Transportation Revenue Forecast Council

November 2018 Transportation Economic and Revenue Forecasts

Volume I: Summary

Washington Transportation
Economic and Revenue Forecast
November 2018 Forecast

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Preface

Washington law mandates the preparation, adoption of economic, and revenue forecasts. The organizations primarily responsible for revenue forecasts are the Economic and Revenue Forecast Council and the Office of Financial Management. The Office of Financial Management has the statutory responsibility to prepare and adopt those forecasts not made by the Economic and Revenue Forecast Council (RCW 43.88.020). The Office of Financial Management carries out its forecast responsibilities for transportation revenues through the Transportation Revenue Forecast Council. Each quarter, technical staff of the Department of Licensing, Department of Transportation, Washington State Patrol and the Office of Forecast Council produce forecasts. The revenue forecasts agreed upon by the Transportation Revenue Forecast Council members become the official estimated revenues under RCW 43.88.020 21.

November 2018 Transportation Forecast Overview

Forecast Overview

Here are key conclusions from the November 2018 transportation revenue forecast.

- November 2018 transportation forecast of revenues: $6.45 billion for the current biennium, which represents an increase of 10.5% over the prior 2015-17 biennium of $5.836 billion.

- Overall transportation revenue is down forecast to forecast in the current biennium, by $13.44 million or 0.21%. In next biennium, transportation revenues are down from the last forecast by $42.52 million compared to the September forecast. The largest share of the decrease in the current biennium is due to lower vehicle and driver licenses, permits and fee revenues compared to the adoption of the last forecast. In contrast, toll revenue is up compared to the last update a year ago by $21.4 million or 5%.
- For the 10-year forecast horizon, total revenue is projected to be $34.215 billion, which is down by $162.15 million (0.47%) from September due primarily to three sources: lower gasoline taxes, vehicle licenses, permits and fee revenue and enhanced driver license forecasts. The decrease was largest in license, permits and fee revenues by $180.6 million or 2.2% from the last forecast. The change in vehicle licenses, permits and fees forecasts was offset by an increase in toll revenue by $107.8 million over the next ten years compared to their last projection. The decline in gasoline and diesel tax revenue compared to the September forecast was $66.50 million or 0.35% down over the next 10 year period.
- New projections of real personal income growth rates are minor revisions downward in FY 2020-FY 2023 compared to September. Employment projections are also down a little in the near-term compared to September. Retail gas and diesel prices are down from the September projections. The current B5 biodiesel price forecast is up a little from the last forecast. This trend continues throughout.

- The change in fuel tax revenue is down $3.6 million or 0.1% from the last forecast in the current biennium. Next biennium, fuel taxes are down by $15.4 million or 0.4% over the last forecast. This is due to lower fuel tax collections in recent months since the last forecast.

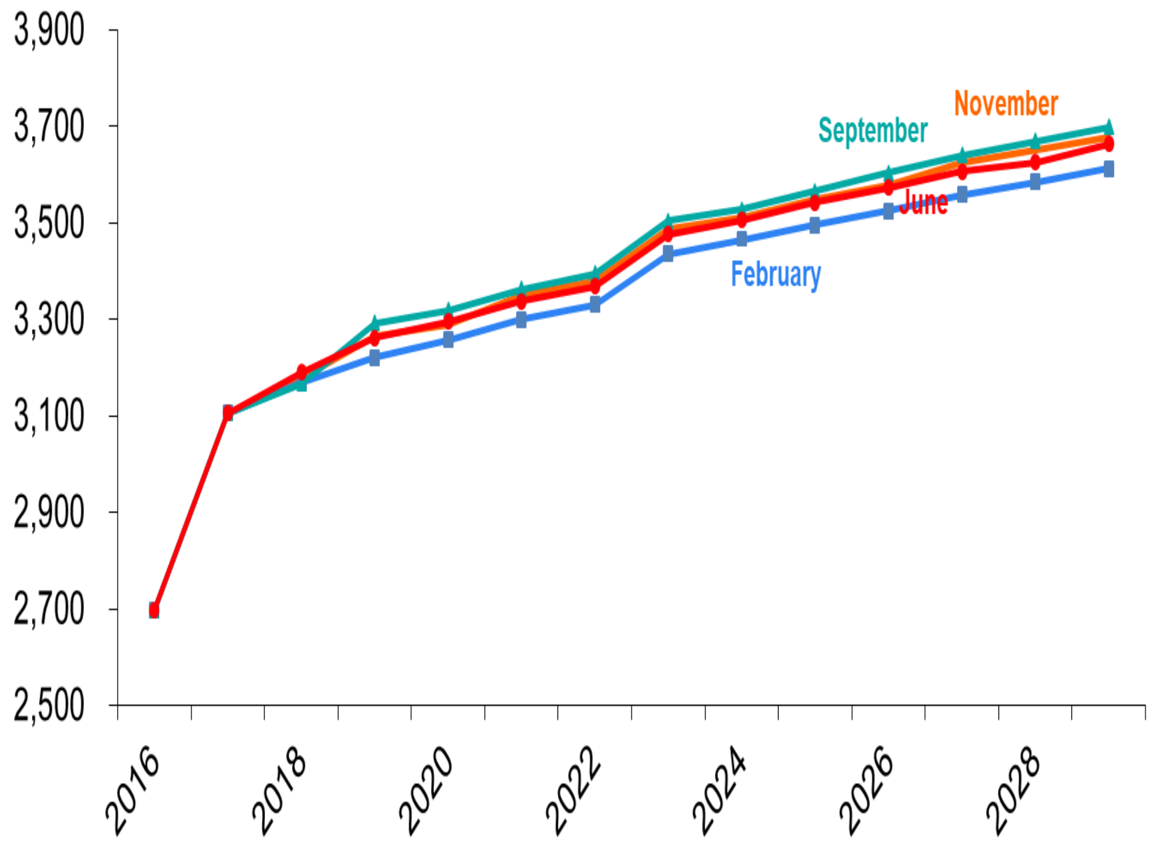
- The licenses, permits and fee revenue is a large revision downward by $15.7 million from the September forecast in the current biennium. Over the next 10 years, the forecast for vehicle license, permits and fee revenue is down by $180.55 million or 2% more than the June forecast projections.

- The toll revenue forecast has been updated in November and total toll revenue is up $21.4 million or 5% from a year ago. Next biennium, the toll revenue is up $19.6 million and over the next 10 years, the toll forecast is up $107.8 million. Most all toll facilities are up in revenue compared to last year except for the SR 167.

- Another forecast with a major change in November is the driver license fees forecast which is down by $16 million in the current biennium and over the next 10 years, that forecast is down $26.1 million. This is due to the revision in the enhanced driver license forecast.

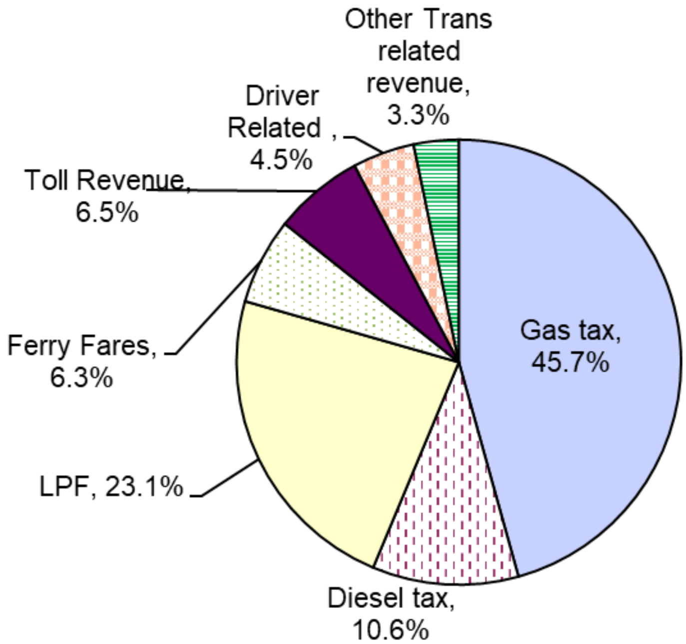
In FY 2018, total transportation revenues were $3.17 billion, which was a 4% increase annually. In the current fiscal year, total transportation revenues are anticipated to be $3.27 billion. This increase year over year in transportation revenues is due to fuel and LPF growth in particular. In comparing this current forecast with the last forecast, this November forecast is down from the last forecast for all fiscal years. Overall, during the next 10-year horizon, transportation revenues are projected to be $34.22 billion and down $162.1 million or 0.47% from the projections in September with an average annual growth rate of 1.3% beginning in the current fiscal year. This current November forecast is above the February forecast which was our last baseline forecast.

Figure 1: Total Transportation Revenues Comparing All CY 2018 Forecasts
millions of dollars



Washington's transportation revenues come from numerous taxes, fees, permits, tolls, and other revenues. Revenues forecasted each quarter include the sources contained in Figure 2. This pie graph reveals the anticipated share of each state revenue source to the total transportation revenues for the 2017-19 biennium, ($6.45 billion). Gasoline fuel taxes comprise the largest share at 45.7%. With the addition of diesel fuel taxes, all motor vehicle fuel taxes comprise 56.3% of all revenues. Licenses, permits, and fee revenues comprise the second largest share at 23.1%. The three largest revenue sources are projected to consist of 79.4% of revenues in the 2017-19 biennium. The remaining 20.6% consists of ferry fares, toll revenue, driver related revenue and other transportation related revenue.

Figure 2: Revenue By Source 2017-19 Biennium ($6.45 billion)



As Figure 3 indicates, in the current biennium, actual revenue for transportation is anticipated to be $6.45 billion, which was $13.4 million below the September forecast mainly due to lower vehicle licenses, permits and fee revenue as well as lower driver license fees. Fuel taxes are also down from the last forecast in the current biennium. November's transportation revenues are projected at $6.64 billion next biennium, which is also down by $42.5 million or 0.6% from September. This current fuel tax forecast is being revised downward because recent months of gasoline tax revenue actuals for FY 2019 have been lower than anticipated in the last forecast. In addition, the vehicle LPF forecast is down significantly due to realizing lower FY 2019 vehicle registration counts and revenue in recent months. There is a significant downward revision by $16 million or 1% in the vehicle licenses, permits and fee revenues in the current biennium. In addition, the driver-related fees have also been brought down by $16 million in the current biennium due to a lower enhanced driver license forecast due to lower actuals coming in recently. Toll revenue revisions are significantly up from last year's projections. In the current biennium, toll revenue is up $21.4 million over a year ago. Most other revenue sources are either up or down a little from the last forecast. Over the 10-year forecast horizon, the transportation revenue forecast for November is anticipated to be $34.22 billion, which is down $162.1 million or 0.47% from the last forecast. This November forecast is very close to the last June forecast as in September we brought up transportation revenues from June but now in November we are bringing those revenue sources back down again a corresponding amount. The change in transportation revenue for this 10-year forecast is driven mainly by the decrease in gasoline tax revenues, vehicle licenses, permits and fee revenue and driver licenses revenue.

The comparison of the November forecast to the last baseline forecast reveals it is up $56.4 million or 0.9% since the February 2018 forecast. Next biennium, the current forecast is up $81.7 million over the last forecast. Over the 10 year time period, total transportation revenues are up by $457.53 million or 1.4% from the baseline forecast.

Figure 3: Forecast to Forecast Biennium Comparison of All Transportation Revenues November 2018 forecast - 10-year period

Forecast to Forecast Comparison for Transportation Revenues and Distributions 10-Year Period

