

Tacoma Narrows Bridge Citizen Advisory Committee Meeting Agenda

February 18, 2015 - 6 – 8 p.m.

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

TNB Citizen Advisory Committee:

Alan Weaver, Gig Harbor (Chair) Ron Jones, Gig Harbor
Bruce Beckett, Gig Harbor (Vice Chair) Michael Murphy, Gig Harbor
Randy Boss, Gig Harbor Jay Stricherz, University Place
Kathleen Harkins, Fircrest

AGENDA:

Call to order..... Alan Weaver
Traffic and revenue presentation..... Steven Abendschein
Public comment..... All
Tolling decisions..... CAC
Adjourn..... All

Tacoma Narrows Bridge Rate Setting

Craig J. Stone, P.E.
Assistant Secretary
Toll Division

Rob Fellows
Policy and Planning Manager
Toll Division

Steven Abendschein
Principal
Stantec Inc.

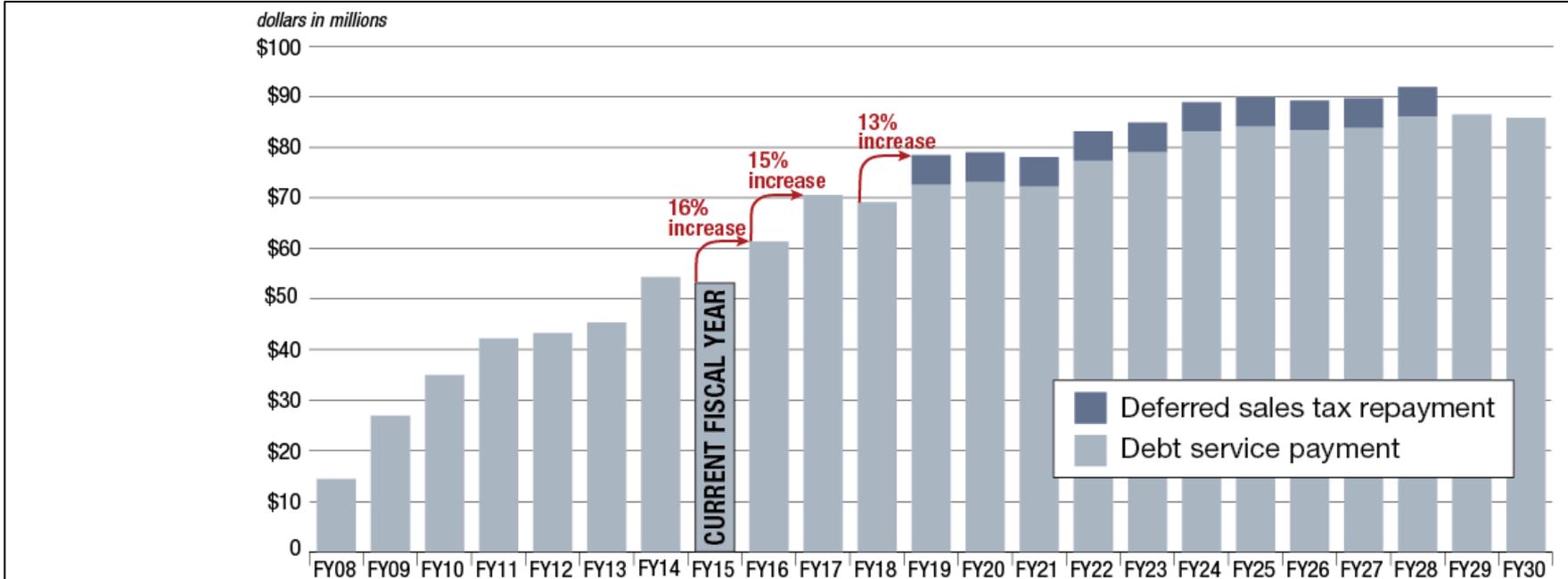
Tacoma Narrows Bridge Citizen Advisory Committee
February 18, 2015

Presentation Outline

- **Rate Setting Overview**
 - Debt Service
 - Sufficient Minimum Balance
 - Financial Plan
 - What Rates are Required?
 - Rate Setting Milestones
- **Traffic and Revenue**
 - FY 2015 Q1-Q2
 - Stantec Forecast Model Methodology
 - Forecasted Annual Eastbound Traffic
- **Sufficient Minimum Balance Test**
 - Initial Scenario Results



Current Debt Service Schedule



2002 plan toll rate		\$3.00	\$4.00	\$5.00		\$6.00	
Annual Toll Rate	Good To Go!	\$1.75	\$2.75	\$2.75	\$4.00	\$4.25	\$4.50
	Cash	\$3.00	\$4.00	\$4.00	\$5.00	\$5.25	\$5.50
	Pay By Mail	N/A	N/A	\$5.50	\$6.00	\$6.25	\$6.50

Does not include capitalized interest paid in FY06 and FY07

Source: WSDOT Budget and Financial Division

- Debt service payment schedule was set when project was originally financed in 2002
- Payments and toll rates were assumed to increase over time in the 2002 plan
- Repayment for deferred sales taxes to begin in FY 2019 for ten years

Sufficient Minimum Balance

- **Washington State Transportation Commission requires that the Tacoma Narrows Bridge fund balance be kept at a sufficient level to ensure bonds can be paid in the event of unexpected circumstances**
 - Bridge insurance covers loss of bridge, business interruption, and acts of terrorism. The policy limit is \$500 million with a deductible for property and terrorism of \$10 million and \$5 million, respectively.
 - Fund balance remains in the Tacoma Narrows Bridge account
- **Balance within a given month should not be forecasted to fall below an amount equal to 12.5 percent of annual expenses**
 - Monthly balance is averaged over three months retrospectively
 - Intended to cover 45 days of interruption of toll collection
- **Civil penalty revenues and the cost of adjudication program are excluded from the sufficient balance test**
 - Revenue includes amounts due but not yet received
 - Net revenue from civil penalties is pledged to repay \$5.288 million loan from the motor vehicle fund

Tacoma Narrows Bridge Financial Plan

Tacoma Narrows Toll Bridge Account (511) **DRAFT**

Printed on: 2/11/2015

Financial Plan - Updated on February 4, 2015 - DRAFT

Forecasted revenue is based on adopted November 2014 TRFC Forecast. Forecasted expenses for FY 2016-17 are based on the Governor's proposed budget.

