

Tacoma Narrows Bridge Citizen Advisory Committee Meeting Agenda

January 13, 2016 - 6 – 8 p.m.

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

TNB Citizen Advisory Committee:

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

AGENDA:

Call to order.....	Bruce Beckett
WSDOT Presentations.....	WSDOT
Schedule	WSDOT
Toll Rate Scenarios	WSDOT
Shared Cost Allocation	WSDOT
Insurance	WSDOT
Public Comment	All
CAC Deliberations	CAC
Sufficient Minimum Balance	CAC
Rate Recommendations	CAC
Next steps and future meetings	CAC
Adjourn	All

Rate Setting Timeline

	Milestone
October 2015	WSTC: FY 2015 Traffic and Revenue Reporting
November 2015	CAC: Review Last Year's Financial Plan/T&R Actuals
December 2015	CAC: Financial plan/funding needed WSTC: Financial plan/funding needed CAC: Specify rate scenarios WSTC: File CR 101
January 2016	WSTC/CAC: Rate scenario results
February 2016	CAC recommendation WSTC: Public input meeting
March 2016	WSTC: Proposed rates WSTC: File CR 102
May 2016	WSTC: Public hearing Adopt toll rates WSTC: File CR 103
July 1, 2016	New toll rates take effect

These steps are needed only if rates selected in Spring 2015 are not sufficient

Tacoma Narrows Toll Bridge Account (511)

DRAFT

Printed on: 12/4/2015

Financial Plan - Updated on December 3, 2015 - DRAFT

Forecasted revenue is based on adopted November 2015 TRFC Forecast. Forecasted expenses for FY 2016-17 are based on the 2015-17 Transportation Enacted Budget and 2016 Supplemental budget Request.

Historical Revenues and expenses from 2006 - 2015 are based on TNB Income Statements.

(Amounts in thousands of nominal dollars except toll rates)