November 2018• millions of dollars

	Current Biennium 2017-2019			2019-2021			10-Year Period (2017-2027)		
	Forecast Nov-18	Chg from Sep-18	Percent Change	Forecast Nov-18	Chg from Sep-18	Percent Change	Forecast Nov-18	Chg from Sep-18	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	3,629.48	(3.57)	-0.10%	3,717.45	(15.38)	-0.41%	18,828.08	(66.50)	-0.35%
Licenses, Permits and Fees	1,489.96	(15.67)	-1.04%	1,522.05	(35.20)	-2.26%	8,167.30	(180.55)	-2.16%
Ferry Revenue†	404.27	(0.57)	-0.14%	419.14	(0.37)	-0.09%	2,138.96	(4.63)	-0.22%
Toll Revenue §	421.30	21.40	5.35%	436.22	19.57	4.70%	2,308.20	107.81	4.90%
Aviation Revenues	7.28	(0.01)	-0.07%	7.44	(0.01)	-0.10%	37.88	(0.03)	-0.09%
Rental Car Tax	70.38	1.11	1.60%	74.01	1.12	1.53%	383.68	4.46	1.18%
Vehicle Sales Tax	103.52	0.31	0.30%	109.62	0.68	0.63%	570.50	3.29	0.58%
Driver-Related Fees	290.09	(16.26)	-5.31%	322.20	(12.99)	-3.88%	1,623.82	(26.14)	-1.58%
Business/Other Revenues ‡	29.82	(0.18)	-0.60%	31.26	0.06	0.18%	156.88	0.15	0.10%
Total Revenues	**6,446.10**	**(13.44)**	**-0.21%**	**6,639.40**	**(42.52)**	**-0.64%**	**34,215.32**	**(162.15)**	**-0.47%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**216.99**	**(0.08)**	**-0.03%**	**224.89**	**(0.51)**	**-0.23%**	**1,140.55**	**(2.19)**	-0.19%
State Uses									
Motor Vehicle Account (108)	1,251.90	(4.10)	-0.33%	1,286.00	(11.48)	-0.88%	6,577.09	(54.84)	-0.83%
Transportation 2003 (Nickel) Account (550)	429.13	(3.56)	-0.82%	436.90	(8.49)	-1.91%	2,215.49	(38.33)	-1.70%
Transportation 2005 Partnership Account (09H)	645.05	(0.86)	-0.13%	659.42	(3.51)	-0.53%	3,345.54	(15.70)	-0.47%
Connecting Washington Account (20H)	817.64	(0.58)	-0.07%	836.21	(3.59)	-0.43%	4,234.94	(15.36)	-0.36%
Multimodal Account (218)	519.57	(5.60)	-1.07%	538.91	(5.86)	-1.08%	3,083.28	(42.31)	-1.35%
Special Category C Account (215)	51.53	(0.04)	-0.07%	52.70	(0.23)	-0.43%	266.91	(0.97)	-0.36%
Puget Sound Capital Construction Account (099)	37.49	(0.03)	-0.07%	38.35	(0.16)	-0.43%	194.20	(0.70)	-0.36%
Puget Sound Ferry Operations Account (109)	471.41	(0.04)	-0.01%	487.25	(0.91)	-0.19%	2,485.72	(6.50)	-0.26%
Capital Vessel Replacement Account (18J)	39.49	(1.61)	-3.93%	39.72	(4.35)	-9.86%	203.39	(19.62)	-8.80%
Tacoma Narrows Bridge Account (511)	169.45	2.93	1.76%	172.06	1.38	0.81%	882.66	8.50	0.97%
High Occupancy Toll Lanes Account (09F)^	6.93	(0.47)	-6.34%	0.00	0.00	0.00%	6.93	(0.47)	-6.34%
SR 520 Corridor Account (16J)	173.84	5.99	3.57%	183.07	5.01	2.81%	980.36	42.38	4.52%
SR 520 Corridor Civil Penalties Account (17P)	9.27	1.80	24.13%	8.31	0.28	3.51%	45.87	4.01	9.58%
Interstate 405 Express Toll Lanes Operations (595)	61.81	11.15	22.01%	72.78	12.89	21.53%	392.37	53.39	15.75%
Aeronautics Account (039)	7.21	(0.00)	-0.02%	7.32	(0.00)	-0.01%	37.19	(0.00)	-0.01%
Washington State Aviation Account (21G)	0.07	(0.00)	-4.85%	0.12	(0.01)	-5.41%	0.69	(0.03)	-4.20%
State Patrol Highway Account (081)	455.54	(2.31)	-0.50%	462.80	(7.04)	-1.50%	2,386.27	(34.74)	-1.43%
Highway/Motorcycle Safety Accts. (106 & 082)	254.20	(16.60)	-6.13%	286.19	(13.78)	-4.59%	1,440.57	(29.93)	-2.04%
School Zone Safety Account (780)	0.87	0.05	5.46%	0.87	0.05	5.46%	4.35	0.23	5.46%
Other accounts (201, 06T, 097, 09E, 216, 07C)	18.36	0.00	0.00%	18.70	0.00	0.00%	94.74	(0.55)	-0.58%
Ignition Interlock Devices Revolving Acct 14V	8.19	0.32	4.02%	8.06	0.69	9.42%	40.42	3.09	8.28%
Multiuse Roadway Safety Account Collections-571	0.25	0.00	0.85%	0.28	0.00	1.65%	1.38	0.02	1.54%
Total for State Use	**5,428.95**	**(13.62)**	**-0.25%**	**5,595.72**	**(39.23)**	**-0.70%**	**28,919.01**	**(148.47)**	**-0.51%**
Local Uses									
Cities	197.63	(0.14)	-0.07%	202.12	(0.87)	-0.43%	1,023.62	(3.71)	-0.36%
Counties	319.58	0.58	0.18%	326.62	(0.62)	-0.19%	1,655.10	(1.97)	-0.12%
Transportation Improvement Board (112 & 144)	211.56	(0.15)	-0.07%	216.70	(0.96)	-0.44%	1,101.51	(4.22)	-0.38%
County Road Administration Board (102 & 186)	71.39	(0.05)	-0.06%	73.35	(0.34)	-0.47%	375.53	(1.58)	-0.42%
Total for Local Use	**800.15**	**0.25**	**0.03%**	**818.78**	**(2.79)**	**-0.34%**	**4,155.76**	**(11.49)**	**-0.28%**
Total Distribution of Revenue	**6,446.10**	**(13.44)**	**-0.21%**	**6,639.40**	**(42.52)**	**-0.64%**	**34,215.32**	**(162.15)**	**-0.47%**

† Ferry Fares plus non-farebox revenue
‡ Business/Other Revenues net of amounts transferred to General Fund in the forecast.
§ 167 HOT lanes is a pilot program that is currently scheduled to sunset June 30, 2019

Figure 4: November Forecast of All Transportation Revenues Compared to Baseline Forecast - 10-year period

Forecast to Baseline Comparison for Transportation Revenues and Distributions 10-Year Period

November 2018• millions of dollars

	Current Biennium 2017-2019			2019-2021			10-Year Period (2017-2027)		
	Forecast Nov-18	Chg from Baseline ¥	Percent Change	Forecast Nov-18	Chg from Baseline ¥	Percent Change	Forecast Nov-18	Chg from Baseline ¥	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	3,629.48	24.62	0.68%	3,717.45	40.92	1.11%	18,828.08	265.00	1.43%
Licenses, Permits and Fees	1,489.96	15.23	1.03%	1,522.05	(0.81)	-0.05%	8,167.30	(1.42)	-0.02%
Ferry Revenue†	404.27	1.30	0.32%	419.14	(1.60)	-0.38%	2,138.96	(10.20)	-0.47%
Toll Revenue §	421.30	21.40	5.35%	436.22	19.57	4.70%	2,308.20	107.81	4.90%
Aviation Revenues ‡	7.28	(1.68)	-18.78%	7.44	0.03	0.40%	37.88	(1.50)	-3.81%
Rental Car Tax	70.38	1.24	1.80%	74.01	1.94	2.69%	383.68	8.52	2.27%
Vehicle Sales Tax	103.52	(0.86)	-0.82%	109.62	0.50	0.46%	570.50	3.35	0.59%
Driver-Related Fees	290.09	(3.98)	-1.35%	322.20	21.39	7.11%	1,623.82	87.80	5.72%
Business/Other Revenues ±	29.82	(0.84)	-2.74%	31.26	(0.29)	-0.91%	156.88	(1.83)	-1.15%
Total Revenues	**6,446.10**	**56.43**	**0.88%**	**6,639.40**	**81.65**	**1.25%**	**34,215.32**	**457.53**	**1.36%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**216.99**	**13.46**	**6.61%**	**224.89**	**27.84**	**14.13%**	**1,140.55**	**136.78**	13.63%
State Uses									
Motor Vehicle Account (108)	1,251.90	12.43	1.00%	1,286.00	13.55	1.07%	6,577.09	76.27	1.17%
Transportation 2003 (Nickel) Account (550)	429.13	(3.54)	-0.82%	436.90	(4.23)	-0.96%	2,215.49	(12.94)	-0.58%
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High Occupancy Toll Lanes Account (09F)	6.93	(0.47)	0.00%	0.00	0.00	0.00%	6.93	(0.47)	100.00%
SR 520 Corridor Account (16J)	173.84	5.99	3.57%	183.07	5.01	2.81%	980.36	42.38	4.52%
SR 520 Corridor Civil Penalties Account (17P)	9.27	1.80	24.13%	8.31	0.28	3.51%	45.87	4.01	9.58%
Interstate 405 Express Toll Lanes Operations (595)	61.81	11.15	22.01%	72.78	12.89	21.53%	392.37	53.39	15.75%
Aeronautics Account (039)	7.21	(1.65)	-18.65%	7.32	0.07	1.03%	37.19	(1.31)	-3.41%
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School Zone Safety Account (780)	0.87	0.05	5.46%	0.87	0.05	5.46%	4.35	0.23	5.46%
Other accounts (201, 06T, 097, 09E, 216, 07C)	18.36	0.30	1.68%	18.70	0.33	1.79%	94.74	1.43	1.54%
Ignition Interlock Device Revolving Acct 14V	8.19	1.15	16.38%	8.06	1.41	21.27%	40.42	6.81	20.25%
Multiuse Roadway Safety Account Collections-571	0.14	(0.06)	-28.43%	0.25	0.04	21.49%	1.24	0.19	18.46%
Total for State Use	**5,428.95**	**39.10**	**0.73%**	**5,595.72**	**50.40**	**0.91%**	**28,919.01**	**287.55**	**1.00%**
Local Uses									
Cities	197.63	0.74	0.38%	202.12	0.70	0.35%	1,023.62	7.58	0.75%
Counties	319.58	2.09	0.66%	326.62	1.80	0.55%	1,655.10	15.73	0.96%
Transportation Improvement Board (112 & 144)	211.56	0.79	0.37%	216.70	0.71	0.33%	1,101.51	7.71	0.71%
County Road Administration Board (102 & 186)	71.39	0.26	0.37%	73.35	0.21	0.29%	375.53	2.34	0.63%
Total for Local Use	**800.15**	**3.88**	**0.49%**	**818.78**	**3.42**	**0.42%**	**4,155.76**	**33.36**	**0.81%**
Total Distribution of Revenue	**6,446.10**	**56.43**	**0.88%**	**6,639.40**	**81.65**	**1.25%**	**34,215.32**	**457.53**	**1.36%**

¥ Baseline is the February 2018 forecast.
† Ferry Fares plus non-farebox revenue
‡ Aviation Revenues and Business/Other Revenues net of amounts transferred to General Fund in the June baseline forecast.
§ 167 HOT lanes is a pilot program due to sunset June 30, 2019

Economic Variables Forecast

Several economic variables are used in forecasting Washington's transportation revenues each quarter. Key economic variables include the following: Washington real personal income, driver age population, driver-in population, inflation, employment, oil price index, fuel efficiency, US sales of new light vehicles and various employment sectors.

Figure 5: Annual Percentage Change (%) in Select Economic Variables November 2018 Forecast

Fiscal Year	WA Real Personal Income	Annual Driver Age Population	Driver-In Population	US General Prices (IPDC)	US Oil & Gas Price Index	US Fuel Efficiency (MPG)	Nominal Consumer Sales on New Vehicles	WA Non-ag. employment	WA Trade, Transportation and Utilities Employment	WA Retail Trade Employment
2018	4.7%	1.7%	2.2%	1.9%	13.3%	1.8%	1.5%	2.5%	2.9%	3.6%
2019	3.5%	1.6%	0.0%	2.1%	15.4%	1.8%	2.4%	2.4%	1.8%	1.3%
2020	3.0%	1.5%	1.3%	2.1%	2.9%	1.9%	4.9%	1.7%	1.1%	1.3%
2021	2.7%	1.4%	1.2%	2.0%	-5.2%	1.9%	7.4%	1.1%	0.3%	0.6%
2022	2.6%	1.3%	1.0%	1.9%	1.6%	1.9%	4.8%	0.9%	0.1%	0.3%
2023	2.7%	1.3%	0.7%	1.8%	0.4%	1.9%	4.0%	0.7%	-0.2%	-0.2%
2024	2.7%	1.2%	0.6%	1.8%	0.5%	2.0%	1.9%	0.7%	-0.1%	0.0%
2025	2.0%	1.2%	0.7%	1.9%	1.1%	2.0%	2.1%	0.8%	0.4%	0.5%
2026	2.2%	1.2%	0.7%	1.9%	-13.4%	2.1%	2.4%	0.8%	0.6%	0.7%
2027	2.2%	1.1%	0.7%	1.9%	18.6%	2.2%	2.5%	0.8%	0.6%	0.8%
2028	2.2%	1.1%	0.7%	1.9%	3.2%	2.1%	3.3%	0.7%	0.7%	1.0%
2029	2.4%	1.1%	0.6%	1.9%	3.9%	2.8%	3.2%	0.8%	0.8%	1.1%

Source: Washington Economic and Revenue Forecast Council, Washington Office of Financial Management 2018 long-range forecast, October 2018 Global Insight forecast adjusted for Blue Chip average GDP growth rates and NYMEX crude oil prices

Figure 6: Difference in Annual Percent Changes in Select Economic Variables from Last Forecast - November 2018 Forecast

Fiscal Year	WA Real Personal Income	Annual Driver Age Population	Driver-In Population	US General Prices (IPDC)	US Oil & Gas Price Index	US Fuel Efficiency (MPG)	Nominal Consumer Sales on New Vehicles	WA Non-ag. employment	WA Trade, Transportation and Utilities Employment	WA Retail Trade Employment
2018	▲	▬	▬	▬	▬	▬	▼	▼	▬	▼
2019	▬	▬	▬	▬	⇧	▬	⇧	▼	▼	⇩
2020	▼	▲	▲	▬	⇧	▬	⇧	▬	▼	▼
2021	▼	▲	▲	▬	⇩	▬	⇧	▬	▬	▲
2022	▼	▲	▬	▲	⇧	▬	▼	▬	▬	▲
2023	▼	▬	▬	▬	⇧	▬	⇩	▼	▼	▼
2024	▬	▬	▬	▬	⇧	▬	⇩	▬	▼	▼
2025	▬	▬	▬	▬	⇧	▬	▼	▬	▬	▬
2026	▬	▬	▬	▬	⇩	▬	▼	▬	▬	▬
2027	▬	▬	▬	▬	⇧	▬	▼	▬	▬	▬
2028	▬	▬	▬	▬	⇧	▬	⇧	▬	▬	▬
2029	▬	▬	▬	▬	⇧	▲	▬	▬	▬	▬

⇧	Difference in percentage change is greater than 1%
▲	Difference in percentage change is less than 1% and greater than 0.1%
▬	Difference in percentage change is less than 0.1% and greater than -0.1%
▼	Difference in percentage change is greater than -0.1% and less than -1%
⇩	Difference in percentage change is greater than -1%

Motor Fuel Price Forecast

Washington's transportation revenues are affected by fuel prices. In particular, gasoline tax collections are negatively related to the price of gasoline. WSDOT's budget is heavily impacted by changes in fuel prices. Therefore, projections of fuel prices are made quarterly to assist in the near and long-term budgeting process for WSDOT. The forecast includes the following price projections: U.S. West Texas Intermediate crude oil (WTI) and Washington retail prices of gasoline, diesel, and biodiesel (B5 & B99).

