

# SENATE BILL REPORT

## SB 6378

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As of February 5, 2018

**Title:** An act relating to reimbursement of the financing of the Alaskan Way viaduct replacement project.

**Brief Description:** Concerning reimbursement of the financing of the Alaskan Way viaduct replacement project.

**Sponsors:** Senators Hobbs and King; by request of Department of Transportation.

**Brief History:**

**Committee Activity:** Transportation: 2/05/18.

### Brief Summary of Bill

- Requires State Route 99 (SR 99) tunnel toll charges to be used to repay the Transportation Partnership Account (TPA) for any amounts transferred from it to the Highway Bond Retirement Fund to provide for bond retirement and interest for up to \$200 million of Washington State Department of Transportation (WSDOT) designated reimbursable bonds.
- Mandates that WSDOT, in consultation with the Office of the State Treasurer (OST), prepare and submit to the tolling authority a toll reimbursement plan that includes an initial projected toll rate schedule and a debt service schedule—prepared by OST.
- Requires that toll rates be established and toll revenue used for the currently required purposes, as well as to provide for the funding of a repair and replacement reserve in an amount to be determined by WSDOT for current and future fiscal years.
- Mandates that, if the SR 99 tunnel toll revenue collected for any fiscal year is less than the amount required under state law, WSDOT obtain and provide the tolling authority with written recommendations for any adjustments to the toll rate schedule, and that the Washington State Transportation Commission take steps to address the shortfall within 60 days of receipt of these recommendations.

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### SENATE COMMITTEE ON TRANSPORTATION

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Staff:** Kim Johnson (786-7472)

**Background:** Current law requires that when setting and adjusting toll rates, the state tolling authority—Washington State Transportation Commission (Commission)—must ensure that toll rates will generate revenue sufficient to meet:

- the operating costs of the facility including maintenance, preservation, replacement and toll enforcement by public law enforcement;
- obligations for timely payment of debt service on bonds issued for the toll facility and any other associated financing costs;
- obligations to reimburse the motor vehicle fund for excise taxes on motor vehicle and special fuels applied to the payment of bonds issued for the toll facility; and
- any other obligations of the tolling authority to provide for the proportional share of funding contributions for any projects or operations of the toll facility.

Additionally, the Commission must consider that toll rates should be set to optimize system performance, recognizing necessary trade-offs to generate revenue.

In 2012, the Legislature designated the portion of the SR 99 tunnel between First Avenue from the vicinity of the sports stadiums in Seattle to Aurora Avenue north of the Battery Street tunnel as an eligible toll facility. The Commission was directed to impose a variable schedule of toll rates for the toll facility. The Commission may adjust the variable schedule of toll rates at least annually to reflect inflation and pay for the redemption of bonds and other obligations of the tolling authority.

The Alaskan Way Viaduct replacement project account was created in 2012 and toll revenues from the SR 99 tunnel toll facility, bond proceeds and other revenues received from the operation of the toll facility must be deposited into the account. The account is an appropriated account. The account may be used for the purposes for which toll revenue may be generally used, as well as to repay amounts to the Motor Vehicle Fund. When repaying the Motor Vehicle Fund, OST must transfer funds from the account to the Motor Vehicle Fund.

In the 2017-19 biennial Transportation Budget, the Legislature provided for a transfer of \$122,046,000 from bond proceeds in the TPA to to the Alaskan Way Viaduct Replacement Project Account and specified that the amount represented a portion of the up to \$200 million in proceeds from the sale of bonds and must be repaid.

**Summary of Bill:** Toll charges must be used to repay the TPA for any amounts transferred from the TPA to the highway bond retirement fund to retire up to \$200 million in bonds and interest that are issued for the the Alaskan Way Viaduct replacement project and designated by WSDOT as reimbursable bonds.

Toll charges must remain on the facility until the TPA is repaid.

Expenditure of the toll revenues that are deposited into the Alaskan Way Viaduct replacement project account are prioritized as follows:

- operating and maintenance expenses of the toll collection system;
- operating and maintenance expenses of the tolled portion of the Alaskan Way project;

- repair and replacement expenses of the toll collection system; and
- repayment of the transportation partnership account.

To the extent the Legislature does not commit funds other than toll revenues for expenses for the SR 99 tunnel toll facility, toll rates must also be established to cover the funding over a 12-month period, of a repair and replacement reserve in an amount to be determined by WSDOT.

WSDOT, in consultation with OST, must prepare and submit to the Commission a toll reimbursement plan for the Alaskan Way viaduct replacement project that includes the following:

- initial project toll rate schedule meeting specified criteria; and
- a debt service schedule of no more than 25 years.

Prior to adopting any revision in the toll rate schedule for the SR 99 tunnel toll facility, the Commission must first obtain the following:

- from WSDOT, a certificate from a traffic and revenue consultant stating the projected toll revenue for all years through the majority of all outstanding reimbursable bonds, and a certificate from an independent consulting engineering firm stating the projected operating and maintenance expenses and repair and replacement requirements for each fiscal year through the maturity of all outstanding reimbursable bonds;and
- from OST, a certificate stating that based on the certificates from WSDOT consultants, the adoption of the revised rate schedule will not cause toll revenue to be less than the required amounts.

The Commission must set the initial variable schedule of toll rates and then review the existing variable schedule of toll rates at least annually to determine if the schedule should be adjusted to reflect changes in operating expenses, repair and replacement expenses, or reimbursement bond requirements as necessary to meet the obligations of the Commission.

If the toll revenue collected for any fiscal year is less than the amount required to cover all of the financial obligations of the facility, WSDOT must obtain and provide the Commission with written recommendations of a traffic and revenue consultant for any adjustments to the toll rate schedule, and the Commission must take steps to address the shortfall within 60 days. However, if the traffic and revenue consultant determines that toll revenue cannot be increased to meet necessary expenses, WSDOT and OST must prepare a revised toll reimbursement plan.

As part of its annual budget submittal, WSDOT, in conjunction with a traffic and revenue consultant, must submit a projected toll rate schedule to the Commission for its review and consideration in setting and adjusting tolls on the SR 99 tunnel toll facility. The schedule must include an estimate of the toll revenue that is required to meet the costs and other financial obligations of the facility.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.