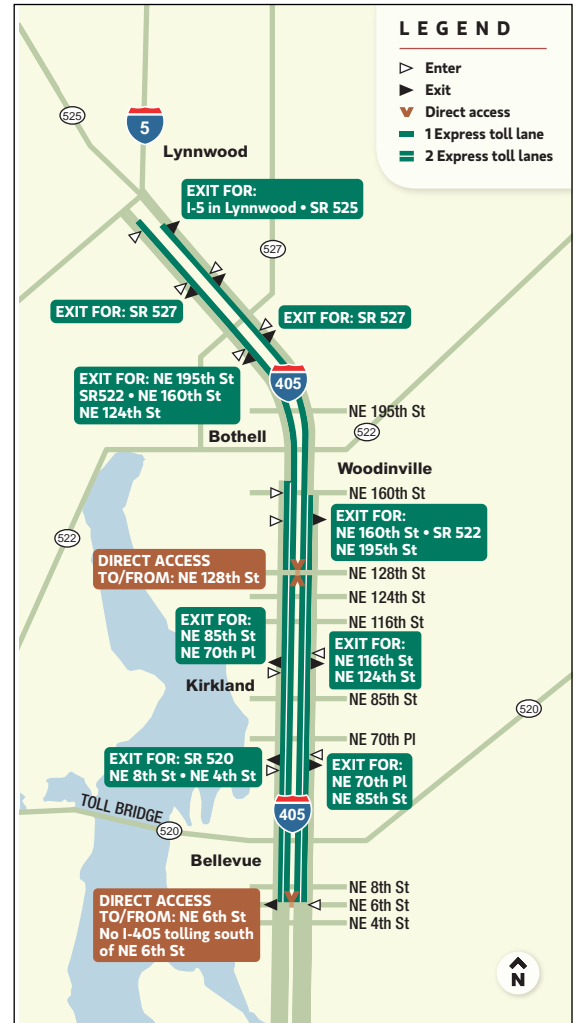
On average, traffic volumes moving through the corridor are up to 17 percent higher (depending on location) during the peak commute, compared to before express toll lanes. Northbound trips in all lanes between SR 522 and SR 527 have experienced slower speeds since the express toll lanes opened. This slowing is caused both by the merge at SR 527 and by the reduction of northbound lanes from five to three after SR 522. However, even at slower speeds, the express toll lane is still moving more vehicles through the full corridor than the previous HOV lane. For example, for northbound travel near SR 522, the express toll lane is moving about 34 percent more vehicles during peak periods than the previous HOV lane. Changes in volumes are based on comparable months of FY 2015.

**Express toll lanes are tracking toward meeting objectives**

The I-405 express toll lanes have three major objectives directing their success and two years to demonstrate meeting these objectives per legislative direction.

- **Improve speed and reliability in the HOV lanes** - Drivers are saving time when using the express toll lanes. Through the first nine month of operation the express toll lane speeds were at or above 45 mph over 90 percent of the time during peak periods, providing more reliable travel times. At the same time, more drivers are choosing to use the express toll lanes, causing toll rates to reach the \$10 maximum more often and for longer durations. Speeds drop below 45 mph frequently when at the maximum toll rate if drivers continue to choose to pay the maximum rate to enter the lane. WSDOT will continue to monitor this trend and make adjustments as necessary.
- **Offer more choices to drivers** - Between October 1, 2015 and June 30, 2016, the I-405 express toll lanes provided a choice for drivers, and many opted to use the lanes when they needed a more reliable trip. Drivers experienced 50,000 faster, more reliable trips each weekday for 36,500 toll paying customers and 13,500 toll exempt carpools and motorcycles.
- **Fund future corridor improvements** - The express toll lanes generated enough revenue in the first year 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, an area experiencing increased congestion, beginning in winter 2016.

For more information and updates about the I-405 express toll lanes performance, please refer to the [Project Library](#) under the I-405 Corridor Program on the WSDOT website.





### I-405 Renton To Bellevue Project

Travelers on Interstate 405 between Renton and Bellevue experience one of the state's worst commutes. 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, transit riders and freight moving.

This project will connect to 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:

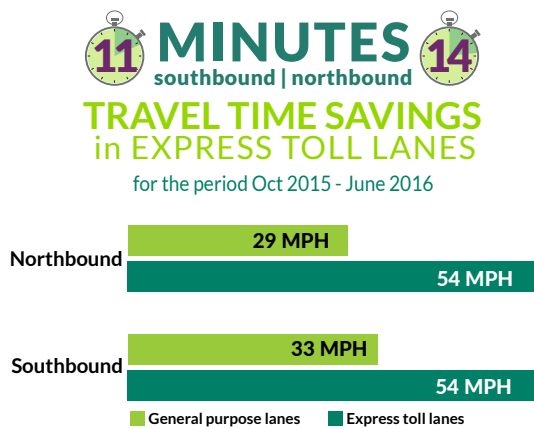
- **Congestion relief:** the addition of the northbound and southbound lanes between SR 167 in Renton and NE 6th Street in Bellevue reduces congestion by increasing capacity.
- **Safety:** the additional capacity reduces the likelihood of sideswipe and congestion-related collisions.
- **Environment:** WSDOT's I-405 Corridor Program team is designing the Renton to Bellevue widening and express toll lanes project to avoid and minimize impacts to the environment. Environmental improvements through this project will include new noise walls, stormwater enhancements, and improvement of fish passage in streams.

The 2015 Connecting Washington transportation package provided funding for preliminary engineering, right of way acquisition, and construction. Construction is expected to start in 2019.

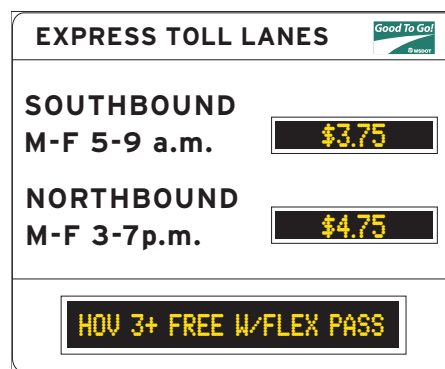
*The I-405 express toll lanes give you choices. Choices to get home in time to take your kids to their sports practices or evening concerts on time. Choices to make it on time to that important client meeting. Yes, there is a cost, but sometimes it's worth it. At least I now have that option which was not available before.*

- Woodinville  
I-405 Commuter

Drivers using the express toll lanes are saving time

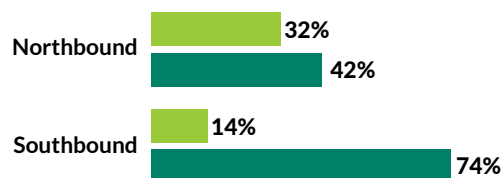


Average peak period rates paid

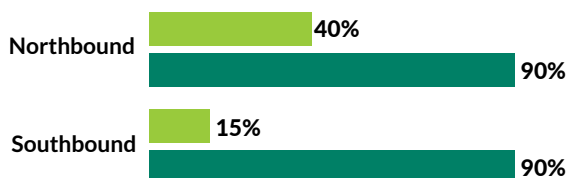


Percentage of peak period with speeds > 45 mph

FY 2015 (October 2014 - June 2015)



