

Tacoma Narrows Bridge Citizen Advisory Committee Meeting Agenda

January 11, 2012 - 6:00 – 8:00 p.m.

Gig Harbor Civic Center
3510 Grandview St. | Gig Harbor, Wa

TNB Citizen Advisory Committee:

Caroline Belleci, University Place
Melody Griggs, Gig Harbor
Ted Hilliard, Tracyton
Ron Jones, Gig Harbor

Amy Matsuno, Port Orchard
Chris Myers (Vice Chair), Gig Harbor
Jim Pasin, Gig Harbor
Alan Weaver (Chair), Gig Harbor

AGENDA:

6:00 – 6:05	Call to order.....	Alan Weaver
6:05 – 6:10	Election of Officers.....	Alan Weaver
6:10 – 6:25	TNB Tolling Status Update.....	Craig Stone <i>Washington State Department of Transportation, Toll Division Director</i>
6:25 – 6:45	Financial Plan Update.....	Jeff Caldwell <i>WSDOT, Assistant Director of Financial Planning</i>
6:45 – 7:15	Scenario Results.....	Craig Stone
7:15 – 7:30	Consideration of Additional Scenarios.....	All CAC Members
7:30 – 7:45	Policy Discussion.....	Craig Stone
7:45 – 7:50	Schedule Update.....	All CAC Members
7:50 – 8:00	Public Comment.....	All
8:00	Adjourn.....	All

Tacoma Narrows Bridge

Citizen Advisory Committee Meeting

Date: Tuesday, Jan. 11, 2012

Location: Gig Harbor Civic Center

Time: 6 p.m. – 8 p.m.

Meeting Participants:

Citizen Advisory Committee:

Present: Jim Pasin, Alan Weaver (Chair), Ron Jones, Chris Meyers (Vice Chair), Amy Matsuno

Excused: Ted Hilliard

Transportation Commission Staff: Reema Griffith (Chair), Dan O'Neal

Department of Transportation Staff: Craig Stone (Toll Division Director), Jeff Caldwell (Assistant Director of Financial Planning)

Meeting Attendance: There were approximately 30-40 people in attendance including Representative Derek Kilmer, Representative Larry Seaquist,

Introduction:

CAC Chairmain Alan Weaver welcomes members and audiences. Weaver motions to remove Caroline Belleci from the panel to confirm her resignation. The committee agrees and the motion passes. Alan suggests to anyone in the audience to submit applications if interested in the positions. Weaver continues to introduce additional speakers, Dan O'Neal, Reema Griffith, Craig Stone.

Weaver explained the purpose of the meeting and reinforced basic policy rules. He explained that Stone's role is to explain the status of the Tacoma Narrows Bridge and that he and other CAC leaders have met initially to look at preliminary results. Weaver also reminded the audience that no decision would be made that night and encouraged members of the public to make comments. He also reiterated that the CAC does not set tolls; they only make recommendations to the Transportation Commission. O'Neal adds that in the past the Commission has always agreed with the CAC except during the last recommendation of photo toll rates.

Weaver added an explanation to the audience that any money collected from TNB tolls stays in the TNB fund. Despite criticism that they are helping fund 520 tolling, Weaver explains it is not

true. The reasons why tolls need to increase is because of the way tolling was structured in the 1990's when the bridge was originally financed.

Weaver continued to explain common misconceptions in regards to tolling. A common suggestion from the public is to refinance bonds. Weaver explained due to the type of bonds, refinancing is not an option or would not make much of a difference. The last statement Weaver introduced was a reminder to the public that the CAC is a non-paid group doing this civic duty and that they try to make reasonable suggestions to the Commission to be an accountable organization.

Pasin shared a statement he received from Representative Jan Angel. She wanted to share with the public and the committee that she regrets not being able to attend the meeting and was involved in an education committee meeting in Olympia.

Stone began with a PowerPoint presentation introducing the order of content. First topic was an update on the status of Tacoma Narrows Bridge. Photo tolling began on the bridge on December 3. Drivers who do not stop to pay a toll on the bridge, they can now drive through and receive a bill at a higher toll rate. This helps provide better customer service, and standardizes toll operations across the state. Good To Go! and cash rates stayed the same. Stone acknowledged there has been some challenges with the switch to a new vendor and apologized for the hassle. He wanted to bring up that so far tolling on 520 was working well and have reduced pay from the contractor for any delays or inconveniences. Stone thanked the audience and drivers for their patience as the department worked through the challenges, but that the most important thing to note was that the cost of the transition does not affect TNB drivers.

Stone continued to the next portion of the presentation in regards to the rate setting process. Slide 4 speaks to the 30 year debt service scheduled. When the bridge was in construction, 10 bonds were sold and each had different payments (usually every two years) and costs. The first 17 years requires an adjustable rate. Previously, when the bridge was financed, the legislature deferred all sales tax after 5 years over a 10 year period. \$5.7 million is due at the end of this calendar year. Stone also explained that refinancing the bonds was not an option because 8 cannot be refinanced and the other 2 would only have a marginal change.

Stone moved onto slide 5,6 to explain the history of the rate setting process, which includes a \$1 increase on all toll rates that began on July 1, 2008. However, the debt service schedule is increasing, while we were reducing the cost of operations and maintenance, traffic and revenue is remaining flat with very little growth. Stone attributed some of the cause to the recession and state that the next decision to be made by the CAC is a challenge. Traffic and Revenue forecasts have always shown an increase in employment and traffic based on the past 50 years, but with the recession, the numbers have not increased as hoped.

The presentation continued with an explanation that state statute orders that toll charges must be sufficient for operations, maintenance, payments insurance, principle and interest. The Transportation Commission created an amount (12.5% sufficient minimum fund balance) that gave a "buffer" between forecasts. It amounts to 45 days of operation costs.

Slide 7: TNB set up specifically in state statute. Toll charges must be sufficient for operations, maintenance, payments insurance, principle and interest. Transportation Commission 45 days to give buffer between forecasts and buffer (12.5% sufficient minimum home balance). Stone explained that there was already a decision to delay an increase in tolls last year due to the recession and some of the sufficient fund balance was used, but if there is no toll increase that by November 2012, the funding balance will be depleted, and the account would go into the rest. The Legislature authorizes tolling, the Transportation Commission creates the rules based off of CAC feedback. WSDOT's role is to build, construct, operate and maintain the facilities and providing finance information. Stone made a point that there are only three companies in the country that are credible with forecasting projects.

Commissioner O'Neal asked Stone if he was surprised that the forecast shows an increase. Stone responded by stating the slide shows what would happen at the current level of toll rates.

Weaver notes that Senator Kilmer entered the room and welcomed him.

Jeff Caldwell proceeded to introduce himself and explain his role is to manage cash flow with 35 accounts in the state treasury. He then proceeded to walk through the financial summary. The bottom portion of the handout is the debt service portion, the ending fund balance is at the bottom. He explained that the metrics for the scale is at the bottom and that we are not meeting our target for a sufficient minimum fund balance. O'Neal included that the reserve was used to balance funds when the economy was not doing well.

Meyers asked for clarification that the financial statement states by summer 2013, TNB is in a deficit. Caldwell answered by stating \$.3.899 million is the project balance and by Nov. 2012, which is FY 13, TNB will be in a deficit situation if the rates stay the same.

Weaver notes that Representative Seaquist enters the room.

Caldwell continues to explain that the mint green line is the debt service withholding. He continued to explain \$49 million for debt service payments is actual debt service payment and it is paid out of the bond account. Pasin shared a concern that he didn't think there needed to be more money set aside.