Historical Revenues and expenses from 2006 - 2014 are based on TNB Income Statements

		Actuals		Rate Setting Biennium Forecast			
		2014	2015	2016	2017	2018	2019
		<i>(Amounts in thousands of nominal dollars except toll rates)</i>					
Fiscal Year		2014	2015	2016	2017	2018	2019
1	Toll Rate (Good To Go! Pre-Pay)	\$4.25	\$4.50	\$4.50	\$4.50	\$4.50	\$ 4.50
2	Toll Rate (Cash)	\$5.25	\$5.50	\$5.50	\$5.50	\$5.50	\$ 5.50
3	Toll Rate (Pay-By-Mail)	\$6.25	\$6.50	\$6.50	\$6.50	\$6.50	\$ 6.50
4	Beginning Fund Balance (Financial Statements)	11,578	9,081	12,351	10,890	2,015	(3,685)
Sources of Toll Revenue Funds 1							
5	Interest Earnings from Tacoma Narrows Account (511) 2	15	21	21	21	21	21
6	Interest Earnings from Toll Collection Account (495) 2	7	8	8	8	8	8
7	Toll Revenue - Good To Go! Pre-Pay & Cash	60,159	66,162	67,566	68,727	69,881	70,931
8	Toll Revenue - Pay By Mail	2,980	2,726	2,839	3,009	3,091	3,138
9	Transponder Sales Revenue	306	248	191	210	181	189
10	Violations	9	-	-	-	-	-
11	Fees 3	337	302	315	334	343	348
12	Contractual Damages 4	306	-	-	-	-	-
13	Miscellaneous Revenue 5	43	-	-	-	-	-
14	Total Sources of State Funds	64,163	69,467	70,940	72,309	73,525	74,635
Uses of Toll Revenue Funds 6							
16	Toll CSC Vendor Contract	(2,122)	(2,389)	(2,506)	(2,552)	(2,529)	(2,970)
17	Toll Booth and Lane Vendor Contract	(3,270)	(3,469)	(3,146)	(3,146)	(3,146)	(3,146)
18	Insurance 7	(1,594)	(1,655)	(1,700)	(1,700)	(1,700)	(1,700)
19	Credit Card and Bank Fees	(1,121)	(1,157)	(1,291)	(1,342)	(1,371)	(1,403)
20	Transponder Cost of Goods Sold	(215)	(161)	(279)	(328)	(178)	(182)
21	Other Toll Operations Costs	(260)	(313)	(296)	(348)	(239)	(232)
22	Personal Service Contracts 8	(615)	(1,142)	(927)	(678)	(334)	(330)
23	Salaries and Benefits	(523)	(675)	(1,220)	(1,198)	(794)	(771)
24	Infrastructure Maintenance	(254)	(373)	(685)	(550)	(617)	(594)
25	Subtotal: Operations and Maintenance Uses of Funds	(9,975)	(11,333)	(12,050)	(11,843)	(10,909)	(11,328)
26	Subtotal: Operating Sources less Operating Uses	54,188	58,134	58,890	60,467	62,617	63,307
27	Debt Service Payment 9	(54,344)	(53,106)	(61,385)	(70,549)	(69,115)	(72,590)
28	Debt Service Withholding 9	(579)	(1,542)	(891)	492	(714)	(212)
29	Subtotal: Uses of Funds incl. Debt Service	(64,897)	(65,981)	(74,326)	(81,899)	(80,737)	(84,130)
30	Deferred Sales Tax Repayment 10	-	-	-	-	-	(5,791)
31	Preservation and Repair & Replacement (early years covered by ca	-	-	-	-	-	(201)
32	Total Uses of Toll Funds	(64,897)	(65,981)	(74,326)	(81,899)	(80,737)	(90,122)
33	Current Year Sources less Uses Balance	(735)	3,486	(3,386)	(9,590)	(7,212)	(15,486)
34	Cumulative Sources Less Uses Balance	3,484	6,970	3,584	(6,006)	(13,218)	(28,704)
35	Beginning Capital Balance	3,922	3,922	2,853	2,336	1,660	858
36	Total Sources of Capital Funds	-	-	-	-	-	-
37	Preservation and Repair and Replacement (covered by Capital Bala	-	(1,069)	(517)	(676)	(801)	(858)
38	Ending Capital Balance	3,922	2,853	2,336	1,660	858	-
39	Sources Less Uses + Ending Capital Balance (for Sufficiency Te	7,406	9,823	5,920	(4,346)	(12,359)	(28,704)
40	12.5% Sufficient Minimum Balance	8,112	8,248	9,291	10,237	10,092	11,265
41	Lowest 3-month Rolling Average Balance	-	6,254	3,115	(6,799)	-	-
42	Amount Above/Below Sufficient Minimum Balance	-	(1,993)	(6,176)	(17,036)	-	-
43							
Civil Penalty Program - FOR INFORMATIONAL PURPOSES ONLY, NOT INCL. IN SUFFICIENCY FUND BALANCE 11							
44	Civil Penalty Revenue (not incl. in Operating Revenue)	(649)	3,427	3,573	3,785	3,888	3,947
45	Civil Penalty Adjudication Costs (not incl. in Operating Expens	(1,113)	(1,623)	(1,132)	(1,443)	(1,100)	(1,100)
46	Subtotal: Civil Penalty Net Revenue	(1,762)	1,804	2,441	2,342	2,788	2,847
47	Scheduled Motor Vehicle Loan Repayment	-	(950)	-	(950)	(475)	(475)
48	Civil Penalty Net Revenue after Loan Repayments	(1,762)	854	2,441	1,392	2,313	2,372
49	Cumulative Balance for Civil Penalties	1,675	2,528	4,969	6,361	8,674	11,046
50							
56	Ending Fund Balance (Financial Statements)	9,081	12,351	10,890	2,015	(3,685)	(17,658)

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 states that the sufficient minimum balance shall not be less than 12.5 percent of annual Tacoma Narrows Bridge costs (equivalent to 45 days of working capital year round), measured on a retrospective three month rolling average fund balance

