

TOLL FUNDING ANALYSIS AND LEVEL 3 TOLL TRAFFIC & REVENUE ANALYSIS

May 20, 2026

To: The Oregon Transportation Commission (OTC) and Washington State Transportation Commission (WSTC)

Overview:

In 2023, the IBR Program completed a Level 2 Toll Traffic and Revenue analysis to support future commission rate setting and financial planning on the IBR Program. Information from that analysis was provided to the Washington Office of the State Treasurer (OST) and the Oregon Department of Transportation (ODOT) Debt Management office to evaluate and confirm that the Level 2 toll rates and policies for the Interstate Bridge could generate \$1.25 billion in toll funding. This was the financial target identified at the time to help address the 2023 IBR Program cost estimate.

In 2024, the Bi-State Tolling Subcommittee, made up of two commissioners from each state, reviewed the results from the Level 2 Traffic and Revenue analysis and considered what rates and policies should move forward into the Level 3 Toll Traffic and Revenue analysis. In their October 2024 joint commission meeting, WSTC and OTC approved four toll scenarios for additional analysis in the Level 3 T&R Study.

Work to conduct the Level 3 analysis has been ongoing over the last year. Using initial net toll revenue projections from the Level 3 T&R, the Washington OST and ODOT Debt Management office, working with each agencies' municipal advisors, independently verified the capacity of the projected IBR net toll revenues to provide the \$1.5 billion in capital funding required for the IBR Program's funded phase.

The analysis that incorporated the Level 3 T&R and updated cash flows confirmed that the increased target funding amount could be achieved. The two primary reasons for this are because the updated analysis pushed out the timeframe in which toll funds were needed compared to the 2023 financial plan; and the new analysis incorporated the added assumption of state-backed bonds in Oregon, which positively impacted the new analysis.

Attachment 1 below provides information from the Level 3 toll T&R forecasts and net toll revenue projections that were provided to the Washington OST and ODOT Debt Management office. It's important to note that these forecasts will likely be updated as the Commissions review rates and other assumptions are refined. This work was conducted by Stantec under the statewide toll traffic and revenue contract with WSDOT Toll Division. This contract includes the I-5 Interstate Bridge Level 3 study that provides toll traffic forecasts, gross toll revenue

projections, and net toll revenue projections after accounting for revenue adjustments and all operations and maintenance costs.

Attachment 2 below provides information from the Washington OST and ODOT Debt Management office who analyzed whether \$1.5 billion of the capital funding could be provided from using and borrowing against the projected future net toll revenues coming from the Level 3 study.

The Level 3 T&R study report is still in process and cannot be finalized until after the two State Transportation Commissions adopt toll rates. A Joint Commission meeting has been scheduled for June 5th where more detail will be provided on both the Level 3 T&R as well as the toll funding analysis. Toll rates will be set about 6-9 months before tolling begins on the facility. Tolling on the Interstate Bridge is currently planned to begin in 2028.

Types of traffic analyses and analyzing diversion:

Forecasts for environmental analysis were prepared to support the National Environmental Policy Act (NEPA) process and focus on traffic impacts, including diversion to other routes, for a typical weekday. These forecasts are intended to avoid underestimating possible environmental impacts, to account for peak operational impacts, and to support design needs. Additionally, the environmental analysis traffic forecasts are used to predict traffic volumes and traffic impacts for a typical weekday on the bridge and surrounding road network, which inform the transportation analysis that is part of the NEPA process. Environmental traffic forecasts, which are generally focused on estimating possible environmental impacts and informing design, are not suitable for use in financial planning where fiscal conservatism warrants erring on the side of under forecasting traffic. The Environmental Impact Statement is the legal mechanism for documenting project effects, including diversion projections. Findings related to tolling and diversion from the regional travel demand model outputs and traffic forecasts can be found in Chapter 3.1 (Page 3.1-72) of the Final SEIS, with further analysis and explanation in the Transportation Technical Report (Section 4.11).