Source of data for the forecast

For the Washington retail price of gasoline, fuel prices are collected from the Energy Information Administration's (EIA) survey of retail prices for regular gasoline. For the retail price of diesel, the actual prices are collected from AAA's weekly publication of retail prices for diesel in Washington. The actual ferry B5 biodiesel prices are reported by the Washington State Ferries (WSF). In the short term (thorough calendar year 2019), the retail gas price forecasts are based on the growth in the national gas price forecast by EIA. The diesel and biodiesel fuel prices are projected based on the growth in national diesel prices from the Energy Information Agency (EIA) monthly projections. Beyond calendar year 2019, the fuel price projections are based on November's Global Insight national gas price forecast for future Washington gas prices and the producer price index (PPI) projections for refined petroleum products for the diesel price forecasts.

Figure 7: Near-term UNADJUSTED BASELINE Qtrly Fuel Prices: November 2018

Fiscal Year Quarter	Crude Oil Price ($/barrel)	WA Retail Gasoline Price ($/gal)	WA Retail Diesel Price ($/gal)
2017: Q3	48.16	2.89	2.93
2017: Q4	55.37	2.94	3.15
2018: Q1	62.89	2.97	3.17
2018: Q2	68.03	3.30	3.35
FY 2018	**58.61**	**3.02**	**3.15**
2018: Q3	69.76	3.30	3.53
2018: Q4	66.25	3.21	3.51
2019: Q1	62.00	3.10	3.39
2019: Q2	63.67	3.35	3.43
FY 2019	**65.42**	**3.24**	**3.46**
2019: Q3	66.67	3.40	3.51
2019: Q4	67.00	3.22	3.52
2020: Q1	66.02	3.13	3.39
2020: Q2	61.02	3.30	3.24
FY 2020	**65.18**	**3.26**	**3.42**
2020: Q3	62.75	3.28	3.35
2020: Q4	59.11	2.95	3.19
2021: Q1	61.33	2.97	3.26
2021: Q2	62.63	3.33	3.31
FY 2021	**61.46**	**3.13**	**3.27**

The forecasts of biodiesel prices include two different biodiesel prices: B5 and B99 without the renewable identification number (RIN). WSF currently purchases biodiesel B5. WSDOT also purchases B99 biodiesel without RIN for vehicle fleet needs. WSDOT receives OPIS fuel prices with the latest prices for B5 in Seattle and B99 biodiesel prices without RIN in Tacoma. The B99 prices represent those paid by other state entities' purchases of biodiesel. The B5 price is based on Washington State ferries' latest reported purchase price of biodiesel with the markup, delivery, and other tax costs included and the latest B5 OPIS prices for the current forecast month. The base for the price forecast for the B99 price without RIN for non-WSF purchases is the OPIS base price without markup, delivery, and tax costs.

Figure 8: Forecast of UNADJUSTED Washington Retail Gasoline Prices, Regular September, November and February 2018

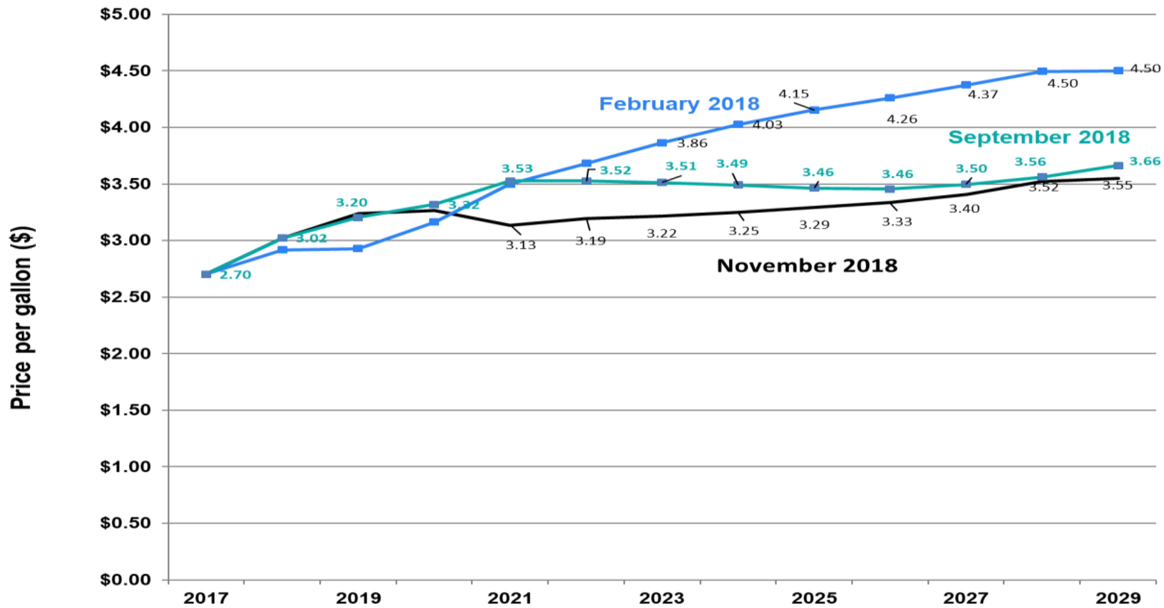
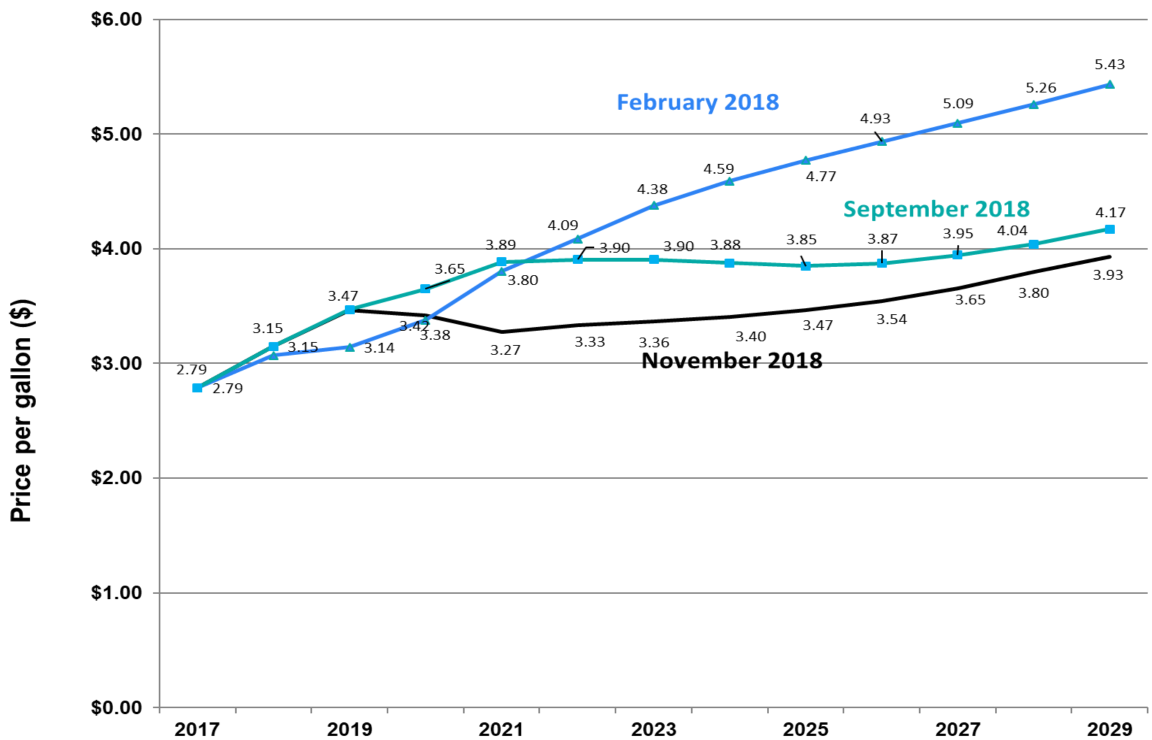


Figure 9: Forecast of UNADJUSTED Washington Retail Diesel Prices September, November and February 2018



Comparison of several current U.S. crude oil price forecasts

The WTI crude oil prices from five surveyed forecasting entities, EIA, NYMEX, Global Insight, Consensus Economics, and Moody's Economy.com were compared in this forecast. WSDOT's baseline fuel price forecasts use the Energy Information Administration (EIA) forecasts in the near-term through calendar year 2019 and then use the growth rates from Global Insight forecasts for subsequent years. The forecast for WTI crude oil in FY 2019 ranged from $60 per barrel from NYMEX to $71 per barrel from Global Insight with an average of $67 per barrel. This FY 2019 average crude oil price is 2.4% above the baseline WSDOT forecast. In FY 2020, the crude oil price projections range from $58 per barrel from NYMEX to $71 per barrel by Global Insight with an average of $67.8 per barrel. In FY 2020, there is a slight upward adjustment needed for the forecast of 1%. The forecast for WTI crude oil in FY 2021 ranged from $58 per barrel by NYMEX to $67 per barrel in the Global Insight forecast. The baseline crude oil price forecast in FY 2021 was 2.7% above the 5 entity average so an upward adjustment was made to the baseline forecast in FY 2021. Figure 10 reveals the WSDOT baseline WTI price forecast compared to the other entity's crude oil price forecasts.

Figure 10: Near-term Annual WTI Crude Oil Price Forecasts – 5 Different Forecast Comparisons: November 2018 *Dollars per barrel*

Fiscal Year	WSDOT (EIA/GI)	NYMEX	Global Insight	Economy.com	Consensus Economics	5 Entity Avg	% Diff Lowest	% Diff Highest	% Diff Average
2019	$65.42	$60.04	$71.06	$69.32	$69.11	$66.99	-8.22%	8.62%	2.40%
2020	$65.18	$58.08	$71.35	$66.75	$67.81	$65.83	-10.88%	9.47%	1.01%
2021	$61.46	$58.39	$67.11	$63.85	$64.90	$63.14	-4.99%	9.19%	2.74%

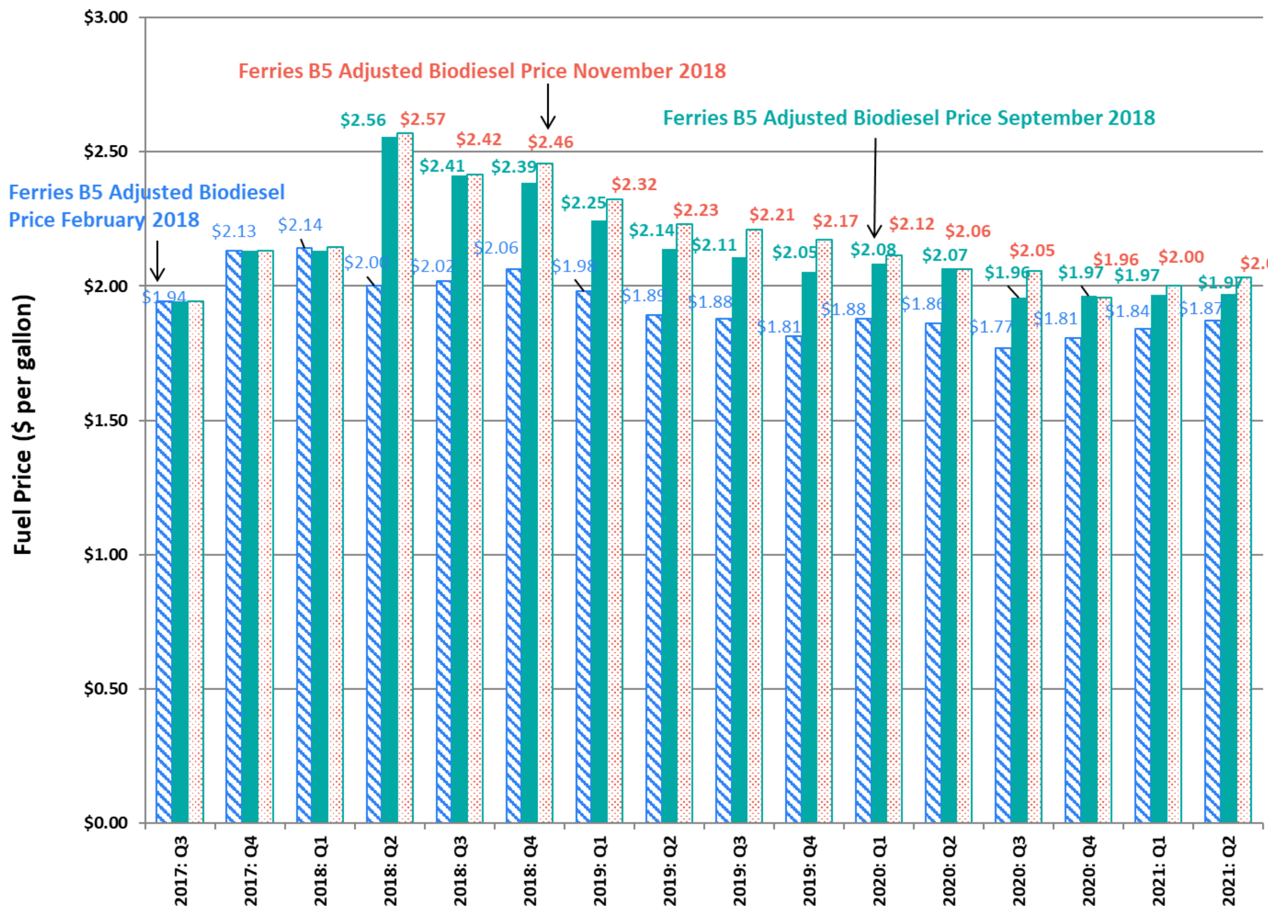
Figure 11: Near-term Average Adjusted Quarterly Fuel Prices and B5 Biodiesel Prices and Unadjusted B99 Biodiesel Prices Used for Budgeting Purposes: November 2018 *Dollars per gallon*

