

# Tacoma Narrows Bridge Citizen Advisory Committee Meeting Agenda

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**January 29, 2014 - 6 – 8 p.m.**

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

## **TNB Citizen Advisory Committee:**

Alan Weaver (Chair), Gig Harbor    Ron Jones, Gig Harbor  
Bruce Beckett (Vice Chair), Gig Harbor    Jim Pasin, Gig Harbor  
Ted Hilliard, Tracyton    Jay Stricherz, University Place  
Amy Igloi, Port Orchard

## **AGENDA:**

Call to order..... Alan Weaver  
Purpose of meeting and CAC overview job..... Alan Weaver  
Introduction of participants..... Alan Weaver  
Answers to Citizen Advisory Committee questions..... WSDOT  
Additional Citizen Advisory Committee questions..... CAC  
Public Comment..... All  
Possible vote on recommendations to Transportation Commission..... CAC  
Adjourn..... All

RECEIVED  
2013 NOV -6 A 11: 16  
RISK MANAGEMENT  
DIVISION

# TNB property

**Named insured:** State of Washington Department of Transportation

**Company:** Various – see attached

**Policy number:** Various – see attached

**Policy term:** July 1, 2013 to July 1, 2014

**Premium:**

\$ 1,362,033.11	Policy premium
\$ 18,733.14	Surplus lines tax
\$ 936.65	Surplus lines fee

**Location:** New 5,400 foot long suspension bridge over the “narrow” in Tacoma, WA abutment to abutment.

**Limits:**

\$ 500,000,000	Any one occurrence
\$ 500,000,000	Property damage
\$ 64,000,000	Loss of revenue (365 day period of indemnity)
\$ 25,000,000	Contingent loss of revenue (146 day period of indemnity)
\$ 10,000,000	Maximum debris removal or 25% of loss
\$ 100,000	Fire department service charge
\$ 100,000	Loss adjustment expenses
\$ 100,000	Pollutant clean up
\$ 100,000	Extra expense
\$ 100,000	Expediting expense
\$ 500,000,000	Earth movement
\$ 500,000,000	Flood
\$ 500,000,000	Named windstorm

**Deductibles:**

\$ 10,000,000	All covered loss
10	Days loss of revenue
10	Days contingent loss of revenue

**Coinsurance:** N/A

**Valuation:** Replacement cost if replaced otherwise actual cash value. Actual loss sustained for time element.

**Perils:** Risk of direct physical loss, subject to named policy terms, conditions and exclusions including Mechanical breakdown, earth movement and flood.

**Terms/special conditions:**

- Loss of revenue endorsement
- Contingent business interruption coverage
- Electronic data amendment endorsement
- Trade or economic sanctions endorsement

**Warranties:** None

This summary is intended for reference only. For specific information regarding terms, conditions, coverages, limitations and exclusions, please refer to your policy contract(s).

# TNB terrorism

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**Named insured:** State of Washington

**Company:** Lloyds of London – *Non-admitted*  
A.M. Best Rating: A XV as of 2013

**Policy number:** P133264

**Policy term:** July 1, 2013 to July 1, 2014

**Premium:**

\$	203,636	Premium
\$	4,072.72	Surplus lines tax
\$	203.64	Surplus lines fee

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**Location:** 5,400 foot long suspension bridge over the “narrow” in Tacoma, WA abutment to abutment

**Limits:**

\$	500,000,000	Per occurrence
\$	500,000,000	Annual aggregate
\$	64,000,000	Loss of revenue (12 month period of indemnity)
\$	25,000,000	Prevention of access (146 day period of indemnity)

**Deductibles:** \$ 5,000,000 Per occurrence

**Coinsurance:** N/A

**Valuation:** Replacement cost – property damage  
Actual loss sustained – time element

**Perils:** Risk of direct physical loss or damage by an act or series of acts of sabotage and/or terrorism

**Terms/special conditions:**

- Business interruption
- Extra expense extension
- Rental value extension
- Extended period of indemnity
- Contingent business interruption extension
- Prevention of access

**Warranties:** None

**Exclusionary endorsements:**

- Radioactive contamination, chemical, biological, bio-chemical and electromagnetic weapons exclusion clause
- Cyber attack exclusion clause

**Audit:** Not auditable

This summary is intended for reference only. For specific information regarding terms, conditions, coverages, limitations and exclusions, please refer to your policy contract(s).