Different than environmental traffic modeling, the toll T&R studies and forecasts used for financial planning focus on annual traffic and revenue projections rather than weekday traffic for environmental impacts and design considerations. An annual focus is required to ensure annual financial requirements are met and to provide bond holders with confidence that revenues will be sufficient for repayment. Typically, financial planning forecasts are conservative by aiming a bit lower so as not to overstate possible revenue. The objectives of the financial planning forecasts from T&R studies are to inform the Commissions' rate-setting process and to facilitate borrowing against future toll revenues (issuance of bonds or other debt) to provide up-front capital funding for the construction of the replacement bridge. However, there is a degree of uncertainty regarding the actual revenue that can be generated as the timeline for implementation, traveler demand trends, and toll policies may change as the IBR Program moves towards implementation. The conservative estimates of traffic from a T&R study for financial planning runs the risk of understating or misrepresenting the potential

environmental impacts and design considerations within the IBR Program's NEPA process. As such, these traffic volumes are neither suitable for, nor intended to be used for, design or environmental analysis. The EIS remains the official document to determine project effects.

ATTACHMENT 1: OVERVIEW OF LEVEL 3 TRAFFIC AND NET REVENUE ASSUMPTIONS AND RESULTS

The Level 3 Traffic and Revenue (T&R) Study is being conducted by Stantec and their partners to prepare forecasts of potential gross and net toll revenues generated by tolling the I-5 Interstate Bridge. The Level 3 study is an iterative process. This memo reports on the results of the initial analysis, but the analysis may be updated multiple times as the commissions review rates and other assumptions are refined. The final traffic and revenue report will not be completed until after rates have been set by WSTC and OTC, currently planned for mid to late 2027. A refresh to the initial Level 3 Toll T&R Study will be completed prior to the date of the first bond issue.

The initial level 3 traffic and revenue forecasts form the basis for financial analyses. Stantec's approach is grounded in an independent and data-driven understanding of existing baseline conditions and potential future outcomes under tolled conditions. While models are a key part of the process, they are applied alongside the professional judgment and insights of the T&R team, drawing on decades of experience across toll facilities nationwide to produce results that are grounded in real-world conditions.

Stantec's forecasting process follows established industry best practices and is backed by a strong track record of meeting the needs of rating agencies and bond holders, having supported successful toll revenue bond issuances totaling over \$76 billion over four decades (\$19.8 billion since 2020).

The scope of the T&R analysis aligns with the primary goal of providing a conservative estimate of the amount of traffic that is likely to use the tolled I-5 Interstate Bridge and generate toll revenue. The intent is not to project specific diversion routes. The Final Supplemental Environmental Impact Statement (SEIS) remains the official legal document to determine project effects, including traffic diversion.

Summary of Existing Conditions & Data Collected as part of the Level 3 T&R Study

Traffic data obtained from ODOT and WSDOT databases as well as independently collected traffic data indicate that approximately 134,000 vehicles crossed the I-5 Interstate Bridge on an

average weekday in 2024¹, and approximately 90 percent of them were passenger vehicles. Traffic patterns vary over the course of a year and Stantec estimates that approximately 45 million vehicles crossed the I-5 Interstate Bridge in 2024.

A variety of traffic data specific to I-5, I-205 and other roadways in the region were collected and analyzed to support the traffic and revenue forecasting process. The study area consisted of four counties: Multnomah, Washington and Clackamas counties in Oregon, and Clark County in Washington. Stantec recognizes that all data sources and collection methods have limitations and considers these as part of the data review and analysis process.

