

Tacoma Narrows Bridge Citizen Advisory Committee Meeting Agenda

November 3, 2010 - 5:00 – 7:00 p.m.

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

WA State Transportation Commission:

Dan O’Neal

TNB Citizen Advisory Committee:

Caroline Belleci, University Place
Melody Griggs, Gig Harbor
Ted Hilliard, Tracyton
Ron Jones, Gig Harbor
Amy Matsuno, Port Orchard

Sonja Morgan, Tacoma
Chris Myers (Vice Chair), Gig Harbor
Jim Pasin, Gig Harbor
Alan Weaver (Chair), Gig Harbor

AGENDA:

5:00 – 5:05	Call to order.....	Alan Weaver
5:05 – 5:10	Welcome and Introductions.....	Alan Weaver
5:10 – 6:10	Discussion topic overview.....	Alan Weaver
	• Response to CAC questions.....	Craig Stone
	• Photo toll rate (Pay By Plate) proposal and statewide fees.....	Craig Stone
	• Review of schedule for meetings and hearings.....	Craig Stone
6:10 – 6:20	CAC – additional comments and/or discussion.....	All CAC Members
6:20 – 6:40	Public comment.....	Public
6:40 – 6:55	CAC recommendation.....	All CAC Members
	• Photo toll rate	
	• System-wide fees	
6:55 – 7:00	Adjourn.....	All

Tacoma Narrows Bridge Tolling Citizen Advisory Committee

Date: Wednesday, Nov. 3, 2010

Location: Gig Harbor Civic Center

Time: 5:00 p.m. to 7 p.m. (Meeting motioned to extend until 7:30 p.m.)

Meeting Participants in attendance:

Citizens Advisory Members:

Present: Alan Weaver (Chair), Chris Myers (Vice Chair), Ron Jones, Jim Pasin, Ted Hilliard

Excused: Caroline Belleci, Melody Griggs, Sonja Morgan, Amy Matsuno

Transportation Commission Staff:

Commissioners: Dan O'Neal

Department of Transportation Staff:

Craig Stone (Toll Division Director), Bob Covington (Director of Accounting and Financial Services)

Attorney General's Office:

Elizabeth Lagerberg (Assistant Attorney General)

Meeting Attendance: there were approximately 10 in attendance including Rep. Jan Angel, 26th District and Rep. Larry Seaquist, 26th District.

Introduction:

Chairman Alan Weaver opened the meeting by excusing Tacoma Narrows Bridge (TNB) Citizen Advisory Committee (CAC) members Belleci, Griggs, Morgan, and Matsuno. Weaver proposed to have a quorum since all other members were present.

Weaver thanked present CAC members for reelecting him as chairman while he was out. He then continued to invite Craig Stone to continue with his presentation.

Initial questions to Stone:

CAC member Myers asked if the first quarter financials were available and how accurate violations reported were.

Response: Stone explained that the first quarter financials were ready, but the financial office was in the process of reviewing the information. The final report was expected to be published next week by November 10. Stone also explained that being able to determine violations relies on the ability and method of reading plates.

Presentation:

Stone structured the presentation around following up on questions raised by CAC members during the last meeting on October 6. (Last meeting materials can be found online at: <http://www.wsdot.wa.gov/Tolling/TNBTolling/CACmeetingmats.htm>). Stone wanted to be clear with audience members that the Washington State Transportation Commission (WTC) is the entity that will set toll rates. Stone also wanted to reiterate that the purpose of the discussion

was not to talk about changing the toll rate, but to introduce an additional way to pay for tolls: "Pay by Mail/Photo Tolling". The CAC's course of action was to give the WTC a recommendation. The WTC will take action to determine whether or not to provide the photo tolling option on the Tacoma Narrows Bridge. Stone continued to explain that if photo tolling were to begin, it would start in Spring 2011 in conjunction with SR 520 tolling. WSDOT has been working on the contractual elements since the last meeting to take back office functions in January.

During Stone's introduction covering the meeting's topics, CAC member Pasin said, "One of the things that is not being dealt with is that we're looking at this from a savings/vendor point of view and missing the lost revenue from this approach. I'd like to have a lot of discussion about how that revenue is being accounted for." Stone responded by saying that the key to running a business is net revenue, which includes risks and operating costs, and see how it is working. Stone said pointed out that by reducing operational costs, revenue is higher.

Stone shared anecdotes to the committee: A resident of Pierce county crossed the bridge mistakenly and was surprised to see the \$50 penalty. An Ellensburg resident expressed her displeasure: "I crossed bridge for a \$4 toll and now I have to pay \$50 for making a mistake. Why can't I have the same options as offered in King County? A California resident complained that it was a "simple mistake" and now they owed \$77 in fees. Pasin responded by saying, "I think a few number of people should not dictate our choices on the bridge. When was the last time you drove the SR 520 bridge? It was 10 years ago for me." WTC member O'Neal interjected, "I think you need to get out more. I just drove across the bridge yesterday." Weaver concurred with O'Neal. Stone responded with a small statistic. The #1 violators on the TNB come from Pierce county, but the #2 violators come from King County.

Photo tolling presentation

Slides 1-7: Stone walked through the first set of pie charts showing comparative costs of TNB operations in July 2010 and projected costs for July 2011. With photo tolling, the cost reduction could be anywhere between \$1.6 - \$2.2 million.

CAC member Jones asked what changed in the environment to reduce costs by half. Stone responded by saying that there has been good competitive bidding among five different vendors allowing for good bids. Pasin asked about costs that would include postage, handling, plate reading, and administrative work to follow up. Stone answered by saying that these costs were based on a lump sum, postage and image reviewers were a separate costs. Vendors were paid by how many accounts are open, and WSDOT would be taking back some of the work. Customer service reps would be determined by the vendor based on how many they need to meet performance standards. Stone continued his presentation by saying that the calculated costs for each transaction on the TNB was 33 cents. There are 40,000 trips per day on average. Pasin asked what the expected volume was for SR 520. Stone replied by saying the SR 520 bridge currently has 115,000 trips per day and when tolling is enforced, the expectation is that total daily traffic will be reduced by 80,000 to 90,000 trips. Stone noted that people will make different choices about how to get across the lake. Pasin asked that with a 30 percent drop in volume if TNB would be expected to pick up the difference. Stone replied by saying there is no actual payment to contractors between January and Spring 2011. TNB would benefit from the savings.

Slides 8-13: Stone continued to explain the RCW laws explaining that without a civil penalty process, there is no enforcement mechanism for toll violations and toll facility would not receive

any revenue from the penalties. Pasin made a request to legislatures Angel and Seaquist to seek ways to change these laws.

Stone continued his presentation covering the definitions of photo toll, toll collection provisions, and penalties per RCW laws. Jones asked what would happen if someone altered their plate to avoid the toll fees. Would it be considered civil or criminal? AG representative Lagerberg explained that this would be a separate statute and considered a traffic infraction. It would be handled in the traffic infraction district court. The vehicle owner would be penalized in the civil process with a toll bill. Pasin asked for a breakdown of how much money TNB would receive from a civil penalty. Stone replied saying that TNB currently receives \$12 from the violation process. Under the new process \$40 of the civil penalty money comes back to TNB but we would also pay for the adjudication process.

Stone continued to review the process of penalty provisions for failure to pay a toll. The new process would give violators two notices before the infraction is sent to court as a Notice of Civil Penalty. If the violator chooses to hold a hearing with the Administrative Law Judge and overruled, the person could appeal to the Superior Court or a collections agency. Pasin asked why there was no fee after seven days because the costs to send them the notice should be covered. Stone replied with that the toll rates would cover these costs. Myers noted that most violators that will be sent a notice will be cornered when they go to renew vehicle tabs. However, notice of violations must be received at least four months prior to renewal. If the person only recently violated the bridge, the penalty will not apply to them for another 16 months. Lagerberg stated that not receiving your notice is not a valid reason to remove penalties. You cannot transfer titles if a vehicle is being held either. Jones asked whether the notices would require a signature to verify the delivery of the notice. Lagerberg responded that a signature was not required because not being able to receive your notice is not a valid excuse. The person is still responsible for the money they owe. The earlier notice would state that the next notice would have an additional fee. O'Neal inserted that there would always be a way to pursue people with violations.

Pasin wanted to know how this technology for photo tolling was being accounted for, testing, development and reliability of the equipment. Covington explained that the process was a complex set of activities. There was a lot of collaboration with WSDOT, OFM, and the State Treasurer's office. Together they developed a set of detailed requirements to work through all the processes with the vendor to ensure they meet all the requirements in the contract. They are in the process of developing test cases, scenarios and testing cycles. Covington reiterated that the priority of the state is to ensure everything is working successfully. The state is committed to testing the technology thoroughly and being accurate. The vendor selected has already undergone rigorous demo tests. This significant technology project will have risks and issues. The April date to launch this technology is typical for this type of work. The technology being used has been used in other states, the state is currently adjusting the program to fit WSDOT business rules and needs. Jones asked how far long the code was written and being tested for photo tolling. Stone replied by state that there were two test cycles – January is the phase 1, Spring is phase 2. Jones wanted to know if there were any steps being taken in case the system crashes. Covington and Stone replied to say that extensive disaster procedures have already been developed.

Slides 14-21: Stone continued the presentation to compare the amount of traffic and their relation to methods of payment. The pie charts gave a visual display and addressed the committee's concerns with leakage (vehicles that will not be able to receive a bill from photo tolling). The charts showed a breakdown of how the number of those vehicles related to the

grand scheme of things. Pasin wanted to know if these charts accounted for the cost of upgrading equipment to be able to read plates more clearly. Stone explained that Transcore's contract was coming up and it has always been known there would be a repair/replace cycle. He then asked the committee when they would want to make that expense. This offers possible savings during upcoming Transcore contract renewal.

Pasin wanted to know why on slide 18; the forecast for 2012 was \$3 million lower than the original forecast. Stone replied by saying that the economy has slowed down and that the projections were based on the toll rate remaining unchanged in 2012.

Stone proceeded with slide 19-21 which shows how many drivers will choose to drive through the bridge instead of cash with different toll rate scenarios. Meyers said that he conducted his own poll and said that most of the people he talked to said that would choose a photo toll instead of cash because the difference would only be to save 25 cents. Stone replied by saying that infrequent users of the bridge stop because they will be unfamiliar with the electronic tolling choice. Jones made a comment towards Meyers asking him if his poll users were informed they would receive a bill in the mail, pay for a stamp and that the real charge would be \$4.75. Stone commented that increased photo toll rate does not offset losses in revenue once photo toll usage goes past 30 percent.