Reema Griffith stepped in and stated that the Commission was does not want to duplicate reserves and currently reviewing authority with the treasurer's office.

Stone walked through examples of proposed scenarios explaining that the black dashed line shows what a sufficient balance would be. Any scenarios below the line are not enough and anything above would be positive.

Meyers asked if cash tolls were a whole dollar how that would affect cost to collect. Stone responded by telling him that his group is still working on answer that question. He acknowledge there is a cost to keep the lane open and while it would be preferable to have whole dollars, he does not believe the cost to collect has a substantial difference.

One citizen asked: What would be the impact is sales tax is eliminated from scenarios?

Weaver deferred to Senator Kilmer to answer the response. Kilmer stated that the sales tax from construction of the bridge as already been deferred. He stated he introduced HB 6073 which would turn the deferral into an exemption. He also believed that it was “bad policy” to pay tolls instead of tax and is unfair to the community.

Stone continued to say that all people, even police officials say that they are going on duty must pay the toll. If they cross during a bonafide emergency, they are responsible for contacting Good To Go! to dismiss the toll. Weaver added that the CAC does not believe in exemptions because once one group has an exemption it spirals.

Pasin continued the meeting by introducing a list of 17 financial questions based off of previous leadership meeting. (See in materials attached). Pasin continued to state that WSDOT is overstating the revenue. One concern Pasin shared was the cost of WSDOT’s oversight of the project. Pasin stated that after reviewing previous financial plans he has seen an increase in staff administrative costs by 100% (\$1.3 million). He asked how this was being calculated and being accounted for. Stone responded by clarifying that the department has not been fulfilling positions and that the department is driving costs lower.

Pasin again asked why there was \$2.9 million scheduled for the system on the bridge in 2015. He believed the cameras were already updated and did not need upgrading. Stone replied that it covers asphalt replacement, which has a cycle of 7 years.

Weaver asked the commission for their opinion on the sufficient fund balance. O’Neal stated he couldn’t anticipate how he would feel. He said they talked to the treasurer’s office and they want to make sure payments are made. He assured the money was not being spent on anything but the bridge. O’Neal also pointed out that the treasurer’s office wants the SR 520 bridge to have a 25% sufficient fund balance and the Commission agreed to a 12.5% for TNB years ago.

Another citizen stated that the reserve account is not in law and that there is \$1.6 million spent a year on insurance and he believed the state should be able to provide insurance to a state project. Weaver cut the citizen off because he was not called on.

Pasin asked for actual Notice of Civil Penalty costs. He wanted the information for consideration whether positive or negative. Weaver added that he does not know if toll booths will be removed. The committee is waiting for one more year of sufficient data before considering removing toll booths.

Amy Matsuno stated that she thought they should compromise across the board. She pointed out that while SR 520 has alternate routes, TNB drivers did not have a choice and business on either side should be affected. She also stated the numbers don’t look promising and she hoped members of the public to understand they didn’t have an easy task.

Griffith stated that the WSTC was verbally informed by their attorney’s office, that the reserve fund should be part of the costs and that in the future the treasurer’s office will change future bond set ups. O’Neal added that there is a strong responsibility to users of the gas tax throughout the state. Any money that is not picked up at the bridge, someone else’s project pays for it.

Weaver then moved forward to allowing local representatives to make statements. Kilmer began by thanking the CAC for their work and acknowledging it is not an easy decision to make. He stated that with the budget challenge, he has asked to defer the sales tax into an exemption. He encouraged the Commission to revisit bonds and asking the state treasurer to restructure the bonds to be bought back over a longer period of time. He acknowledged he was not sure if it was good idea, but his opinion as that they should have several options.

Seaquist stated that Kilmer touch on his concerns and that he was looking forward to public comment.

Weaver then opened for public comment. First constituent was Dave Sireth from Gig Harbor. His question was if there was a repayment option to their debt. He thinks there will be serious inflation and that may soften the blow of payment.

Weaver acknowledge the high school students working on a project and previous interviewed Reema and the state treasurer.

Second comment was asking if people could buy a position on the bridge and give more money than everyone else. In addition, he asked for a lifetime bridge pass.

Third comment from a person concerned there would not be any other alternatives after 2015. other alternatives after 2015.

Public comment from Stan said he was a resident for 34-35 years and he did not want a bridge. He said the government officials made people vote outside of the area and he felt he was stuck making payments.

Representative Don Bernal from the Washington Business Chamber of Commerce was concerned with the costs for businesses and what that meant for the bridge. He suggested that the funds should be more flexible.

Another constituent stated he anticipated construction and the financial industry. He believes no one will able able to cross.

Citizen Sandra Bradley - Works at a company in Renton and thinks people will have to stop crossing the bridge and wants to reduce the sales tax. .

Another citizen asked why tolls were free at night (11 p.m.-5 a.m.)

Stone responded by stating that constructing at night saves the corridor costs, allowed contractors to close lanes, and the commission may take under to consideration charging at all times.

Citizen Tom Leander of Gig Harbor wanted to know if costs would level out.

Weaver closed by stating that the financial proposal for the bridge was before any of the current CAC members were involved. He also acknowledged that the tolls are currently lower than originally projected. Meeting adjourned.