- **Historical & 2024 Traffic Data:** Traffic data included traffic counts, travel times and speeds, as well as information related to origin-destination patterns. These data were collected from ODOT and WSDOT databases, field counts, travel time studies, and StreetLight data sources (a transportation analytics company).
- **Stated Preference Survey:** A survey was conducted by T&R team partner RSG to obtain information about drivers that use I-5 and I-205 to cross the Columbia River and to understand how their travel might change under tolled conditions. Two surveys were conducted through online questionnaires: a passenger car survey of over 1,000 residents in the study area and a commercial vehicle survey of over 150 trucks crossing the I-5 Interstate Bridge.
- **Independent forecasts of employment and population:** T&R team partner CAI conducted a comprehensive review of historical and projected socioeconomic data for the study area from various official sources, including population, households, and employment. Independent assessments of baseline 2024 socioeconomic information and future year forecasts were developed for the region. These forecasts consider historical growth trends and account for the impacts of potential economic disruptions like the 2008 recession and the 2020 pandemic.

Traffic Modeling Approach

The traffic modeling focuses on developing estimates of future year annual toll traffic and toll revenues for financial analyses.

When tolling is introduced on the I-5 Interstate Bridge, traffic is expected to respond in a variety of ways, including changes in trip patterns, frequency of travel, time of day and mode of

¹ Traffic estimate based on multiple data sources and represents average mid-week (Tuesday - Thursday) traffic volume, excluding holidays and special events like inclement weather days.

travel. The complex interaction of these behaviors under tolled conditions are developed with the help of three models:

- the official travel demand model for the region maintained by Oregon Metro, used to develop estimates of existing and future year average weekday travel demand throughout the region, including the Columbia River crossing, under various future year and toll policy conditions;
- a specialized toll route choice model developed by Stantec used to estimate driver route choice under various future year and toll policy conditions; and
- a specialized quantitative model developed by Stantec, used to refine average weekday model outputs and develop annual forecasts of toll traffic and revenue for the I-5 Interstate Bridge throughout the forecast horizon.

The traffic modeling accounts for traffic conditions on roadways including the I-5 and I-205 corridors, and future roadway networks.

Toll Policy Scenarios

The Stantec team has analyzed the gross and net revenue potential under four different scenarios as part of the Level 3 T&R Study. These scenarios, as approved by the Joint Oregon and Washington Transportation Commissions, and recommended by the I-5 Bridge Bi-State Tolling Subcommittee, are shown in Exhibit 1.

The Level 3 T&R analysis assumes that pre-completion tolling on the existing bridge will commence on July 1, 2028, beginning of fiscal year 2029. Post-completion tolling on the new replacement bridge is assumed to begin on July 1, 2035, beginning of fiscal year 2036. This is what was assumed for analysis and may continue to be updated as the construction schedule for the IBR Program is identified in coordination with the Progressive Design Builder.