Pasin made a point that the state is discounting that every dollar generated needed to go to the entire TNB bridge. Stone replied by stating that most toll facilities are solely funded by tolls. He recognized that tolling is a business.

Slide 22

Pasin remarked that TNB nets \$593K from violations. Under new system they would only collect \$227,000 resulting in \$180,000 in interest. Weaver motioned to extend the meeting and invited public comment.

Public comment

Eileen Miles asked if there would be toll booths on SR 520. Stone replied by saying there will be no toll booths on SR 520 or any future facility in Washington. The rest of the country is moving in that direction.

Michael Murphy asked if the current cashless study is being funded from TNB funds. Stone promised to follow up on this question for the next meeting. Murphy continued to ask as a follow up policy question of changing the equity in the system of distributing funds to facilities appropriately. Murphy stated that the TNB has been a test facility for other projects in the state but that there is no equity for TNB when compared to other mega projects. Murphy compared reimbursement options for transponder for the SR 167 Hot Lanes and TNB users and stated he believed there was no equity for TNB users.

Slide 23

Jones questioned how the funds from the administrative adjudication process will be distributed. Covington explained that WSDOT is carefully developing the system. Although they are not inventing the system, they need to be able to properly account for where users are traveling so they can properly distribute money. Once someone enters the system WSDOT will know where they are traveling and the money that is used will be given back to the facility.

Pasin asked about the reported \$50,000 being lost through SR 167 Hot lanes and how the revenue is being made up. Stone replied that WSDOT knew from the beginning that revenue for

the Hot Lanes would need to be subsidized since the economy dropped and gas prices have increased. WSDOT expects to be back in the black in 2011. A separate legal account is used to subsidize this period.

Slide 24

Weaver asked about looking into a cashless study – where people are coming from through toll booths. Stone explained that Jacobs was currently conducting a weeklong survey with cash drivers in a couple of days. The survey would be conducted online and advertised through toll booths and VMS signs on the highway. Stone included that WSDOT has been asked by legislature to do the cashless study.

Myers asked about costs of public awareness campaign that is required before implementation of a new system. Stone clarified that the requirement is specific to SR 520 for an electronic tolling system. Myers also asked about the financial incentive to sign up for Good to Go in the SR 520 proposal. He assumed that a free toll would apply to anyone who requested a sticker during that window of opportunity. Stone replied by saying that WSDOT did not want to give away transponders (which cost \$12) like they did for TNB because many of the transponders were never activated and used. The incentive WSDOT is offering for Good To Go customers on the SR 520 bridge is that a \$10 credit will be given to the new account for traveling on SR 520. Under the new system, the frequency use of accounts would be monitored. Myers continued to ask whether the date of April 1 was the best date for the new customer service center to be open with photo toll. Covington affirmed that the date was the best date and that the system would be ready.

Weaver motioned that third meeting be held on Wednesday, Nov. 10. Jones second, and the committee approved.

Tacoma Narrows Bridge Photo Toll Rates

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

**Citizen Advisory Committee Meeting
November 3, 2010**



**Washington State
Department of Transportation**

Transportation Commission Action

- The Tacoma Narrows Bridge has an electronic toll rate and a cash toll rate, but no “photo toll” rates are established.
- As a result, the Commission plans to establish a “photo toll” rate on the Tacoma Narrows Bridge.
- Implementation will be deferred until Spring 2011, to allow more time for analysis and consideration.

Questions and concerns raised by the Citizens Advisory Committee

- Why provide photo tolling for Tacoma Narrows Bridge?
- What happens if there is no photo tolling for Tacoma Narrows Bridge?
- Is photo tolling mandatory for Tacoma Narrows Bridge?
- How will photo tolling on Tacoma Narrows Bridge affect revenue?
- Will revenue from Tacoma Narrows Bridge be used to subsidize SR 520?

Presentation Overview

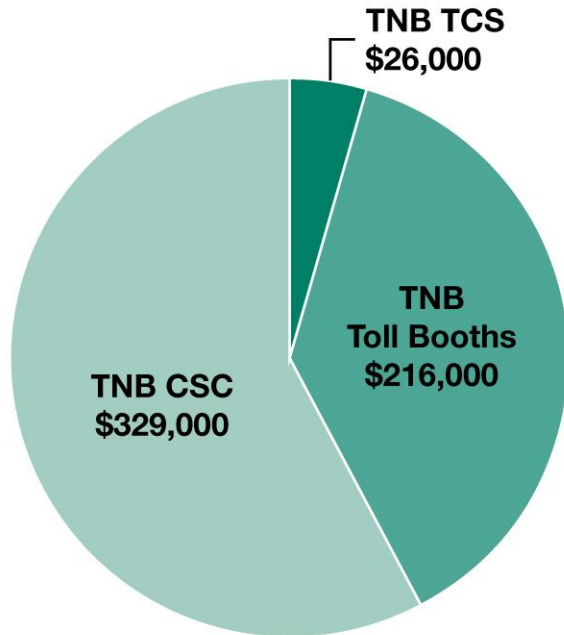
- Response to CAC questions
- Review of proposed photo toll and statewide fees
- Review of schedule for meetings and hearings

Why provide photo tolling on Tacoma Narrows Bridge?

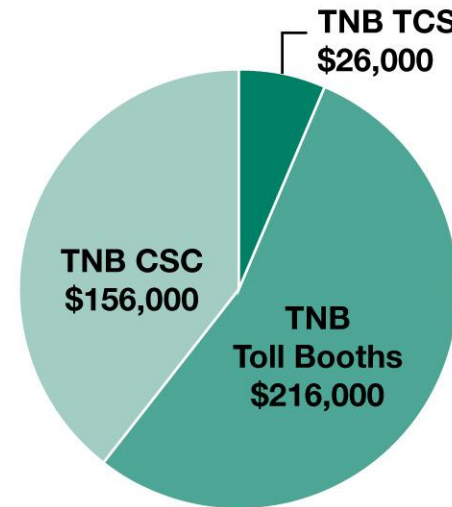
- One process and one vendor results in a projected \$1.6 to \$2.2 million annual savings in operations for Tacoma Narrows Bridge
- Statutes for TNB and other facilities are identical and must be applied consistently
- Allows for multiple payment options that are consistent with other state-wide toll facilities
- Under RCW 47.56.030, WSDOT has an obligation to:
 - “Utilize and administer toll collection systems that are simple, unified and interoperable.”
 - “Set statewide standards and protocols for all toll facilities within the state.”
- Everyone benefits with consistency among toll facilities
 - Processes are streamlined and save money
 - Driver confusion and frustration reduced

Why provide photo tolling on Tacoma Narrows Bridge?

CURRENT: July 2010 Monthly Cost



PROJECTED: July 2011 Monthly Cost



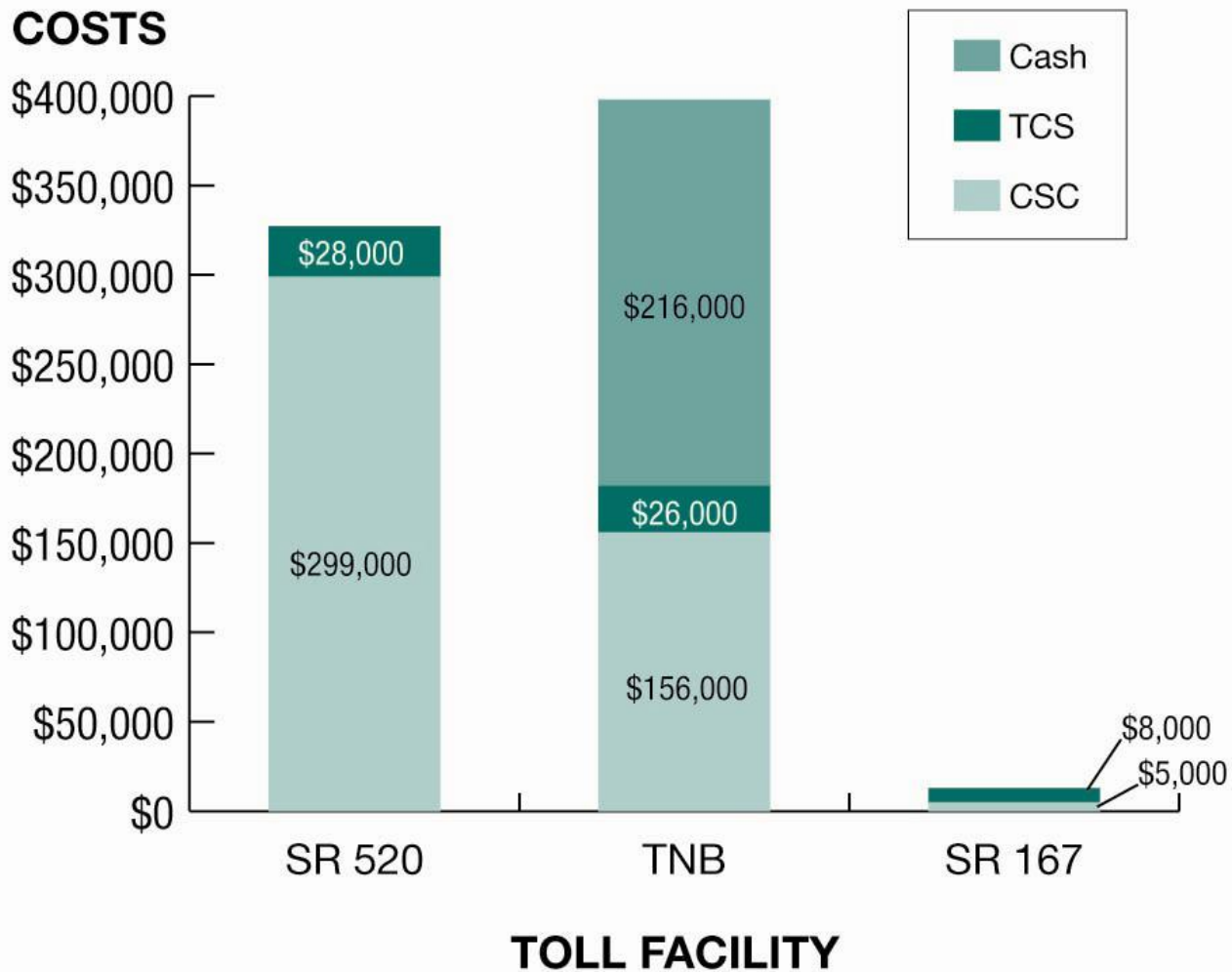
**PRELIMINARY PROJECTED
REDUCTION: \$1.6 – \$2.2 MILLION**

TCS, Toll Collection System includes toll lane equipment, readers, controllers, cameras, classification system. The most important function of the TCS is to correctly identify and apply the correct toll to every vehicle in the toll lanes.