Fiscal Year Quarter	Adjusted WA Retail Gasoline Price ($/gal)	Adjusted WA Retail Diesel Price ($/gal)	Adjusted B5 Biodiesel Price ($/gal)	Unadjusted B99 Biodiesel price
2017Q3	2.89	2.93	1.93	2.39
2017Q4	2.94	3.15	2.14	2.37
2018Q1	2.96	3.17	2.14	2.57
2018Q2	3.30	3.35	2.57	2.99
FY2018	**3.02**	**3.15**	**2.20**	**2.59**
2018Q3	3.30	3.53	2.42	3.07
2018Q4	3.29	3.60	2.46	3.07
2019Q1	3.17	3.47	2.32	2.96
2019Q2	3.43	3.51	2.23	2.97
FY2019	**3.30**	**3.52**	**2.36**	**3.02**
2019Q3	3.44	3.54	2.21	3.04
20198Q4	3.25	3.55	2.17	3.05
2020Q1	3.16	3.43	2.12	2.94
2020Q2	3.34	3.28	2.06	2.81
FY2020	**3.30**	**3.45**	**2.14**	**2.96**
2020Q3	3.37	3.44	2.05	2.90
2020Q4	3.03	3.27	1.96	2.76
2021Q1	3.05	3.35	2.00	2.82
2021Q2	3.42	3.40	2.03	2.87
FY2021	**3.22**	**3.36**	**2.01**	**2.84**

WSDOT applies the five entity forecast average adjustment to the baseline November 2018 retail gasoline, diesel, and B5 biodiesel prices. The fuel prices listed in Figure 11 will be used to estimate the future costs to WSDOT agency's 2017-19 biennium budget and next biennium budget for gas, diesel and biodiesel fuel purchases for fiscal years 2018 through 2021. The latest adjusted forecast requires a 2% adjustment upward in the baseline fuel prices for retail gas, diesel and B5 biodiesel prices for FY 2019 and 1% upward adjustment to the baseline fuel prices in FY 2020. In FY 2021, the baseline fuel prices are also adjusted upward by 2.7%.

As Figure 12 reveals, the new B5 fuel price forecast is slightly higher in the fourth quarter of 2018 than in September and well above the baseline February forecast. This November B5 fuel price forecast is slightly higher in all quarters of the forecast horizon from the last September forecast. By the end of FY 2021, this November forecast is only minimally above the prior September and February (baseline) forecasts.

Figure 12: Quarterly Ferries Adjusted B5 Biodiesel Prices Used for Budgeting the 2017-19 and 2019-21 Biennia September, November vs. February 2018 Forecasts



Motor Vehicle Fuel Tax Forecast

Overview

Motor fuel tax collections for September through October 2018 came in below the September 2018 forecast by 2.3 percent or $3.7 million. Gasoline tax collections underperformed September projections by $5.6 million or 2.2%. Diesel collections came in above projections by $1.9 million or 3.8%.

The forecast for gross fuel tax revenue for the 2017-2019 biennium is $3.574 million, or 0.1 percent below the September 2018 forecast. In the 2019-2021 biennium, gross fuel tax collections are $3.71 billion - $15.38 million (0.41%) lower than estimated in September 2018. Total fuel tax revenue for the 10-year period beginning in the current biennium and ending in the 2025-27 biennium is $18.83 billion. This is $66.5 million lower, or 0.4% less, than the September 2018 revenue forecast. Current fuel tax revenue forecast projections are lower than September's forecast throughout the forecast horizon. This revision in November is due to changes in the gasoline tax revenue forecast not the diesel tax forecast which is essentially unchanged after the current fiscal year.

Primary Reasons for Changes in the Forecast

The decline in gasoline revenues is due to lower consumption and tax collections in recent months but diesel tax collections have been tracking the last forecast. The employment forecasts used in these consumption models is also lower than last quarter's projections.

- In the current biennium, gross fuel tax collections decrease by $3.57 million due to actuals coming in lower than anticipated by the September forecast. The current biennium projections for gasoline tax revenue is down $5.6 million over the last forecast while the projection for special fuels is up $2.0 million.
- Total Gasoline tax collections decrease by $68.5 million cumulatively over the 10-year forecast horizon. The long-term decrease results from slightly lower actuals year-to-date and correspondingly lower rates growth rates compounded in FY2020-FY2029.
- Special fuel tax revenue is projected to be $2.0 million more in the next ten years compared to the September forecast. The increase in revenues is driven by FY19 year-to-date revenues and the out years are unchanged from September's projections for diesel tax collections.
- Non-highway refunds, particularly tribal refunds, are a major damper on fuel tax revenue growth in the current fiscal year. Note that this estimate has not changed since September in the out years.

Motor Vehicle Revenue (Licenses, Permits, and Fees)

Overview

Vehicle related forecasts fall into two main categories: motor vehicle registrations and license plate-related fees. This forecast has a variety of small fees but the majority of the revenue is from registration-based fees. There are five main economic drivers for the vehicle licenses, permits, and fees (LPF) forecast: Washington population and net migration, Washington real personal income, Washington Retail Employment, Washington - U.S. real income share, and U.S. sales of light vehicles.

Washington State anticipates collecting about $1.49 billion from vehicle licenses, permits, and fees (LPFs) in the 2017-2019 biennium, a decrease of $15.7 million or 1.04% compared to the forecast in September. Next biennium, vehicle licenses, permits and fee revenue is anticipated to decrease by $35.20 million over the last projection. Over the next 10-year period, the LPF forecast is anticipated to be $8.167 billion and the November forecast is down $180.6 million or 2% below the last projections. If you compare the June forecast with the November forecast, the difference is minimal as the September forecast brought LPF revenue up by about a corresponding amount as the November forecast is now bringing the LPF revenue back down again to near the June 2018 forecast level.

Primary reasons for the change in the November 2018 forecast

- For fiscal year 2019, passenger car registrations are down 104,700 vehicles or 1.97% below the previous forecast. This is due to actual passenger car registrations being down from the last forecast. For FY 2020, passenger car registrations will be 2.06% lower than the previous forecast. The vehicle registration forecast remains more than 2% lower from 2021 through 2029. The decreased registrations forecast is mainly due to the downward-revised 2018 registration actuals, lower actual registrations received for the first three months of 2019 and slightly lower personal income growth rates in the near term forecasted by the Economic Revenue Forecast Council.

- In the current fiscal year, trucks registrations are down also by 29,700 vehicles or 1.8% below the previous forecast. In FY 2020, truck registrations will decrease 1.95% from the previous forecast. The truck forecast reveals a forecast-to-forecast decrease in registrations of about 2% throughout the forecast horizon. The lower truck registration forecast is due to the downward-revised in 2018 registration actuals, lower actual registrations received for recent months in 2019 and a lower retail trade employment growth forecasted by ERFC.

- In the 2017-19 biennium, $30 registrations revenue is down 0.81% or $2.87 million less due to lower car registrations. In the next biennium, revenue from $30 registrations is about $6.3 million lower than the previous forecast. The forecast runs about $8.3 million (2.06%) less than the September forecast by the end of the forecast horizon.

- In the 2017-19 biennium, truck revenue is forecasted lower for $3.4 million in November than the previous one. This is due to the November lower truck registration forecast. The revenue keeps decreasing in the following biennium, and by the end of the forecast horizon, we are seeing a $9.6 million decreased revenue in 2027-29 biennium.

- In the 2017-19 biennium, the Freight Project fee is about $0.22 million less than the previous forecast due to the lower truck registration forecast. This keeps happening in the out years. By the end of this forecast horizon, we will see a $0.61 million decreased in freight project fee revenue in 2027-29 biennium.

- The Passenger weight fee revenue is impacted by the decreased in passenger car registration forecast, so we see a corresponding decrease in passenger car weight fees. In the 2017-19 biennium there is an about $3.2 million, or 0.99% forecast to forecast decrease. This decrease in passenger weight fee revenue will grow to $12 million, or 2.37% by the end of the forecast.

- Vehicle Title Forecast revenue deposits are coming in lower than transactions would entail. IT and DRIVES staff are working to resolve the issue and believe that transaction counts are not accurate, while deposits are close to what they should be. Therefore, the forecast is revised down about 2/3 of the way from the statutory fees to the realized fees. Compared to the September forecast, the total title application revenue is down 5.1% or $3.2 million for the current biennium and an average of 9.4% or $6.9 million for future biennia.

- Capital Vessel Replacement Account (18J) Registration and Title Service Fees Total vehicle registration service fee for the current biennium up 1.4% or $320 thousand in the current biennium due to a revision of deposits for FY18. Total registration service fee revenue is down an average of 2% or $500 thousand over future biennia. Vehicle title application transactions are revised down for similar reasons around title forecasts where it looks more likely that the new DRIVES system shows more transactions than revenue deposits would entail. The statutory title service fee is $12. But the realized rates are: FY18 is $8.52 and for FY19 year to date is $5.29 million. This is being investigated currently, but no conclusions have been made yet. The revenue forecast for all fiscal years uses a rate of $8.00. Vehicle title revenue is down an average of 33% or $4.00 million over future biennia compared to the September forecast. The current biennium is down 19% or $1.9 million.

- Electric Vehicle $100 & $50 Fees. The number of EV originals has been revised down in the November forecast due to improvements added to DRIVES transaction extraction. This results in renewal revenue to drop 0.5% in the current biennium and an average of 2.8% or $577,000 over all future biennia. The PHEV renewal history and forecast has not changed.

Driver Related Revenue Forecasts

Overview

The November 2018 forecast of driver related revenue projected by the Department of Licensing includes the following revenues: driver license fees (including commercial driver licenses, enhanced driver licenses, and temporary restricted licenses), ID card fees, driver exam application fees, copies of records, motorcycle operator fees, ignition interlock fees, and other miscellaneous fees. The miscellaneous fees include vehicle filing fees, limousine licenses, fines and forfeitures, and driver school instructor license fees. These driver-related fees are deposited into the Highway Safety Fund (HSF), Motorcycle Safety Education Account (MSEA), the State Patrol Highway Account (SPHA), and Ignition Interlock Revolving Account (IIRA).

All driver-related revenue for FY2017-19 biennium is estimated at $290.1 million, about $16.3 million lower (or -5.3%) than the prior forecast. Revenue for FY2019-21 biennium is forecasted at $322.2 million, about $13 million (or -3.9%) lower than the prior forecast. Over the next ten year period (FY18-FY27), driver related revenue is anticipated to total $1,623.8 million, about $26.1 million (-1.6%) lower from the prior forecast.

It is important to note that many of the driver related revenue streams follow a five-year renewal cycle until FY2015 when DOL started issuing six year licenses. Caution is advised in year over year comparisons.

Primary reasons for the change in the November 2018 forecast

- EDL transactions came in much lower than expected. We have not experienced volumes consistent with DOL decision package estimates, which were developed more than a year ago. The "Federal Limits Apply" marking that began in July did not impact volumes as much as we projected it would with the assumed marking of "Not valid for Federal purposes". Also the public campaign was geared towards information about customer options rather than calling for action as originally assumed. We have adjusted the Forecast to better align with actual transactions and our current expectations for EDL/EID volumes. Predicting human behavior is extremely challenging and it appears customers are waiting to come in and upgrade to an EDL/EID. REAL ID requirements do not go into effect until October 2020, which means customers still have two years until they cannot get on an airplane without a REAL ID compliant document.
- Partly due to complications around DOL system change to DRIVES, the decision was made recently to stop extensions for the remainder of the fiscal year. This lowers driver license renewals in FY2020 and every six years thereafter.
- OFM's new November population forecast has a small positive impact to original driver license issuances.

Other Transportation Related Revenue Forecast

Overview

This category of transportation related revenue forecasts consist of four primary components: vehicle sales and use taxes, rental car sales taxes, studded tire fees, business and other revenue and aeronautics revenue. The business and other revenue category includes the following revenue sources:

- Sales of property
- WSP and DOT services and publications and documents
- Filing fees and legal services
- Property management
- Access Permits (Highways)
- Outdoor Advertising
- Other revenues

State Patrol Highway Account miscellaneous revenue consists of ACCESS fees (fees charged for usage of our statewide law enforcement telecommunications system), Breathalyzer Test fines, DUI Cost Reimbursement, Commercial Vehicle Penalties and Communication Tower Site Leases and Terminal Safety Inspection fees.

Washington State collected $192.66 million from Other Transportation Related revenues in the 2015-2017 biennium and are projected to be $211 million in the 2017-19 biennium, an increase of 9.5% biennium to biennium. For the next 10-year period, the transportation related revenue forecast is anticipated to be $1.149 million, which is up $7.8 million from the previous estimate in September 2018 mainly due to higher rental car taxes and higher retail sales and use tax on motor vehicles which cause a slight increase in transportation related revenue forecasts over prior projections.