Exhibit 1: Scenarios Analyzed in Level 3 T&R Study

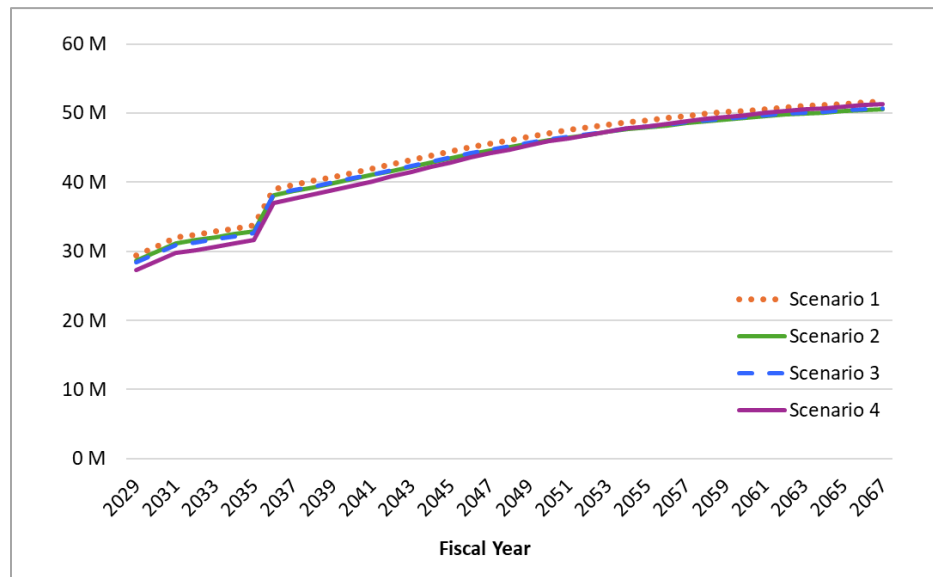
Scenario	Pre-Completion Weekday Toll Rates (2026\$)	Post-Completion Weekday Toll Rates (2026\$)	Weekday Toll Rates (2026\$)	Truck Toll Multipliers	Toll Escalation	Low-Income Toll Discount Program
1	\$1.55 - \$3.20	\$1.55 - \$3.65	Two-Step (Min/Midday) \$1.55 - \$2.10	2.0x / 4.0x	2.5% Annually	50% discount when new bridge opens
2	\$1.55 - \$3.65	\$1.65 - \$3.90	Three Step (Min/Mid/Peak) \$1.55 - \$3.20	1.5x / 3.0x	2.5% Annually	50% discount when new bridge opens
3	\$1.65 - \$3.90	\$1.65 - \$3.90	Two-Step (Min/Midday) \$1.55 - \$3.20	1.5x / 3.0x	2.5% Annually	50% discount as soon as practical
4	\$2.00 - \$4.70	\$2.00 - \$4.70	Three Step (Min/Mid/Peak) \$1.55 - \$3.20	1.5x / 3.0x	3% Every 2 Years	50% discount as soon as practical

Annual Estimates of Toll Traffic and Potential Gross Toll Revenue

The T&R team prepared forecasts of annual traffic and gross toll revenue for the I-5 Bridge using the modeling tools and data described above. The goal of these traffic forecasts is to estimate the amount of future traffic that may be relied upon for conservative revenue generation. As such, the study focuses primarily on the amount of traffic retained on the I-5 Interstate Bridge under toll conditions, rather than traffic patterns of the vehicles that choose not to use the bridge.

Exhibit 2: Annual Toll Transactions Projections, I-5 Interstate Bridge

Exhibit 2 presents the estimated annual toll transactions on the I-5 Interstate Bridge over a 40-year forecast period. Fiscal year 2029 shows approximately 30 million toll transactions for all scenarios, slowly increasing over time. The step up in toll



transactions in FY 2036 corresponds to the opening of the new bridge which would offer better operating conditions. When tolling is implemented, it will result in some travelers choosing to avoid the toll. As is typical for toll traffic and revenue studies, travelers choosing to avoid tolls on the I-5 Interstate Bridge are assumed to change their travel in one or more ways, based on the availability of alternative routes (e.g., I-205 bridge), including frequency, travel modes, and/or trip destination options. The estimates include an additional layer of conservatism to allow for a period of transition as the community adjusts to tolling.

The number of annual toll transactions is estimated to be comparable under scenarios 1, 2 and 3. Scenario 4 is estimated to produce the lowest number of transactions as a result of the higher initial rates assumed. However, due to the lower frequency of toll rate escalation, Scenario 4 results in lower toll rates in the long term and, therefore, a higher number of transactions late in the forecast period when compared to the other scenarios.

Potential gross annual toll revenue forecasts are presented in Exhibit 3. Over the forecast horizon, potential gross annual toll revenues range from around \$110 million during the initial years of pre-completion tolling, to upwards of \$215 million in 2045. Initially, potential gross toll revenues are estimated to be highest for Scenario 4, which assumes the highest opening year toll rates compared to other scenarios. In the long term, as Scenario 4 toll rates escalate more slowly than other scenarios, revenue is expected to be similar to, and eventually lower than the revenues from scenarios 1, 2 and 3.