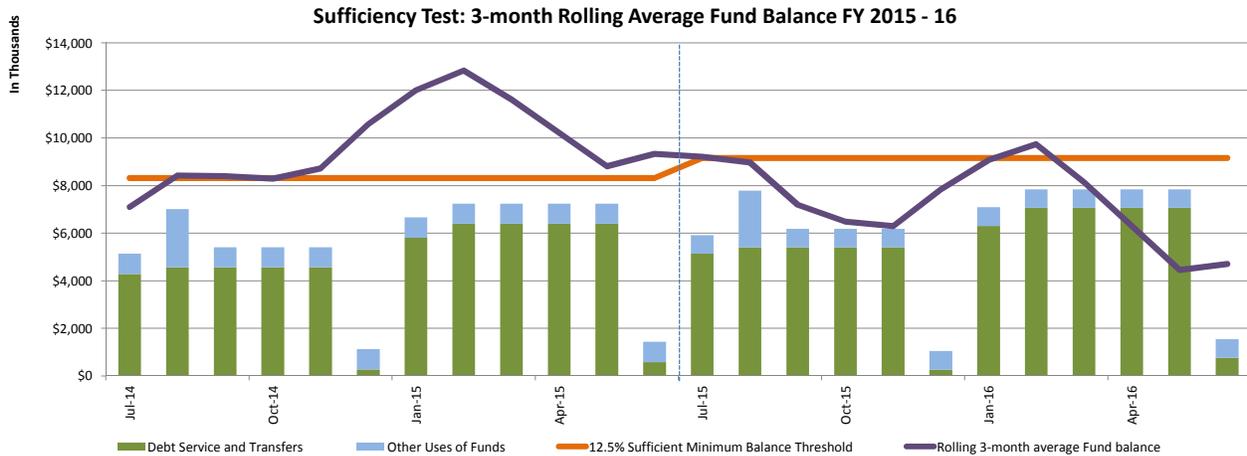
**Tacoma Narrows Toll Bridge Account (511)  
Financial Plan - Updated on January 17, 2014**
**Annual Financial Plan**

 Forecasted revenue is based on adopted **November 2013 TRFC** Forecast. Forecasted Expenses are based on the FY 2015-2019 Supplemental Budget (12/17/13)  
 Historical Revenues and expenses from 2006 - 2013 are based on TNB Income Statements

(dollars in thousands)