Primary reasons for the change in the November 2018 forecast

- Motor vehicle sales and use tax revenue came in $344,000 above forecast in the two months since the September forecast. Sales tax collections were $423,000 higher, or 5.6%. Use tax collections were $80,000 lower, or 5.5%. The forecast for U.S. new vehicle sales is higher throughout the forecast compared to September. The forecast for U.S. sales of used vehicles is higher in the near term, but lower in the outer years of the forecast. The biennial forecast change ranges from 0.3% in the near term to 0.8% in the long term.
- Rental car collections came in $1,017,000 (13.2%) above forecast in the two months since the September forecast. The economic variables were a little weaker since the September forecast. In the current forecast, the rental car tax FY 2019 growth is forecasted to be 6.7%, up from 3.5% expected in September. The biennial change ranges from 1.6% in the current biennium to 0.7% in 2027-29.
- WSDOT Business and other miscellaneous revenue for November has been revised down slightly by $138,895 or -0.9% compared to the September forecast in the current biennium. This is due mainly to incorporating the latest actuals in the current biennium. Most all the business related revenues were down slightly except for sale of property which did not change from the last forecast. In the outer biennium, the business related revenues are up slightly due to the incorporation of the 2018 population forecast growth rates. Overall, WSDOT Business related revenues are nearly no change after the current biennium which is up minimally from the last forecast due to incorporating the latest population forecast which is slightly higher.
- The school zone fines forecast is revised upward by 5.5% or $45,075 per biennium due to actuals coming in higher than projected.
- WSP business related revenue for November in the current biennium is down by $51,000 or 4% from the last forecast for WSP access fees coming in lower than expected. Then the WSP revenues have been revised upward from the September forecast in the outer years due to the new higher population estimates from OFM.
- The aircraft registration and excise tax revenues have not been revised in this November forecast.

- The aeronautics fuel tax refund transfer had been revised slightly downward in the current and future biennium due to lower gasoline tax projections in this November forecast.
- Aviation Fuel Tax 039 forecast is unchanged from the previous forecast.
- This Aviation Specialty Plate forecast is lower in FY 2017-19 by -$5,000 or -8.7% than the September forecast based on actuals thru October 2018. The forecast continues lower on average by -$6,840 or -3.8% per biennium throughout the forecast horizon.

Ferry Ridership and Revenue

Overview

For the current forecast, the ferry fare revenue and ridership forecasts for Washington State Ferries are completed in four stages applying to seven fare categories. The seven fare categories are:

- Passenger full fares
- Passenger frequent user discounted (commuter) fares
- Passenger other discounted fares (e.g., senior fare, youth fare)
- Auto / driver full fares
- Auto / driver frequent user discounted (commuter) fares
- Other vehicle / driver discounted (senior/disabled and motorcycle) fares
- Oversize vehicle / driver (over 22 feet in length) fares

In August 2017, the Washington State Transportation Commission adopted two annual fare increases, the first of which took effect on October 1, 2017 (FY 2018), with the second occurring recently on October 1, 2018 (FY 2019). The first increase raised passenger fares by 2.1% and vehicle/driver fares by 2.9%, except oversize vehicles, which will receive smaller fare increases averaging about 1.6% overall. The second increase occurring last month raised passenger fares by another 2.1% and non-oversize vehicle/driver fares by 2.5%. Oversize vehicle fares remained unchanged over their FY 2018 values. With no further fare increases included in the Baseline Forecast, real fares will slowly decline beyond FY 2019 due to general inflation.

Overall, the November Baseline Forecast ridership in the current 2017-19 biennium is 0.2% lower than the September Forecast (including actual ridership data through October 2018), and fare revenues are also projected to be 0.2% lower (including actual collections through October 2018). These small decreases reflect the most recent performance so far in 2018, which included unanticipated service disruptions on the Port Townsend-Coupeville route in September and the Anacortes-San Juan Islands-Sidney, B.C. service in October. Over the rest of the forecast horizon, the November ridership and revenue projections are lower than forecasted in September. This is due to the ridership dampening effects of lower employment projections and longer term higher real gas prices more than offsetting the boosting effects of slightly higher real personal income and marginally lower real fares from higher inflation projections.

For the current biennium, miscellaneous revenues have been revised based on actual data coming in so far in FY 2019, plus revised estimates based on vendor projections and approved price increases. For the remainder of the 2017-2019 biennium, the forecast for vessel non-fare revenue is up 4.7%, while terminal non-fare revenue is down 3.3%, for a total miscellaneous revenue increase of 0.8%. For the 2019-2021 and subsequent biennia, both vessel and terminal non-fare revenue is up, ranging from 7.1% to 8.1%, compared to the September forecast. This is due to a combination of elements, including WSF's recently approved price increases for both Diamond Parking (at the Anacortes and Kingston parking lots) and food service in the vessel galleys. Also, vending revenues have increased due to improved maintenance of the machines, and new products.

Total fare and miscellaneous revenues forecasted for the 2017-19 biennium amount to $404.5 million, which is 0.1% lower than the last forecast. This is the result of a lower farebox projection for FY 2019 partially offset by a higher miscellaneous revenues forecast. Over 12 years (FY 2018-29), ferry fare and miscellaneous revenue totals $2.59 billion, which is 0.2% lower than the September Forecast.

Primary reasons for the change in the November 2018 forecast

- Overall, the November fares forecast is the result of lower forecast period employment projections and higher longer-term real gas prices more than offsetting other positive influences.
- Increases in miscellaneous revenue are due to a combination of elements, including WSF's recently approved price increases for both Diamond Parking (at the Anacortes and Kingston parking lots) and food service in the vessel galleys. Also, vending revenues have increased due to improved maintenance of the machines, and new products.

Toll Revenue

Overview

Washington State has four tolled facilities. The November 2018 forecast shows that there are anticipated changes in toll traffic and toll revenues for all facilities.

Overall toll revenues have showed sizeable increase in the updated forecast. Total revenues in 2017-19 biennium are forecasted to be up by $21.4 million (5.4 percent increase); twelve-year (FY 2018 to FY 2029) total revenues are up by $132 million (4.9 percent increase). I-405 Express Toll Lanes (ETLs) and SR 520 Toll Bridge are the main drives for the higher forecasted revenues. Forecast update for Tacoma Narrows Bridge (TNB) is relatively flat, with less than one percent increase across forecast horizon. Forecasted traffic and revenue for SR 167 High Occupancy Toll (HOT) Lanes are actually reduced to reflect the actual performance in FY 2018.

The upward trend in November 2018 forecast reflects the actuals in FY 2018. Comparing to November 2017 forecast (the prior toll revenue forecast update), FY 2018 total revenues were up by $12.1 million (6.2 percent), with I-405 ETLs and SR 520 showing strong revenue growth. Figure 12 shows the actuals and forecast comparison details for FY 2018.

Figure 12: FY 2018 Actuals vs November 2017 Forecast

Toll Facility	November 2017 Forecast	Actuals	Variance	Variance %
TNB				
Toll Traffic	15,238,000	15,348,746	110,746	0.7%
Adjusted Gross Toll Revenue	$ 79,876,000	$ 81,677,021	$ 1,801,021	2.3%
Other Revenue	$ 3,006,000	$ 3,694,187	$ 688,187	22.9%
Total TNB Revenue & Fees	$ 82,882,000	$ 85,371,208	$ 2,489,208	3.0%
SR 167 HOT Lanes				
Toll Traffic	1,683,000	1,604,802	(78,198)	-4.6%
Adjusted Gross Toll Revenue	$ 3,417,000	$ 3,312,955	$ (104,045)	-3.0%
Other Revenue	$ 125,000	$ 161,546	$ 36,546	29.2%
Total SR 167 HOT Lanes Revenue & Fees	$ 3,542,000	$ 3,474,501	$ (67,499)	-1.9%
SR 520				
Toll Traffic	24,609,000	25,785,356	1,176,356	4.8%
Adjusted Gross Toll Revenue	$ 80,021,000	$ 83,182,242	$ 3,161,242	4.0%
Other Revenue	$ 6,236,000	$ 8,520,535	$ 2,284,535	36.6%
Total SR 520 Revenue & Fees	$ 86,257,000	$ 91,702,777	$ 5,445,777	6.3%
I-405 ETLs				
Toll Traffic	10,133,000	10,059,894	(73,106)	-0.7%
Adjusted Gross Toll Revenue	$ 21,445,000	$ 24,081,748	$ 2,636,748	12.3%
Other Revenue	$ 2,160,000	$ 3,760,870	$ 1,600,870	74.1%
Total I-405 ETLs Revenue & Fees	$ 23,605,000	$ 27,842,618	$ 4,237,618	18.0%
All Toll Facilities				
Toll Traffic	51,663,000	52,798,798	1,135,798	2.2%
Adjusted Gross Toll Revenue	**$ 184,759,000**	**$ 192,253,965**	**$ 7,494,965**	**4.1%**
Other Revenue	**$ 11,527,000**	**$ 16,137,138**	**$ 4,610,138**	**40.0%**
Total Revenue & Fees	**$ 196,286,000**	**$ 208,391,103**	**$ 12,105,103**	**6.2%**

Figure 12 is a summary of FY 2018 performance against last year's forecast by Facility.

- Tacoma Narrows Bridge (TNB): Results of November 2018 update show small increases (less than one percent) for both toll traffic and total revenues comparing to the prior forecast. The new forecast includes an upward adjustment to reflect FY 2018 actuals higher than the prior forecast. The same adjustment in toll transactions, an increase of about 0.5 to 0.7 percent, continued throughout the forecast horizon. Beginning in FY 2020, transit and vanpools will be able to utilize the facility toll-free, increasing the number of non-revenue transactions for the remainder of the forecast. The increase in transactional forecast also leads to an increase in the toll revenue forecast with adjusted revenue for the November 2018 forecast being 0.1 to 0.6 percent higher than the prior forecast.
- SR 167 High Occupancy Toll (HOT) Lanes: FY 2019 forecasted toll traffic and revenues for the pilot project are adjusted downward, reflecting the actual transaction and revenue performance through June 2018. This includes the impacts from ongoing construction in the vicinity of the I-405/SR 167 interchange.

- SR 520 Toll Bridge: Actual toll transactions in FY 2018 were up 4.8 percent and adjusted gross revenue was up 4.0 percent compared to November 2017 forecast. In the November 2018 update, SR 520 traffic forecast is up 4.7 percent in FY 2019 and 4.7 percent in FY 2020. These upward adjustments in transactions also lead to increases in gross revenue potential, from 3.2 percent in FY 2019 to 3.0 percent in FY 2020. The strong toll revenue growth continues through forecast horizon. Miscellaneous revenue is more than doubled due to a revision in the assumed interest rate from 0.5 percent to 0.9 percent, and a higher underlying balance is used as the basis of interest income. Total gross toll revenue and fees are expected to be higher in the FY 2017-19 biennium by 4 percent and in the FY 2019-21 biennium by 3 percent, before increasing from 4 percent in the FY 21-23 biennium to 7 percent in the FY 27-29 biennium.

- I-405 Express Toll Lanes (ETLs): 2018 November update projects a reduction in toll trips through FY 2029, ranging from 5.3 percent to 26.3 percent, based on higher average toll rates due to recent adjustments to the tolling algorithm. An upward adjustment in non-toll trips was also incorporated into the update to reflect actual travel patterns. Despite a reduction in toll trips the I-405 new gross revenue potential forecast in the current biennium is up by $8.3 million or 16 percent from the last forecast primarily due to a combination of higher forecasted toll rates partially driven by higher carpool trips to align with actual experience. Attributed to vehicles travelling through multiple toll points and additional opportunities to capture license plate images, the rate of leakage attributed to unreadable license plates was reduced from 5.5 percent in the November 2017 forecast to 3.5 percent in the November 2018 forecast and settles at 3 percent by FY 2020 in the November 2018 forecast. The adjusted gross toll revenue is projected to be $9.4 million, or 21 percent, higher for 2017-19 biennium, and continues to be more than 20 percent higher through the 2025-27 biennium before gradually reducing to a 9.6 percent increase over the prior forecast in the 2027-29 biennium. Miscellaneous revenue, primarily attributed to interest earnings, was not forecasted in the November 2017 projections. Now it is provided in 2018 November forecast based on actual experience, the interest rate is 0.9 percent.

- FY 2019 Actuals (July to September) vs November 2018 Forecast:

  This November 2018 forecast reflects the actual transaction and revenue performance through June 2018. Figure 13 below provides actual traffic and adjusted gross toll revenue for the four facilities from July through September 2018.

  For the first three months of the year, in comparison to the November 2018 forecasts transactions are within a percent of the forecast for TNB, SR 167 and I-405 and 3 percent higher for SR 520. Similar to toll trips. Adjusted gross toll revenue is within a percent of the forecast for TNB, SR 167 and I-405 and 2 percent higher for SR 520.

Figure 13: FY 2019 YTD Actuals (July to September) vs November 2018 Forecast

Toll Facility	Toll Traffic				Adjusted Gross Toll Revenue			
	Forecast	Actuals	Variance	Variance %	Forecast	Actuals	Variance	Variance %
TNB	4,084,000	4,084,550	550	0.0%	$ 21,486,000	$ 21,688,287	$ 202,287	0.9%
SR 167 HOT Lanes	394,000	394,238	238	0.1%	$ 817,000	$ 816,487	$ (513)	-0.1%
SR 520	6,632,000	6,857,420	225,420	3.4%	21,117,000	21,613,569	$ 496,569	2.4%
I-405 ETLs	2,666,000	2,628,573	(37,427)	-1.4%	7,610,000	$ 7,588,352	(21,648)	-0.3%
Total	13,776,000	13,964,781	188,781	1.4%	$ 51,030,000	$ 51,706,696	676,696	1.3%

Overall, gross toll revenue is up to $391.4 million and $15.61 million higher than last year's projections in the current biennium. Next biennium, adjusted gross toll revenue is raised to $408 million and up $16.99 million from last year's projections. The largest increase in this year's toll revenue forecast is from I-405 ETLs forecast increase. SR 520 is the second largest contributor to the higher forecast.

Figure 14 is a summary of changes to the Adjusted Gross Toll Revenue. More details are available under the narratives for each toll facility.