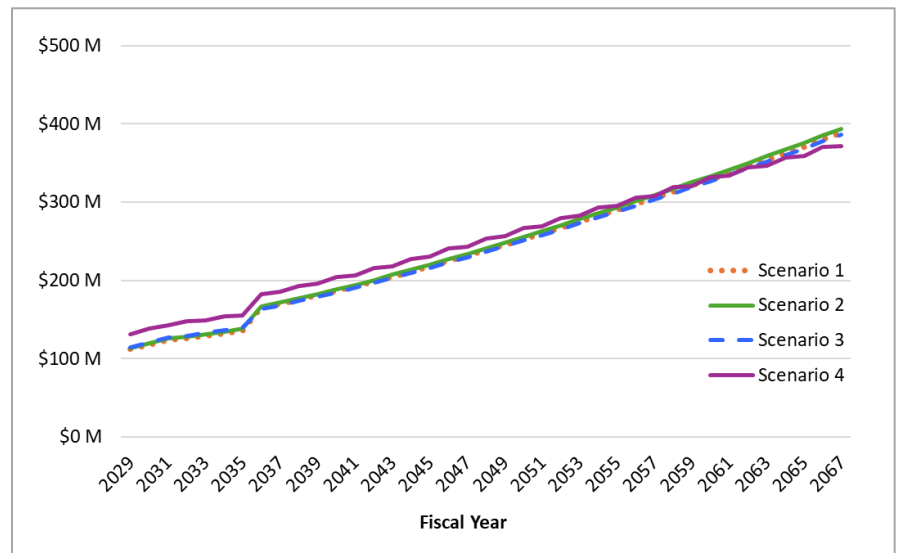


Exhibit 3: Annual Gross Toll Revenue Projections, I-5 Interstate Bridge

Annual Net Toll Revenues Projections

Gross toll revenue information serves as the starting point for determining net toll revenues. Net revenues are what is left after deducting for unrecognized and unpaid revenue, toll payment fees, toll collection operations and maintenance (O&M) costs, and facility-related O&M costs.

The graphic in Exhibit 4 identifies various payments made from gross toll revenues, ordered by their priority, as used on other toll facilities in Washington. While this is anticipated to be similar for the I-5 Interstate Bridge, updates may be made as discussions continue between Oregon and Washington.