	Actuals				Forecast			
	2010	2011	2012	2013	2014	2015	2016	2017
<b>Fiscal Year</b>								
Toll Rate (Pre-Pay)	\$ 2.75	\$ 2.75	\$ 2.75	\$ 4.00	\$ 4.25	\$ 4.50	\$ 4.50	\$ 4.50
Toll Rate (Cash)	\$ 4.00	\$ 4.00	\$ 4.00	\$ 5.00	\$ 5.25	\$ 5.50	\$ 5.50	\$ 5.50
Toll Rate (Pay-By-Mail)			\$ 5.50	\$ 6.00	\$ 6.25	\$ 6.50	\$ 6.50	\$ 6.50
<b>Beginning Fund Balance w/o Civil Penalties</b>	<b>16,487</b>	<b>16,800</b>	<b>8,124</b>	<b>3,828</b>	<b>8,140</b>	<b>8,355</b>	<b>11,803</b>	<b>7,058</b>
<b>Operations and Maintenance</b>								
<b>Sources of Funds <sup>1</sup></b>								
Interest Earnings from Tacoma Narrows Account (511) <sup>2</sup>	341	145	51	21	21	21	21	21
Interest Earnings from Toll Collection Account (495) <sup>2</sup>	71	33	21	8	8	8	8	8
Toll Revenue - Pre-Pay & Cash	45,353	44,049	44,103	55,694	60,186	64,685	66,101	68,527
Toll Revenue - Pay By Mail	-	-	-	2,981	4,173	4,453	4,986	5,437
Transponder Sales Revenue	629	644	353	307	322	333	345	361
Violations	594	489	131	22	10	-	-	-
Transfers from Other Accounts	-	-	-	-	-	-	-	-
Fees <sup>3</sup>	104	76	166	266	387	391	402	419
Contractual Damages <sup>4</sup>	-	-	1,462	474	290	133	133	133
Miscellaneous Revenue <sup>5</sup>	16	768	205	44	2	2	2	2
<b>Sub Total Sources of Funds for O &amp; M before D/S</b>	<b>47,107</b>	<b>46,204</b>	<b>46,492</b>	<b>59,818</b>	<b>65,399</b>	<b>70,026</b>	<b>71,998</b>	<b>74,908</b>
<b>XFERS</b>								
Debt Service Payment <sup>6</sup>	(34,925)	(42,200)	(43,267)	(45,329)	(53,540)	(53,175)	(61,420)	(70,584)
Debt Service Withholding <sup>6</sup>	22	(2,755)	2,824	(324)	(579)	(1,560)	(891)	492
<b>Total Sources of Funds for Operations and Maintenance</b>	<b>12,204</b>	<b>1,249</b>	<b>6,049</b>	<b>14,165</b>	<b>11,280</b>	<b>15,292</b>	<b>9,687</b>	<b>4,816</b>
<b>Uses of Funds <sup>7</sup></b>								
<b>OPERATING USES</b>								
Goods and Services			1,654	2,022	2,540	3,364	2,977	3,036
Toll CSC Operations Vendor Contract			3,330	3,372	3,289	3,289	3,289	3,289
Toll Booth and Lane Vendor Contract	6,781	5,621	1,486	1,557	1,600	1,600	1,600	1,600
Insurance <sup>8</sup>	1,602	1,463	1,486	1,557	1,600	1,600	1,600	1,600
Credit Card and Bank Fees	907	784	857	959	934	990	934	990
Transponder Cost of Goods Sold		595	254	217	312	312	312	312
Washington State Patrol	271	209	15					
Other Toll Operations Costs <sup>9</sup>	988	455	203	194	363	359	309	305
Personal Service Contracts			466	713	1,067	955	583	589
Equipment Rental	4							
Travel								
Capital Outlays	5		1,346					
Salaries and Benefits	397	426	527	561	701	678	695	712
Infrastructure Maintenance	229	324	187	238	152	286	293	300
<b>Total Uses of Funds for Operations and Maintenance</b>	<b>11,184</b>	<b>9,876</b>	<b>10,325</b>	<b>9,835</b>	<b>10,957</b>	<b>11,832</b>	<b>10,991</b>	<b>11,133</b>
<b>Current Year Balance for Ops. And Maint. (Sources - Uses)</b>	<b>1,020</b>	<b>(8,627)</b>	<b>(4,276)</b>	<b>4,330</b>	<b>323</b>	<b>3,459</b>	<b>(1,304)</b>	<b>(6,317)</b>
<b>Cumulative Balance for Ops. And Maint.</b>	<b>12,841</b>	<b>4,214</b>	<b>(62)</b>	<b>4,268</b>	<b>4,591</b>	<b>8,051</b>	<b>6,746</b>	<b>429</b>
<b>CAPITAL</b>								
Capital								
Preservation Expense <sup>10</sup>	(707)	(49)	(20)	(18)	(108)	(12)	(3,440)	(495)
<b>Cumulative Balance for Capital</b>	<b>3,959</b>	<b>3,910</b>	<b>3,890</b>	<b>3,872</b>	<b>3,764</b>	<b>3,752</b>	<b>312</b>	<b>(183)</b>
<b>Ending Fund Balance w/o Civil Penalties</b>	<b>16,800</b>	<b>8,124</b>	<b>3,828</b>	<b>8,140</b>	<b>8,355</b>	<b>11,803</b>	<b>7,058</b>	<b>246</b>
<b>Civil Penalty Program - INFORMATIONAL PURPOSES ONLY - NOT INCLUDED IN FUND BALANCE</b>								
<b>CIVIL PENALTIES</b>								
<b>Source of Funds</b>								
Civil Penalty Revenue <sup>11</sup>	-	-	485	3,826	2,939	2,972	3,058	3,184
<b>Uses of Funds</b>								
Civil Penalty Adjudication Costs <sup>11</sup>			401	473	518	520	525	538
Motor Vehicle Loan Repayment						950		
<b>Current Year Balance for Civil Penalty - NOT INCLUDED IN FUND BALANCE</b>			<b>84</b>	<b>3,353</b>	<b>2,421</b>	<b>1,502</b>	<b>2,533</b>	<b>2,646</b>
<b>Cumulative Balance For Civil Penalties</b>			<b>84</b>	<b>3,437</b>	<b>5,857</b>	<b>7,359</b>	<b>9,891</b>	<b>12,537</b>
<b>Ending Fund Balance</b>	<b>16,800</b>	<b>8,124</b>	<b>3,911</b>	<b>11,577</b>	<b>14,212</b>	<b>19,162</b>	<b>16,949</b>	<b>12,783</b>

(See notes and sufficiency test on reverse side)