Tacoma Narrows Bridge Citizen Advisory Committee

Paula J. Hammond, P.E.
Secretary

David L. Dye, P.E.
Deputy Secretary

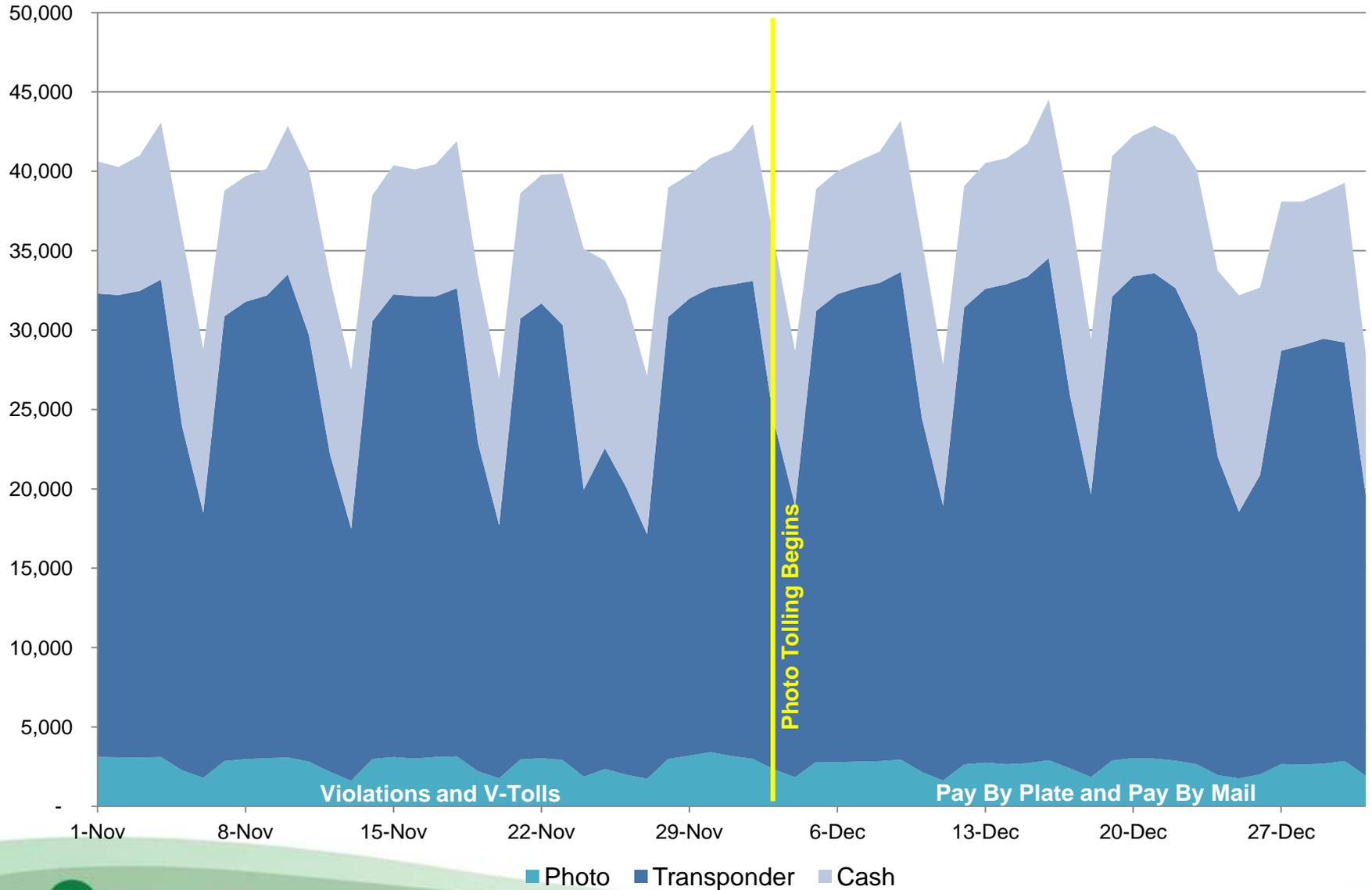
Steve Reinmuth
Chief of Staff

Craig J. Stone, P.E.
Toll Division Director

Jeff Caldwell
Assistant Director of Financial Planning

**Citizen Advisory Committee Meeting
January 11, 2012**

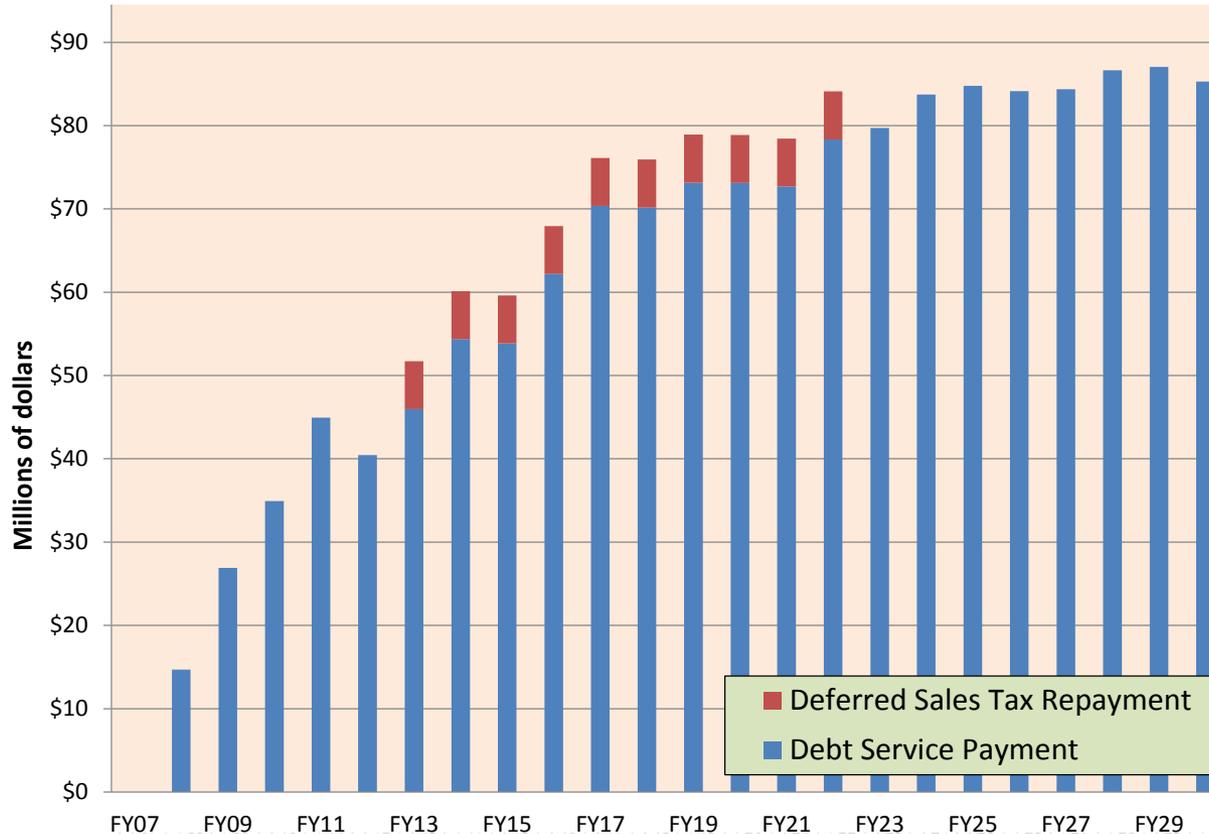
Tacoma Narrows Bridge Daily Transactions by Type November - December 2011