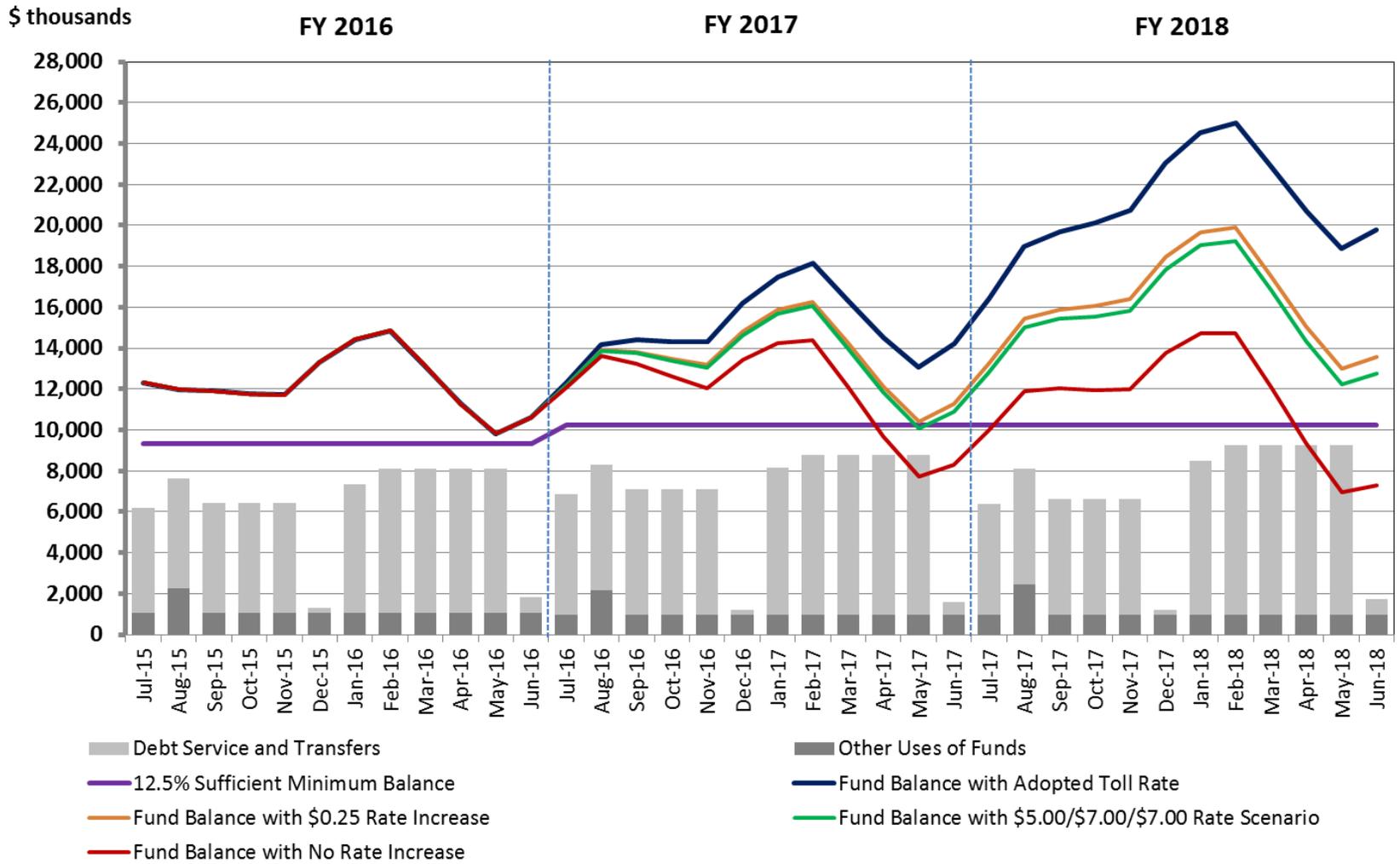
	Actuals		Rate Setting Biennium Forecast			
	2014	2015	2016	2017	2018	2019
Fiscal Year						
Toll Rate (Good To Go! Pre-Pay)	\$4.25	\$4.50	\$5.00	\$ 5.50	\$ 5.50	\$ 5.50
Toll Rate (Cash)	\$5.25	\$5.50	\$6.00	\$ 6.50	\$ 6.50	\$ 6.50
Toll Rate (Pay-By-Mail)	\$6.25	\$6.50	\$7.00	\$ 7.50	\$ 7.50	\$ 7.50
Beginning Fund Balance (Financial Statements)	11,578	9,081	14,083	16,783	20,672	26,866
Sources of Toll Revenue Funds 1						
Interest Earnings from Tacoma Narrows Account (511) 2	15	57	60	70	90	109
Interest Earnings from Toll Collection Account (495) 2	7	18	8	8	8	8
Toll Revenue - Good To Go! Pre-Pay & Cash	60,159	65,448	74,548	82,613	84,091	85,472
Toll Revenue - Pay By Mail	2,980	2,779	2,969	3,262	3,270	3,217
Transponder Sales Revenue	306	336	279	328	256	272
Violations	9	10	-	-	-	-
Fees 3	337	488	430	441	442	442
Contractual Damages 4	306	145	133	133	-	-
Miscellaneous Revenue 5	43	6	-	-	-	-
Total Sources of State Funds	64,163	69,287	78,427	86,855	88,157	89,520
Uses of Toll Revenue Funds 6						
Toll CSC Vendor Contract	(1,878)	(1,971)	(2,596)	(2,400)	(2,644)	(2,942)
PBM Postage	(244)	(285)	(338)	(376)	(332)	(346)
Toll Booth and Lane Vendor Contract	(3,270)	(3,146)	(3,146)	(3,146)	(3,280)	(3,362)
Insurance 7	(1,594)	(1,325)	(1,200)	(1,200)	(1,500)	(1,500)
Credit Card and Bank Fees	(1,121)	(1,298)	(1,291)	(1,342)	(1,371)	(1,403)
Transponder Cost of Goods Sold	(215)	(206)	(279)	(328)	(256)	(272)
Other Toll Operations Costs	(260)	(350)	(273)	(272)	(310)	(308)
Personal Service Contracts 8	(615)	(906)	(893)	(629)	(454)	(459)
Salaries and Benefits	(523)	(564)	(1,265)	(1,178)	(1,232)	(1,226)
Infrastructure Maintenance	(254)	(448)	(951)	(817)	(786)	(767)
Subtotal: Operations and Maintenance Uses of Funds	(9,975)	(10,498)	(12,232)	(11,688)	(12,165)	(12,586)
Subtotal: Operating Sources less Operating Uses	54,188	58,789	66,195	75,167	75,992	76,935
Debt Service Payment 9	(54,344)	(53,106)	(61,385)	(70,549)	(69,115)	(72,590)
Debt Service Withholding 9	(579)	(1,595)	(891)	492	(714)	(212)
Subtotal: Uses of Funds incl. Debt Service	(64,897)	(65,199)	(74,508)	(81,745)	(81,994)	(85,388)
Deferred Sales Tax Repayment 10	-	-	-	-	-	-
Repair & Replacement (early years covered by capital balance)	-	-	-	-	-	(923)
Total Uses of Toll Funds	(64,897)	(65,199)	(74,508)	(81,745)	(81,994)	(86,311)
Current Year Sources less Uses Balance	(735)	4,088	3,919	5,111	6,163	3,209
Cumulative Sources Less Uses Balance	3,484	7,572	11,491	16,602	22,765	25,974
Beginning Capital Balance	3,922	3,922	3,806	2,197	1,341	609
Total Sources of Capital Funds	-	-	-	-	-	-
Repair and Replacement (covered by Capital Balance)	-	(116)	(1,610)	(856)	(732)	(609)
Ending Capital Balance	3,922	3,806	2,197	1,341	609	-
Sources Less Uses + Ending Capital Balance (for Sufficiency Te	7,406	11,379	13,688	17,943	23,374	25,974
12.5% Sufficient Minimum Balance (SMB)	8,112	8,150	9,314	10,218	10,249	10,789
Amount (of Fund balance wo CP) Above/Below SMB	-	3,229	4,374	7,725	13,125	15,185
Lowest 3-month Rolling Average Balance	-	-	9,815	12,294	16,455	-
Amount (of 3-month average) Above/Below SMB	-	-	501	2,076	6,205	-
Civil Penalty Program - FOR INFORMATIONAL PURPOSES ONLY, NOT INCL. IN SUFFICIENCY FUND BALANCE 11						
Civil Penalty Revenue (not incl. in Operating Revenue)	(649)	3,169	1,778	1,882	1,934	1,962
Civil Penalty Adjudication Costs (not incl. in Operating Expense)	(1,113)	(1,190)	(1,387)	(1,298)	(1,172)	(1,172)
Subtotal: Civil Penalty Net Revenue	(1,762)	1,980	391	584	763	791
Scheduled Motor Vehicle Loan Repayment	-	(950)	-	(950)	-	(950)
Civil Penalty Net Revenue after Loan Repayments	(1,762)	1,030	391	(366)	763	(160)
Cumulative Balance for Civil Penalties	1,675	2,704	3,095	2,729	3,492	3,332
Ending Fund Balance (Financial Statements)	9,081	14,083	16,783	20,672	26,866	29,306