FY 2016 (October 2015 - June 2016)



Legend: General purpose lanes (light green), Express toll lanes (dark green)



Great commute home

today via #405ETL

- Paul David Velasco,  
I-405 driver

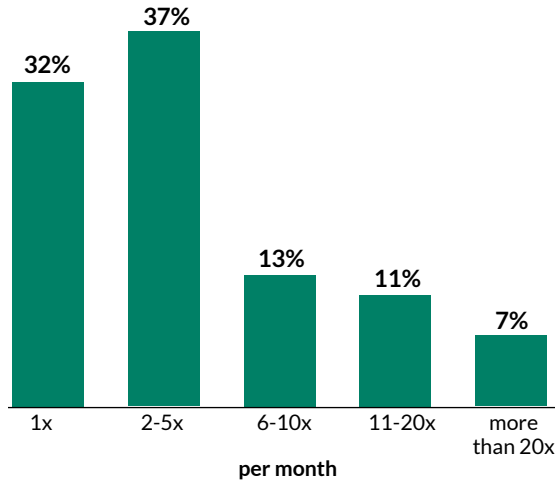
### Customer survey shows high satisfaction

In April 2016, WSDOT conducted an online survey of *Good To Go!* customers who had used the I-405 express toll lanes. We received 20,000 responses from *Good To Go!* customers who had used the lanes since they opened.

The survey results showed that 36 percent of travelers reported that they used the express toll lanes for free on a weekly basis, and 34 percent pay a toll to use the express toll lanes at least once a week.

The survey revealed high satisfaction with the express toll lanes. 59 percent of people said they liked having the option to use the lanes when they needed them, and 53 percent of users were satisfied with the value of the tolls.

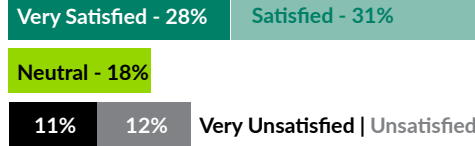
### How often drivers use the express toll lanes



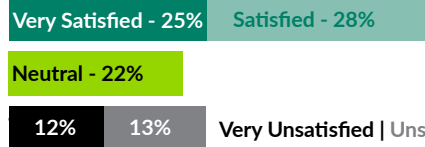
(monthly averages for AVI & HOV only, northbound and southbound, 5 a.m. - 6:59 p.m.)

### How satisfied are you with?

The option to use the express toll lanes when I need them



The value of the time saved relative to the tolls I paid



## ✓ I-405 express toll lanes outreach recap

Beginning in 2015 WSDOT implemented an extensive outreach and marketing program to prepare drivers for the express toll lanes launch. This superb effort combined the positive response of smart drivers played a key role in the successful ramp-up of the express toll lanes utilization during their first months of operation.

|  |
|--|
| <b>Outreach: grass roots and earned media</b>  |
| <ul style="list-style-type: none"> <li>✓ 135 presentations and events reaching nearly 11,000</li> <li>✓ 489 earned media stories</li> </ul>  |
| <b>Paid media</b>  |
| <ul style="list-style-type: none"> <li>✓ 230 million advertising impressions during 15-week media buy</li> <li>✓ \$1.2 million in total paid media added value in additional donated media</li> </ul>  |
| <b>Social media</b>  |
| <ul style="list-style-type: none"> <li>✓ YouTube: 104,000 total views on four animated videos</li> <li>✓ Facebook reach: 216,924</li> <li>✓ Twitter reach: 557,998</li> <li>✓ WSDOT Blog: 29 blogs with 125,126 views</li> </ul>   |
| <b>Website</b>   |
| <ul style="list-style-type: none"> <li>✓ GoodToGo405.org campaign landing page and other informational pages: 1.8 million page views</li> </ul>  |
| <b>Incentive programs for carpoolers and motorcyclists</b>   |
| <ul style="list-style-type: none"> <li>✓ 33,871 free Flex Passes distributed through RideshareOnline.com</li> <li>✓ 11,741 free motorcycle passes distributed</li> </ul>   |
| <b>Increase in awareness of I-405 express toll lanes and how they work</b>   |
| <ul style="list-style-type: none"> <li>✓ A 51 point increase in I-405 express toll lane awareness between September 2013 (34 percent) and September 2015 (85 percent), just prior to launch.</li> <li>✓ A 35 point increase in people who considered themselves knowledgeable about I-405 express toll lanes between September 2013 (44 percent) and September 2015 (80 percent), just prior to launch.</li> </ul> |

### Next Steps

- Monitor and quarterly reporting on lane performance
- Evaluate options to address limited capacity in section of I-405 with three lanes.
- Add a general purpose peak-use shoulder lane on northbound I-405 from SR 527 to I-5.
- I-405 express toll lanes two-year anniversary: September 27, 2017
- Evaluate the addition of an auxiliary lane on northbound I-405 between SR 520 and NE 70th Pl.

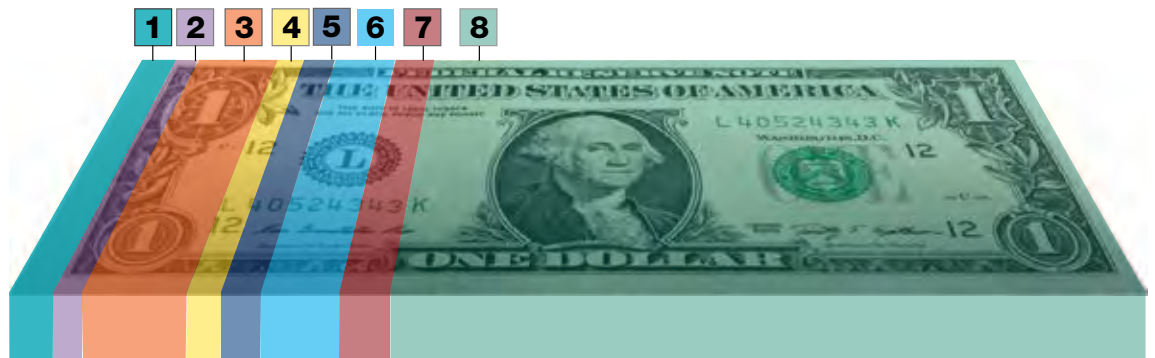
### High quality customer service

#### Improvements completed

WSDOT is listening to feedback from express toll lane drivers to help improve express toll lane experience and performance. While some adjustments are still under evaluation, others have already been implemented. Completed improvements include:

- Striping, additional signage and access adjustments throughout the corridor. (Multiple locations)
- Fine tuning of the algorithm which calculates toll rates to respond to the demand for the lanes and to keep the express toll lanes moving. (Ongoing)
- Opened the express toll lanes to all traffic 7 p.m. to 5 a.m. Monday through Friday, on weekends, and on designated holidays. (March 18, 2016)