Rate Setting Process

TNB Debt Service Schedule

Debt service payments increase for next 12 years

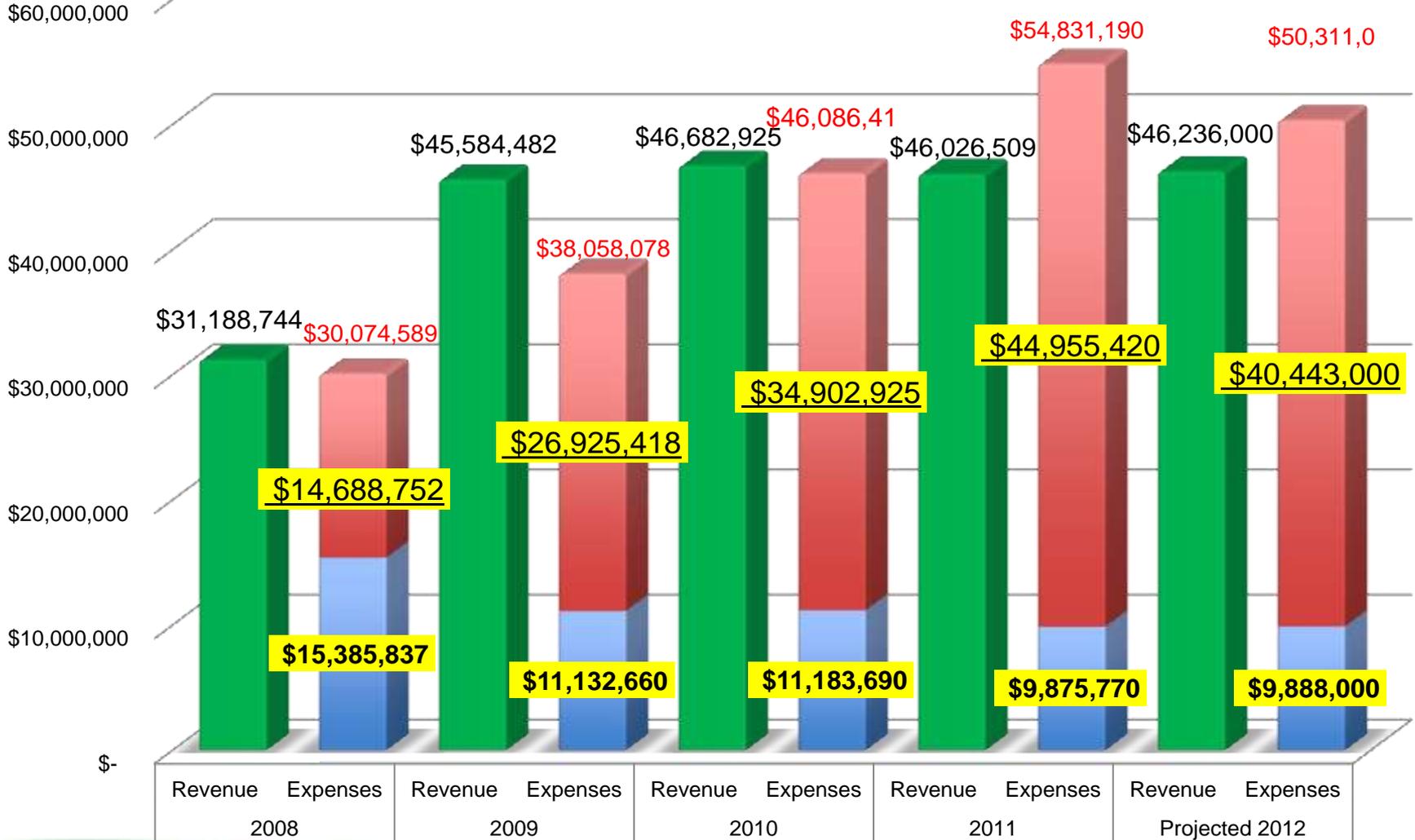


2002 plan toll rate	\$3.00	\$4.00	\$5.00	\$6.00
Actual toll rate	N/A	\$1.75/ \$3.00	\$2.75/ \$4.00	

- The new Tacoma Narrows Bridge was funded through issuing bonds
- Debt service payment schedule was set when project was originally financed
- No option to refinance
- Payments and toll rates assumed to increase over time
- Repayment for deferred sales taxes to begin in December 2012 for ten years

Tacoma Narrows Bridge: Revenue vs Expenses (FY 2008-2011)

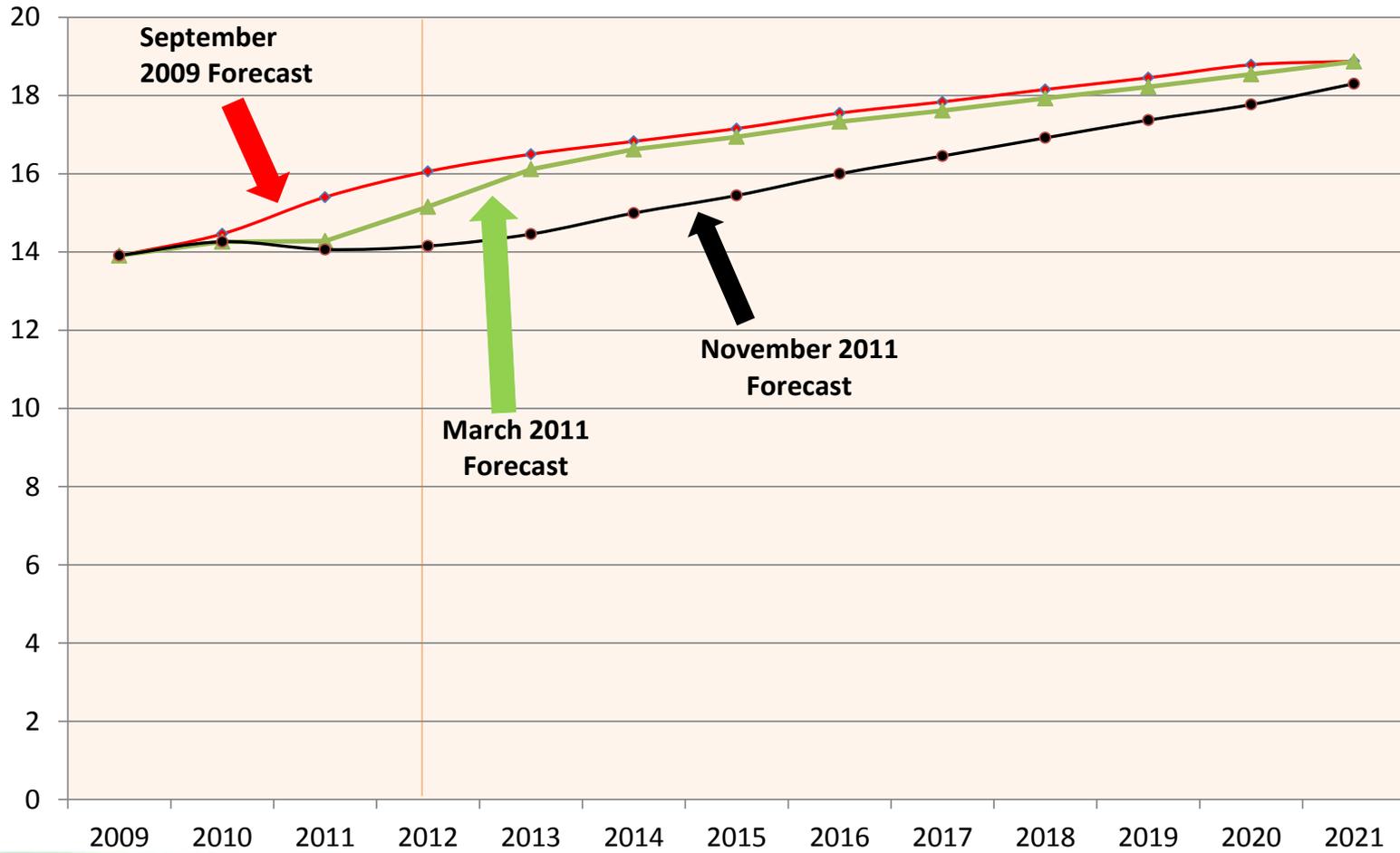
*FY 2012 PROJECTED



■ O&M ■ DEBT SERVICE

Effect of Economy on Traffic Forecasts

Annual Round Trip Traffic on TNB (in millions)