Figure 14: Changes to Adjusted Gross Toll Revenue ($ million)

	Toll Facility	FY 2018	FY 2019	2017-19 Biennium	FY 2020	FY 2021	2019-21 Biennium
November 2018 TRFC	TNB	$81.677	$81.121	$162.798	$82.448	$83.519	$165.967
	SR 167 HOT Lanes	$3.313	$3.328	$6.641			
	SR 520	$83.182	$84.419	$167.601	$86.956	$89.689	$176.645
	I-405 ETLs	$24.082	$30.242	$54.324	$31.963	$33.458	$65.421
	Total	**$192.254**	**$199.110**	**$391.364**	**$201.367**	**$206.666**	**$408.033**
November 2017 TRFC	TNB	$79.876	$81.097	$160.973	$82.374	$83.566	$165.940
	SR 167 HOT Lanes	$3.417	$3.722	$7.139			
	SR 520	$80.021	$82.673	$162.694	$85.003	$87.796	$172.799
	I-405 ETLs	$21.445	$23.500	$44.945	$25.253	$27.050	$52.303
	Total	**$184.759**	**$190.992**	**$375.751**	**$192.630**	**$198.412**	**$391.042**
Changes from November 2017 TRFC	TNB	$1.801	$0.024	$1.825	$0.074	-$0.047	$0.027
		2.3%	0.0%	1.1%	0.1%	-0.1%	0.0%
	SR 167 HOT Lanes	-$0.104	-$0.394	-$0.498			
		-3.0%	-10.6%	-7.0%			
	SR 520	$3.161	$1.746	$4.907	$1.953	$1.893	$3.846
		4.0%	2.1%	3.0%	2.3%	2.2%	2.2%
	I-405 ETLs	$2.637	$6.742	$9.379	$6.710	$6.408	$13.118
		12.3%	28.7%	20.9%	26.6%	23.7%	25.1%
	Total Changes	**$7.495**	**$8.118**	**$15.613**	**$8.737**	**$8.254**	**$16.991**
		4.1%	4.3%	4.2%	4.5%	4.2%	4.3%

Updates to Tacoma Narrows Bridge (TNB) traffic and toll revenue

TNB's primary change in November 2018 forecast is to reflect FY 2018 actual performance and payment mix revision.

November update includes an upward adjustment to the prior forecast to reflect FY 2018 actuals higher than the prior forecast. The same adjustment in transactions, an increase of about 0.7 percent, continued throughout the forecast horizon. There is also a revision in the payment mix for TNB. For FY 2019, Good To Go (GTG) transponder transactions percent of total is decreased from 59.1 to 56.3 percent, image-based transactions (PBP and PBM combined) is increased from 18.0 to 21.2 percent, and cash transactions are decreased from 22.9 to 22.5 percent. Beginning in FY 2020, transit and vanpools will be able to utilize the facility toll-free, increasing the number of non-revenue transactions for the remainder of the forecast. This same trend continues throughout the forecast horizon. 2018 November forecast anticipates the transponder transaction share will go up in the future, reaching to a steady stage of 64.5% in FY 2026.

All the factors combined, comparing to the prior forecast, 2018 November forecast shows TNB adjusted gross toll revenue is increased by $1.83 million (or 1.1 percent) in 2019-21 biennium. Adjusted gross toll revenue in future biennium is increased by less than 0.6 percent through forecast horizon. TNB civil penalty forecast is brought up by $727,000 (a 20.5% increase) in the current biennium; this increase is partially due to over $400,000 delayed civil penalties from FY 2017 that were collected in FY 2018. Future biennia civil penalty revenues are also increased; this is due to a higher share of PBM transactions and an increase on civil penalty payment ratio. Overall, total TNB toll and fee revenues are up by less than one percent from the last forecast over the forecast horizon.

Updates to SR 167 High Occupancy Toll (HOT) Lanes traffic and toll revenue

Under current law, SR 167 HOT lanes pilot program will expire in June 2019. The baseline toll revenue forecast has the HOT lanes traffic and revenue ending at the end of FY 2019. An alternative forecast is provided for FY 2020 to FY 2029.

SR 167 November 2018 forecast reflects the actual transaction and revenue performance through June 2018. Comparing to last forecast, FY 2019 forecasted toll transactions are decreased to 1,607,200, down by 203,800 transactions (11.3 percent decrease). FY 2019 toll revenue is forecasted to be $3,328,200, down by $393,600 (10.6 percent decrease). These adjustments reflect recent stagnation in transaction growth likely due to ongoing construction in the vicinity of the 405/167 interchange. Transponder sales are down and miscellaneous revenue are up from the last forecast. 2017-19 Biennium total forecasted revenues are $6.9 million, down by $469,299 or six percent from the prior forecast.

Updates to SR 520 Toll Bridge traffic and toll revenue

The SR 520 November 2018 TRFC forecast incorporates actuals through June 2018, a revised socioeconomic forecast, the latest closure assumptions for SR 520 and I-90, incorporation of actual results from overnight tolling, and revised payment share projections.

Figure 15 is the comparison of main assumptions and methodologies used in this forecast compared to the prior forecast.

SR 520's full FY 2018 reported transactions are 4.8 percent higher than the November 2017 forecast values (finalized in November 2017 TRFC). November 2018 traffic forecast is up 4.7 percent in FY 2019 and 4.7 percent in FY 2020. This change in the current fiscal year traffic for SR 520 is partly due to FY 2018 traffic coming in above the last forecast. There was no change to closure assumptions so the increases in transactions continue from 4.3 to 6.6 percent between FY 2021 and FY 2029. These upward adjustments in transactions also lead to increases in adjusted revenue potential, ranging from 2.9 to 7.0 percent.

SR 520 gross toll revenue potential in this forecast is up $5.9 million or 3.3% from last year's projections in the current biennium. This same forecast revision holds true next biennium as well as gross toll revenue for SR 520 is also up $5.5 million or 3% This increase rises a little each biennium throughout the forecast horizon. The gross toll revenue potential was 3.5 percent higher while the adjusted gross toll revenue values were 4 percent higher than the November 2017 forecast. The adjusted gross toll revenue values include approximately $616,000 in recaptured toll revenue through the Customer Program for Resolution (CPR), which provides customers with overdue unpaid tolls, fees, and penalties an opportunity to resolve the underlying issues with their late payments and have the fees and penalties (but not the tolls) waived as a one-time courtesy. The program was implemented in July 2015, and FY 2018 forecasted values were estimated to be $596,000 in the November 2017 forecast. Revenue recovered in the CPR program is anticipated to remain steady for the remainder of the forecast horizon through FY 2029. The forecast for miscellaneous pledged revenue is significantly higher than the November 2017 forecast due to revised assumptions on the interest rate applied to the principle balance which was increased from 0.5 percent in the November 2017 forecast to 0.9 percent in the November 2019 forecast. Aside from an initial deposit of $50,000, the anticipated payment for the sale of the Aberdeen Casting basin land is not included in the November 2018 forecast as an agreement has not been formally adopted as of November 15, 2018.

Figure 15: SR 520 Main Assumptions and Methodologies Comparison

<table>
<tr><th></th><th>November 2017 Forecast</th><th>November 2018 Forecast</th></tr>
<tr><td>Exemption Policies</td><td colspan="2" rowspan="2">No change.</td></tr>
<tr><td>Value of Time</td></tr>
<tr><td>SR 520 Connecting Washington Construction Phase Assumption</td><td>- FY 2019-2023: Current Configuration with Main Bridge Span Replaced and New West Approach Bridge North
- FY 2024-2026: West Approach Bridge North and South Complete
- After FY 2027: Portage Bay Bridge replaced, new I-5 HOV connection.</td><td>Update: Final configuration completion year changed from FY 2027 to FY 2028.</td></tr>
<tr><td>Closure Assumption</td><td>
<table>
<tr><th>FY</th><th>Weekday Overnight</th><th>Weekend</th></tr>
<tr><td>2019</td><td>-</td><td>10.0</td></tr>
<tr><td>2020</td><td>35.5</td><td>20.5</td></tr>
<tr><td>2021</td><td>37.8</td><td>21.0</td></tr>
<tr><td>2022</td><td>38.3</td><td>22.0</td></tr>
<tr><td>2023</td><td>30.5</td><td>15.5</td></tr>
<tr><td>2024</td><td>10.0</td><td>3.0</td></tr>
<tr><td>2025</td><td>10.0</td><td>3.0</td></tr>
<tr><td>2026</td><td>12.0</td><td>7.0</td></tr>
<tr><td>Total</td><td>174.1</td><td>102.0</td></tr>
</table>
</td><td>Update:
• The number of closure days remain the same;
• Based on actual data, 2018 forecast assumes lower closure impact during weekday nights and higher closure impact during weekends;
• Overall, 2018 forecast assumes higher revenue loss by about $0.8 million mainly due to underestimated impact of weekend closures.</td></tr>
<tr><td colspan="3">Socio-economic inputs</td></tr>
<tr><td>Population growth assumption</td><td>The main cities (Seattle Bellevue, Kirkland and Redmond) growth is estimated 1.25% till 2025 and 0.85% till 2045.
<table>
<tr><th>County</th><th>Compound Growth Rate (2015-2025)</th><th>Compound Growth Rate (2025-2045)</th></tr>
<tr><td>King</td><td>0.96%</td><td>0.71%</td></tr>
<tr><td>Kitsap</td><td>0.72%</td><td>1.17%</td></tr>
<tr><td>Pierce</td><td>0.91%</td><td>0.98%</td></tr>
<tr><td>Snohomish</td><td>1.18%</td><td>0.90%</td></tr>
</table>
</td><td>Update:
• Population Growth Rate is significantly higher till 2025 for all counties;
• The main cities (Seattle Bellevue, Kirkland and Redmond) growth is a major driver: it's 1.95% till 2025, and 0.92% till 2045.
<table>
<tr><th>Compound Growth Rate (2015-2025)</th><th>Compound Growth Rate (2025-2045)</th><th>Compound Growth Rate (2025-2045)</th></tr>
<tr><td>King</td><td>1.65%</td><td>0.71%</td></tr>
<tr><td>Kitsap</td><td>0.91%</td><td>1.42%</td></tr>
<tr><td>Pierce</td><td>1.28%</td><td>0.96%</td></tr>
<tr><td>Snohomish</td><td>1.86%</td><td>1.42%</td></tr>
</table>
</td></tr>
<tr><td>Employment growth assumption</td><td>The main cities (Seattle Bellevue, Kirkland and Redmond) growth is estimated 1.18% till 2025 and 1.39% till 2045.
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<tr><th>County</th><th>Compound Growth Rate (2015-2025)</th><th>Compound Growth Rate (2025-2045)</th></tr>
<tr><td>King</td><td>1.07%</td><td>1.47%</td></tr>
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<tr><td>Pierce</td><td>0.58%</td><td>1.55%</td></tr>
<tr><td>Snohomish</td><td>0.75%</td><td>1.50%</td></tr>
</table>
</td><td>Updates:
• Employment Growth Rate is higher for all counties till 2025;
• The main cities (Seattle Bellevue, Kirkland and Redmond) growth is a major driver: it's 1.41% till 2025 and 1.14% till 2045.
<table>
<tr><th>County</th><th>Compound Growth Rate (2015-2025)</th><th>Compound Growth Rate (2025-2045)</th></tr>
<tr><td>King</td><td>1.52%</td><td>1.20%</td></tr>
<tr><td>Kitsap</td><td>1.08%</td><td>1.15%</td></tr>
<tr><td>Pierce</td><td>1.09%</td><td>1.07%</td></tr>
<tr><td>Snohomish</td><td>1.36%</td><td>1.65%</td></tr>
</table>
</td></tr>
<tr><td>Toll Diversion Process</td><td>Logit-based toll choice model, embedded in highway traffic assignment procedure</td><td>Takes into consideration of the impact of multiple travel-related costs such as value of time, time saving, distance, vehicle operation cost, and toll rate. The generalized costs for both tolled and free paths are compared to decide the share of toll path.</td></tr>
<tr><td>Transaction share by payment type</td><td>
<table>
<tr><th></th><th>2018 - 2025</th><th>2025 - 2045</th></tr>
<tr><td>GTG! Pass</td><td>62.9% - 64.3%</td><td>64.3% - 65.2%</td></tr>
<tr><td>GTG! Plate</td><td>21.4% - 21.9%</td><td>21.9% - 22.1%</td></tr>
<tr><td>PBM</td><td>15.7% - 13.8%</td><td>13.8% - 12.7%</td></tr>
</table>
</td><td>Update:
• Slightly higher GTG Plate share
• Slightly lower PBM share.
<table>
<tr><th></th><th>2018 - 2025</th><th>2025 - 2045</th></tr>
<tr><td>GTG! Pass</td><td>63.0% - 62.9%</td><td>62.9% - 61.9%</td></tr>
<tr><td>GTG! Plate</td><td>22.4% - 23.5%</td><td>23.5% - 26.6%</td></tr>
<tr><td>PBM</td><td>14.6% - 13.5%</td><td>13.5% - 11.5%</td></tr>
</table>
</td></tr>
<tr><td>Average Toll Rate</td><td>$3.44 to $3.53</td><td>Update: Increase to $3.45 to $3.54 due to assumed slighly different mix of payment types and pay rates.</td></tr>
<tr><td>Truck %</td><td>1.3% to 1.5%</td><td>Update: Slightly higher increase truck share.</td></tr>
</table>

The November 2018 forecast includes adjustments to the current and subsequent biennia to reflect actual experience with the current CSC vendor in regards to the payment rates on toll bills before and after NOCP and a more conservative approach to the assumed reduction in leakage attributed to the transition to new back office systems and operations vendors, assumed to be fully transitioned by the start of FY 2020. Combined with overall higher transactions and toll revenue, the changes to leakage assumptions result in higher rates of revenue not recognized (unbillable), or leakage, over the forecast horizon. Accounting for higher overall pay by plate transactions and associated $0.25 *Good to Go!* Pay By Plate fees and short term account discount, which are not assumed to be continued with transition to the new back office vendor(s) but rather replaced with a pre-paid account options, overall fees and discounts increases by up to 15 percent per biennium over the forecast horizon. With the changes to leakage and fees, adjusted gross toll revenue is 3 to 6 percent higher in the November 2018 forecast compared to the previous forecast.