CSC, Customer Service Center includes all systems and equipment necessary to record tolls, manage customer accounts, bill Photo Toll customers and accurately account and report on toll collection. CSC also includes staff necessary to operate and maintain the CSC system(s).

Why provide photo tolling on Tacoma Narrows Bridge?

Monthly Toll Vendor Costs in FY 2011



What happens if there is no photo tolling on the Tacoma Narrows Bridge?

- Under the amended RCW 46.63.160 which applies equally to all toll facilities, if photo tolling with a civil penalty is not implemented, there is no enforcement mechanism for toll violations and toll facilities would not receive any of revenue from toll penalties.
- We do not have a mechanism for collecting payment for those drivers who do not pay with a transponder or cash.

Is photo tolling mandatory on Tacoma Narrows Bridge?

Customers are provided the option to pay by photo toll in several statutes:

Photo Toll Definitions - (RCW 47.46.020)

- “Photo toll may be paid through one of the following methods:
 - A customer-initiated account that is prepaid or postpaid.
 - In response to a toll bill that is sent to the registered owner of vehicle incurring the photo toll charge. The toll bill may designate a toll payment due date for the photo toll assessed.”

Is photo tolling mandatory on Tacoma Narrows Bridge?

Toll Collection Provisions - (RCW 47.46.105)

- Tolls may be collected and paid by the following methods:
 - A customer may pay an electronic toll through an electronic toll collection account;
 - A customer who does not have an electronic toll collection account may pay a photo toll either through a customer-initiated payment or in response to a toll bill; or
 - A customer who does not have an electronic toll collection account may pay with cash on toll facilities that have a manual cash collection system."
- "Failure to pay a photo toll by the toll payment due date is a violation for which a civil penalty may be issued under RCW 46.63.160."

Is photo tolling mandatory for enforcement on Tacoma Narrows Bridge?

Without Photo Tolling there is no enforcement.

Penalty Provisions for Failure to Pay a Toll

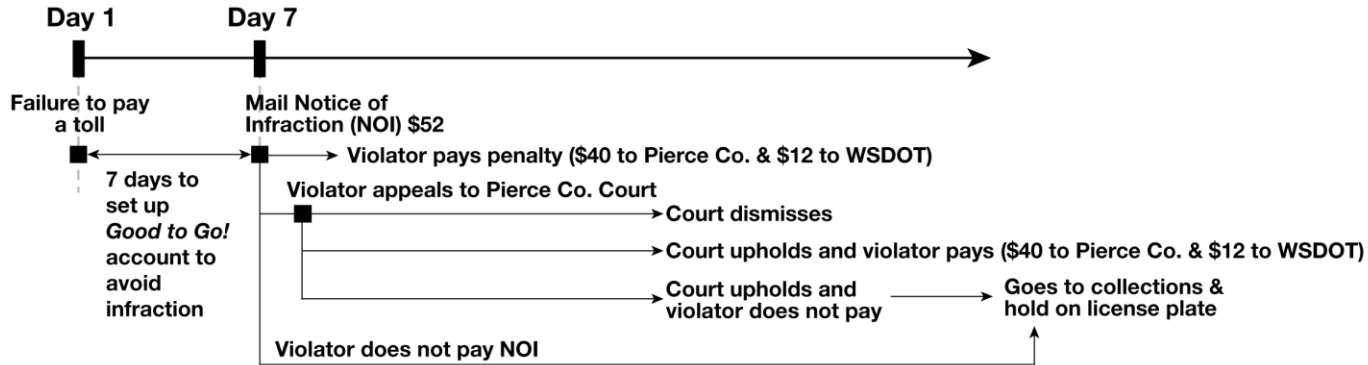
- Current authorization to issue a traffic infraction for a toll violation through a photo enforcement system is removed. (RCW 46.63.030 RCW 46.63.160)
- Under the amended RCW 46.63.160 “A notice of civil penalty may be issued by the Department of Transportation **when a toll is assessed through the use of a photo toll** system and the toll is not paid by the toll payment due date, which is 80 days from the date the vehicle uses the toll facility and incurs the toll charge.” (RCW 46.63.160, subsection 3)
- One enforcement statute applies to all facilities: “Any registered owner of a vehicle traveling upon a toll facility operated under chapter 47.56 or 47.46 RCW is subject to a civil penalty” (RCW 46.63.160, subsection 4)

Is photo tolling mandatory for enforcement on the Tacoma Narrows Bridge?

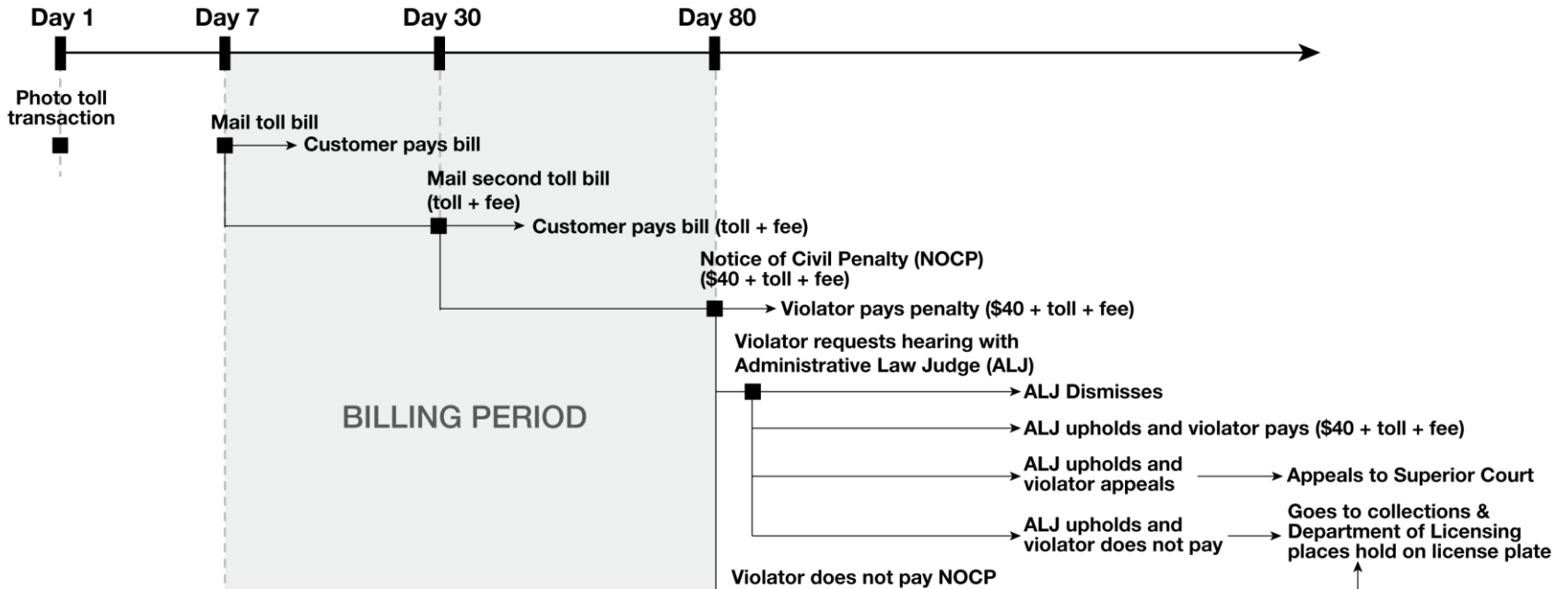
Additional Penalty Provisions

- “Civil penalties for toll nonpayment detected through the use of photo toll systems must be issued to the registered owner of the vehicle identified by the photo toll system.... .” (RCW 46.63.160, subsection 7)
- All civil penalties must be deposited into the toll facility account of the facility on which the toll was assessed. Beginning July 1, 2011, civil penalties deposited in the Tacoma Narrows Bridge account must first be allocated toward repayment of loans from the motor vehicle account. (RCW 46.63.160, subsection 9)
- Notice of Infraction/Notice of Civil Penalty Comparison (see graphic on next slide)

Current Infraction Process



Billing & Civil Penalty Process

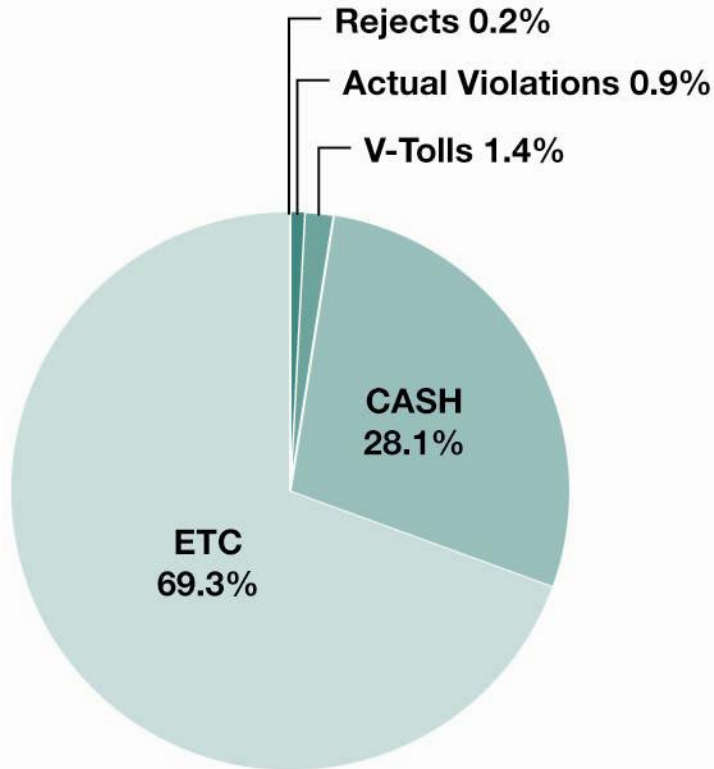


How will photo tolling on Tacoma Narrows Bridge affect revenue?