### Where your I-405 toll dollar goes



**Total: \$12,579,196**

|   |                    |   |                     |
|---|--------------------|---|---------------------|
| <b>1</b> Customer service center vendor (ETCC)          | \$468,989 (3.7%)   | <b>5</b> Pay By Mail mailing  | \$425,849 (3.4%)    |
| <b>2</b> Roadway Toll Collection System Vendor (Kapsch) | \$323,907 (2.6%)   | <b>6</b> WSP Enforcement  | \$878,597 (7.0%)    |
| <b>3</b> WSDOT oversight and other <sup>1</sup>         | \$1,149,109 (9.1%) | <b>7</b> Consultant services  | \$561,723 (4.5%)    |
| <b>4</b> Credit card and bank fees                      | \$386,150 (3.1%)   | <b>8</b> Available for reserves and capital expenditures <sup>2</sup> | \$8,384,872 (66.7%) |

<sup>1</sup> "Other" includes expenditures for supplies, communications, rents, repairs, services provided by outside vendors, printing, and registered owner look up costs.

<sup>2</sup> Expenses related to Civil Penalty adjudication and transponder sales are not included as they have corresponding revenue sources other than Tolling Revenue. "Toll dollar" refers only to revenue collected as a tolls and rebilling fees, so excludes civil penalty, transponder, contractual damages, interest, and miscellaneous revenue.

Source: WSDOT Financial Statements

# SR 99 Tunnel



## Tolling the SR 99 tunnel

The Alaskan Way Viaduct Replacement Program is made up of 31 projects that work together to reshape the SR 99 corridor. The remaining section of the viaduct will be replaced with an approximately two-mile-long tunnel underneath downtown Seattle. The Legislature stated \$200 million of the total program budget should come from toll funding. Tolling of the SR 99 tunnel is anticipated to begin soon after the tunnel opens to drivers.

For more information on the status of the SR 99 Tunnel Project, please visit the [Viaduct Program Overview](#) on the WSDOT website.

### AGENCY GOAL

**Strategic Investment:**  
The seismically vulnerable 1950s-era viaduct will be replaced by the new tunnel.

**Organizational Strength:**  
WSDOT engages teams from the Toll Division and the Alaskan Way Viaduct Replacement Program to deliver a complex project.

# Puget Sound Gateway Program



## What is the Puget Sound Gateway Program?

The Puget Sound Gateway Program is composed of two unique projects, SR 509 and SR 167, which together make major improvements to ease traffic congestion and improve regional mobility. Construction funding is part of the Connecting Washington Transportation Revenue Package, approved by the State Legislature. The package included the legislative intent that these roadways be tolled.

## What do the first phases of the Gateway projects do?

The project will add 6 miles of new highway for SR 167 and 2 miles of new highway for SR 509. There will be several new interchanges, including connections between these two highways and Interstate 5.

## What is the timeline for these projects?

The Puget Sound Gateway projects are funded on the same 16-year timeline, scheduled for completion in 2031.

### AGENCY GOAL

**Strategic Investment:**  
Leverages the opportunity to build an integrated system by constructing SR 509 and SR 167, using the design-build approach to accelerate construction and capitalize on economies of scale.

**Modal Integration:**  
Completes critical freight links between the ports of Seattle and Tacoma and key distribution centers, warehouses, and industrial areas in King and Pierce counties.

**Organizational strength:**  
The Toll Division will engage with teams from the Northwest and Olympic regions to complete this complex project.

# Technology and Interoperability

Toll interoperability is the effort to make toll passes from every state compatible with one another. This 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 country.

To accomplish interoperability, WSDOT has taken a multi-pronged approach:

- Developing standardized transponder protocol used across the country.
- Participating in the national interoperability discussion.
- Leading coordination efforts with California transportation agencies to develop the initial regional interoperability.

WSDOT is using technology that is poised 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.



# Financial Reports

**COMBINING BALANCE SHEET  
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION  
WASHINGTON TOLLING SYSTEM  
STATE FISCAL YEAR 2016, QUARTER ENDED JUNE 30, 2016**