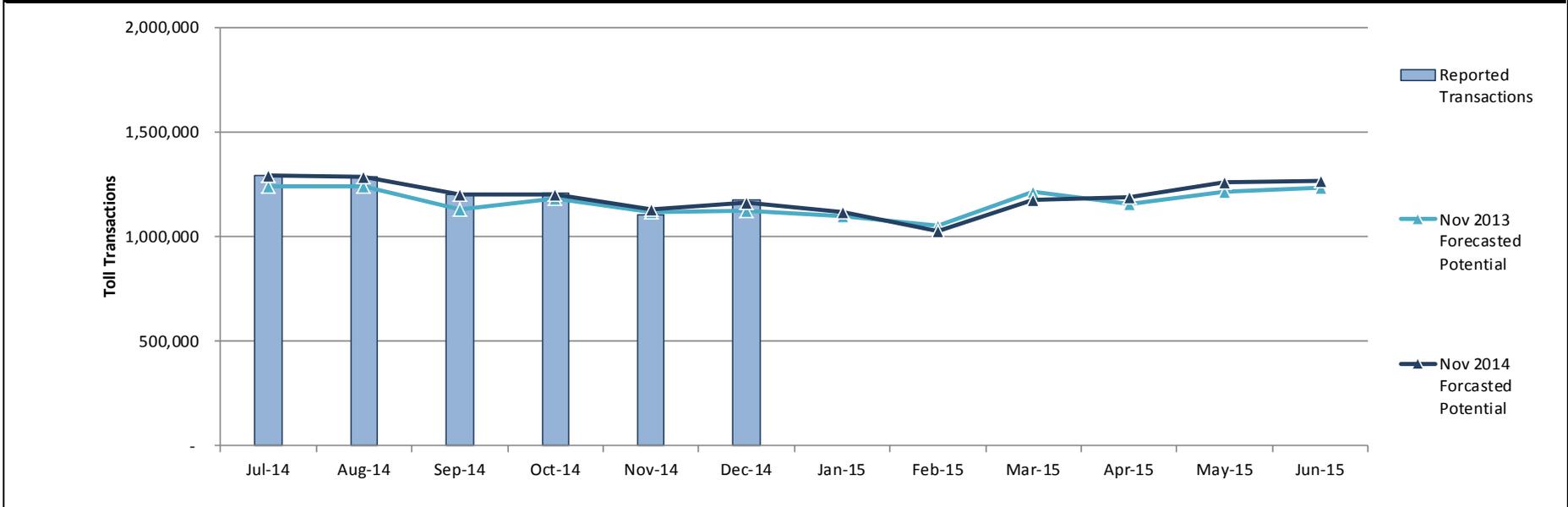
Rate Setting Milestones

	Milestone
January	File CR 101 WSTC rate setting kickoff meeting CAC rate setting kickoff meeting Financial plan/funding needs
February	CAC financial plan Q&A CAC proposed scenarios Preliminary scenario results Request any additional scenarios (if necessary)
March	CAC recommendation WSTC proposed rates File CR 102 (formal rate proposal)
April	Public Input meetings
May	Public Hearing Adopt toll rates File CR 103 (formal rate adoption)

Traffic and Revenue

FY 2015 Q1-Q2 Projected and Reported Traffic

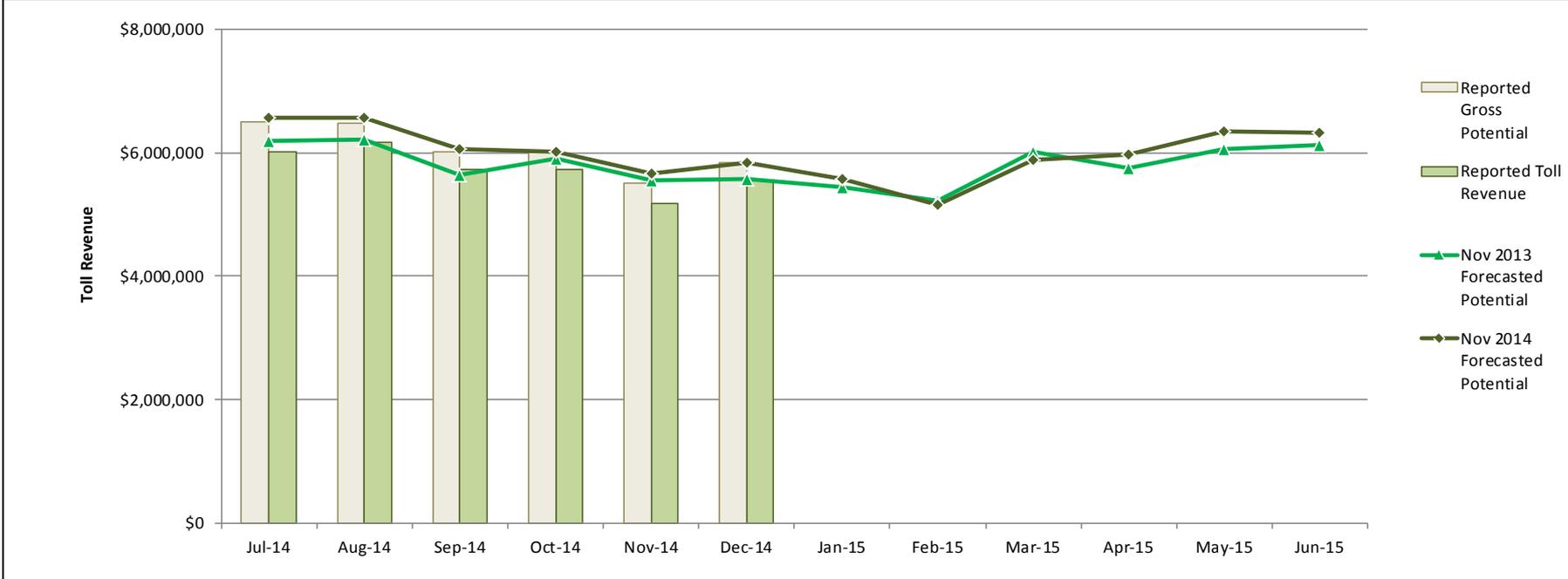
TRAFFIC	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	YTD	Annual Total
Forecasted Potential (November 2013) ¹	1,242,494	1,242,950	1,126,845	1,182,113	1,117,165	1,123,185	1,097,971	1,052,683	1,212,899	1,157,908	1,216,989	1,231,037	7,034,752	14,004,239
Forecasted Potential (November 2014) ²	1,292,065	1,288,064	1,199,060	1,201,060	1,129,056	1,161,058	1,115,056	1,029,051	1,172,059	1,185,059	1,260,063	1,264,063	7,270,363	14,295,714
Reported Transactions ^{3,A}	1,290,551	1,286,525	1,198,257	1,204,577	1,101,929	1,177,708	-	-	-	-	-	-	7,259,547	
Variance from Forecast Potential ⁴	48,057	43,575	71,412	3,517	(27,127)	16,650	-	-	-	-	-	-	156,084	
Variance - % change	3.9%	3.5%	6.3%	0.3%	(2.4%)	1.5%	-	-	-	-	-	-	2.2%	



See footnotes on slide 22

FY 2015 Q1-Q2 Projected and Reported Revenue

REVENUE	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	YTD	Annual Total
Forecasted Potential (November 2013) ¹	\$6,192,985	\$6,217,036	\$5,638,958	\$5,897,197	\$5,557,174	\$5,576,064	\$5,446,363	\$5,221,191	\$6,017,371	\$5,744,281	\$6,062,884	\$6,124,928	\$35,079,414	\$69,696,432
Forecasted Potential (November 2014) ²	\$6,562,452	\$6,559,450	\$6,066,419	\$6,016,420	\$5,674,395	\$5,846,406	\$5,584,390	\$5,160,360	\$5,891,410	\$5,965,415	\$6,356,440	\$6,336,442	\$36,725,542	\$72,019,999
Forecasted Gross Potential ³	\$6,192,985	\$6,217,036	\$5,638,958	\$6,016,420	\$5,674,395	\$5,846,406	\$5,584,390	\$5,160,360	\$5,891,410	\$5,965,415	\$6,356,440	\$6,336,442	\$35,586,200	\$70,880,657
Reported Gross Potential ⁴	\$6,496,847	\$6,489,230	\$6,020,851	\$6,018,004	\$5,508,964	\$5,848,662	-	-	-	-	-	-	\$36,382,558	
Variance From Forecasted Gross Potential	\$303,862	\$272,194	\$381,893	\$1,584	(\$165,431)	\$2,256	-	-	-	-	-	-	\$796,358	
Variance - % Change	4.9%	4.4%	6.8%	0.0%	(2.9%)	0.0%	-	-	-	-	-	-	2.2%	
Forecasted Adjusted ⁵	\$6,143,365	\$6,167,223	\$5,593,777	\$5,754,778	\$5,427,627	\$5,592,158	\$5,341,537	\$4,935,947	\$5,635,205	\$5,705,992	\$6,080,012	\$6,060,883	\$34,678,928	\$68,438,503
Reported Toll Revenue ^{A,B}	\$6,013,436	\$6,169,873	\$5,728,594	\$5,733,372	\$5,179,488	\$5,561,499	-	-	-	-	-	-	\$34,386,262	
Variance From Adjusted Forecast ⁶	(\$129,929)	\$2,650	\$134,817	(\$21,407)	(\$248,139)	(\$30,659)	-	-	-	-	-	-	(\$292,667)	
Variance - % Change	(2.1%)	0.0%	2.4%	(0.4%)	(4.6%)	(0.5%)	-	-	-	-	-	-	(0.8%)	