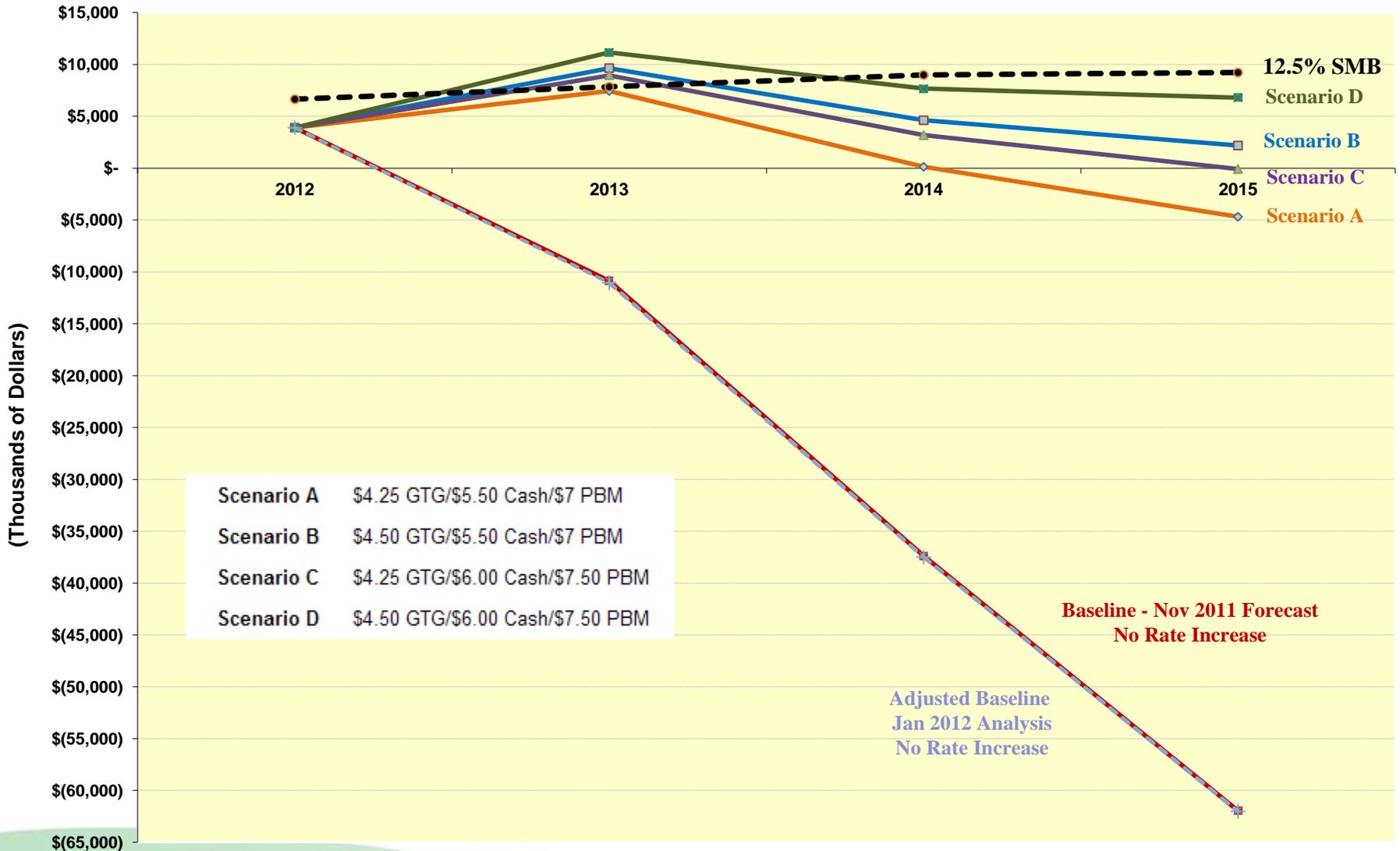
Note: The March 2011 and June 2011 forecasts were the same.

What Rates Are Required?

- RCW 47.46.100 states the toll charges must be imposed in amount sufficient to:
 - Provide for annual operating and maintenance expenses, except as provided in RCW [47.56.245](#);
 - Make payments required under RCW [47.56.165](#) and [47.46.140](#), including insurance costs and the payment of principal and interest on bonds issued for any particular toll bridge or toll bridges; and
 - Repay the motor vehicle fund under RCW [47.46.110](#), [47.56.165](#), and [47.46.140](#).
- Transportation Commission policy requires that the sufficient fund balance in the Tacoma Narrows Bridge account each year be 12.5% of annual debt service and expenditures.
- Prior forecasts suggested that a toll rate increase might not be needed before July 1, 2012.
- Rate increase was deferred in 2011, reflecting a conscious decision to lower fund balance to the 12.5% sufficient balance policy level.

TNB Toll Rate Scenarios -

Projected Ending Fund Balances - January 10, 2012



Scenario A	\$4.25 GTG/\$5.50 Cash/\$7 PBM
Scenario B	\$4.50 GTG/\$5.50 Cash/\$7 PBM
Scenario C	\$4.25 GTG/\$6.00 Cash/\$7.50 PBM
Scenario D	\$4.50 GTG/\$6.00 Cash/\$7.50 PBM

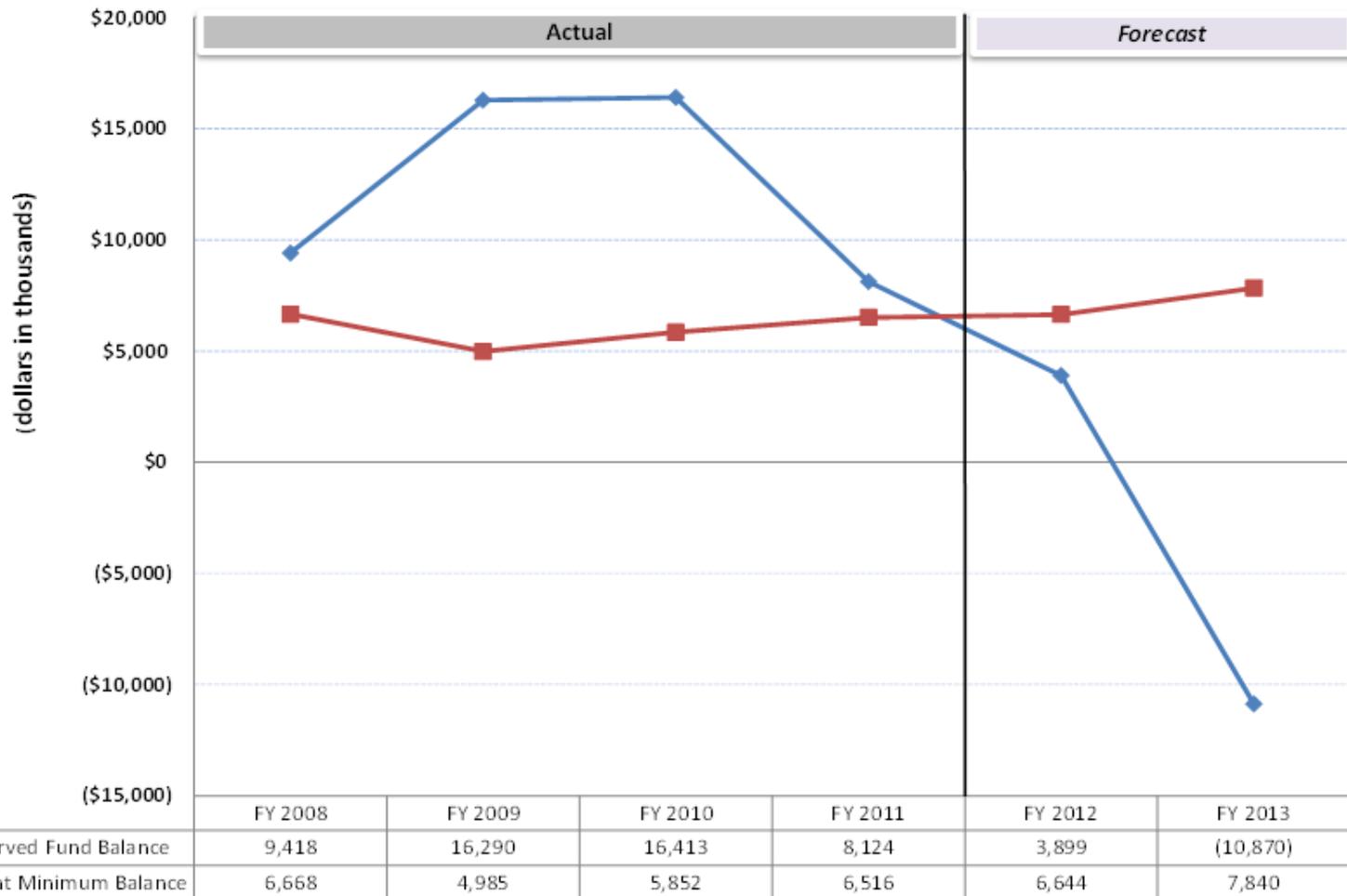
Baseline - Nov 2011 Forecast
No Rate Increase