|  | NOTES | TNB<br>ACCOUNT       | HOT<br>LANES<br>ACCOUNT | 520<br>BRIDGE<br>ACCOUNT | 520 CIVIL<br>PENALTY<br>ACCOUNT | 405<br>ACCOUNT       | CENTRAL<br>TOLL<br>ACCOUNT | TOTAL                 |
|--|-------|----------------------|-------------------------|--------------------------|---------------------------------|----------------------|----------------------------|-----------------------|
| <b>ASSETS</b>  |       |                      |                         |                          |                                 |                      |                            |                       |
| Cash and cash equivalents  |       | \$ 20,721,950        | \$ 3,315,369            | \$ 74,572,837            | \$ 11,150,796                   | \$ 12,069,882        | \$ 15,688,337              | \$ 137,519,172        |
| Cash held with escrow agents   |       | -                    | -                       | 16,370,147               | -                               | -                    | -                          | 16,370,147            |
| Accounts receivable, net   | 1     | 1,354,261            | 1,591                   | 2,218,042                | -                               | 773,403              | -                          | 4,347,297             |
| Notice of civil penalties, net   | 2     | 13,532,872           | -                       | -                        | 19,077,396                      | 2,823,959            | -                          | 35,434,227            |
| Due from other governments   |       | -                    | -                       | -                        | -                               | -                    | -                          | -                     |
| Due from other funds/agencies  |       | 1,240,499            | 47,767                  | 1,699,643                | 165,814                         | 703,807              | 4,976,115                  | 8,833,645             |
| Due from toll vendor   | 3     | 270,953              | 23,959                  | 508,545                  | 40                              | 149,598              | 12,606                     | 965,701               |
| Consumable inventories   | 4     | -                    | -                       | -                        | -                               | -                    | 352,646                    | 352,646               |
| <b>TOTAL ASSETS</b>  |       | <b>\$ 37,120,536</b> | <b>\$ 3,388,686</b>     | <b>\$ 95,369,214</b>     | <b>\$ 30,394,046</b>            | <b>\$ 16,520,649</b> | <b>\$ 21,029,704</b>       | <b>\$ 203,822,833</b> |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES,<br/>AND FUND BALANCES</b>       |       |                      |                         |                          |                                 |                      |                            |                       |
| <b>Liabilities</b>   |       |                      |                         |                          |                                 |                      |                            |                       |
| Accounts payable   |       | \$ 1,242,086         | \$ 235,266              | \$ 1,664,045             | \$ 2,154,358                    | \$ 870,659           | \$ 15,118                  | \$ 6,181,532          |
| Retained percentages payable   |       | 3,692                | 10,825                  | 16,725,350               | 6,536                           | -                    | -                          | 16,746,403            |
| Obligations under Security Lending   |       | -                    | -                       | -                        | -                               | -                    | -                          | -                     |
| Due to other governments   |       | -                    | -                       | -                        | 143,604                         | -                    | -                          | 143,604               |
| Due to other funds/agencies  |       | 1,410,544            | 38,645                  | 4,958,692                | 167,603                         | 787,451              | 3,796,353                  | 11,159,288            |
| Due to Department of Revenue - taxes   |       | -                    | -                       | -                        | -                               | -                    | 12,787                     | 12,787                |
| Unearned revenue   | 5     | 2,269,400            | -                       | 1,037,484                | 2,504,774                       | 1,774,622            | 17,141,346                 | 24,727,626            |
| Unclaimed property refund liability  |       | -                    | -                       | -                        | -                               | -                    | -                          | -                     |
| Liability for cancelled warrants   | 6     | 2,730                | -                       | 826                      | -                               | -                    | 64,100                     | 67,656                |
| <b>Total Liabilities</b>   |       | <b>4,928,452</b>     | <b>284,736</b>          | <b>24,386,397</b>        | <b>4,976,875</b>                | <b>3,432,732</b>     | <b>21,029,704</b>          | <b>59,038,896</b>     |
| <b>Deferred Inflows of Resources</b>   |       |                      |                         |                          |                                 |                      |                            |                       |
| Unavailable revenue-\$5 fee, NOCPs, Real Estate                                | 7     | 11,177,697           | -                       | 237,330                  | 15,076,356                      | 1,160,168            | -                          | 27,651,551            |
| Unavailable revenue-toll vendor  |       | 137,800              | 11,999                  | 254,812                  | -                               | -                    | -                          | 404,611               |
| <b>Total Deferred Inflows of Resources</b>                                     |       | <b>11,315,497</b>    | <b>11,999</b>           | <b>492,142</b>           | <b>15,076,356</b>               | <b>1,160,168</b>     | <b>-</b>                   | <b>28,056,162</b>     |
| <b>Fund Balances</b>   |       |                      |                         |                          |                                 |                      |                            |                       |
| Nonspendable consumable inventories  |       | -                    | -                       | -                        | -                               | -                    | 352,646                    | 352,646               |
| Restricted for unspent GARVEE bond proceeds                                    |       | -                    | -                       | -                        | -                               | -                    | -                          | -                     |
| Restricted for operations and maintenance                                      |       | -                    | -                       | 9,048,353                | -                               | -                    | -                          | 9,048,353             |
| Restricted for repair and replacement  |       | -                    | -                       | 2,925,163                | -                               | -                    | -                          | 2,925,163             |
| Restricted for Revenue Stabilization   |       | -                    | -                       | 22,068,796               | -                               | -                    | -                          | 22,068,796            |
| Restricted for transportation  |       | 20,876,587           | -                       | 36,448,363               | -                               | -                    | -                          | 57,324,950            |
| Committed for transportation   |       | -                    | 3,091,951               | -                        | 10,340,813                      | 11,927,749           | (352,646)                  | 25,007,867            |
| Unassigned   |       | -                    | -                       | -                        | -                               | -                    | -                          | -                     |
| <b>Total Fund Balances</b>   |       | <b>20,876,587</b>    | <b>3,091,951</b>        | <b>70,490,675</b>        | <b>10,340,813</b>               | <b>11,927,749</b>    | <b>-</b>                   | <b>116,727,775</b>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> |       | <b>\$ 37,120,536</b> | <b>\$ 3,388,686</b>     | <b>\$ 95,369,214</b>     | <b>\$ 30,394,044</b>            | <b>\$ 16,520,649</b> | <b>\$ 21,029,704</b>       | <b>\$ 203,822,833</b> |

*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 2016, QUARTER ENDED JUNE 30, 2016**

**Tolling Subsidiary Accounting System** – Repeat independent audits have determined that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contains weaknesses in internal controls. The most recent audit showed that some of the deficiencies identified in previous audits have been remediated, resulting in improved internal controls. The Toll Division continues to work with our service organization to remediate the remaining deficiencies. WSDOT is committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

**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.



**THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION  
TACOMA NARROWS BRIDGE ACCOUNT  
STATE FISCAL YEAR 2016, QUARTER ENDED JUNE 30, 2016**

|   | NOTES | JULY<br>THROUGH<br>SEPT | OCT<br>THROUGH<br>DEC | JAN<br>THROUGH<br>MAR | APRIL<br>THROUGH<br>JUNE | YEAR-TO-DATE         |
|---|-------|-------------------------|-----------------------|-----------------------|--------------------------|----------------------|
| <b>REVENUES</b>                             |       |                         |                       |                       |                          |                      |
| Tolling revenue                             | 1     | \$ 20,422,802           | \$ 18,587,622         | \$ 18,705,601         | \$ 20,474,705            | \$ 78,190,730        |
| Civil penalty                               | 2     | 535,339                 | 310,682               | 219,821               | 631,781                  | 1,697,623            |
| Transponder sales                           | 3     | 87,267                  | 84,807                | 180,375               | 131,245                  | 483,694              |
| Toll vendor contractual damages             | 4     | 33,310                  | 35,806                | 35,347                | 34,563                   | 139,026              |
| Toll bill reprocessing fee                  | 5     | 98,413                  | 98,647                | 53,886                | 92,902                   | 343,848              |
| Interest income                             |       | 24,343                  | 17,469                | 25,674                | 85,453                   | 152,939              |
| Miscellaneous                               | 6     | 12,697                  | 12,161                | 9,405                 | 10,066                   | 44,329               |
| <b>TOTAL REVENUES</b>                       |       | <u>21,214,171</u>       | <u>19,147,194</u>     | <u>19,230,109</u>     | <u>21,460,715</u>        | <u>81,052,189</u>    |
| <b>EXPENDITURES</b>                         |       |                         |                       |                       |                          |                      |
| Goods and Services                          |       |                         |                       |                       |                          |                      |
| Toll CSC operations vendor contract         | 7     | 545,865                 | 442,975               | 649,905               | 499,158                  | 2,137,903            |
| Toll booth and lane vendor contract         |       | 787,717                 | 785,484               | 808,414               | 803,904                  | 3,185,519            |
| Insurance                                   | 8     | 1,157,475               | 7,927                 | 18,722                | (225)                    | 1,183,899            |
| Credit card and bank fees                   |       | 383,373                 | 377,197               | 289,328               | 403,159                  | 1,453,057            |
| Transponder cost of goods sold              | 9     | 63,700                  | 78,675                | 108,669               | 64,785                   | 315,829              |
| Pay-by-mail                                 |       | 86,150                  | 70,900                | 68,076                | 125,688                  | 350,814              |
| Other                                       | 10    | 109,404                 | 125,653               | 108,206               | 132,705                  | 475,968              |
| Total Goods and Services                    |       | <u>3,133,684</u>        | <u>1,888,811</u>      | <u>2,051,320</u>      | <u>2,029,174</u>         | <u>9,102,989</u>     |
| Personal service contracts                  | 11    | 184,495                 | 148,510               | 154,512               | 315,918                  | 803,435              |
| Salaries and benefits                       |       | 200,062                 | 177,368               | 178,226               | 206,749                  | 762,405              |
| Civil penalty adjudication costs            | 12    | 241,243                 | 198,012               | 186,538               | 246,138                  | 871,931              |
| Infrastructure maintenance and preservation | 13    | 969                     | 201,132               | 104,040               | 136,017                  | 442,158              |
| <b>TOTAL EXPENDITURES</b>                   |       | <u>3,760,453</u>        | <u>2,613,833</u>      | <u>2,674,636</u>      | <u>2,933,996</u>         | <u>11,982,918</u>    |
| <b>EXCESS OF REVENUES OVER EXPENDITURES</b> |       | <u>17,453,718</u>       | <u>16,533,361</u>     | <u>16,555,473</u>     | <u>18,526,719</u>        | <u>69,069,272</u>    |
| <b>OTHER FINANCING USES</b>                 |       |                         |                       |                       |                          |                      |
| Operating transfers out                     | 14    | (15,927,230)            | (11,048,345)          | (20,424,230)          | (14,876,345)             | (62,276,150)         |
| <b>TOTAL OTHER FINANCING USES</b>           |       | <u>(15,927,230)</u>     | <u>(11,048,345)</u>   | <u>(20,424,230)</u>   | <u>(14,876,345)</u>      | <u>(62,276,150)</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>           |       | <u>1,526,488</u>        | <u>5,485,016</u>      | <u>(3,868,757)</u>    | <u>3,650,374</u>         | <u>6,793,122</u>     |
| <b>FUND BALANCE - BEGINNING</b>             |       | <u>14,083,465</u>       | <u>15,609,953</u>     | <u>21,094,969</u>     | <u>17,226,212</u>        | <u>14,083,465</u>    |
| <b>FUND BALANCE - ENDING</b>                |       | <u>\$ 15,609,953</u>    | <u>\$ 21,094,969</u>  | <u>\$ 17,226,212</u>  | <u>\$ 20,876,586</u>     | <u>\$ 20,876,587</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  
TACOMA NARROWS BRIDGE ACCOUNT  
STATE FISCAL YEAR 2016, QUARTER ENDED JUNE 30, 2016**