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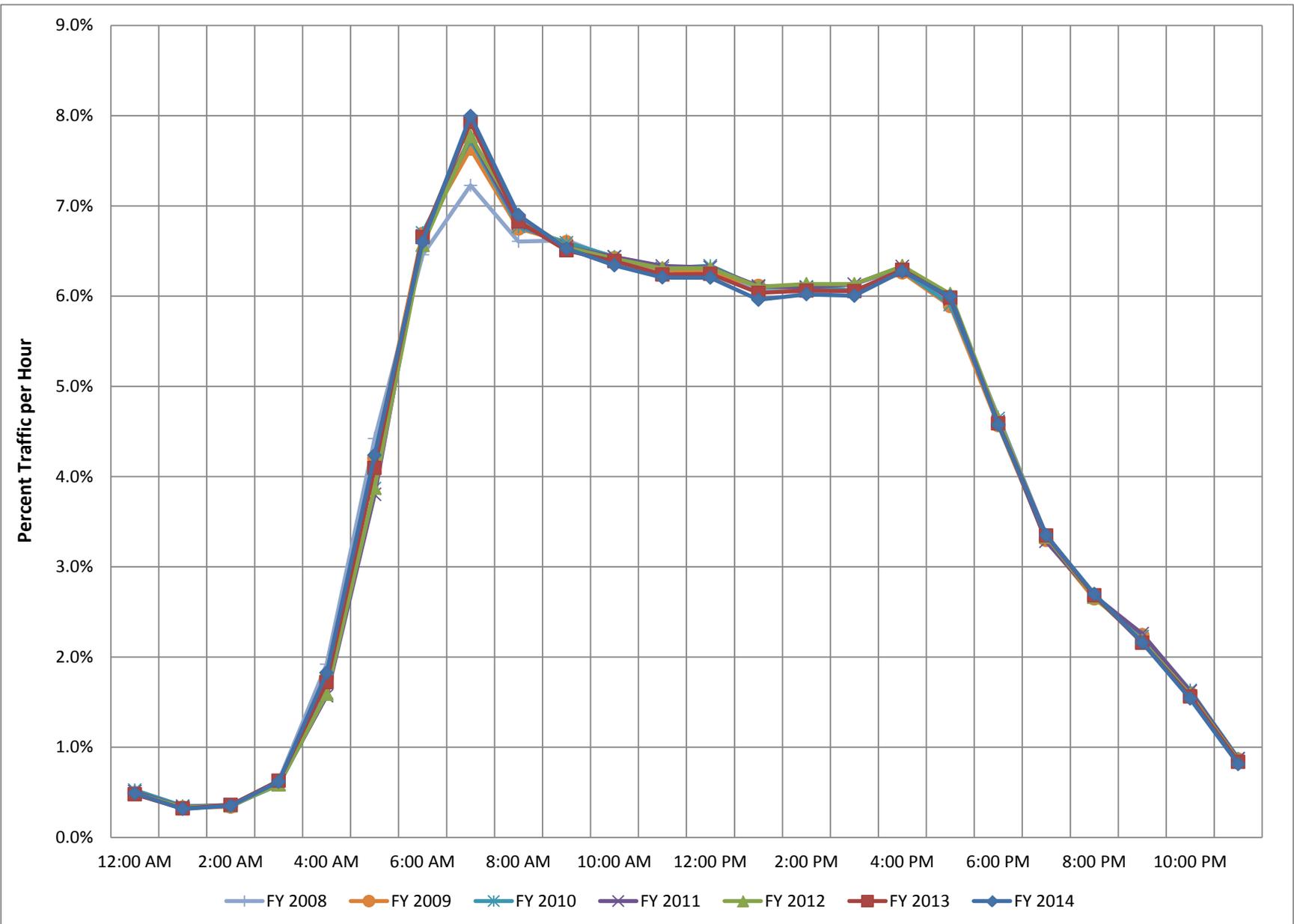
Forecast Model Methodology

- **Review of current and historical transaction trends**
 - By vehicle class
 - By payment type
 - By time of day
 - Traffic response to past toll increases (elasticity)
- **Review of economic projections**
 - County-wide household and employment growth
 - Zonal level growth in regional model (April 2014 PSRC land use update)
- **Growth rates were applied to FY 2014 actual transactions**
 - Baseline forecast assumes no toll increases
 - Adjustments for long-term payment type rates
 - Short term growth rates based on projected household/employment growth
 - Long term growth rates reduced to 1 percent.