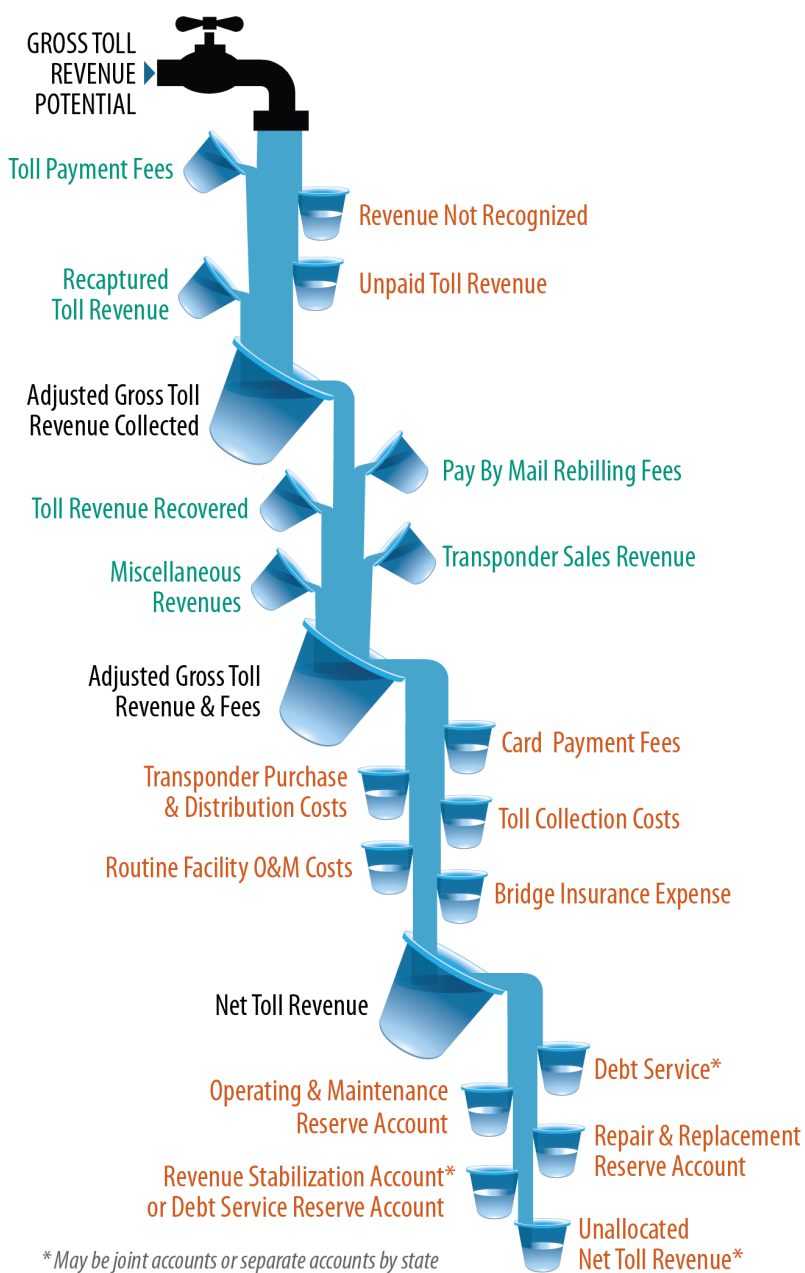


Exhibit 4: Annual Net Toll Revenue Projections

Exhibit 5 shows the net toll revenue projections for the four toll scenarios. Scenarios 1-3, while having somewhat different rates and policies, were intended to provide similar funding levels, as reflected by the close proximity of their net revenue lines. Scenario 4's higher initial toll rates yield additional net toll revenues through the late 2050s. However, its lower assumptions for

toll escalation (3% every other year instead of 2.15% annually) eventually cause average toll rates, and thus, net toll revenues to fall below those of Scenarios 1-3.