**Tolling Subsidiary Accounting System** – Repeat independent audits have determined that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contains weaknesses in internal controls. The most recent audit showed that some of the deficiencies identified in previous audits have been remediated, resulting in improved internal controls. The Toll Division continues to work with our service organization to remediate the remaining deficiencies. WSDOT is committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

**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 obligation at the beginning of 2015-17 biennium is \$4,338,000.

**Detailed Notes**

1. **Tolling Revenue** – Revenue earned, net of any adjustments, from tolls on vehicles traveling in the eastbound direction over the TNB, which are collected at toll booths, as electronic toll accounts, or pay-by-mail.
2. **Civil Penalty Revenue** – Revenue earned when any of the following conditions exist: (a) Payment of Notice of Civil Penalty is received, or (b) Notice of Civil Penalty payment due date passes without receiving a request for an administrative hearing, or (c) an Administrative Law Judge upholds the Notice of Civil Penalty. Unearned revenue decreased 55% and receivables increased 35% resulting in an increased Civil Penalty revenue for the 4<sup>th</sup> quarter.
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** – Insurance was overstated by \$10,794 in the 3<sup>rd</sup> quarter, so an adjustment was recorded in the 4<sup>th</sup> quarter.
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. A \$30,796 adjustment to reduce Transponder Cost Goods Sold was recorded in the 4<sup>th</sup> quarter to account for flex and motorcycle incentive program.
10. **Other Goods and Services** – Expenditures for supplies, communications, rents, repairs, outside vendor services, printing, and registered owner look up costs. Beginning May 2016, WSDOT contracted with Department of Enterprise Services (DES) to provide mailing services.
11. **Personal Service Contracts** – Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting. The increase in 4<sup>th</sup> quarter is related to additional services provided for CSC System request and procurement support.
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. The number of cases that went to hearings increased in the 4<sup>th</sup> quarter.
13. **Infrastructure Maintenance and Preservation** – Cost of maintenance and bridge preservation activities on the new TNB.
14. **Operating Transfers Out** – Pursuant to RCW 47.46.140, \$14,876,345 was transferred to MVA for debt service paid.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION  
HIGH OCCUPANCY TOLL OPERATIONS ACCOUNT  
STATE FISCAL YEAR 2016, QUARTER ENDED JUNE 30, 2016**

|   | <b>NOTE</b> | <b>JULY<br/>THROUGH<br/>SEPT</b> | <b>OCT<br/>THROUGH<br/>DEC</b> | <b>JAN<br/>THROUGH<br/>MAR</b> | <b>APR<br/>THROUGH<br/>JUN</b> | <b>YEAR-TO-DATE</b> |
|---|-------------|----------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------|
| <b>REVENUES</b>                             |             |                                  |                                |                                |                                |                     |
| Tolling revenue                             | 1           | \$ 392,698                       | \$ 392,010                     | \$ 288,155                     | \$ 314,513                     | \$ 1,387,376        |
| Transponder sales                           | 2           | 12,033                           | 10,910                         | 26,112                         | 13,851                         | 62,906              |
| Toll vendor contractual damages             | 3           | 3,001                            | 3,271                          | 3,189                          | 3,110                          | 12,571              |
| Interest income                             |             | 3,384                            | 2,574                          | 3,372                          | 11,574                         | 20,904              |
| Miscellaneous                               | 4           | 917                              | 1,084                          | 770                            | 500                            | 3,271               |
| <b>TOTAL REVENUES</b>                       |             | <b>412,033</b>                   | <b>409,849</b>                 | <b>321,598</b>                 | <b>343,548</b>                 | <b>1,487,028</b>    |
| <b>EXPENDITURES</b>                         |             |                                  |                                |                                |                                |                     |
| Goods and Services                          |             |                                  |                                |                                |                                |                     |
| Toll CSC operations vendor contract         | 5           | 59,960                           | 40,860                         | 67,832                         | 35,822                         | 204,474             |
| Toll lane vendor contract                   | 6           | 22,785                           | 19,530                         | 13,020                         | 112,209                        | 167,544             |
| Credit card and bank fees                   |             | 8,126                            | 9,952                          | 5,495                          | 5,414                          | 28,987              |
| Transponder cost of goods sold              | 7           | 8,780                            | 9,171                          | 17,335                         | 8,472                          | 43,758              |
| Washington state patrol                     | 8           | -                                | -                              | 37,686                         | 28,358                         | 66,044              |
| Other                                       | 9           | 8,196                            | 7,048                          | 20,101                         | 16,770                         | 52,115              |
| <b>Total Goods and Services</b>             |             | <b>107,847</b>                   | <b>86,561</b>                  | <b>161,469</b>                 | <b>207,045</b>                 | <b>562,922</b>      |
| Personal service contracts                  | 10          | 20,623                           | 13,351                         | 15,553                         | 23,038                         | 72,565              |
| Salaries and benefits                       |             | 35,317                           | 29,289                         | 40,440                         | 55,483                         | 160,529             |
| Infrastructure maintenance                  | 11          | 33,835                           | 29,398                         | 61,970                         | 325,504                        | 450,707             |
| <b>TOTAL EXPENDITURES</b>                   |             | <b>197,622</b>                   | <b>158,599</b>                 | <b>279,432</b>                 | <b>611,070</b>                 | <b>1,246,723</b>    |
| <b>EXCESS OF REVENUES OVER EXPENDITURES</b> |             | <b>214,411</b>                   | <b>251,250</b>                 | <b>42,166</b>                  | <b>(267,522)</b>               | <b>240,305</b>      |
| <b>NET CHANGE IN FUND BALANCE</b>           |             | <b>214,411</b>                   | <b>251,250</b>                 | <b>42,166</b>                  | <b>(267,522)</b>               | <b>240,305</b>      |
| <b>FUND BALANCE - BEGINNING</b>             |             | <b>2,851,646</b>                 | <b>3,066,057</b>               | <b>3,317,307</b>               | <b>3,359,473</b>               | <b>2,851,646</b>    |
| <b>FUND BALANCE - ENDING</b>                |             | <b>\$ 3,066,057</b>              | <b>\$ 3,317,307</b>            | <b>\$ 3,359,473</b>            | <b>\$ 3,091,951</b>            | <b>\$ 3,091,951</b> |