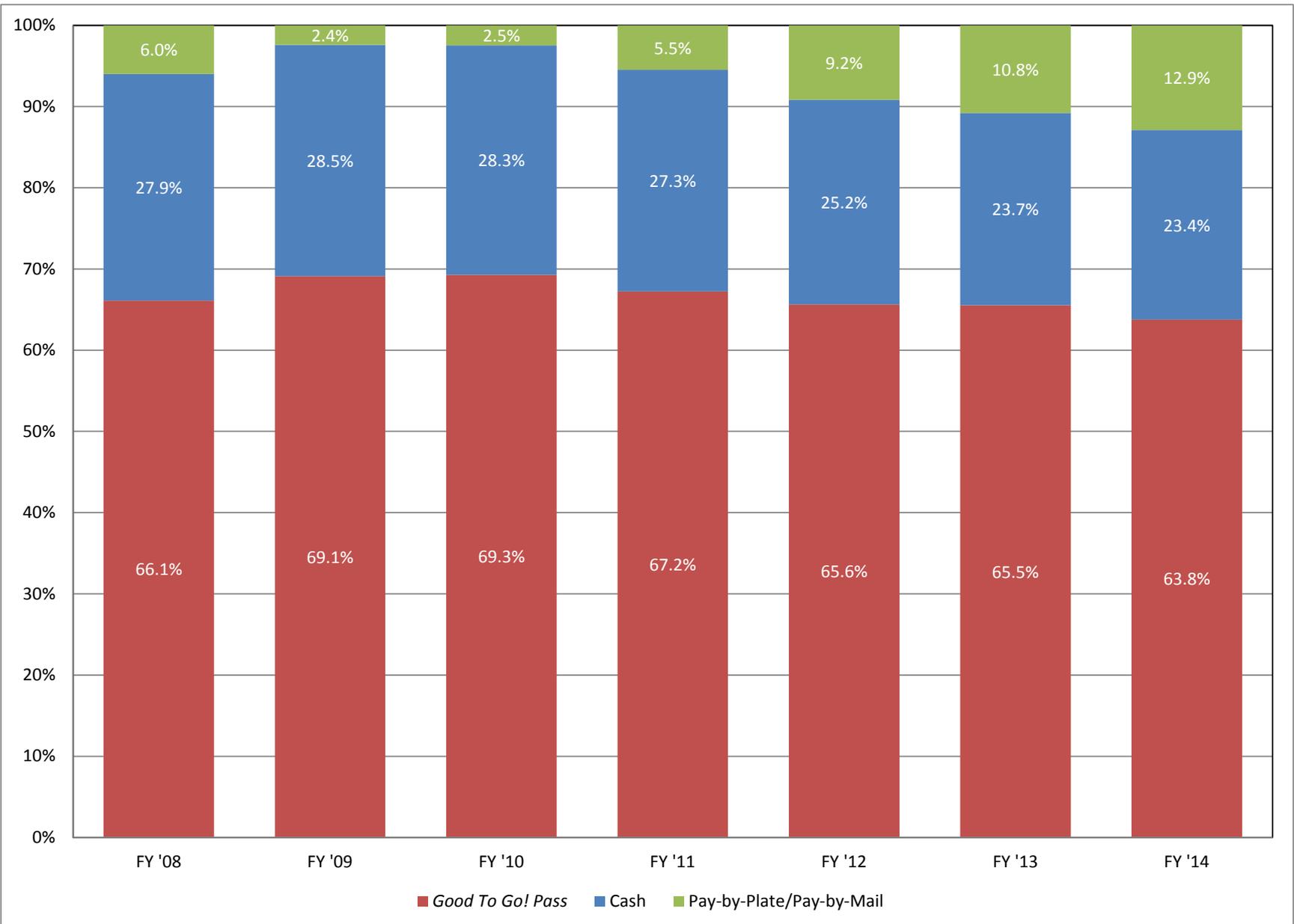
Historical Transactions by Fiscal Year

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15
July	669,112	1,260,676	1,306,609	1,295,677	1,251,598	1,245,321	1,261,915	1,290,551
August	1,332,870	1,249,245	1,294,569	1,292,565	1,277,207	1,271,306	1,266,670	1,286,525
September	1,239,899	1,186,566	1,215,868	1,200,817	1,183,275	1,162,037	1,153,860	1,198,257
October	1,242,452	1,192,760	1,207,464	1,204,093	1,190,557	1,162,254	1,186,000	1,204,577
November	1,165,713	1,094,721	1,106,449	1,070,981	1,111,361	1,093,484	1,102,564	1,101,929
December	1,168,451	1,000,687	1,178,283	1,179,021	1,203,881	1,116,081	1,134,245	1,177,708
January	1,136,524	1,116,257	1,107,393	1,096,784	1,008,003	1,083,710	1,092,010	
February	1,123,604	1,039,376	1,046,204	957,747	1,100,584	1,012,832	999,868	
March	1,194,321	1,155,283	1,190,740	1,214,508	1,162,409	1,151,437	1,146,554	
April	1,176,209	1,175,827	1,161,012	1,145,066	1,141,864	1,119,667	1,157,650	
May	1,243,452	1,204,369	1,209,228	1,191,500	1,228,455	1,212,813	1,229,418	
June	1,203,867	1,258,189	1,237,512	1,214,739	1,207,735	1,197,041	1,227,986	
Total July-Dec	6,818,497	6,984,655	7,309,242	7,243,154	7,217,879	7,050,483	7,105,254	7,259,547
Total Year	13,896,474	13,933,956	14,261,331	14,063,498	14,066,929	13,827,983	13,958,740	-
% Change July-Dec		2.4%	4.6%	-0.9%	-0.3%	-2.3%	0.8%	2.2%
% Change Total		0.3%	2.3%	-1.4%	0.0%	-1.7%	0.9%	-

Hourly Transaction Profiles by Fiscal Year



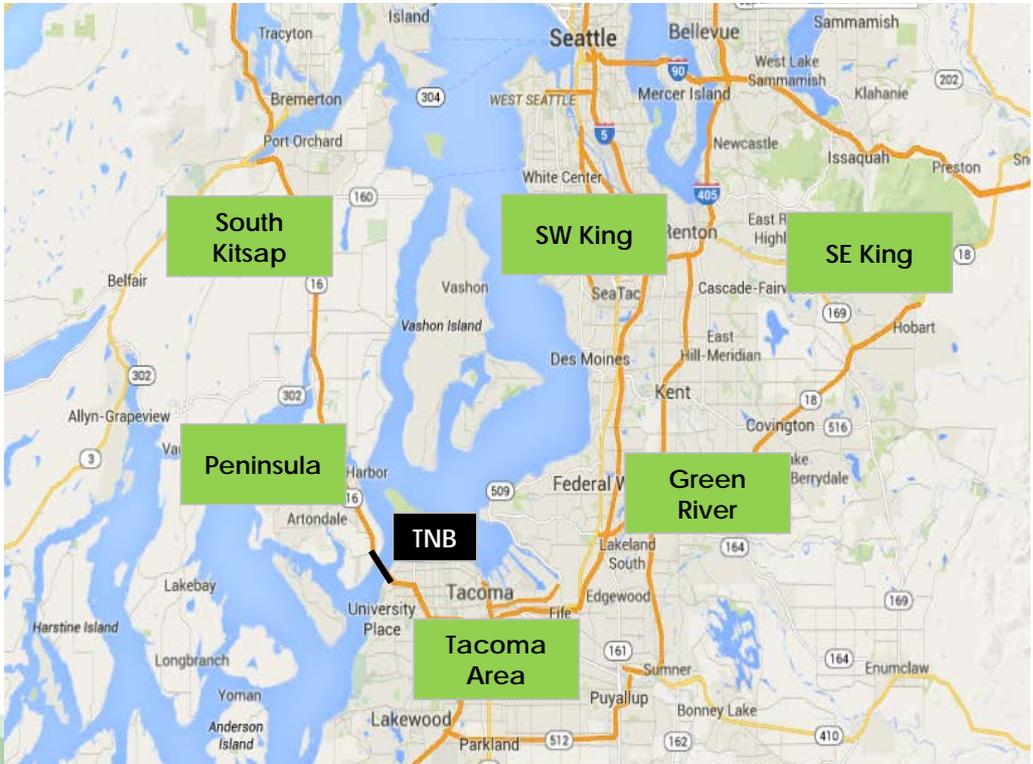
Initial Payment Type Allocation by Fiscal Year