Citizen Advisory Committee Concerns:

- Unreadable license plates
- Proposed Pay By Mail toll rate of \$4.25 affect on total revenue
- Proposed Pay By Mail toll rate on net revenue and effect to current \$2.75 electronic toll rate and \$4.00 cash toll rate

Tacoma Narrows Bridge payment methods under the current system

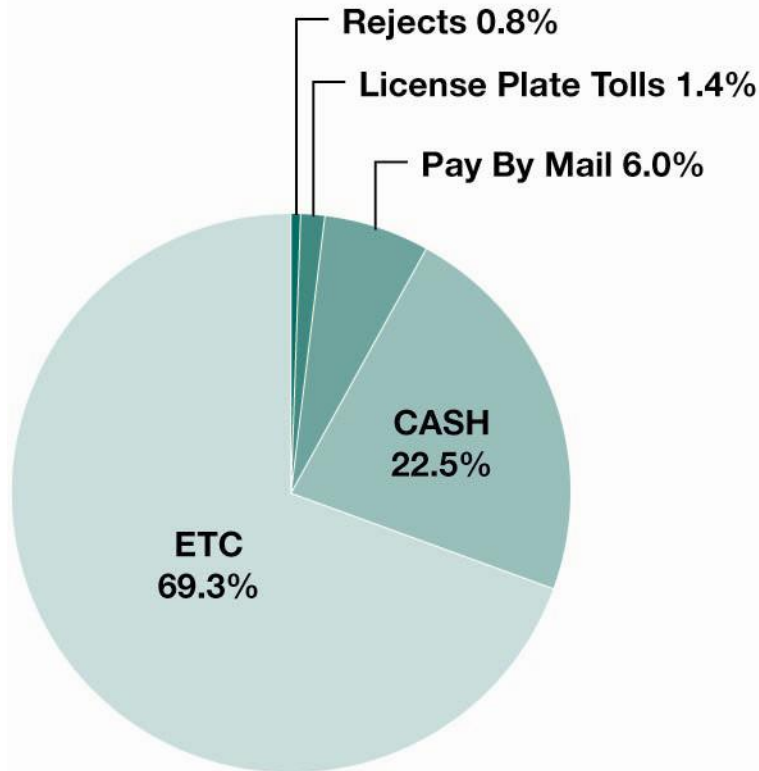


Total Traffic*	15,449,212	100%
ETC	10,699,377	69.3%
CASH	4,346,680	28.1%
Potential Revenue Images	388,596**	2.5%
V-Tolls <i>Good To Go! Customers identified by license plate</i>	214,970	1.4%
Rejects <i>bad images – 9.8% of potential revenue images</i>	38,028	0.2%
Actual Violations	135,598	0.9%

* Based on Sept 1, 2009 through Sept 30, 2010 (13 months of data)

** Figure does not include 14,559 duplicate images and non-revenue trips

Tacoma Narrows Bridge payment methods with photo tolling



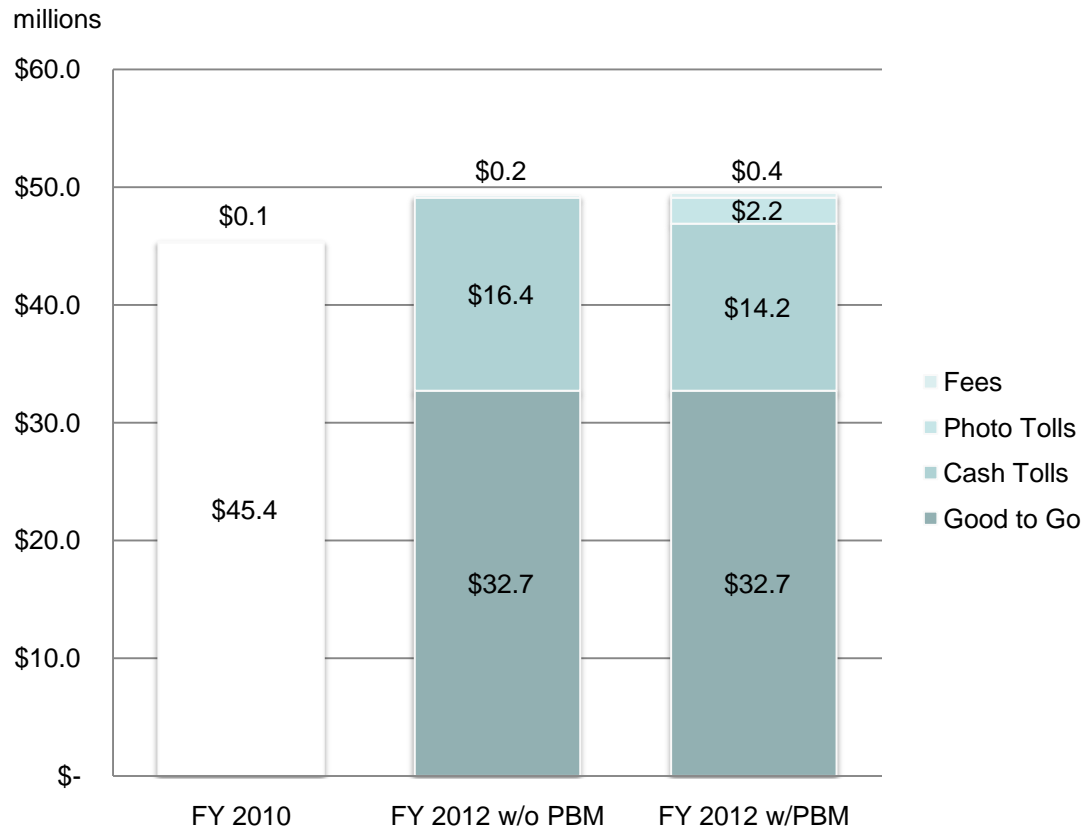
Total Traffic*	15,449,212	100%
ETC <i>(remains the same)</i>	10,699,377	69.3%
CASH <i>(80% of former cash)</i>	3,477,344	22.5%
Potential Pay By Mail <i>20% of former cash + former potential revenue images</i>	1,257,932**	8.1%
License Plate Tolls <i>Good To Go! customers without transponders</i>	214,970	1.4%
Rejects <i>9.8% of potential revenue images</i>	123,277	0.8%
Actual Pay By Mail	919,685	6.0%

* Based on Sept 1, 2009 through Sept 30, 2010 (13 months of data)

** Figure does not include 14,559 duplicate images and non-revenue trips

How will photo tolling on Tacoma Narrows Bridge affect revenue?

Effect on total revenue with \$4.25 photo toll rate and a 20% Cash to Photo Tolls shift



How will photo tolling on Tacoma Narrows Bridge affect revenue?

No Pay By Mail	Average Rate	% Share	Transactions	Revenue
ETC Transponder Tolls (\$2.75)	\$2.86	72.80%	11,410,409	\$32,749,678
Cash Tolls (\$4.00)	\$4.15	25.20%	3,955,467	\$16,390,868
Violations		2.00%	313,215	\$0
<hr/>				
FEE- Paper Copy (\$1.50)	\$1.50			\$135,006
FEE- Inactive Account (\$5.00)	\$5.00			\$21,493
				Toll Revenue
				\$49,141,000
				Fee Revenue
				\$156,000
				Total Revenue
				\$49,297,000

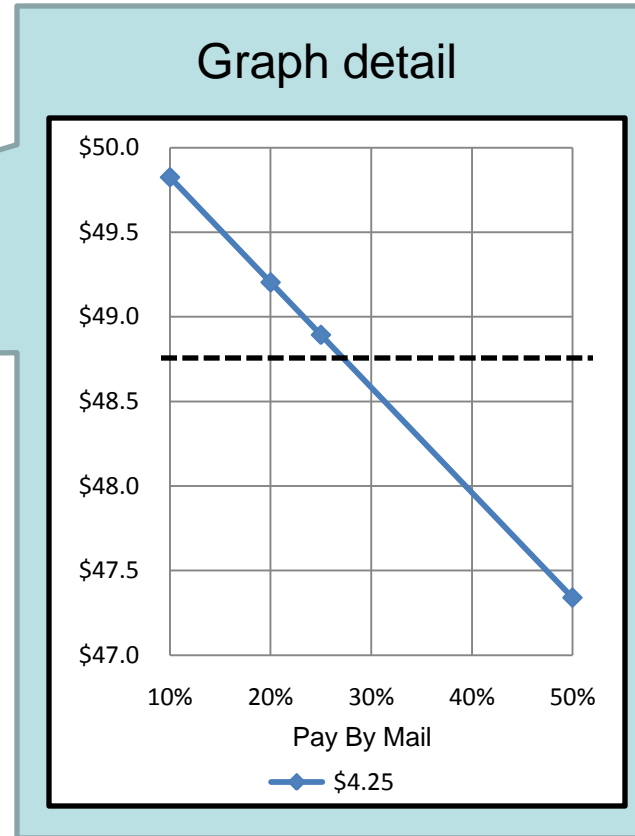
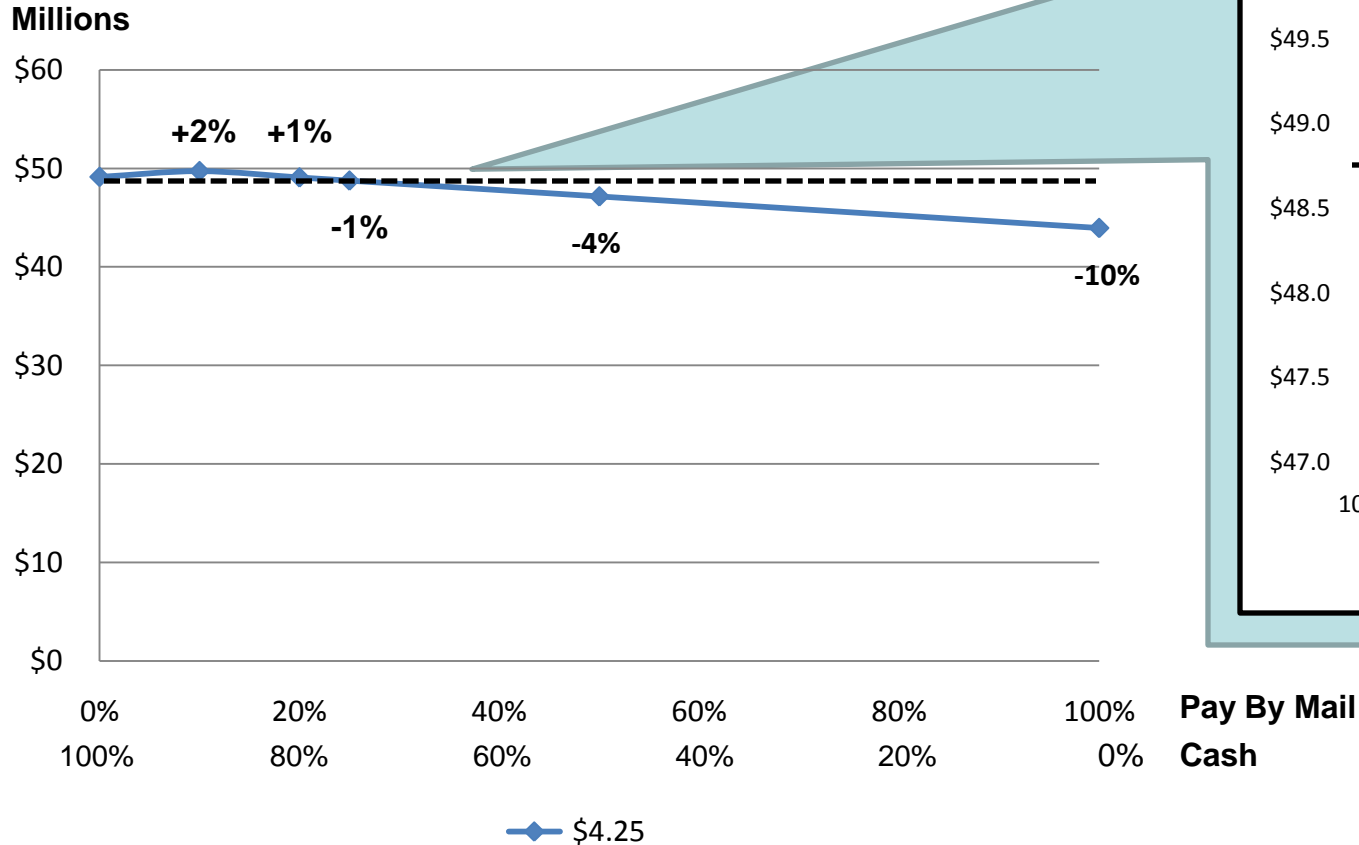
With Pay By Mail	Average Rate	% Share	Transactions	Revenue
ETC Transponder Tolls (\$2.75)	\$2.86	72.80%	11,410,409	\$32,749,678
Cash Tolls (\$4.00)	\$4.15	22.10%	3,414,946	\$14,157,724
Pay By Mail (Non-Customer Initiated)	\$4.46	2.60%	422,795	\$1,822,245
Pay By Mail (Customer Initiated)	\$4.46	0.40%	72,994	\$314,606
Pre-Pay Photo	\$2.86	0.20%	38,418	\$110,009
Unbillable Transactions		1.10%	175,669	\$0
NOCPs		0.90%	143,861	\$0
<hr/>				
FEE- Paper Copy (\$1.50)	\$1.50			\$135,461
FEE- Inactive Account (\$5.00)	\$5.00			\$21,566
FEE- Late Payment (\$5.00)	\$5.00			\$270,209
FEE- License Plate Transaction Fee	\$0.25			\$9,611
FEE- Customer Initiated Discount	-\$0.50			-\$36,523
				Toll Revenue
				\$49,154,000
				Fee Revenue
				\$400,000
				Total Revenue
				\$49,554,000