*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 2016, QUARTER ENDED JUNE 30, 2016**

**Tolling Subsidiary Accounting System** – Repeat independent audits have determined that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contains weaknesses in internal controls. The most recent audit showed that some of the deficiencies identified in previous audits have been remediated, resulting in improved internal controls. The Toll Division continues to work with our service organization to remediate the remaining deficiencies. WSDOT is committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

**Detailed Notes:**

1. **Tolling 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. CSC Operations Vendor Contract was paid by the 405 Express Toll Lane account and the Capital Program account.
6. **Toll Lane Vendor Contract** – The cost of capturing traffic activity in the tolled lanes. The increase in 4<sup>th</sup> quarter is due to the purchase of a new server.
7. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders. Transponder Cost of Goods Sold has a direct relation to Transponder Sales Revenue. A \$1,693 adjustment to reduce Transponder Cost Goods Sold was recorded in the 4<sup>th</sup> quarter to account for flex and motorcycle incentive program.
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. Beginning May 2016, WSDOT contracted with Department of Enterprise Services (DES) to provide mailing services.
10. **Personal Service Contracts** – Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting. The increase in 4<sup>th</sup> quarter is related to additional services provided for CSC System request and procurement support.
11. **Infrastructure Maintenance** – Cost of maintenance activities on the HOT Lanes.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION  
THE STATE ROUTE NUMBER 520 CORRIDOR ACCOUNT  
STATE FISCAL YEAR 2016, QUARTER ENDED JUNE 30, 2016**

|  | NOTE | JULY<br>THROUGH<br>SEPT | OCT<br>THROUGH<br>DEC | JAN<br>THROUGH<br>MAR | APR<br>THROUGH<br>JUN | YEAR-TO-DATE         |
|--|------|-------------------------|-----------------------|-----------------------|-----------------------|----------------------|
| <b>REVENUES</b>                                  |      |                         |                       |                       |                       |                      |
| Tolling revenue                                  | 1    | \$ 17,079,599           | \$ 16,743,965         | \$ 17,673,154         | \$ 17,856,100         | \$ 69,352,818        |
| Debt service reimbursement (FHWA)                | 2    | 82,147,838              | -                     | 17,996,338            | -                     | 100,144,176          |
| Transponder sales                                | 3    | 143,150                 | 139,099               | 324,739               | 223,510               | 830,498              |
| Toll vendor contractual damages                  | 4    | 64,501                  | 72,036                | 68,006                | 66,350                | 270,893              |
| Toll bill reprocessing fee                       | 5    | 306,362                 | 317,591               | 470,281               | 245,638               | 1,339,872            |
| Interest income                                  |      | 66,016                  | 50,324                | 70,340                | 237,195               | 423,875              |
| Miscellaneous                                    | 6    | 14,340                  | 17,997                | 12,692                | 13,052                | 58,081               |
| <b>TOTAL REVENUES</b>                            |      | <u>99,821,806</u>       | <u>17,341,012</u>     | <u>36,615,550</u>     | <u>18,641,845</u>     | <u>172,420,213</u>   |
| <b>EXPENDITURES</b>                              |      |                         |                       |                       |                       |                      |
| Goods and Services                               |      |                         |                       |                       |                       |                      |
| Toll CSC operations vendor contract              | 7    | 1,212,979               | 944,561               | 1,428,710             | 1,163,443             | 4,749,693            |
| Toll lane vendor contract                        |      | 82,036                  | 91,651                | 84,051                | 15,874                | 273,612              |
| Insurance  | 8    | 2,219,557               | 13,303                | 31,418                | (378)                 | 2,263,900            |
| Credit card and bank fees                        |      | 337,007                 | 275,853               | 337,199               | 361,501               | 1,311,560            |
| Transponder cost of goods sold                   | 9    | 104,620                 | 130,412               | 199,814               | 107,851               | 542,697              |
| Pay-by-mail                                      |      | 268,038                 | 228,534               | 199,816               | 349,844               | 1,046,232            |
| Other  | 10   | 189,076                 | 242,201               | 181,437               | 223,662               | 836,376              |
| Total Goods and Services                         |      | <u>4,413,313</u>        | <u>1,926,515</u>      | <u>2,462,445</u>      | <u>2,221,797</u>      | <u>11,024,070</u>    |
| Personal service contracts                       | 11   | 360,441                 | 407,226               | 343,469               | 581,750               | 1,692,886            |
| Salaries and benefits                            |      | 341,713                 | 288,456               | 302,582               | 337,896               | 1,270,647            |
| Maintenance and Operations                       | 12   | 32,503                  | 76,384                | 286,780               | 411,915               | 807,582              |
| Capital outlay - replacement bridge construction | 13   | -                       | -                     | 309,528               | 112,068,626           | 112,378,154          |
| <b>TOTAL EXPENDITURES</b>                        |      | <u>5,147,970</u>        | <u>2,698,581</u>      | <u>3,704,804</u>      | <u>115,621,984</u>    | <u>127,173,339</u>   |
| <b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>  |      | <u>94,673,836</u>       | <u>14,642,431</u>     | <u>32,910,746</u>     | <u>(96,980,139)</u>   | <u>45,246,874</u>    |
| <b>OTHER FINANCING SOURCES (USES)</b>            |      |                         |                       |                       |                       |                      |
| Bonds issued                                     | 14   |                         |                       |                       | 104,800,636           | 104,800,636          |
| Operating Transfer In                            | 15   |                         |                       |                       | 815,000               | 815,000              |
| Operating transfers out - debt service           | 16   | (6,506,243)             | (7,030,975)           | (6,401,490)           | (8,257,760)           | (28,196,468)         |
| Operating transfers out - GARVEE debt service    |      | (82,147,838)            | -                     | (17,996,337)          |                       | (100,144,175)        |
| <b>TOTAL OTHER FINANCING USES</b>                |      | <u>(88,654,081)</u>     | <u>(7,030,975)</u>    | <u>(24,397,827)</u>   | <u>97,357,876</u>     | <u>(22,725,006)</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>                |      | <u>6,019,754</u>        | <u>7,611,456</u>      | <u>8,512,920</u>      | <u>377,737</u>        | <u>22,521,867</u>    |
| <b>FUND BALANCE - BEGINNING</b>                  |      | <u>47,968,808</u>       | <u>53,988,562</u>     | <u>61,600,018</u>     | <u>70,112,938</u>     | <u>47,968,808</u>    |
| <b>FUND BALANCE - ENDING</b>                     |      | <u>\$ 53,988,562</u>    | <u>\$ 61,600,018</u>  | <u>\$ 70,112,938</u>  | <u>\$ 70,490,675</u>  | <u>\$ 70,490,675</u> |