Regional Economic Projections

		Total Population				Total Households				Total Employment			
		Estimates		Forecasts		Estimates		Forecasts		Estimates		Forecasts	
AREAS	County	2000	2010	2020	2030	2000	2010	2020	2030	2000	2010	2020	2030
Green River	King	165,587	188,505	207,041	222,041	68,874	74,497	85,186	90,922	206,536	189,625	229,597	262,470
South Kitsap	Kitsap	60,717	67,580	81,763	96,482	21,963	25,553	31,219	36,258	13,859	14,779	18,009	19,831
Peninsula	Pierce	56,285	64,194	73,563	86,529	20,550	24,373	27,447	31,600	13,900	17,362	21,666	23,859
Tacoma Area	Pierce	199,231	209,659	227,494	242,796	78,641	82,972	91,891	98,809	120,807	113,599	147,000	160,995

		Total Population				Total Households				Total Employment			
				2010-20	2020-30			2010-20	2020-30			2010-20	2020-30
AREAS	County												
Green River	King			0.9%	0.7%			1.3%	0.7%			1.9%	1.3%
South Kitsap	Kitsap			1.9%	1.7%			2.0%	1.5%			2.0%	1.0%
Peninsula	Pierce			1.4%	1.6%			1.2%	1.4%			2.2%	1.0%
Tacoma Area	Pierce			0.8%	0.7%			1.0%	0.7%			2.6%	0.9%



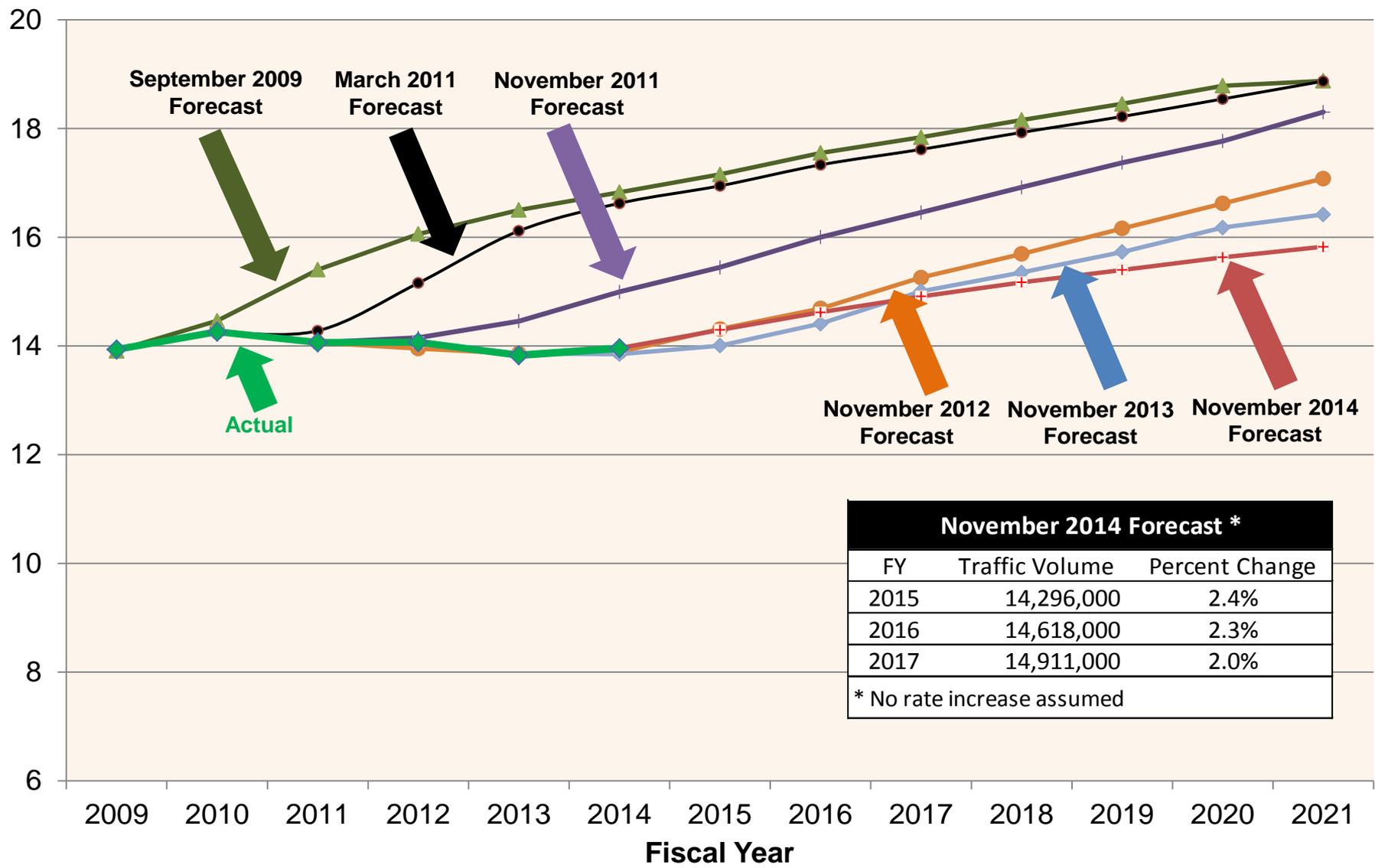
Fiscal Year 2014 by Payment Type and Vehicle Class

Mo. #	Year	Total	Manual Lane Transaction						Electronic Toll Collection (Transponder Transaction)						Photo Tolling (Image Transaction)					
			0+2	3	4	5	6	7+	0+2	3	4	5	6	7+	0+2	3	4	5	6	7+
7	2013	1,267,193	319,689	4,625	4,633	2,201	237	175	751,348	8,760	5,728	3,394	1,982	3,994	151,438	2,392	1,716	2,172	927	1,782
8	2013	1,270,356	318,377	4,464	4,609	2,415	222	213	753,526	8,669	5,841	3,300	1,990	4,045	153,306	2,505	1,796	2,286	1,049	1,743
9	2013	1,157,809	269,132	3,213	3,780	2,128	220	200	711,241	7,101	4,707	2,987	1,830	3,504	139,498	2,266	1,439	2,012	928	1,623
10	2013	1,190,054	253,400	2,670	2,818	2,063	203	201	758,152	7,363	4,677	3,102	2,426	3,992	139,602	2,320	1,495	2,284	1,181	2,105
11	2013	1,106,409	248,877	2,042	1,902	1,960	160	171	696,454	5,687	3,455	2,641	1,603	3,051	130,965	1,744	1,111	2,012	919	1,655
12	2013	1,137,925	256,211	1,524	1,486	1,780	170	119	718,900	4,870	3,029	2,680	1,559	2,793	135,453	1,746	1,041	2,220	860	1,484
1	2014	1,095,704	226,358	1,546	1,557	1,888	191	108	709,207	5,237	3,232	2,813	1,574	3,038	131,288	1,762	1,213	2,348	862	1,482
2	2014	1,003,237	211,896	1,448	1,447	1,696	167	103	644,128	4,610	2,687	2,357	1,358	2,497	121,870	1,650	1,067	2,157	747	1,352
3	2014	1,151,734	253,973	2,098	2,134	1,988	172	114	726,426	5,882	3,696	2,795	1,422	2,643	140,390	1,859	1,401	2,240	814	1,687
4	2014	1,162,269	254,723	2,608	2,425	2,132	195	138	729,304	6,490	4,134	3,077	1,543	3,061	143,783	2,256	1,404	2,390	909	1,697
5	2014	1,234,022	280,942	3,714	3,695	2,169	187	155	757,212	7,272	5,036	2,993	1,500	3,009	156,498	2,554	1,664	2,604	1,059	1,759
6	2014	1,232,528	291,379	3,374	3,725	2,224	227	105	741,543	7,325	4,876	2,892	1,562	3,218	159,860	2,655	1,794	2,672	1,172	1,925
Fiscal Year 2014		14,009,240	3,184,957	33,326	34,211	24,644	2,351	1,802	8,697,441	79,266	51,098	35,031	20,349	38,845	1,703,951	25,709	17,141	27,397	11,427	20,294