Total revenue from tolls and fees are the same with \$4.25 photo toll at 20% Cash to Photo Toll shift

Revenue Impact **\$257,000**

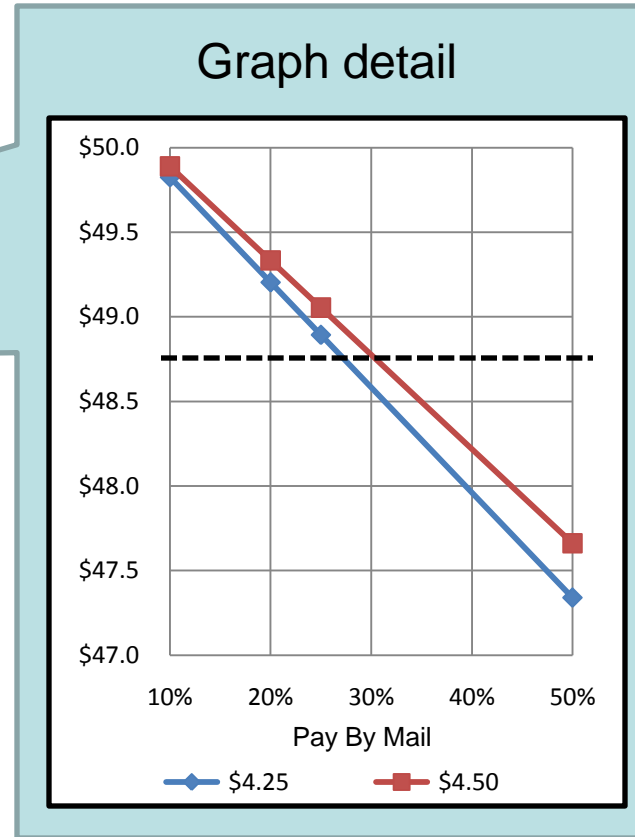
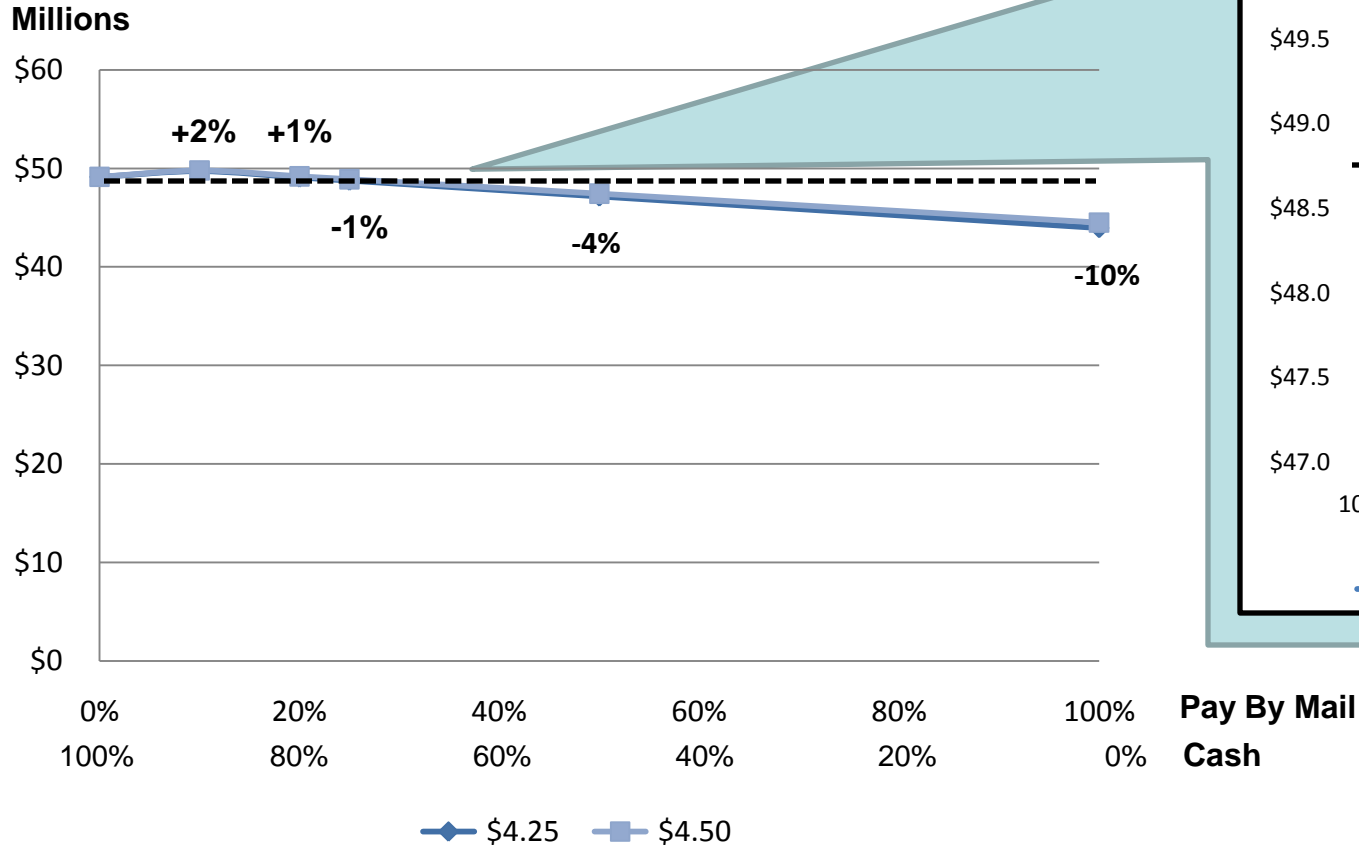
How will photo tolling on Tacoma Narrows Bridge affect revenue?

Risk Analysis of shift from Cash to Pay By Mail (FY 2012)