Adjusted Baseline
Jan 2012 Analysis
No Rate Increase

Why a Rate Increase is Needed

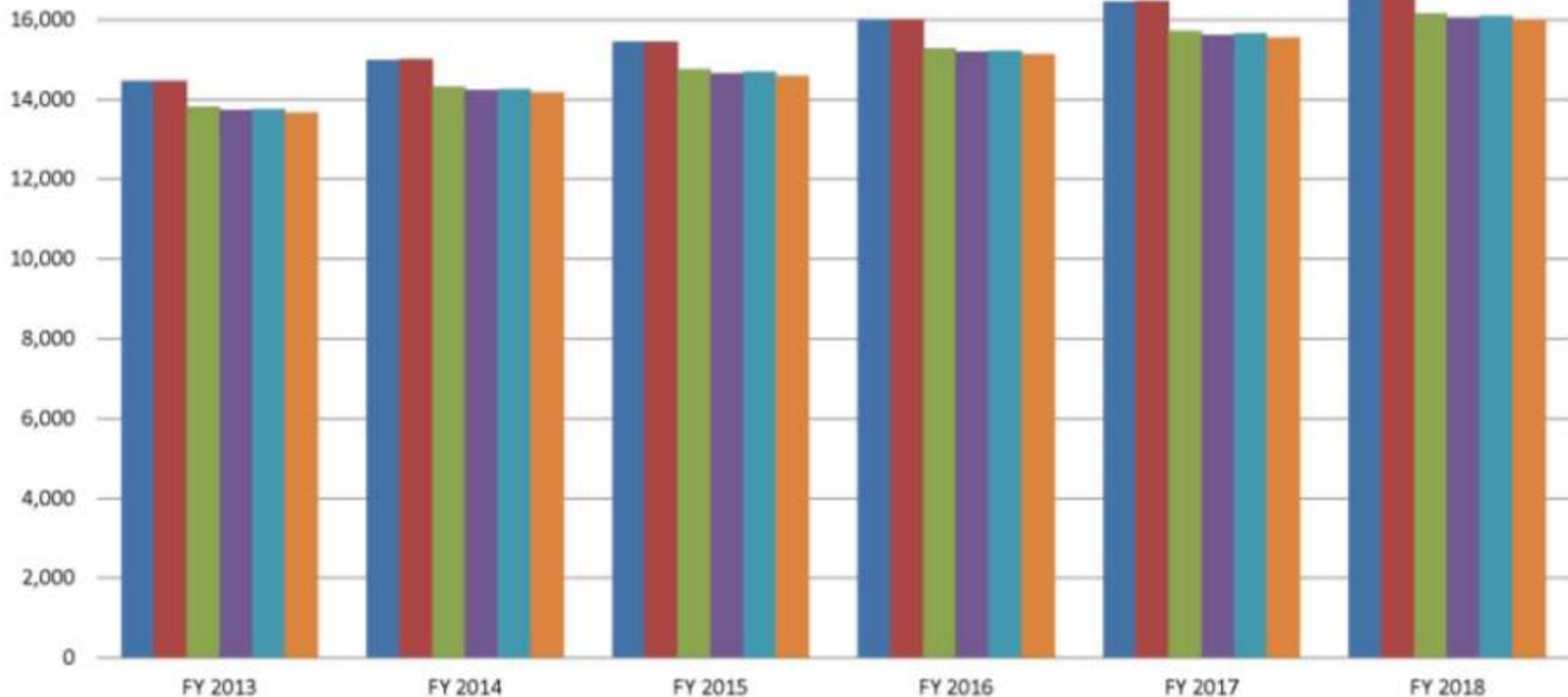
Fund balance will go negative at current toll rates

Tacoma Narrows Toll Bridge Account (511)
 Ending Fund Balance vs 12.5% Sufficient Minimum Balance
 (based on Draft Annual Financial Plan)



TNB - Traffic Forecast with Pay-By-Mail Transactions (FY2013 - FY2018)

of transactions



- November Quarterly Toll Revenue Forecast - Alternative PBM Toll Revenue Forecast
- ADJUSTED NOVEMBER Baseline: \$2.75 GTG/\$4.00 Cash/\$5.50 PBM
- Scenario A. \$4.25 GTG/\$5.50 Cash/\$7.00 PBM
- Scenario B. \$4.50 GTG/\$5.50 Cash/\$7.00 PBM
- Scenario C. \$4.25 GTG/\$6.00 Cash/\$7.50 PBM
- Scenario D. \$4.50 GTG/\$6.00 Cash/\$7.50 PBM

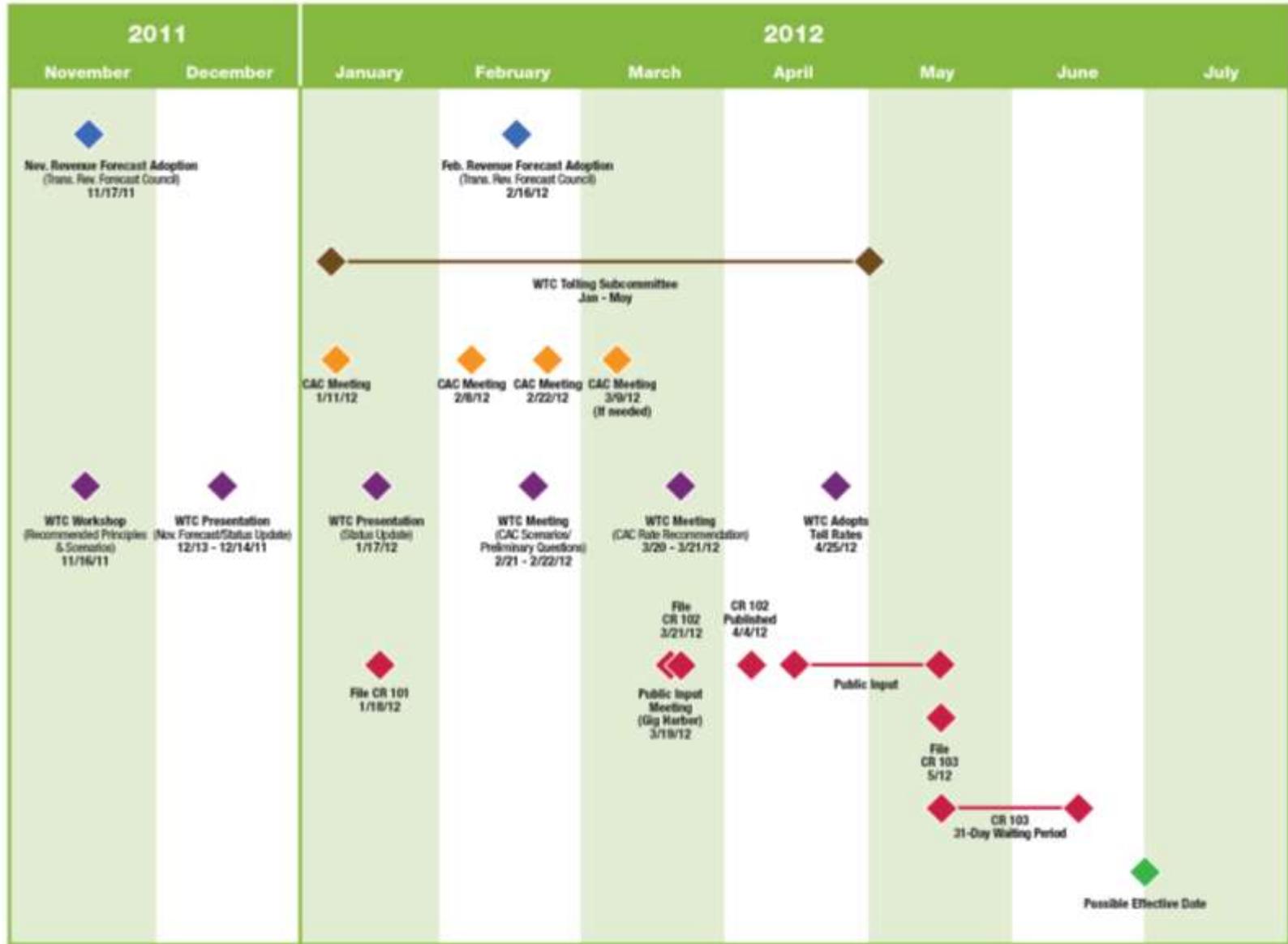
TNB Annual Sufficient Minimum Balance Coverage