FY 2014	Counts					
	0+2	3	4	5	6+	Total
<i>Good-to-Go!</i> Pass	8,697,441	79,266	51,098	35,031	59,194	8,922,030
Cash	3,184,957	33,326	34,211	24,644	4,153	3,281,291
Photo Tolling Total	1,703,951	25,709	17,141	27,397	31,721	1,805,919
Pay-by-Plate	854,825	12,897	8,599	13,744	15,914	905,979
Short Term Account	645	10	6	10	12	683
Pay-by-Mail	848,481	12,802	8,535	13,642	15,795	899,256
						14,009,240

Forecasted and Actual Annual Eastbound Traffic

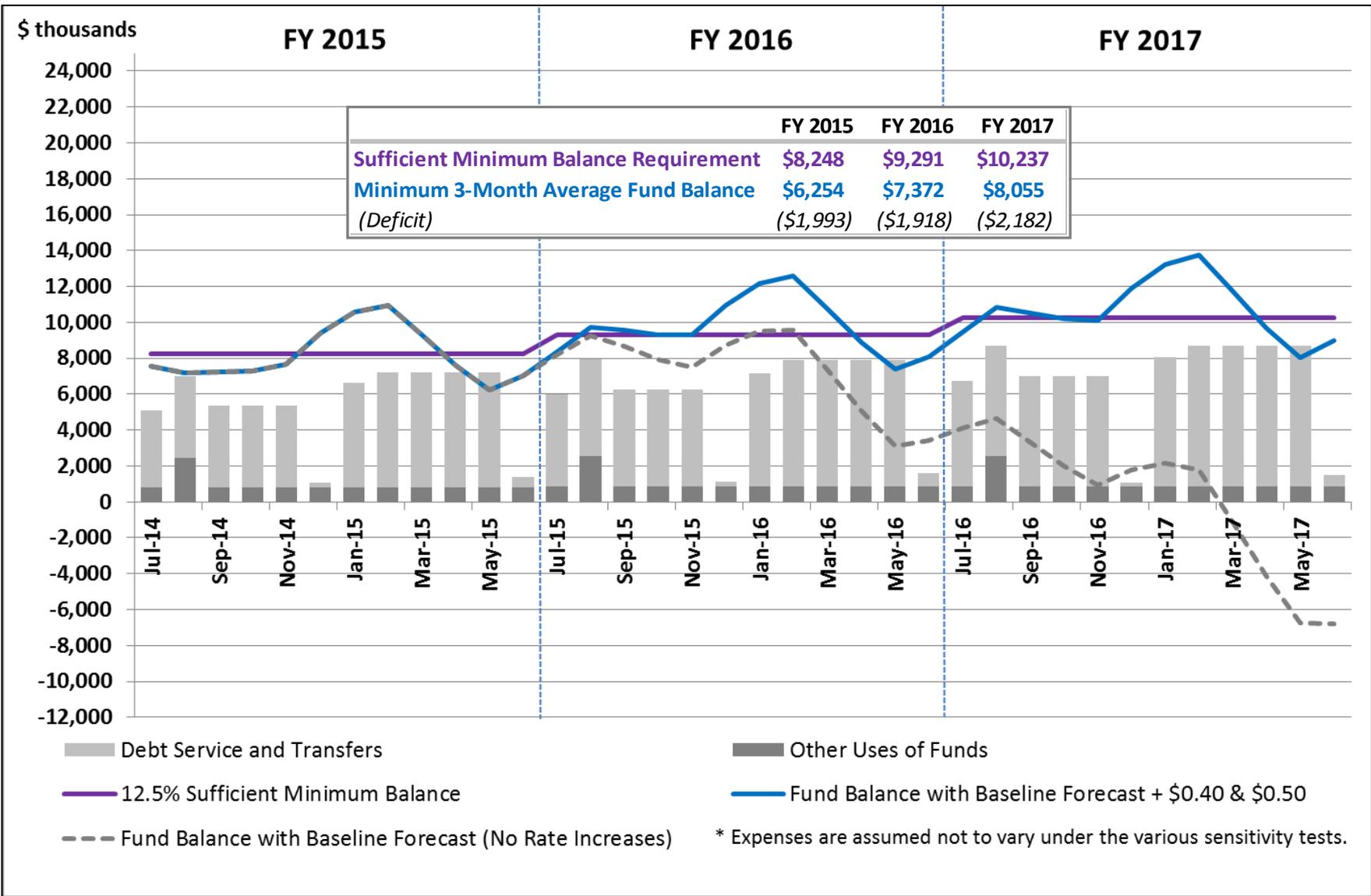
In millions



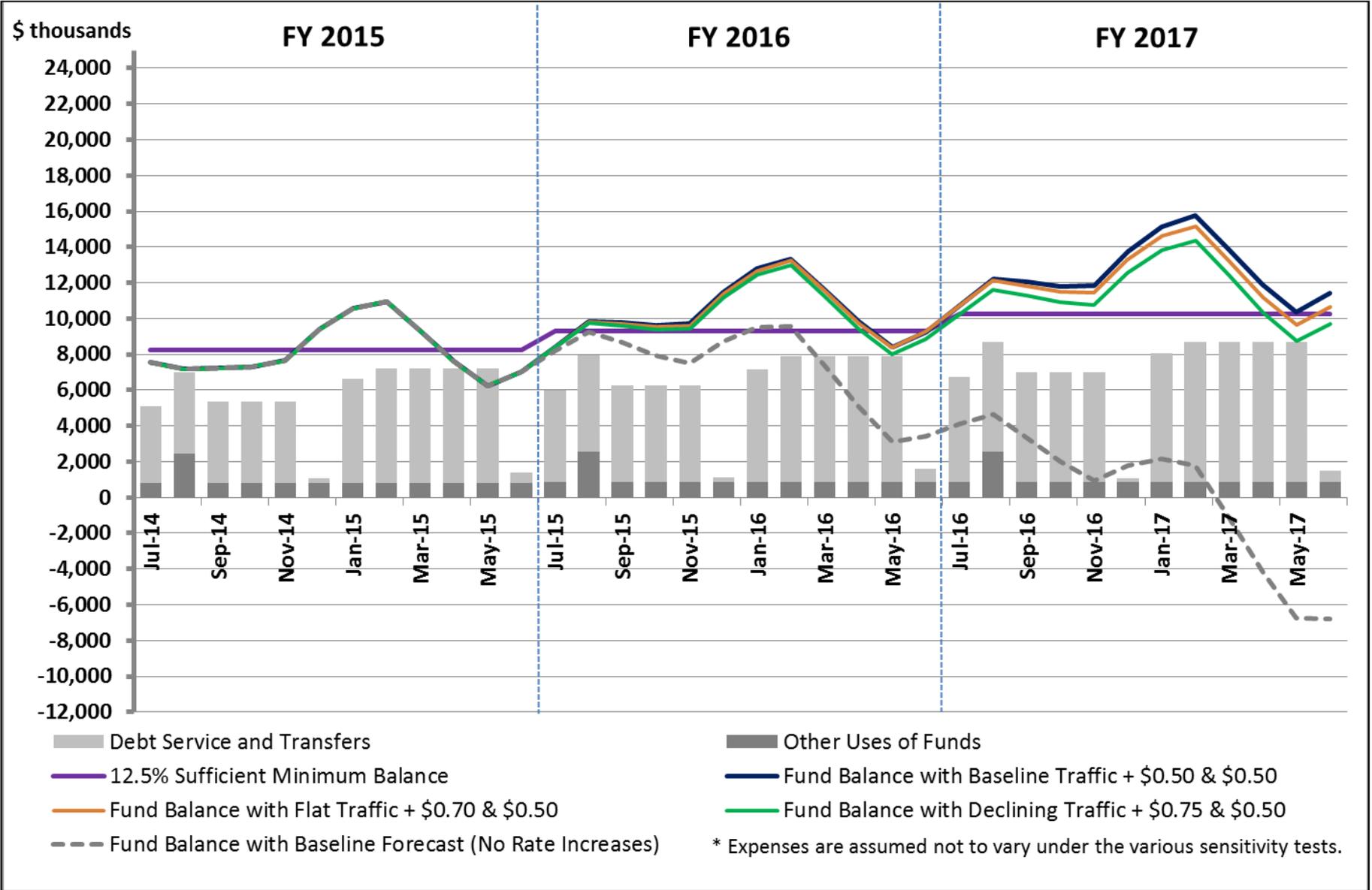
November 2014 Forecast *		
FY	Traffic Volume	Percent Change
2015	14,296,000	2.4%
2016	14,618,000	2.3%
2017	14,911,000	2.0%
* No rate increase assumed		

Citizen Advisory Committee Requested Scenario

\$0.40 in FY 2016 and \$0.50 in FY 2017



Minimum Toll Increases for Various Traffic Scenarios FY 2016 and FY 2017



Minimum Toll Increases for Various Traffic Scenarios

FY 2016 and FY 2017

	FY 2015	FY 2016	FY 2017
Sufficient Minimum Balance Requirement	8,248	9,291	10,237
Baseline + \$0.50 & \$0.50			
Minimum 3-Month Average Fund Balance	6,254	8,403	10,376
<i>Surplus / (Deficit)</i>	<i>(1,993)</i>	<i>(888)</i>	<i>139</i>
Flat Traffic + \$0.70 & \$0.50			
Minimum 3-Month Average Fund Balance	6,254	8,383	9,659
<i>Surplus / (Deficit)</i>	<i>(1,993)</i>	<i>(907)</i>	<i>(579)</i>
Declining Traffic + \$0.75 & \$0.50			
Minimum 3-Month Average Fund Balance	6,254	8,009	8,731
<i>Surplus / (Deficit)</i>	<i>(1,993)</i>	<i>(1,282)</i>	<i>(1,506)</i>

For questions or further information...

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FY 2015 Q1-Q2 Projected and Reported Traffic

Footnotes

1. Data is based upon the TRFC November 2013 Forecast adjusted for non-revenue transactions. The remaining months of the forecast, italicized and gray highlight are for information purposes.
2. The data is based upon the TRFC November 2014 Forecast adjusted for non-revenue transactions.
3. The reported traffic is based on the TNB lane collection system data adjusted for duplicate and non-revenue transactions.
4. The variance is a comparison between reported transactions and the November 2013 forecast for the first three months and the November 2014 forecast for the remaining nine months.

A. Backlogged Financial Reconciliations - On February 13, 2011, WSDOT transitioned tolling customer service center operations to a new vendor - Electronic Transaction Consultants Corporation (ETCC). During the transition, the ETCC system encountered problems in the accuracy and timeliness of recording revenue and other accounting transactions. WSDOT and ETCC have investigated and corrected accounting records for known discrepancies. At this time, ETCC has not completed key reconciliations which ensure timely and accurate processing of financial transactions and accurate system reporting. Upon completion of these reconciliations, any discrepancies identified will be addressed and necessary correcting adjustments will be made.