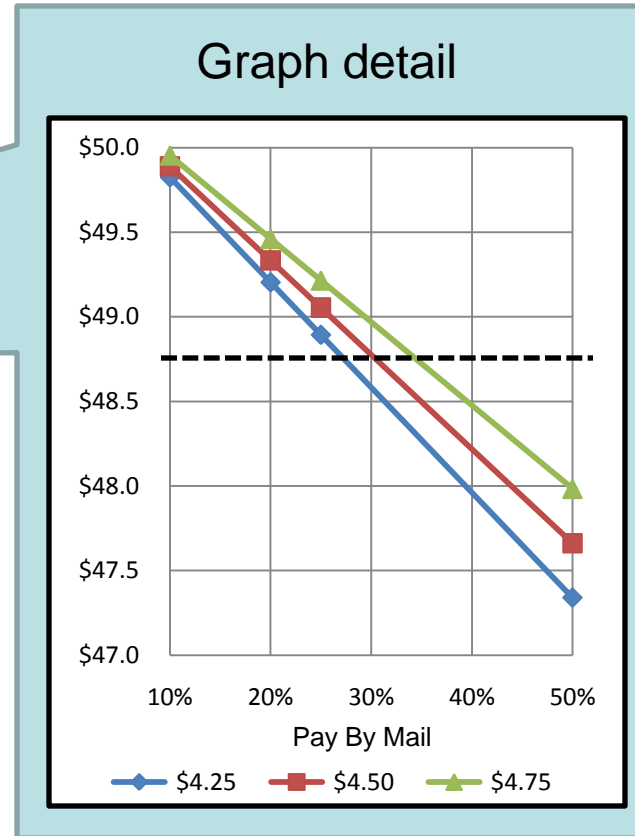
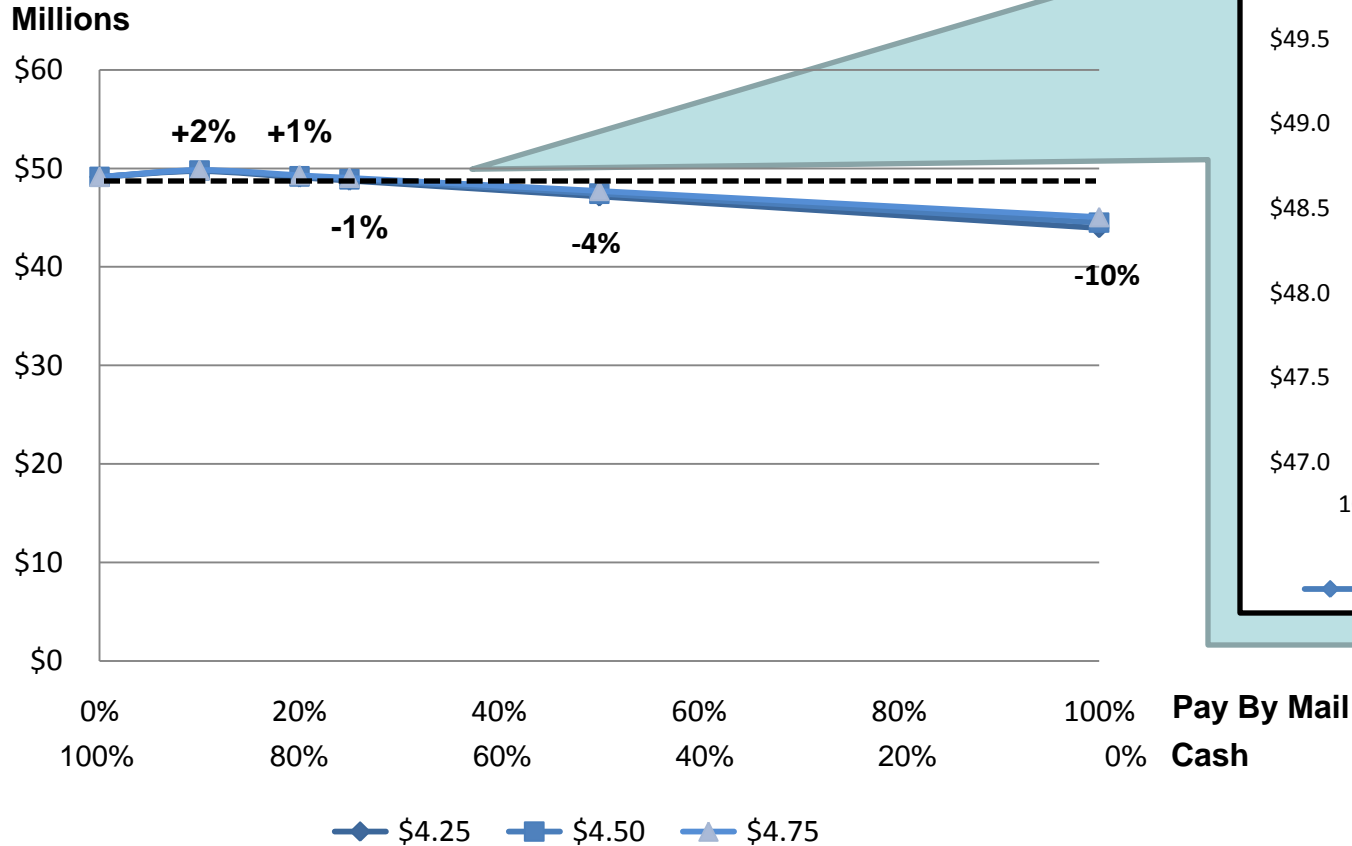
How will photo tolling on Tacoma Narrows Bridge affect revenue?

Risk Analysis of shift from Cash to Pay By Mail (FY 2012)



How will photo tolling on Tacoma Narrows Bridge affect revenue?

Risk Analysis of shift from Cash to Pay By Mail (FY 2012)



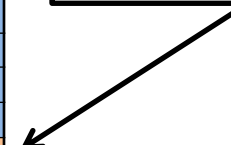
How will photo tolling on Tacoma Narrows Bridge affect revenue with \$4.25 and a 20% shift?

Tacoma Narrows Bridge	Actual	PBM Forecast
Revenues	FY 2010	FY 2012
Toll Revenue ⁹	45,352,938	49,154,000
Fees ⁹	107,535	400,000
Violations ⁸	593,538	-
Civil Penalties ⁸	-	735,000
Transponder Sales ⁸	628,920	692,000
Miscellaneous	12,026	2,000
Interest Income (Fund 511)	340,763	164,000
Interest Income (Fund 495)	70,666	77,000
Total Sources of Funds for Operations and Maintenance	47,106,386	51,224,000

Operating Expenditures	FY 2010	FY 2012
CSC Operation ¹	6,781,141	1,874,000
Cash Toll Collection (TransCore) ²	-	2,594,000
Lane System (TransCore) ²	-	312,000
Insurance	1,602,067	1,600,000
WSP (Image Review) ⁴	270,736	-
Pay By Mail Postage ¹⁰	-	65,000
WSDOT Oversight & Admin of Toll Operations ⁵	2,301,153	2,626,000
WSDOT Oversight & Admin of Adjudication Process ¹⁶	-	508,000
Maintenance & Preservation ⁶	228,593	567,000
Total Uses of Funds for Operations and Maintenance	11,183,690	10,146,000
SUB TOTAL	35,922,696	41,078,000

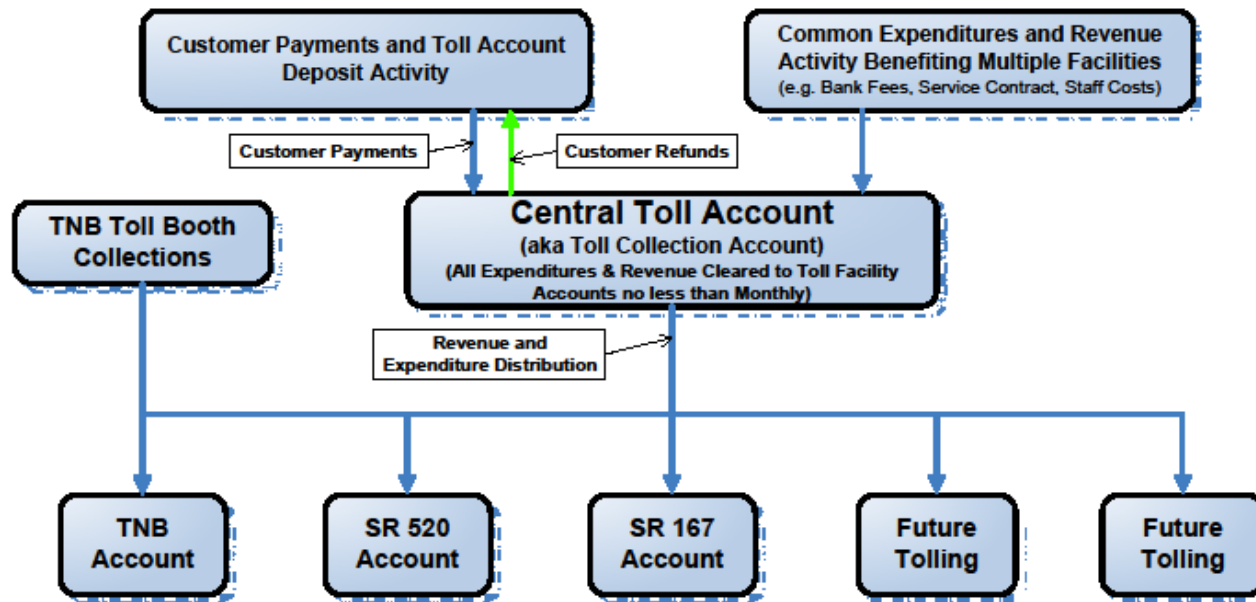
Debt Service	(34,902,925)	(40,442,000)
Transfer to MVA Loan ³	-	(735,000)
Capital Improvements Outlays	(706,629)	-
NET TOTAL	313,142	(99,000)

Net Total Revenue before Debt Service is forecasted to be \$5 million higher between Actual FY 2010 and Forecast FY 2012



Will revenue from Tacoma Narrows bridge subsidize SR 520?

Statewide Tolling – Account Structure



Notes

- The Central Toll Account maintains all customer deposits.
- Customer use of toll facilities results in recording of revenue directly in the applicable toll facility on a daily basis. In this circumstance, there is no "distribution" as the toll is a known amount for a specific facility.
- TNB toll booth collections will continue to be deposited directly to the TNB account.
- Common expenditures and revenue (e.g., non-facility specific toll operations costs, interest, credit card fees, etc.) are pooled in the central toll account and distributed no less than monthly based on equitable distribution methods.
- Equitable distribution methods are being developed in collaboration with the State Office of Financial Management. We anticipate methods to be developed and implemented by January 2011, coinciding with implementation of the new Customer Service Center.