(\$ in Thousands)

Fiscal Year

		2012	2013	2014	2015
12.5% Target Sufficient Minimum Balance Coverage		6,644	7,840	8,985	9,218
Baseline Scenario - November Alternative Forecast	Ending Fund Balance	\$ 3,899	\$ (10,874)	\$ (37,393)	\$ (61,951)
\$2.75 GTG/\$4 Cash/\$5.50 PBM	Sufficient Minimum Balance Coverage	7.3%	-17.3%	-52.0%	-84.0%
Adjusted Baseline - January 2012 Analysis	Ending Fund Balance	\$ 3,899	\$ (11,047)	\$ (37,505)	\$ (62,018)
\$2.75 GTG/\$4 Cash/\$5.50 PBM	Sufficient Minimum Balance Coverage	7.3%	-17.6%	-52.2%	-84.1%
Scenario A	Ending Balance	\$ 3,899	\$ 7,444	\$ 128	\$ (4,691)
\$4.25 GTG/\$5.50 Cash/\$7 PBM	Sufficient Minimum Balance Coverage	7.3%	11.9%	0.2%	-6.4%
Scenario B	Ending Fund Balance	\$ 3,899	\$ 9,646	\$ 4,621	\$ 2,184
\$4.50 GTG/\$5.50 Cash/\$7 PBM	Sufficient Minimum Balance Coverage	7.3%	15.4%	6.4%	3.0%
Scenario C	Ending Fund Balance	\$ 3,899	\$ 8,954	\$ 3,183	\$ (85)
\$4.25 GTG/\$6.00 Cash/\$7.50 PBM	Sufficient Minimum Balance Coverage	7.3%	14.3%	4.4%	-0.1%
Scenario D	Ending Fund Balance	\$ 3,899	\$ 11,156	\$ 7,676	\$ 6,791
\$4.50 GTG/\$6.00 Cash/\$7.50 PBM	Sufficient Minimum Balance Coverage	7.3%	17.8%	10.7%	9.2%

Proposed Rate-setting Process



1/1/12

Questions?

For more information,
please contact

Craig Stone

Director, Toll Division

at

206-464-1222 or StoneC@wsdot.wa.gov

Tacoma Narrows Bridge Q&A

Why is a rate increase needed?

The Tacoma Narrows Bridge construction was funded through ten bond sales that set in place a thirty year debt structure when the project was originally financed. The debt payment schedule for these bonds increases over the first 17 years. Increased steps in toll rates were anticipated to meet these debt payments. Also, in December 2012, we must begin repaying deferred sales tax from the construction project.

Who decides what toll rates should be?

The Washington State Transportation Commission, with the advice of the Tacoma Narrows Bridge Citizen's Advisory Committee set toll rates for the state.

When will the new toll rates go into effect?

We anticipate the new toll rates will go into effect July 1, 2012.

Why raise rates during difficult economic times?

We are obligated to make payments to our bond holders and do not have an option to refinance. While traffic and revenue is flat due to the recession, at the current toll rates we will fall behind in payments. We already deferred a rate increase in 2010 and used some of our reserve funds and we can no longer do this. The current *Good To Go!* rate of \$2.75 is substantially below the original projection of \$4 tolls for all drivers by 2010.

Are we raising rates due to the increasing number of toll facilities?

No – operations and maintenance expenses are gradually declining as per-toll transaction costs are shared across all facilities including Tacoma Narrows Bridge, SR 520, and SR 167 HOT Lanes. We expect our 2012 operation and maintenance costs to be 35 percent lower than our 2008 costs. The new customer service contract is less expensive than the previous contract.

Are we raising rates due to problems earlier vendor problems this year with ETCC?

No – we have a debt schedule to meet. With traffic and revenue staying flat and our bond payments are increasing, we need to look at finding ways to meet those payments.

Tacoma Narrows Toll Bridge Account (511)

Draft Financial Plan Through 2015 - Updated on January 9, 2012

Revenue estimate is based on Draft November 2011 Transportation Revenue Forecast; plan expenditure estimates for FY12 and FY13 are based on agency allotment
(dollars in thousands)

Fiscal Year	Actuals		Forecast		
	2011	2012	2013	2014	2015
Toll Rate (Pre-Pay)	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75
Toll Rate (Cash)	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
Toll Rate (Pay-By-Mail, Customer Initiated)		\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
Toll Rate (Pay-By-Mail)		\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50
Beginning Unreserved Fund Balance	16,413	8,124	3,899	(10,870)	(37,385)
Operations and Maintenance					
Sources of Funds ¹					
Interest Earnings from Tacoma Narrows Account (511) ²	145	82	118	135	138
Interest Earnings from Toll Collection Account (495) ²	33	33	33	35	36
Toll Revenue	44,049	43,983	44,865	46,410	47,722
Pay-By-Mail Impacts on Toll Revenue		924	1,738	1,889	1,975
Toll Revenue Used for Financing Deferred Sales Tax			(1,848)	(5,759)	(5,759)
Transponder Sales Revenue	644	322	339	341	351
Violations	489	335	-	-	-
Civil Penalties Gross Revenue	-	318	1,273	1,479	1,510
Transfers from/(to) Other Accounts ³	-		(302)	(1,479)	(1,510)
Fees ⁴	76	107	107	107	107
Miscellaneous Revenue ⁵	768	2	2	2	2
Inventory Reserve ⁶	387	-	-	-	-
Debt Service Payment ⁷	(42,200)	(43,267)	(45,743)	(54,599)	(53,429)
Debt Service Withholding ⁷	(2,755)	2,824	(220)	(3,556)	(1,138)
Total Sources of Funds for Operations and Maintenance	1,636	5,663	362	(14,995)	(9,995)
Uses of Funds ⁸					
WSDOT Oversight & Admin. of Toll Operations ⁹	2,260	2,439	2,698	2,754	2,811
WSDOT Oversight & Admin. of Adjudication Process		337	952	972	992
Toll Operator Contract	5,621	4,893	5,392	5,504	5,618
Insurance	1,463	1,600	1,600	1,600	1,600
Washington State Patrol	209	-	-	-	-
Maintenance of New Bridge	211	410	450	510	545
Preservation of New Bridge, Roadway & Toll Systems	113	182	76	125	2,935
Pay-By-Mail Admin.		65	92	94	96
Compensation Adjustment ¹²		(39)	(39)	(39)	(39)
Total Uses of Funds for Operations and Maintenance	9,876	9,888	11,221	11,520	14,558
Current Year Balance for Ops. And Maint. (Sources - Uses)	(8,240)	(4,224)	(10,859)	(26,515)	(24,553)
Cumulative Balance for Ops. And Maint.	4,213	(11)	(10,870)	(37,385)	(61,938)
Beginning Capital Improvements Balance	3,960	3,911	3,911	-	-
Capital Improvements					
Sources of Funds					
Toll Revenue Used for Financing Deferred Sales Tax			1,848	5,759	5,759
Total Sources of Funds for Capital	-	-	1,848	5,759	5,759
Uses of Funds					
Deferred Sales Tax	-	-	5,759	5,759	5,759
Total Uses of Funds for Capital	49	-	5,759	5,759	5,759
Current Year Balance for Capital (Sources - Uses)	(49)	-	(3,911)	-	-
Cumulative Balance for Capital Improvements	3,911	3,911	-	-	-
Ending Unreserved Fund Balance	8,124	3,899	(10,870)	(37,385)	(61,938)
Days of Expenses Covered by Ending Fund Balance	57	27	(63)	(190)	(307)
Sufficient Fund Balance = Ending Fund Balance / (Total Uses of Funds)	15.6%	7.3%	-17.3%	-52.0%	-84.0%
12.5% Sufficient Minimum Balance	6,516	6,644	7,840	8,985	9,218
Additional Fund Balance Needed to Reach 12.5% Sufficient Minimum Balance	2,745	2,745	18,711	46,370	71,156
See Notes on Reverse					