FY 2015 Q1-Q2 Projected and Reported Revenue

Footnotes

1. Data is based upon the TRFC November 2013 Forecast adjusted for non-revenue transactions. The remaining months of the forecast, italicized and gray highlight are for information purposes.
2. The data is based upon the TRFC November 2014 Forecast adjusted for non-revenue transactions.
3. The Forecasted Gross Potential data comes from the November 2013 monthly forecasted potential revenue for July through September and the November 2014 monthly forecasted potential revenue for October through June.
4. The Reported Gross Potential data comes from the TCS/AVI report, ICRS/VPS report, and WSDOT's accounting system and is subject to change pending fiscal period closeout.
5. The Forecasted Adjusted Gross Toll Revenue reflects adjustments for Pay By Plate Fees, less Short-term Account Discounts and Toll Revenue Not Recognized. November 2013 TRFC is used for July, August and September; November 2014 TRFC for remaining months.
6. The variance is a comparison between Reported Toll Revenue and the Forecasted Adjusted Gross Toll Revenue.

A. Backlogged Financial Reconciliations - On February 13, 2011, WSDOT transitioned tolling customer service center operations to a new vendor - Electronic Transaction Consultants Corporation (ETCC). During the transition, the ETCC system encountered problems in the accuracy and timeliness of recording revenue and other accounting transactions. WSDOT and ETCC have investigated and corrected accounting records for known discrepancies. At this time, ETCC has not completed key reconciliations which ensure timely and accurate processing of financial transactions and accurate system reporting. Upon completion of these reconciliations, any discrepancies identified will be addressed and necessary correcting adjustments will be made.

B. Reports in the Subsidiary Accounting System for Tolling - After the close of the fiscal year, WSDOT determined, through independent audits, that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contained weaknesses in internal control requiring revision to existing procedures and protocols. The results of the audit findings provide concern to WSDOT, and we will take appropriate actions to remediate the issues. WSDOT will aggressively pursue actions by our contracted service provider to remediate deficiencies identified through these independent audits, as we are committed to the highest standard of transactional and financial accountability for the citizens of Washington State.