Statewide Fees Affecting Tacoma Narrows Bridge

Tacoma Narrows Bridge Toll Rates and Applicable Fees

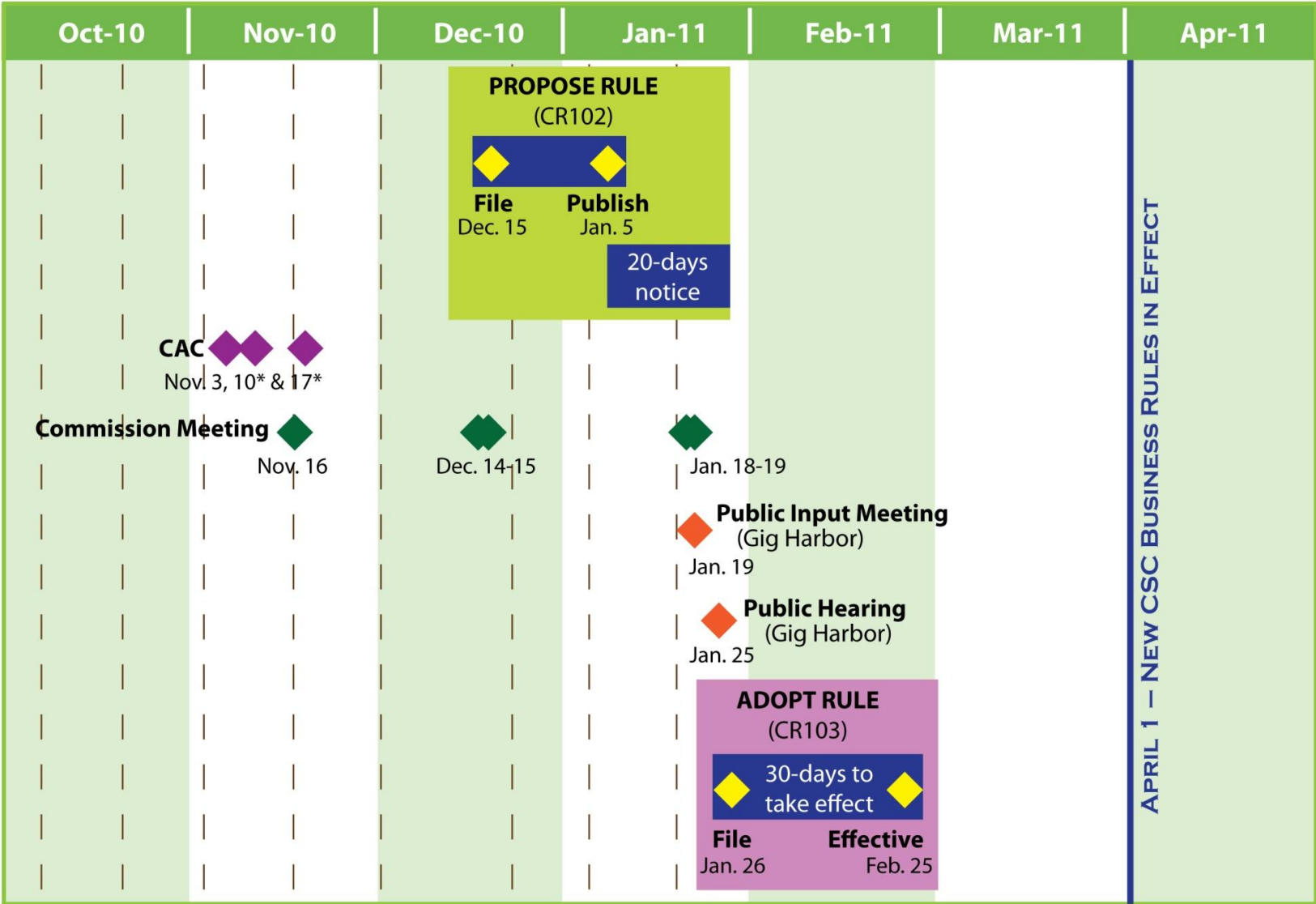
Toll Rates by Vehicle Type and Axles		Cash	Electronic Toll	Photo Tolls
			Good To Go! Pass	Pay By Mail
Passenger vehicle (Car, Truck, Van, and Motorcycle)	2	\$4.00	\$2.75	\$4.25
Passenger vehicle with trailer/Tractor Unit	3	\$6.00	\$4.15	\$6.40
Passenger vehicle with trailer/ Bus/Semi-Trailer Truck	4	\$8.00	\$5.50	\$8.50
Tractor trailer/ Bus/ Semi-Trailer Truck	5	\$10.00	\$6.90	\$10.65
Tractor trailer/ Semi- Truck with multiple trailers	6 or more	\$12.00	\$8.25	\$12.75

Statewide Fees Affecting Tacoma Narrows Bridge

Customer Fees and Discounts

Fee Type	When is the administrative fee charged?	What is the fee amount?
Paper Statements and Reprinting Fee	Upon each mailing of a paper statement at the accountholder's request.	\$1.50 (1-3 pages) \$0.50 per page thereafter
Inactive Account Fee	After 24 months of no transactions on the account, this one-time fee will be assessed.	\$5.00
Toll Bill Processing Fee	Assessed on each reminder or subsequent toll bill mailed to collect unpaid transactions listed in a previous toll bill.	\$5.00 per toll bill sent subsequent to the initial billing
Pay By Plate Fee	A customer who establishes a pre-paid toll account but passes through a toll facility without a Pass will be assessed this fee in addition to the Good To Go! Pass rate.	\$0.25 per transaction
Customer Initiated Discount	A customer will receive a discount off the Pay By Mail rate, if the customer pays for the transaction not later than 72 hours after driving on the toll facility.	\$0.50 per transaction credit off the Pay By Mail rate
Transit and Vanpool Application Fee	Assessed once annually for the registration of each transit or vanpool vehicle eligible for a toll exemption on certain toll facilities and as specified by law.	\$20.00 per vehicle

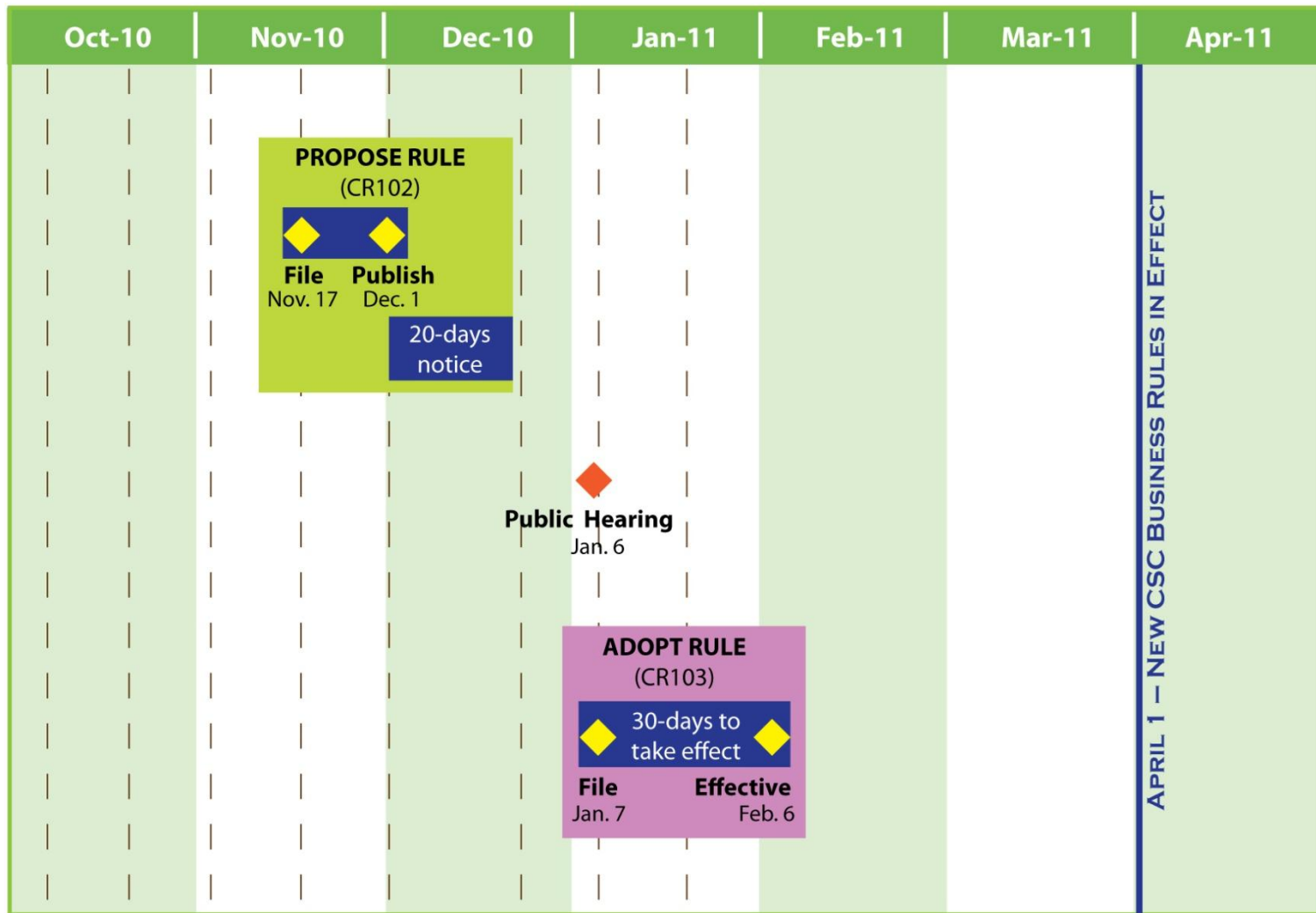
Proposed TNB Rule Making Schedule



— — — Washington State Register filing dates

* If needed

WSDOT WAC schedule related to adjudication and operations



— — — Washington State Register filing dates

Questions?

For more information,
please contact

Jennifer Ziegler

Toll Division Government Relations and
Communications Director

at

206-464-1194 or ZieglerJ@wsdot.wa.gov



THE TACOMA NARROWS BRIDGE ACCOUNT (FUND 511)
WASHINGTON STATE
DEPARTMENT OF TRANSPORTATION

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
State Fiscal Year 2010, Quarter Ended June 30, 2010 - DRAFT*

	NOTES	JULY THROUGH MARCH	APRIL THROUGH JUNE	YEAR TO DATE
OPERATING REVENUES:				
Tolling Revenue	1	33,880,615	11,472,322	45,352,938
Violation Penalty Revenue	2	421,061	172,477	593,538
Transponder Sales	3	467,561	161,359	628,920
Miscellaneous Revenue	4	80,464	27,065	107,529
Total Operating Revenues		<u>34,849,701</u>	<u>11,833,224</u>	<u>46,682,925</u>
OPERATING EXPENDITURES:				
Goods and Services				
Toll Operator Contract	5	5,086,427	1,694,714	6,781,141
Insurance	6	1,602,067	0	1,602,067
Credit Card and Bank Fees	7	603,841	302,781	906,622
Washington State Patrol	8	198,106	72,630	270,736
Other	9	613,615	374,378	987,993
Equipment Rental	10	3,291	1,126	4,418
Capital Outlays	11	961	4,310	5,271
Salaries and Benefits	12	292,533	104,317	396,849
Infrastructure Maintenance & Preservation	13	179,719	48,874	228,593
Total Operating Expenditures		<u>8,580,560</u>	<u>2,603,131</u>	<u>11,183,691</u>
EXCESS OF OPERATING REVENUE OVER EXPENDITURES		<u>26,269,141</u>	<u>9,230,093</u>	<u>35,499,234</u>
NONOPERATING INCOME (EXPENDITURES)				
Prior Period Recoveries	14	10,532	1,500	12,032
Undistributed Receipts/Suspense	15	(71,340)	71,340	(0)
Interest Income	16	301,372	110,057	411,429
Capital Improvement Outlays	17	(677,119)	(29,511)	(706,629)
Total Nonoperating Income (Expenditures)		<u>(436,555)</u>	<u>153,387</u>	<u>(283,168)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		<u>25,832,586</u>	<u>9,383,480</u>	<u>35,216,066</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers Out	18	(27,884,841)	(7,018,084)	(34,902,925)
Total Other Financing Sources (Uses)		<u>(27,884,841)</u>	<u>(7,018,084)</u>	<u>(34,902,925)</u>
NET CHANGE IN FUND BALANCE		<u>(2,052,255)</u>	<u>2,365,396</u>	<u>313,141</u>
FUND BALANCE - BEGINNING		<u>16,486,985</u>	<u>14,434,730</u>	<u>16,486,985</u>
FUND BALANCE - ENDING		<u>14,434,730</u>	<u>16,800,126</u>	<u>16,800,126</u>

Toll Financial Statements were prepared in accordance with Generally Accepted Accounting Principles for governmental type funds.