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

**NOTES TO THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION  
THE STATE ROUTE NUMBER 520 CORRIDOR ACCOUNT  
STATE FISCAL YEAR 2016, QUARTER ENDED JUNE 30, 2016**

**Tolling Subsidiary Accounting System** – Repeat independent audits have determined that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contains weaknesses in internal controls. The most recent audit showed that some of the deficiencies identified in previous audits have been remediated, resulting in improved internal controls. The Toll Division continues to work with our service organization to remediate the remaining deficiencies. WSDOT is committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

**Detailed Notes:**

1. **Tolling 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 Income** – 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. **Insurance** – Insurance was overstated by \$18,114 in the 3<sup>rd</sup> quarter, so an adjustment was recorded in the 4<sup>th</sup> quarter.
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. A \$54,994 adjustment to reduce Transponder Cost Goods Sold was recorded in the 4<sup>th</sup> quarter to account for flex and motorcycle incentive program.
10. **Other Goods and Services** – Expenditures for supplies, communications, rents, repairs, service provided by outside vendors, printing, and registered owner look up costs. Beginning May 2016, WSDOT contracted with Department of Enterprise Services (DES) to provide mailing services.
11. **Personal Service Contracts** – Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting. The increased in 4<sup>th</sup> quarter is related to additional services provided for CSC System request and procurement support.
12. **Maintenance and Operations** – Cost of maintenance activities on the SR 520 Corridor.
13. **Capital Outlay** – For Transportation Infrastructure Finance and Innovation Act (TIFIA) reimbursements. The majority of construction costs are recorded in the Transportation Partnership Account (TPA) throughout the fiscal year. June 2016 construction costs were determined eligible for reimbursement and transferred from the TPA to SR 520 Corridor account.
14. **Bonds Issued** – This represents the last draw of TIFIA loan made in June 2016.
15. **Operating Transfer In** – Toll revenue transferred from NOCP account per transfer authority granted in 2016 Session Laws, Chapter 14 Section 408.
16. **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, and 2014C bonds. The GARVEE transfer out for the Series 2012F & 2014C bonds is paid by a reimbursement from FHWA (Note 2).

**THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION  
THE 520 CIVIL PENALTY ACCOUNT  
STATE FISCAL YEAR 2016, QUARTER JUNE 30, 2016**

|   | NOTE | JULY<br>THROUGH<br>SEPT | OCT<br>THROUGH<br>DEC | JAN<br>THROUGH<br>MAR | APRIL<br>THROUGH<br>JUNE | YEAR TO DATE         |
|---|------|-------------------------|-----------------------|-----------------------|--------------------------|----------------------|
| <b>REVENUES</b>                             |      |                         |                       |                       |                          |                      |
| Civil penalty                               | 1    | \$ 1,225,355            | \$ 931,902            | \$ 727,797            | \$ 1,473,189             | \$ 4,358,243         |
| Interest income                             |      | 18,536                  | 13,258                | 15,053                | 45,430                   | 92,277               |
| <b>TOTAL REVENUES</b>                       |      | <u>1,243,891</u>        | <u>945,160</u>        | <u>742,850</u>        | <u>1,518,619</u>         | <u>4,450,520</u>     |
| <b>EXPENDITURES</b>                         |      |                         |                       |                       |                          |                      |
| Goods and Services                          |      |                         |                       |                       |                          |                      |
| Adjudication system vendor contract         | 2    | 245,934                 | 142,365               | 157,990               | 156,688                  | 702,977              |
| Administrative hearing                      | 3    | 75,508                  | 15,298                | 30,255                | 62,296                   | 183,357              |
| Credit card and bank fees                   |      | 39,984                  | 14,652                | 14,422                | 24,994                   | 94,052               |
| Other                                       | 4    | 40,116                  | 88,251                | 69,548                | 157,229                  | 355,144              |
| Total Goods and Services                    |      | 401,542                 | 260,566               | 272,215               | 401,207                  | 1,335,530            |
| Salaries and benefits                       |      | 43,244                  | 27,858                | 33,710                | 39,551                   | 144,363              |
| Capital Outlay                              | 5    | 717,752                 | 2,046,128             | 3,142,765             | 4,418,186                | 10,324,830           |
| <b>TOTAL EXPENDITURES</b>                   |      | <u>1,162,538</u>        | <u>2,334,553</u>      | <u>3,448,690</u>      | <u>4,858,944</u>         | <u>11,804,724</u>    |
| <b>EXCESS OF REVENUES OVER EXPENDITURES</b> |      | <u>81,353</u>           | <u>(1,389,393)</u>    | <u>(2,705,840)</u>    | <u>(3,340,325)</u>       | <u>(7,354,204)</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>       |      |                         |                       |                       |                          |                      |
| Operating transfers out -                   |      | -                       | -                     | -                     | (815,000)                | (815,000)            |
| <b>TOTAL OTHER FINANCING USES</b>           |      | -                       | -                     | -                     | (815,000)                | (815,000)            |
| <b>NET CHANGE IN FUND BALANCE</b>           |      | 81,353                  | (1,389,393)           | (2,705,840)           | (4,155,325)              | (8,169,204)          |
| <b>FUND BALANCE - BEGINNING</b>             |      | 18,510,019              | 18,591,372            | 17,201,980            | 14,496,140               | 18,510,019           |
| <b>FUND BALANCE - ENDING</b>                |      | <u>\$ 18,591,372</u>    | <u>\$ 17,201,980</u>  | <u>\$ 14,496,140</u>  | <u>\$ 10,340,815</u>     | <u>\$ 10,340,815</u> |

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

**THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION  
THE 520 CIVIL PENALTY ACCOUNT  
STATE FISCAL YEAR 2016, QUARTER JUNE 30, 2016**

**Tolling Subsidiary Accounting System** – Repeat independent audits have determined that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contains weaknesses in internal controls. The most recent audit showed that some of the deficiencies identified in previous audits have been remediated, resulting in improved internal controls. The Toll Division continues to work with our service organization to remediate the remaining deficiencies. WSDOT is committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

**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. Beginning May 2016, WSDOT contracted with Department of Enterprise Services (DES) to provide mailing services.
5. **Capital Outlay** – Proviso funding for the SR 520 Westside Joint Design Development.