- <sup>1</sup> For GAAP purposes, Interest Earnings, Debt Service and Transfers displayed as Operations Sources of Funds are considered to be Nonoperating Activities.
- <sup>2</sup> Interest income displayed is net of the cost of investment activities. Interest income is not specifically forecasted in the published TRFC forecasts, but reported as a separate line item for actuals in the income statement. Forecasted interest based upon 2013 actuals.
- <sup>3</sup> Includes NSF check, Customer Service Center administration fees, and the reprocessing fee associated with the second Pay By Mail statement.
- <sup>4</sup> The damages forecast in the financial plan differs from the TRFC forecast. WSDOT and the Electronic Transaction Consultants Corporation (ETCC) entered into a Settlement Agreement to settle certain claims associated with a delay in the start of establishing and operating a Statewide Tolling System for Washington State, and the commencement of tolling of State Route 520. These claims impacted multiple WSDOT toll facilities including the Tacoma Narrows Bridge. The agreement modifies the original December 22, 2009 contract between the two parties along with its subsequent changes orders. The Settlement Agreement was executed June 30, 2012. The total settlement value attributable for all toll facilities was:
  - \$2.4 million in operational payment reductions (\$400,000 per year x 6 years). This will result in \$946k in revenue for TNB over the next 5 years.
  - \$4.0 million royalty free, non-exclusive, perpetual, irrevocable and non-transferable license to use the ETCC RITE system source code and related software and background documents necessary to operate the WSDOT Statewide Tolling Customer Service Center. The value of this intellectual property was established by an independent consultant. To properly account for the RITE System License and report this asset in the financial records, accounting entries (expenses offset by revenue) were processed that impacted all toll facilities. For TNB, this resulted in a \$1.35M expense in FY12 which was offset by the same amount of revenue in the same fiscal period.
- <sup>5</sup> FY 2008-2013 - Includes contractor liquidated damages for late project delivery, cash over and short, and prior period recoveries.
  - FY 2008: \$104k of donations for grand opening; FY 2010: \$2,350 down-payment for the \$21,501 sale of surplus right of way; FY 2011 - FY 2030 \$164 monthly payment for the same real estate sale starting.
  - In FY0011, \$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.
- <sup>6</sup> 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.
- <sup>7</sup> Uses of Funds for Operations in FY 2014 - FY 2019 reflect the adopted supplemental budget. Operation and maintenance uses except for insurance, maintenance, preservation are inflated from FY 2016 to FY 2019 using the rate of IPD, 2.5% annually. Maintenance and preservation are from WSDOT plan updated in January 2012.
- <sup>8</sup> Insurance for FY 2014 is budgeted amount, the actual expense was \$1.59 m as insurance was paid in August 2013
- <sup>9</sup> Other previously included the Personal Services expense, until FY 2012 when Personal Services was broken out separately
- <sup>10</sup> Starting in FY 2019, TNB will begin to pay back the deferred sales tax related to capital expenses, which will result in 10 annual payments of equal amounts. Repayment of the deferred sales tax will occur from FY 2019 to FY 2028 . Capital expenses also include preservation costs.
- <sup>11</sup> **Revenues and Expenses for Civil Penalties are included in the Financial Plan but do not affect the fund balance used in the 3-month rolling average sufficiency test because Civil Penalty Net Revenues are reserved for paying back the Motor Vehicle Fund Loan. However, published financial statements will include Civil Penalty Revenues and Adjudication Expenses.**
  - As stated in Section 701, MISCELLANEOUS 2013-2015 FISCAL BIENNIUM: Except as provided otherwise in this subsection, all civil penalties, including the photo toll and associated fees, collected under this section must be deposited into the toll facility account of the facility on which the toll was assessed. However, through June 30, 2015, civil penalties deposited into the Tacoma Narrows toll bridge account created under RCW 47.56.165 that are in excess of amounts necessary to support the toll adjudication process applicable to toll collection on the Tacoma Narrows bridge must first be allocated toward repayment of operating loans and reserve payments provided to the account from the motor vehicle account under section 1005(15), chapter 518, Laws of 2007. Additionally, all civil penalties, resulting from nonpayment of tolls on the state route number 520 corridor, shall be deposited into the state route number 520 civil penalties account created under section 4, chapter 248, Laws of 2010 but only if chapter 248, Laws of 2010 is enacted by June 30, 2010.
  - Per Section 407 (15) of the 13-15 Transportation Budget, OST is required to transfer \$950,000 from the TNB Toll Bridge Account to the Motor Vehicle Account.

**For reference, the following table presents historical TNB NOCP Cash Collections**

TNB NOCP Cash Collections		
	FY 2012 (only Q4)	FY 2013
NOCP Tolls	\$ 6,439	\$ 84,115
TNB NOCP Fees	\$ 46,232	\$ 579,330
<b>Total TNB</b>	<b>\$ 52,670</b>	<b>\$ 663,445</b>