NOTES:

¹ For GAAP purposes, Interest Earnings, Donations, Debt Service and Transfers displayed as Operations Sources of Funds are considered to be Nonoperating Activities.

² Interest income displayed is net of the cost of investment activities. The interest earning estimates from TNB account in FY13 to FY15 assume the annual ending fund balance will reach the required 12.5% Sufficient Minimum Balance.

³ The repayment of \$5.288m to the Motor Vehicle Account (MVA) is included in enacted 2011-13 transportation budget. As required by RCW 46.63.160 (9), through June 30, 2013, TNB civil penalty revenue that are in excess of amounts necessary to support TNB toll adjudication process must be allocated toward repayment of the \$5.288 m MVA loan.

⁴ Includes NSF check, Customer Service Center administration fees, and the reprocessing fee associated with the second PBM statement.

⁵ Includes contractor liquidated damages for late project delivery, cash over, prior period recoveries, \$102k of donations for grand opening in FY08, \$2,350 down-payment for the \$21,501 sale of surplus right of way in FY10, and the \$164 monthly payment for the same real estate sale starting from FY11 for 19 years. The \$10,000 in FY09 reflects a transfer to the Health Care Authority Admin. Account for the state insurance accounting system supporting FTEs assigned to the TNB. In FY11, \$763,297 was paid by toll vendor as the contractual damages. Among the \$763,297, \$11,556 was from TransCore and \$396,000 was from ETCC due to vendor system issues which caused a decrease in toll revenue; another \$355,741 was paid by ETCC to repay related TNB costs.

⁶ Inventory Reserve represents the change in consumable inventory of transponders from year to year. For governmental fund financial reporting, inventory balances are recorded as a reservation of fund balance so they are not spendable resources. In 2010, a new law (Chapter 249, Laws of 2010, Sec. 8(3)) authorizes the use of the Toll Collection Account (495) to record transponder inventory upon certification of the new statewide tolling operations center and photo toll system are fully operational. This certification occurred in December 2011.

⁷ Debt Service Payment represents Principal and Interest payments paid out of the Highway Bond Retirement Account for bonds sold for TNB Account construction costs. Debt Service Withholding represents the amount transferred in a given fiscal year from the TNB Account, more or less than the Debt Service Payment. RCW 47.10.847 requires the State Treasurer to withhold amounts for as required by the bond proceedings into the Highway Bond Retirement Account, which is on a monthly basis prior the due dates of the debt service payment.

⁸ Uses of Funds for Operations in FY12 and FY13 reflect agency proposed 2011-13 allotment plan. Operation and maintenance uses except for insurance, maintenance, preservation is inflated in FY14 and FY15 using half the rate of IPD. Maintenance and preservation are from WSDOT plan updated in Spring 2011.

⁹ WSDOT Oversight & Admin. includes Credit Card and Bank Fees, Transponders, Salaries and Benefits, Personal Service Contracts, Travel, and Capital Outlays for use in TNB Operations.

¹⁰ The \$677.78m bond net proceeds for Tacoma Narrows Bridge include \$681.17m PAR amount, \$3.03m premium, and \$6.42m underwriter discount/cost of issuance.

¹¹ In addition to the \$718 million capital expenditures from TNB account, \$11 million was spent on the TNB capital improvement from MVA account in the 1999-2001 and 2001-2003 Biennia prior to the creation of Tacoma Narrows Toll Bridge Account.

¹² The compensation adjustment is based on the assumption of a 3% salary reduction which is expected to be included in the 2011-13 general fund operations budget. This amount could change.

Analysis - Annual Financial Plan - 2013 - Discussion CAC Meeting 1/11/12

1. Explain the increase of \$36,000. Interest Earnings in 2013.
2. Provide projected traffic counts - % or total per Toll Rate that makes up the \$44,865 M for 2013.
3. Pay by Mail Impacts on Revenue: Plan shows \$1.738M. What is "Impacts"? How is this amount calculated?
4. Revenue for Deferred Sales Tax - \$1.848 M. Why is this here and "Use of Funds? Why \$1.848M vs \$5.759M ? FY 2014 and 2015 used the \$5.759M in both.
5. Transponder Sales; Number of units at \$5.00 shows an increase of 14,000 units from 2011. How was this estimated?
6. Civil Penalties Revenue of \$1.273 M would equal 31,825 penalties, which is about 9,000 less than Violations. Is this an over statement of revenue?
7. The net revenue from adjudication is about \$321,000 less \$92,000 for PBM Admin.
8. Need an explanation of Transfers to/from Other Accounts - \$0.00 in 2012, then \$302K - 2013 then jumps by \$1.177M in 2014, Is this only the repayment of the \$5.2 M loan?
9. Fees - there is a \$30K increase in Fees - the footnote seems to indicate this is an expense not a revenue. How was this calculated?
10. Need a complete explanation of DS Payment and DS Withholding lines. And why the DS Payments are changing from one Financial Plan to the next for the same FY? 2012 increased by about \$3M on the current plan from the Nov. 2009 Plan. How is this calculated and by whom?
11. WSDOT Oversight - what contributes to the \$259,000 increase for 2013? What costs are increasing? The 2009 FP shows \$1.348 for 2012 and 2013 vs the current FP - \$2.4M - 2012 & \$2.698M - 2013. Need justification of 100% increase.
12. Adjudication Process increases by \$625K from 2012 why? 2012 is \$48.15K per month vs 2013 of \$79.33K. This is an increase of \$31.23K per month.
13. The 2013 Toll Operator Contract increases by \$500K over 2012 and another \$112K in 2014. The "new contract" was to save TNB money, why is there a continuing increase in this cost? What is changing?
14. What is scheduled for the bridge and toll system in 2015 to spend \$2,935M? Why is yearly maintenance up by \$150K to \$200K per year thru 2015?
15. PBM Admin. - what goes into this category? 2012 is \$9.3 K per month vs \$7.7 per month for 2013? Why is 2012 higher?
16. Need Toll Revenue Used for Sales Tax - \$1.848M vs Deferred Sales Tax \$ 5.759M to be explained. 2009 FP shows \$5.757M starting in 2013 FY.

17. Additional Fund Balance needed:	\$22,635.M
Less: DS Withholding	<u>\$ 4, 144M</u>
	\$ 18,491.M equals \$1.32 per crossing.