*The Financial Statements are marked draft as the states books are not officially closed each fiscal year until the State Auditor issues his report and the Office of Financial Management publishes the Comprehensive Annual Financial Report (CAFR) in December.

**THE TACOMA NARROWS BRIDGE ACCOUNT (FUND 511)
WASHINGTON STATE
DEPARTMENT OF TRANSPORTATION**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
State Fiscal Year 2010, Quarter Ended June 30, 2010 - DRAFT***

The note disclosures are an integral part of these financial statements and should be considered in conjunction with the financial statements.

Notes:

- 1 Tolling Revenue represents the money collected, net of any adjustments, from vehicles traveling over the Tacoma Narrows Bridge in an eastbound direction. Tolls are collected either at a toll booth or via an electronic toll account.
- 2 Violation Penalty Revenue is collected by the Pierce County court system and forwarded to WSDOT for adjudicated toll infractions. Toll violations are detected through the use of a photo enforcement system. The penalty amount is three times the cash toll for a standard passenger car and is collected in accordance with RCW 46.63.160(9).
- 3 Transponder Sales represents the sale of transponder devices purchased by potential Good to Go electronic toll account customers.
- 4 Miscellaneous Revenue includes administrative fees, NSF check fees, and cash over/short. Also included in miscellaneous revenue is a down payment of \$2,350 related to a sale of surplus property on a real estate contract. In future years this fund will recognize revenue for this contract of \$163 a month. The property sold for \$21,501 and the contract runs for 19 years at an interest rate of 8%.
- 5 Toll Operator Contract expenditures are for contract payments to the TNB third party operator, TransCore, for services provided in collecting tolls and managing electronic toll accounts.
- 6 TNB makes commercial property insurance payments to the Risk Management Division of the Office of Financial Management. The Office of Financial Management maintains the TNB's commercial property insurance policy and bills TNB typically twice per year.
- 7 Credit card fees include processing fees paid to Bank of America Merchant Services for Visa and MasterCard processing, American Express, and Discover. Included are bank fees for bank account services at Bank of America for the toll deposit account and fees paid to Cybersource for credit/debit card processing.
- 8 The Washington State Patrol supports toll violation activity at the TNB. The Patrol validates automobile owner information and submits infractions to the Pierce County District Court for processing.
- 9 Other Goods and Services expenditures represent purchases of supplies, rents, repairs, printing, communication, and services provided by outside vendors, as well as the cost of sales for transponder devices. Year-to-date expenditures in the Other Goods and Services category are comprised of the following :

Technical Services	\$ 240,459
Supplies	\$ 1,219
Cost of Transponders	\$ 608,600
Communications	\$ 28,614
Repair	\$ 19,041
Printing	\$ 7,588
Rentals	\$ 74,388
Purchased Services	\$ 8,025
Late Fees	<u>\$ 58</u>
	\$ 987,993

- 10 Equipment Rental represents the rental charge for the vehicle that Toll Operations rents from the WSDOT equipment fund.
- 11 Capital Outlays includes equipment purchased for use in TNB operations.
- 12 Salaries and Benefits includes staff within WSDOT who support TNB operations.
- 13 Infrastructure Maintenance & Preservation includes the cost of maintenance and bridge preservation activities on the new Tacoma Narrows Bridge not performed by TNB Toll Operations staff. (These costs include Goods and Services of \$68,709, WSDOT equipment fund vehicle rental of \$67, and Salaries and Benefits of \$159,817.)
- 14 Prior Period Recoveries includes a \$1,500 liquidation of an estimated accrual related to 2009 fiscal year close, and the balance pertains to a movement of inventory expenditures to HOT Lanes related to 2009 fiscal year close.
- 15 Undistributed Receipts includes all suspense revenue. This includes suspense of cash toll revenue that occurs as cash moves in and out of the account. Where applicable, suspense revenue is analyzed and periodically reclassified to the appropriate revenue source or expense item. This source is cleared to zero at the end of each year.
- 16 Interest Income is a proportionate share of earnings from investments based upon the TNB account's average daily cash balance for the period. Interest also includes TNB's proportionate share of the Central Toll Account interest. TNB's share of the Central Toll Account interest was \$19,961 for the quarter.
- 17 Capital Improvement Outlays represent the cost of TNB construction activities.
- 18 Operating Transfers Out is a transfer of toll proceeds and cash from the TNB Account to the Highway Bond Retirement Account to facilitate the payment of debt service.

**WASHINGTON TOLLING SYSTEM
WASHINGTON STATE
DEPARTMENT OF TRANSPORTATION**

**COMBINING BALANCE SHEET
State Fiscal Year 2010, Quarter Ended June 30, 2010 - DRAFT***

	NOTES	TNB ACCOUNT (Fund 511)	HOT LANES ACCOUNT (Fund 09F)	CENTRAL TOLL ACCOUNT (Fund 495)	COMBINED
ASSETS					
CURRENT ASSETS:					
Cash and Cash Equivalents		17,728,781	881,049	3,745,340	22,355,171
Cash Held with Escrow Agents	1	671,365	0	0	671,365
Accounts Receivable					
Accounts Receivable	2	395,686	0	656	396,342
Due From Other Governments	5	46,571	0	0	46,571
Due From Other Funds/Agencies	6	28,024	12,550	6,783	47,357
Consumable Inventories	3	387,239	13,356	0	400,595
Total Current Assets		19,257,665	906,955	3,752,780	23,917,400
TOTAL ASSETS		19,257,665	906,955	3,752,780	23,917,400
LIABILITIES AND FUND BALANCE					
CURRENT LIABILITIES:					
Accounts Payable	4	1,677,613	66,458	6	1,744,077
Retained Percentages Payable	1	671,365	0	0	671,365
Due to Other Governments	5	751	0	0	751
Due to Other Funds	6	51,236	19,530	6,224	76,990
Due to Other Agencies	6	48,423	23,150	0	71,572
Due to Department of Revenue - Taxes	7	5,424	0	0	5,424
Deferred Revenue	8	0	0	3,741,311	3,741,311
Unclaimed Property Refund Liability	9	0	0	4,523	4,523
Liability for Cancelled Warrants	10	2,728	0	718	3,446
Total Current Liabilities		2,457,539	109,138	3,752,780	6,319,457
TOTAL LIABILITIES		2,457,539	109,138	3,752,780	6,319,457
FUND BALANCE					
Reserved for Inventories	3	387,239	13,356	0	400,595
Unreserved/Undesignated Fund Balance	11	16,412,887	784,462	0	17,197,348
Total Fund Balance		16,800,126	797,818	0	17,597,943
TOTAL LIABILITIES AND FUND BALANCE		19,257,665	906,956	3,752,780	23,917,400

Toll Financial Statements were prepared in accordance with Generally Accepted Accounting Principles for governmental type funds.

*The Financial Statements are marked draft as the states books are not officially closed each fiscal year until the State Auditor issues his report and the Office of Financial Management publishes the Comprehensive Annual Financial Report (CAFR) in December.

**WASHINGTON TOLLING SYSTEM
WASHINGTON STATE
DEPARTMENT OF TRANSPORTATION**

**COMBINING BALANCE SHEET
State Fiscal Year 2010, Quarter Ended June 30, 2010 - DRAFT***

The note disclosures are an integral part of these financial statements and should be considered in conjunction with the financial statements.

Notes:

- 1 Cash held with escrow agents are included in performance based contracts wherein periodic program payments are made to the contractor with a contractual retainage of payment made to an escrow agent instead of directly to the contractor pending acceptance of work completed under the contract terms. Until the contract terms are satisfied and the contractor earns entitlement, the cash in escrow is carried in the financial statements as both an asset due from the escrow agent and as a retainage liability due to the contractor. TransCore, primary contractor for operating the Tacoma Narrows Bridge, is the sole vendor for which cash is being held in escrow.
- 2 Accounts Receivable consists primarily of funds collected through acceptance of the customer's credit and/or debit card for central toll accounts and credit card payment at Tacoma Narrows Bridge toll booths. The amounts due are sales by June 30 wherein the cash transfer from the credit card companies will occur after June 30.
- 3 Consumable inventory, consisting of toll transponders and transponder disabling devices, are valued and reported on the state's financial statements if the fiscal year-end balance on hand is estimated to be \$25,000 or more. Consumable inventory are valued at cost using the first in, first out (FIFO) method. For governmental fund financial reporting, inventory balances are also recorded as a reservation of fund balance indicating that they do not constitute available spendable resources
- 4 Accounts payable represents accrued payments due to non-governmental vendors as of June 30.
- 5 Inter-governmental activity is for goods and/or services provided to or by local governments.
- 6 Inter-fund activity is for goods and/or services provided between governmental funds within the Department of Transportation. Inter-agency activity is for goods and/or services provided to or by other Washington State Agencies.
- 7 The Department owes sales taxes on the sale of transponder devices. These are remitted to the Department of Revenue monthly.
- 8 Deferred Revenue is money collected from customers for prepaid Good to Go electronic toll accounts. No revenue from the prepaid accounts is recognized until the transponder is "read" as the customers' vehicle crosses the Tacoma Narrows Bridge or enters a HOT Lane on SR-167 as a single occupant vehicle. Until this event, the prepaid toll account balance represents a liability to the state and is owed to the customer.
- 9 After twenty-four months of inactivity, prepaid toll accounts are closed and remaining balances, less any associated fees, are refunded to the customer. In cases where the Good to Go vendor cannot locate the customer, WSDOT remits the prepaid toll account balance to the Department of Revenue's Unclaimed Property Section. The balance in Unclaimed Property Refund Liability represents amounts that will be remitted to the Department of Revenue.
- 10 Occasionally, the Department is unable to remit payment for goods or services to a vendor because the vendor cannot be located, such as when the vendor changes addresses without notifying the Department. Since we still owe the vendor for the goods or services provided, we must cancel the original warrant (check), find the vendor, and reissue the warrant (check). This line item represents the liability to the vendors whom the Department owes money but temporarily cannot locate to deliver their funds.
- 11 In the fund financial statements, governmental funds report the difference between fund assets and fund liabilities as "fund balance". Unreserved/undesignated fund balance represents the amount available for appropriation.