SR 520's civil penalty forecast is up significantly from the last forecast based on higher overall toll trips and a higher number of Pay By Mail trips, as well as actual experience and higher civil penalty fee payment rates. In the 2017-19 biennium, total SR 520 civil penalty revenue increased $1.8 million or 24.19 percent. Part of this current biennium increase is due to have some prior biennium revenue incorporated into the current biennium totals. Therefore, future year projections of civil penalty revenue do not include this revenue. By the last biennium, the change from the last forecast in total toll revenue and fees is $0.8 million or 8 percent.

Updates to I-405 Express Toll Lanes (ETLs) traffic and toll revenue

The November 2018 update incorporates the latest forecast based on performance assessment through June 2018, a revised socioeconomic forecast, recent changes to the toll rate algorithm, and revised toll and non-toll share projections.

Figure 16 is the comparison of main assumptions and methodologies used in this forecast compared to the prior forecast

The actual performance of the I-405 traffic and revenue in the full year of FY 2018 was slightly below the forecast from November 2017. I-405 ETLs reported toll traffic in FY 2018 was 10,059,891, below forecast by 73,109 (0.7 percent). I-405 ETLs reported adjusted toll revenue In FY 2018 was $24.1 million, above forecast by $2,635,748 (12.3 percent).

Comparing to November 2017 forecast, November 2018 forecast projects a 5.3 percent reduction in toll trips for FY 2019 and lower toll trips through FY 2029. By the end of the forecast horizon, I-405 traffic is down 26 percent from last year's projections. The November 2017 forecast assumed lower toll rates that encouraged growth in toll trips in the model. An upward adjustment in non-toll trips was also incorporated into the November 2018 update to reflect actual travel patterns. Over time, the non-toll trips percentage of total transactions declines.

FY 2019 average toll rate in the new forecast is $3.26, or 33.0% higher than November 2017 forecast due to recent changes in the toll rate algorithm. Annual growth of the toll rate in November 2018 forecast is 1.7 to 2.1 percent, greater than the 0.8 to 1.0 percent annual growth in the prior forecast. For the November 2018 forecast, recent changes in the toll algorithm were incorporated into the forecasting process.

The higher toll rates in November 2018 forecast lead to higher gross toll revenues into the out years of the forecast horizon. The I-405 ETLs FY 2019 gross revenue potential is projected at $33.1 million, which is an upward revision of $6.8 million or a 25.9 percent increase. In the FY 2020-2021 biennium, the gross revenue potential is up by $13.6 million or 23.6 percent.

Figure 16: I-405 Main Assumptions and Methodologies Comparison

<table>
<tr><th></th><th>November 2017 Forecast</th><th>November 2018 Forecast</th></tr>
<tr><td>Exemption Policies
Tolling Hours
HOV Policy
Value of Time
Mode Choice</td><td colspan="2">No change.</td></tr>
<tr><td>Toll Algorithm</td><td>Algorithm adjustments incorporated.</td><td>Update: average toll rate has increased substantially in past few months; higher toll rates incorporated into the forecast which lowered transaction growth.</td></tr>
<tr><td>Share of Non-Revenue Trips</td><td>
<table>
<tr><th></th><th>2018-2025</th><th>2025-2045</th></tr>
<tr><td>Toll Paying</td><td>69-75%</td><td>75-82%</td></tr>
<tr><td>Non-Toll Paying</td><td>31-25%</td><td>25-18%</td></tr>
</table>
</td><td>Update: Higher share of HOVs
<table>
<tr><th></th><th>2019-2025</th><th>2025-2045</th></tr>
<tr><td>Toll Paying</td><td>67-68%</td><td>68-69%</td></tr>
<tr><td>Non-Toll Paying</td><td>33-32%</td><td>32-31%</td></tr>
</table>
</td></tr>
<tr><td>Weekday Toll Rate Assumptions
Other Projects with Traffic Impact
Regional Transportation Network</td><td colspan="2">No change.</td></tr>
<tr><td colspan="3">Socio-economic inputs</td></tr>
<tr><td>Population growth assumption</td><td>The main cities (Seattle Bellevue, Kirkland and Redmond) growth is estimated 1.25% till 2025 and 0.85% till 2045.
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<tr><th>County</th><th>Compound Growth Rate (2015-2025)</th><th>Compound Growth Rate (2025-2045)</th></tr>
<tr><td>King</td><td>0.96%</td><td>0.71%</td></tr>
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<tr><td>Pierce</td><td>0.91%</td><td>0.98%</td></tr>
<tr><td>Snohomish</td><td>1.18%</td><td>0.90%</td></tr>
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</td><td>Update:
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• The main cities (Seattle Bellevue, Kirkland and Redmond) growth is a major driver: it's 1.95% till 2025, and 0.92% till 2045.
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<tr><th>Compound Growth Rate (2015-2025)</th><th>Compound Growth Rate (2025-2045)</th><th>Growth Rate (2025-2045)</th></tr>
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<tr><td>Pierce</td><td>0.58%</td><td>1.55%</td></tr>
<tr><td>Snohomish</td><td>0.75%</td><td>1.50%</td></tr>
</table>
</td><td>Updates:
• Employment Growth Rate is higher for all counties till 2025;
• The main cities (Seattle Bellevue, Kirkland and Redmond) growth is a major driver: it's 1.41% till 2025 and 1.14% till 2045.
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<tr><td>Pierce</td><td>1.09%</td><td>1.07%</td></tr>
<tr><td>Snohomish</td><td>1.36%</td><td>1.65%</td></tr>
</table>
</td></tr>
<tr><td>Transaction share by payment type</td><td>
<table>
<tr><th></th><th>2018 - 2025</th><th>2025 - 2045</th></tr>
<tr><td>GTG! Pass</td><td>66.8-70.0%</td><td>70.0%</td></tr>
<tr><td>GTG! Plate</td><td>16.7-16.5%</td><td>16.5%</td></tr>
<tr><td>PBM</td><td>16.5-13.5%</td><td>13.5%</td></tr>
</table>
</td><td>Update:
• Higher GTG! Pass share
• Lower GTG Plate and PBM shares.
<table>
<tr><th></th><th>2018 - 2025</th><th>2025 - 2045</th></tr>
<tr><td>GTG! Pass</td><td>64.5-66.0%</td><td>66.0%</td></tr>
<tr><td>GTG! Plate</td><td>19.7-20.5%</td><td>20.5%</td></tr>
<tr><td>PBM</td><td>15.7-13.5%</td><td>13.5%</td></tr>
</table>
</td></tr>
<tr><td>Average Toll Rate</td><td>$2.44 to $2.68</td><td>Update: $3.60 to $3.92 due to Toll Algorithm changes.</td></tr>
</table>

The table below, Figure 17 is a summary of November 2018 forecasts traffic, revenue potential and average toll rates growth.

Figure 17: I-405 ETLs November 2018 Forecast Results

Trips									
	November 2018 TRFC						Changes from Nov. 2017		
FY	Toll Trips	Toll Trips Growth	Non-toll Trips *	Non-toll Trip Growth	Total Trips	Total Trips Growth	Toll Trips	Non-toll Trips	Total Trips
2019	10,149,000	1%	5,029,000	5.4%	15,178,000	2.3%	-5.3%	9.0%	-1.0%
2020	10,499,000	3.4%	5,171,000	2.8%	15,670,000	3.2%	-7.2%	10.8%	-1.9%
2021	10,736,000	2.3%	5,253,000	1.6%	15,989,000	2.0%	-10.0%	11.3%	-4.0%
2022	11,022,000	2.7%	5,355,000	1.9%	16,377,000	2.4%	-12.5%	12.3%	-5.7%
2023	11,316,000	2.7%	5,432,000	1.4%	16,748,000	2.3%	-14.9%	12.7%	-7.6%
2024	11,573,000	2.3%	5,512,000	1.5%	17,085,000	2.0%	-17.6%	13.2%	-9.7%
2025	11,940,000	3.2%	5,610,000	1.8%	17,550,000	2.7%	-19.6%	14.6%	-11.1%
2026	12,230,000	2.4%	5,687,000	1.4%	17,917,000	2.1%	-21.2%	15.0%	-12.5%
2027	12,529,000	2.4%	5,789,000	1.8%	18,318,000	2.2%	-22.9%	15.8%	-13.7%
2028	12,887,000	2.9%	5,888,000	1.7%	18,775,000	2.5%	-24.1%	17.8%	-14.6%
2029	13,099,000	4.5%	5,944,000	2.7%	19,043,000	4.0%	-26.3%	16.5%	-16.8%

* Include HOV exempt trips and other non-rev trips.

Revenue Potential			
FY	Nov 2018 TRFC	Changes from Nov. 2017	
2019	$ 33,085,600	$ 6,812,600	25.9%
2020	$ 34,856,900	$ 6,919,900	24.8%
2021	$ 36,394,300	$ 6,669,300	22.4%
2022	$ 38,025,500	$ 6,386,500	20.2%
2023	$ 39,718,700	$ 6,029,700	17.9%
2024	$ 41,314,900	$ 5,420,900	15.1%
2025	$ 43,461,800	$ 5,270,800	13.8%
2026	$ 45,373,200	$ 5,020,200	12.4%
2027	$ 47,358,800	$ 4,713,800	11.1%
2028	$ 49,615,500	$ 4,537,500	10.1%
2029	$ 51,347,400	$ 3,691,400	7.7%

Average Toll Rates				
	Nov 2018 TRFC		Changes from Nov. 2017	
FY	Avg. Rate	Annual		
2019	$ 3.26	33.7%	$ 0.81	24.8%
2020	$ 3.32	1.8%	$ 0.85	25.6%
2021	$ 3.39	2.1%	$ 0.90	26.5%
2022	$ 3.45	1.8%	$ 0.94	27.2%
2023	$ 3.51	1.7%	$ 0.98	27.8%
2024	$ 3.57	1.7%	$ 1.01	28.4%
2025	$ 3.64	2.0%	$ 1.07	29.3%
2026	$ 3.71	1.9%	$ 1.11	29.9%
2027	$ 3.78	1.9%	$ 1.15	30.5%
2028	$ 3.85	1.9%	$ 1.20	31.1%
2029	$ 3.92	1.8%	$ 1.24	31.6%

The November 2018 forecast incorporates the results of a recent independent land use review. The forecast modelling process uses the PSRC model and a subarea toll diversion model. The modelling effort incorporates a TAZ level land use forecast so individual zonal growth is forecasted and used in the modeling process. Individual zonal growth results in varied growth for the origins and destinations of trips in the region and varied growth on individual segments of the study corridor.

The 2018 model was calibrated at the regional and corridor-level to actual origin and destination (O/D) travel patterns and toll rates. The actual toll algorithm used at WSDOT-Traffic Management Center was built into the model. The modelers also provided iterative results to the project office to understand how operations could influence toll rates and congestion.

For FY 2019, I-405 gross revenue potential is up by $6.8 million or 25.9 percent from the November 2017 forecast, increasing to a positive difference of $13.6 million (23.6 percent) and $12.4 million (19.0 percent) in the 2019-21 and 2021-23 biennium respectively. The higher forecasted revenue potential is primarily explained by upward adjustments to the toll rate algorithm which has led to average toll rates 33.0 percent higher than the November 2017 forecast.

The November 2018 forecast includes adjustments to the current and subsequent biennia to reflect actual experience with the current vendor in regards to the rate of readable license plate images and identifying the vehicle owner's name and address for sending a toll bill when the plate is readable, resulting in lower rates of revenue not recognized (unbillable) leakage. In addition, the November 2018 forecast includes slight adjustments to revenue leakage attributed to false carpool declaration when a single occupancy driver declares themselves as a carpool vehicle. Although this assumption is already included in the gross toll revenue potential values in FY 2019 to align with actual toll and carpool trips on the facility, the FY 2025 gross toll revenue potential values are aligned with modeled results representing travel patterns for various vehicle occupancy categories prior to adjustments for false declaration. The leakage forecast assumes that the rate of false declaration will gradually ramp up to 3.8 percent of *Good To Go!* Transactions that are correctly detected by FY 2025. During the 2019-2021 biennium, we expect a transition to a new CSC systems and operations vendor contract(s), which is expected to improve and lower the rate of revenue not recognized (unbillable) leakage. However, license plate leakage has been noticeably lower than projected on I-405 through FY 2018, and with another year of actual operating experience the rate of license plate leakage on I-405 was reduced from 5.5 percent in the November 2017 forecast to 3.5 percent in the November 2018 forecast for FY 2019 and from 4.5 percent in the November 2017 forecast to 3 percent starting in FY 2020 to reflect steady state operating conditions. The lower license plate leakage rates are being attributed to better than expected performance from the lane side video equipment and multiple images of each transaction attributed to vehicles crossing multiple toll points.

After accounting for leakage and payment fees and discounts, I-405 ETLs adjusted gross toll revenue is projected to be $54 million for the 2017-19 biennium, which is $9.4 million (21 percent) higher than the previous forecast. Next biennium, ETL adjusted gross revenue is projected at $65 million, which is $13 million or 25 percent more than last forecast. The November 2018 forecast also includes miscellaneous revenue in the form of interest earnings on the account balance. Similar to SR 520 a 0.9 percent rate is used to calculate future interest earnings. After accounting for miscellaneous pledged revenues, transponder sales, late payment fees, and recovered toll revenue the adjusted gross toll revenue and fees for I-405 is projected to be $57 million in the 2017-19 biennium, an increase of $9.6 million or 20 percent compared to the prior forecast. The difference in adjusted gross toll revenue and fees between the revised November I-405 forecast and the last forecast decreases over time but is still anticipated to be higher. By the end of the forecast horizon, the biennia adjusted gross toll revenue and fees on I-405 is projected to be $97.2 million which is a revision upward of $8.6 million or 9.7 percent.