- ¹ For GAAP purposes, Interest Earnings, 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. It is reported as a separate line item for actuals in the income statement.
- ³ Includes NSF check, Customer Service Center administration fees, and the reprocessing fee associated with the second Pay By Mail statement.
- ⁴ Contractual damages are expected to continue until FY 2017.
- ⁵ FY 2008-2015 - Includes donations, sales of surplus right of ways, 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.
- ⁶ Uses of Funds for Operations in FY 2016 - FY 2017 reflect the enacted budget and 2016 supplemental budget request. Maintenance and preservation are from WSDOT plan updated November 2015. CSC Operations Vendor Contract, Personal Services Contracts, and Salaries and Benefits in FY 2015 & 2016 include costs associated to re-procurement of a CSC vendor which are included in Preservation and R & R in future years. WSDOT Salaries and Benefits, Personal Services Contracts, and Other Toll Operations costs include costs associated to TNB's share of system-wide administrative costs (MS), total for FY 2016 = \$507k, FY 2017 = \$523k, FY 2018 = \$532k, FY 2019 = \$529k, FY 2020 = \$513k, FY 2021 = \$513k.
- ⁷ Insurance for FY 2016 is the forecast expense, however a majority of this cost (\$1.15m) was paid in August 2015.
- ⁸ Other previously included the Personal Services expense, until FY 2012 when Personal Services was broken out separately.
- ⁹ 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.
- ¹⁰ In spring 2015 Legislature passed bill 2ESSB 5987, Sec. 405 of the bill postpones TNB's repayment of the deferred sales tax to FY 2032 (the first payment is on December 31, 2031).
- ¹¹ 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 \$5.288 million Motor Vehicle Fund Loan. However, published financial statements will include Civil Penalty Revenues and Adjudication Expenses.
-As stated in RCW 46.63.160 (9): "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."