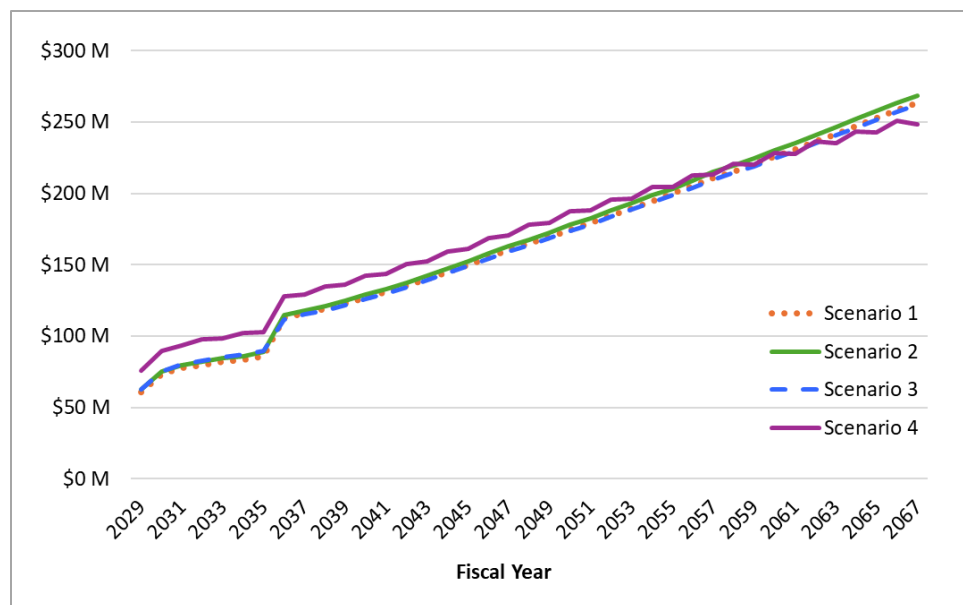


Exhibit 4: Annual Net Toll Revenue Projections, I-5 Interstate Bridge

ATTACHMENT 2: SUMMARY OF FINANCIAL ANALYSIS

Earlier this year, draft Level 3 net toll revenues for the four toll scenarios, along with four different cases for capital funding needs developed by the IBR Program, were provided to the Washington OST and ODOT Debt Management office for their review. The purpose of their financial analysis was to test whether projected net toll revenues could be leveraged with bonds to support the capital funding needs of the Program. Given the number of combinations of toll scenarios and funding cases possible, Scenario 2 net toll revenues were identified as representative of Scenarios 1-3 (all three of which have very similar net toll revenues) to reduce the number of combinations requiring financial analysis.

While the Washington OST and ODOT (in concert with their respective municipal advisors) began analyzing the toll funding, the IBR Program continued to refine the cost estimates and financial plan for an initial “Funded Phase” ultimately identifying \$1.5 billion as the amount of capital funding needed from toll revenues to address the cost for the funded phase. This plan for the Funded Phase will be documented in the forthcoming IBR Program’s “Initial Financial Plan” as required by the Federal Highway Administration (FHWA), to be submitted this summer.

The Funded Phase is estimated to cost \$5.68 billion, of which \$1.5 billion would come from toll funding. Both states independently confirmed that the projected toll revenues could support \$1.5 billion of capital funding, assuming a combination of toll revenue backed bonds and pay-as-you-go funding. This analysis assumes that Washington and Oregon would each issue toll-supported state bonds on a 50%/50% basis to fund the requested expenditures. Specifically, Washington would issue triple pledge bonds (state bonds first supported by toll revenues, further backed by motor vehicle fuel taxes and vehicle related fees, with a final pledge of the full faith and credit of the state), while Oregon would issue bonds first backed by toll revenue with state highway fund revenue bonds as a back-up pledge.

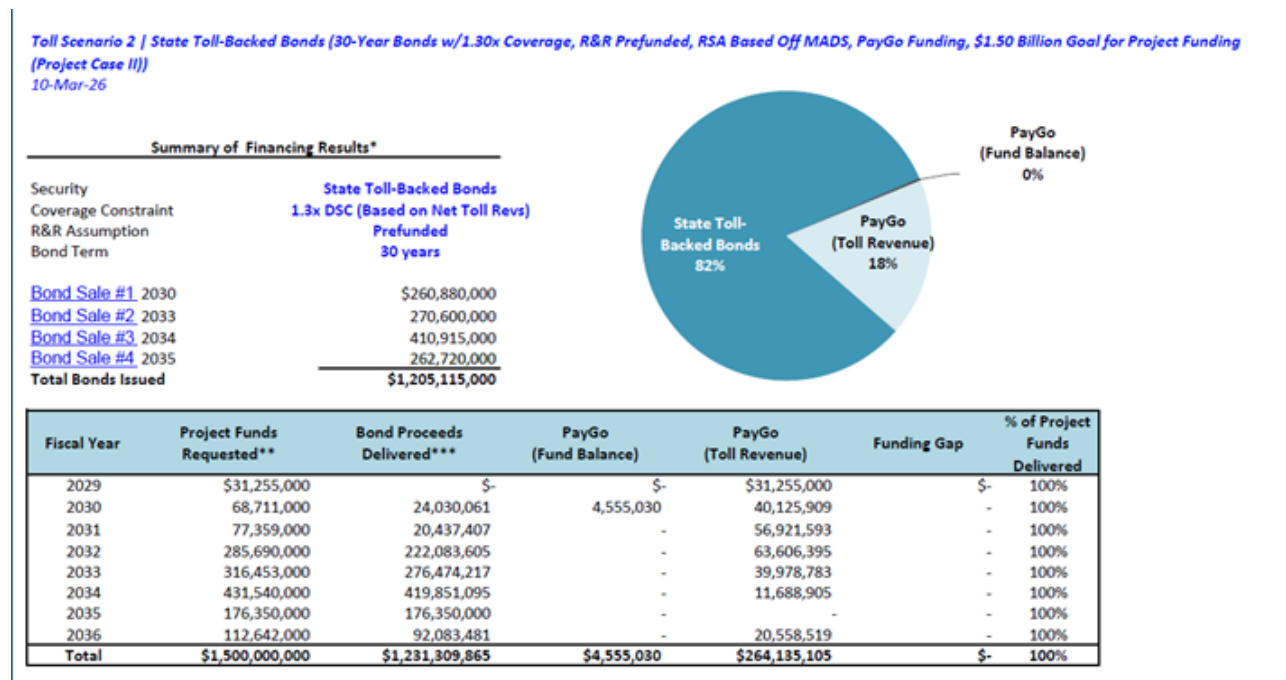
Using Washington OST’s analysis as representative, the toll funding comprises \$1.231 billion in net proceeds from four bond issuances, with the balance from pay-as-you-go funding from available net toll revenues totaling \$0.269 billion.