**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION  
INTERSTATE 405 ACCOUNT  
STATE FISCAL YEAR 2016, QUARTER ENDED JUNE 30, 2016**

|   | NOTE | JULY<br>THROUGH<br>SEPT | OCT<br>THROUGH<br>DEC | JAN<br>THROUGH<br>MAR | APRIL<br>THROUGH<br>JUNE | YEAR-TO-DATE         |
|---|------|-------------------------|-----------------------|-----------------------|--------------------------|----------------------|
| <b>REVENUES</b>                             |      |                         |                       |                       |                          |                      |
| Tolling revenue                             | 1    | \$ 56,014               | \$ 3,653,011          | \$ 3,924,141          | \$ 4,699,542             | \$ 12,332,708        |
| Civil penalty                               | 2    | -                       | -                     | 464,405               | 678,473                  | 1,142,878            |
| Transponder sales                           | 3    | 335,474                 | 1,127,472             | 145,638               | 95,146                   | 1,703,730            |
| Toll vendor contractual damages             | 4    | -                       | 1,723                 | -1,723                | 1,174                    | 1,174                |
| Toll bill reprocessing fee                  | 5    | -                       | 44,236                | 46,085                | 156,167                  | 246,488              |
| Interest income                             |      | 2,085                   | 3,768                 | 6,597                 | 38,141                   | 50,591               |
| Miscellaneous                               | 6    | -                       | (3,224)               | 5,477                 | 304,931                  | 307,184              |
| <b>TOTAL REVENUES</b>                       |      | <u>393,573</u>          | <u>4,826,986</u>      | <u>4,590,620</u>      | <u>5,973,574</u>         | <u>15,784,753</u>    |
| <b>EXPENDITURES</b>                         |      |                         |                       |                       |                          |                      |
| Goods and Services                          |      |                         |                       |                       |                          |                      |
| Toll CSC operations vendor contract         | 7    | -                       | 322,895               | (384,651)             | 530,745                  | 468,989              |
| Toll Lane Vendor                            |      | -                       | -                     | 17,707                | 306,200                  | 323,907              |
| Credit card and bank fees                   |      | -                       | 196,896               | 109,695               | 79,559                   | 386,150              |
| Transponder cost of goods sold              | 8    | 244,254                 | 922,776               | 171,706               | 67,046                   | 1,405,781            |
| Washington State Patrol                     | 9    | -                       | 380,119               | 194,839               | 303,639                  | 878,597              |
| Pay-by-mail                                 |      | -                       | 122,781               | 128,101               | 174,968                  | 425,849              |
| Other                                       | 10   | -                       | 98,899                | 76,185                | 348,535                  | 523,619              |
| <b>Total Goods and Services</b>             |      | <u>244,254</u>          | <u>2,044,366</u>      | <u>313,582</u>        | <u>1,810,691</u>         | <u>4,412,893</u>     |
| Personal service contracts                  | 11   | -                       | 70,686                | 117,795               | 373,242                  | 561,723              |
| Salaries and benefits                       |      | 27,189                  | 152,998               | 239,119               | 206,184                  | 625,490              |
| Civil penalty adjudication cost             | 12   | -                       | -                     | 85,635                | 233,653                  | 319,288              |
| <b>TOTAL EXPENDITURES</b>                   |      | <u>271,443</u>          | <u>2,268,050</u>      | <u>756,130</u>        | <u>2,623,770</u>         | <u>5,919,394</u>     |
| <b>EXCESS OF REVENUES OVER EXPENDITURES</b> |      | <u>122,130</u>          | <u>2,558,936</u>      | <u>3,834,490</u>      | <u>3,349,804</u>         | <u>9,865,359</u>     |
| <b>OTHER FINANCING SOURCES (USES)</b>       |      |                         |                       |                       |                          |                      |
| <b>TOTAL OTHER FINANCING USES</b>           |      | <u>-</u>                | <u>-</u>              | <u>-</u>              | <u>-</u>                 | <u>-</u>             |
| <b>NET CHANGE IN FUND BALANCE</b>           |      | <u>122,130</u>          | <u>2,558,936</u>      | <u>3,834,490</u>      | <u>3,349,804</u>         | <u>9,865,359</u>     |
| <b>FUND BALANCE - BEGINNING</b>             |      | <u>2,062,389</u>        | <u>2,184,519</u>      | <u>4,743,455</u>      | <u>8,577,945</u>         | <u>2,062,389</u>     |
| <b>FUND BALANCE - ENDING</b>                |      | <u>\$ 2,184,519</u>     | <u>\$ 4,743,455</u>   | <u>\$ 8,577,945</u>   | <u>\$ 11,927,748</u>     | <u>\$ 11,927,748</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 2016, QUARTER ENDED JUNE 30, 2016**

**Tolling Subsidiary Accounting System** – Repeat independent audits have determined that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contains weaknesses in internal controls. The most recent audit showed that some of the deficiencies identified in previous audits have been remediated, resulting in improved internal controls. The Toll Division continues to work with our service organization to remediate the remaining deficiencies. WSDOT is committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

**Detailed Notes**

1. **Tolling 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. A \$10,240 adjustment to increase Transponder Cost of Goods Sold was recorded to account for flex and motorcycle incentive program.
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. Beginning May 2016, WSDOT contracted with Department of Enterprise Services (DES) to provide mailing services.
11. **Personal Service Contracts** – Expenditures for consulting services related to tolling operations and forecasting.
12. **Civil Penalty Adjudication Costs** - 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

**Tolling in Washington state**  
[www.wsdot.wa.gov/tolling](http://www.wsdot.wa.gov/tolling)

*Good To Go!*  
[www.wsdot.wa.gov/goodtogo](http://www.wsdot.wa.gov/goodtogo)

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**Title VI Notice to Public** It is the Washington State Department of Transportation's (WSDOT) policy to assure that no person shall, on the grounds of race, color, national origin or sex, as provided by Title VI of the Civil Rights Act of 1964, be excluded from participation in, be denied the benefits of, or be otherwise discriminated against under any of its federally funded programs and activities. Any person who believes his/her Title VI protection has been violated, may file a complaint with WSDOT's Office of Equal Opportunity (OEO). For additional information regarding Title VI complaint procedures and/or information regarding our non-discrimination obligations, please contact OEO's Title VI Coordinator at (360) 705-7082

**Americans with Disabilities Act (ADA) Information** This material can be made available in an alternate format by emailing the WSDOT Diversity/ADA Affairs team at [wsdotada@wsdot.wa.gov](mailto:wsdotada@wsdot.wa.gov) or by calling toll free, 855-362-4ADA(4232). Persons who are deaf or hard of hearing may make a request by calling the Washington State Relay at 711.