The I-405 civil penalty and recovered toll revenue has been increased in this forecast by $1.5 million or 51.6 percent in the 2017-19 biennium primarily as the result of higher $40 civil penalty fee recovery from actual experience and a higher number of overall Pay By Mail transactions which flow through to Civil Penalty. Going out past the current biennium recovered toll revenues are expected to be significantly higher, which is aligned with increases in image based transaction share of total transactions and improved payment rates on tolls in the civil penalty account. Total toll revenue and fees for I-405 is higher in the 2017-19 biennium by $11.1 million, or nearly 22 percent. That revenue increase from the last forecast decreases over time but is still higher overall by the end of the forecast horizon, I-405 total biennium revenue and fees are higher by $7 million, or 7 percent by the 2027-29 biennium.

Federal Funds Revenue

Overview

After state funds, the largest source of transportation revenue is federal funds. The Federal Funds forecast contains the formula funds distributed by the Federal Highway Administration (FHWA) to Washington State Department of Transportation for highway purposes. Federal funds reported in this forecast are based on federal fiscal year (FFY) which begins on October 1.

On December 4, 2015, President Obama signed into law a new transportation reauthorization bill, Fixing America's Surface Transportation (FAST) Act, providing a five-year extension of the federal surface transportation programs. The FAST Act provides over $305 billion of funding for Federal-aid transportation programs for federal fiscal years (FFY) 2016 through 2020. This new multiyear reauthorization bill came after a string of five (5) short-term extensions of the previous transportation reauthorization, Moving Ahead for Progress in the 21st Century (MAP-21). Beginning September 2016 and subsequent federal forecasts are based on the Fixing America's Surface Transportation (FAST) Act.

FHWA – Highways Forecast

Apportionment Forecast

- The November 2018 total apportionment forecast for FFY 2018 is $864.69 million. The FFY 2018 apportionment forecast has been reconciled to actual apportionment distributions made by FHWA.
- The November 2018 total apportionment forecast for FFY 2019 is $752.54 million. This 2019 forecast is based on FHWA Notice N 4510.828 FY2018 Apportionment of Federal Aid Highway Program Funds for FY 2019 dated October 1, 2018. The current apportionment is for the National Highway Performance Program, Surface Transportation Block Grant Program, Highway Safety Improvement Program, Railway-Highway Crossings Program, Congestion Mitigation and Air Quality Improvement Program, Metropolitan Planning Program, and National Highway Freight Program.
- The November 2018 apportionment forecast for FFY2019 is up $5.4 million which is a 7.7% higher than the September 2018 forecast.
- The November 2018 total apportionment forecast for FFY 2020 is $656.76 million. This forecast is based on the FAST Act state-by-state program funds distribution tables produced by the Federal Highway Administration (FHWA) dated December 1, 2015. These distribution tables represent FHWA's current interpretation of the FAST Act annual funding levels and program distributions.
- The baseline forecast for FFY 2021 through FFY 2029 will assume an annual growth of federal revenues matching the annual Washington State fuel consumption growth rates. In this November forecast, there were only minor revisions downwards annually in the long-term federal highway funds forecast compared to the last forecast.

Obligation Authority (OA) Forecast

- Obligation authority (OA) (a.k.a. spending authority or obligation limitation) is the ceiling or total amount of commitments of federal apportionment that can be made within a year. Congress sets this ceiling or limit as part of the federal appropriation bills to control federal expenditures annually.

- The baseline CORE OA for 2018 is $717.12 million, which is up $51 million or 7.7% from the last forecast. The November 2018 CORE OA for FY2018 has been updated to reflect actual OA distributions from FHWA for the fiscal year. Total OA for FFY 2018 is up significantly by $191.1 million or 26.7% from the last projection due to receiving unusually high undistributed OA for discretionary and allocated programs.
- Total OA for FFY 2019 is higher than last forecast by $5.4 million due to the new notice.
- Total OA forecast for FFY 2020 and throughout the forecast horizon will be set at 98% of apportionment, which is consistent with historical Washington State OA distributions.
- The methodology used to split the OA between the State Programs and the Local Programs was modified in the June 2018 forecast and has not changed since.

Rescission of FAST ACT Funds:

- The FAST Act includes a $7.6 billion rescission of unobligated Federal-aid Highway contract authority in FFY 2020. An estimate of Washington's share of the national rescission is $110 million of unobligated apportionment balances, this is included in the February forecast for FFY 2020, and this estimate has not changed since the last forecast. This estimate is based on FHWA projections, which are updated annually.

Figure 18: FFY 2017 – FFY2020 FHWA Highways Forecast

($ millions)

November 2018 Federal Highway Forecast	FFY 2017	FFY 2018	FFY 2019	FFY 2020
Total WA Apportionment	$773.3	$864.7	$752.5	$656.8
Total WA Obligation Authority	$775.3	$906.6	$737.5	$751.1

FTA - Public Transportation Federal Funds

Overview

The FAST Act authorized $11.8 billion in FFY 2016 for public transportation programs, an amount rising to $12.6 billion in FFY 2020 nationwide. Typically, about 80% of federal public transportation program funding comes from the mass transit account of the highway trust fund and 20% comes from the general fund of the U.S. Treasury.

Public Transportation Federal Apportionment Funds Forecast

- The November 2018 Public Transportation federal funds forecast is based on the FAST Act signed into law by President Obama on December 4, 2015 and the 2016 Federal Apportionment Notice of Public Transportation federal funds on the federal registry. The November 2018 apportionment forecast for FFY 2018 is $23.5 million and has been revised upward to reflect actual distributions.
- The forecast for 2019 through 2020 is based on the FAST Act program funds distribution tables produced by the Federal Transit Administration (FTA). A 3-year average of Washington's proportionate share of the formula program funds is applied to the national totals on the FTA distribution tables for these years. Total federal public transportation formula program funds for FFY 2019 are anticipated to be $19.2 million and growing to $19.7 million by FFY 2020.
- The public transportation formula federal program forecast for FFY 2021 – 2029 is grown annually using the Washington State Fuel Consumption forecasted growth rates.

Figure 19: FFY 2017 – FFY 2020 FTA – Public Transportation Forecast

(In thousands)

November 2018 FTA – Public Transportation Federal Forecast	FFY 2017	FFY 2018	FFY 2019	FFY 2020
Statewide Planning Program	$495.0	$505.4	$516.0	$527.0
Enhanced Mobility for Elderly and Persons with Disabilities	$2,773.5	$5,383.8	$2,888.0	$2,949.0
Nonurbanized Area Formula Program	$12,847.5	$13,345.4	$13,465.0	$13,751.0
Rural Transit Assistance Program	$204.7	$209.0	$214.0	$219.0
State Safety Oversight Program	$559.5	$600.5	$544.0	$555.0
Bus and Bus Facilities Program	$1,750.0	$3,500.0	$1,595.0	$1,629.0

FTA – Washington State Ferries (WSF) Federal Funds

Federal assistance to Washington State Ferries (WSF) is provided primarily through the public transportation program administered by the Department of Transportation's Federal Transit Administration (FTA). The federal public transportation program was authorized from FY2016 through FY2020 as part of the FAST Act.

WSF Federal Apportionment Funds Forecast

The November 2018 WSF federal funds forecast is based on the FTA - FAST Act fact sheets for both the State of Good Repair Grants (5337) and the Urbanized Area Formula Program Grants (5307) programs. These fact sheets show the annual national total apportionment for these programs for FFY 2016 through FFY 2020. Washington State's level of apportionment of these programs for FFY 2016 is distributed based on the Puget Sound Regional Council (PSRC) split letter dated June 28, 2016. This letter shows the amount of formula funding received by all eligible recipients including WSF. The FFY 2017 – FFY 2020 WSF formula federal funds forecast is based on maintaining the same proportionate share of the federal total received by Washington State in FFY 2016.

Washington State Ferries (WSF) Federal Apportionment Funds Forecast

- The November 2018 FTA – WSF forecast for 2018 has been updated to reflect actual distributions to WSF. In FFY 2018, WSF received $14.0 million in non-discretionary federal funds.
- Total federal WSF formula program funds for FFY 2019 are forecasted to be $13.3 million. This amount is held constant thru 2020. This is a slight revision upward of 5.1% from the last forecast of $12.9 million per year.
- The long-term WSF formula federal program forecast for FFY 2021 – 2027 will be grown annually using the Washington State Fuel Consumption forecasted growth rates. Total federal public transportation formula program funds are anticipated to grow to $14.0 million by FFY 2029.

Figure 20: FFY 2017 – FFY2020 FTA Washington State Ferries Forecast

(In millions)

November 2018 FTA – Washington State Ferries Federal Forecast	FFY 2017	FFY 2018	FFY 2019	FFY 2020
Urbanized Area Formula Program Grants (5307)	$6.06	$5.50	$6.06	$6.06
State of Good Repair Grants (5307)	$6.85	$8.51	$7.20	$7.20
Discretionary and Allocated Programs	$10.0	$0.0	$0.0	$0.0

Forecast Contacts

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Motor Fuel Tax Revenue Forecast

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Motor Vehicle Licenses, Permits & Fees Revenue Forecast

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Other Transportation Related Revenue Forecast

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Washington State Ferries Ridership and Revenue Forecast

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Federal Funds Forecast

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Appendix

Table Related to the November 2018 Forecast

Impact to Select Transportation Accounts

Figure 21: 2015 Transportation Revenue Package with the November 2018 Forecast Compared to the September 2015 Forecast

Transportation Revenue Bill - 2ESSB 5987 & SHB 1480	2015-17		2017-19		2019-21		10-Year Period (2017-2027)	
dollars in millions	Forecast Nov 18	Chg from Sep 15	Forecast Nov 18	Chg from Sep 15	Forecast Nov 18	Chg from Sep 15	Forecast Nov 18	Chg from Sep 15
Revenues								
Motor Vehicle Fuel Taxes Increase (7 cents 8/1/15 & 4.9 cents 7/1/16); Handling Loss Elimination and Increase in Off-highway Refunds by 11.9 cents	539.1	6.9	817.6	23.6	836.2	33.5	4,234.9	209.7
Vehicles paying Weight-based Registration Fee (All Trucks)	40.0	5.2	71.6	1.0	79.5	9.1	468.9	26.8
Vehicles paying Freight Project Fee (Trucks >10,000 lbs)	15.5	5.0	38.5	17.5	38.4	17.3	193.2	86.8
Passenger Vehicle Weight Fees	90.8	3.4	185.8	4.5	193.6	6.9	1,294.9	(12.3)
Intermittent-Use Trailers ($187.50)	0.0	(7.2)	0.4	(29.6)	0.9	(6.0)	8.3	(49.7)
Plug-in Vehicle Renewal Fee ($100)	0.2	0.0	0.7	0.3	0.8	0.4	5.1	2.9
Electric/Plug-in Vehicle Renewal Fee ($50)	0.7	0.1	2.4	1.0	3.6	2.0	32.5	23.7
Title Service Fee $12 (Vessels)	0.1	(0.0)	0.2	0.1	0.2	0.1	1.1	1.4
Registration Service Fee $5 (Vessels)	0.4	0.0	0.5	0.2	0.6	0.3	2.9	1.2
Commercial Driver's License (CDL) Fees HIGHWAY SAFETY	1.5	0.1	3.2	(0.6)	3.1	0.4	15.5	0.9
Enhanced Driver's License Fees (EDL/EID) HIGHWAY SAFETY	0.3	(1.7)	2.3	(1.5)	9.1	5.4	42.9	24.2
DOL Report of Sale Fees	-	-	5.2	(0.0)	5.2	0.4	26.0	1.7
Studded Tire Fee	0.5	0.3	1.0	0.0	1.0	(0.0)	5.0	(0.2)
Total Revenues	689.3	12.1	1,129.4	16.4	1,172.2	69.8	6,331.2	317.1
Distributions								
Motor Vehicle Fund (108)	33.8	0.0	69.5	(12.8)	76.2	14.3	442.2	57.5
Transportation 2003 Nickel Account (550)	2.9	0.5	5.8	1.0	6.2	1.4	34.7	6.0
Transportation Partnership Account (09H)	6.4	1.2	12.7	2.1	13.6	3.0	76.4	13.1
Connecting Washington Account (NEW)	539.1	6.9	817.6	23.6	836.2	33.6	4,234.9	209.7
Puget Sound Capital Construction Account (099)	-	-	-	-	-	-	-	-
Puget Sound Ferry Operations Account (109)	0.8	0.1	1.5	(0.1)	1.6	0.3	9.2	1.0
Capital Vessel Replacement Account (18J)	0.5	0.0	3.7	0.3	4.0	0.9	19.9	4.5
Multimodal Transportation Account (218)	91.5	3.4	186.0	2.1	193.6	4.2	1,295.1	(26.6)
Special Category C Account (215)	-	-	-	-	-	-	-	-
License Plate Technology Account (06T)	-	-	0.1	(0.0)	0.1	(0.0)	0.5	(0.0)
DOL Services Account (201)	-	-	0.3	0.0	0.3	0.0	1.5	0.1
WSP Highway Account (081)	12.4	1.5	24.7	0.9	26.5	5.3	149.1	20.2
Highway Safety Fund (106)	1.8	(1.6)	7.3	(0.9)	13.8	6.8	66.6	30.7
Rural Arterial Trust Account (102)	0.00	0.00	0.06	0.04	0.09	0.07	0.6	0.5
Transportation Improvement Accounty (144)	0.00	0.00	0.06	0.04	0.09	0.07	0.6	0.5
Total Distributions	689.3	12.1	1,129.4	16.4	1,172.3	69.8	6,331.1	317.1

* Intermittent-Use trailer fee impact is the gross impact from the new trailer fee not the net impact

In 2015 lawmakers passed 2SSB 5987 which was the new 2015 Transportation Revenue package. The new revenue package has a variety of fee increases with the largest tax increase being from the motor fuel tax increase. The new legislation also authorized various transfers of funds and tax credits.