The analysis assumed that both states would issue toll backed bonds where net toll revenues are the first pledge to debt service, with each state providing additional credit support to enhance the credit rating and terms of the bond debt. Preliminary bond financing assumptions include a 30-year maximum bond maturity, an all-in interest cost of 5.38%, and four bond issues. The minimum projected debt service coverage ratio over the financing horizon is 1.40x. Financial modeling shows the first bond sale in FY 2030; however, actual bond sale dates will be determined based on the cash flow needs of the program. In addition to providing pay-as-you-go funding and covering debt service on the bonds, net toll revenues (after all O&M costs and adjustments) are also assumed to fund various reserve accounts, including a Revenue

Stabilization Account (RSA), a capital repair and replace (R&R) reserve account, working capital reserves, and potentially a self-insurance program.

Prior to needing the proceeds from toll financing, the two states may pursue other bond or debt approaches, which may include consideration of a federal TIFIA loan, that may increase the toll funding capacity or otherwise benefit the Program. Any revisions to the toll financing method(s), timing, and/or amounts will be captured in future Financial Plan Annual Updates (FPAUs).

Exhibit 1: Toll Funding Analysis conducted by the Washington Office of the State Treasurer



ODOT's municipal advisor conducted a separate analysis with slightly different assumptions that were generally consistent with the Washington OST analysis. This analysis confirmed the ability to fund \$1.5 billion with state-backed sources. They also separately validated Washington's analysis.

As the Oregon Transportation Commission (OTC) and the Washington State Transportation Commission (WSTC) progress in their collective rate setting process via the Bi-State Tolling Subcommittee (BTS), rates and policies for a final toll scenario for initial toll implementation will be recommended by the BTS for the Commissions' joint adoption in 2027. Prior to this adoption, the WSDOT T&R consultant will prepare updated forecasts for toll traffic, gross toll revenue potential, and net toll revenues reflecting the recommended rates and policies and other updated inputs. The updated net toll revenue projections will be transmitted to the Washington OST and the ODOT Debt Management office for analysis to again confirm the sufficiency of tolls to meet the required capital funds.



As toll bonds are not expected to be issued until FY 2030 at the earliest, an update to the initial Level 3 Toll T&R Study would be completed prior to the date of the first bond issue. The purpose would be to provide updated net toll revenue projections that incorporate actual data from pre-completion tolling as well as changes in toll rates or policies adopted by the two Commissions, if any. Financial analysis results from the refreshed net toll revenue projections would be used to demonstrate the sufficiency of tolls to meet all financial obligations and support the financing, including informing investors and credit rating agencies.