Sufficient Minimum Balance

Rolling 3-month average – Various Rate Scenarios

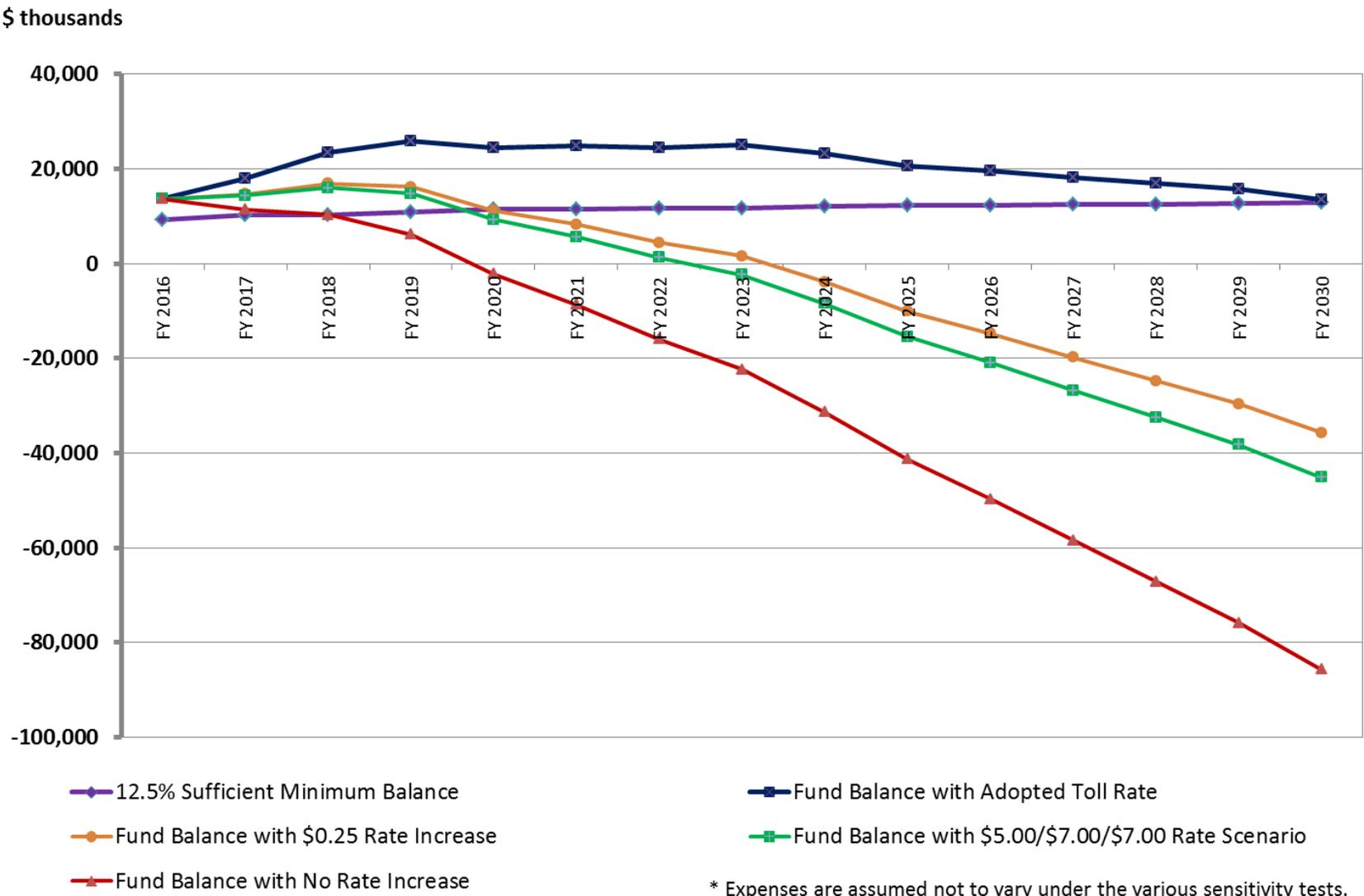
Tacoma Narrows Bridge Fund Balance:
3-month Rolling Average Balance for Various Rate Scenarios



* Expenses are assumed not to vary under the various sensitivity tests.

Sufficient Minimum Balance

Estimated Annual Long-Range Fund Balance under Various Rate Scenarios



Tacoma Narrows Bridge -- Par Amounts by Series and Fiscal Year

As of 12/15/2015

1/8/2016

FY	Original Par Amounts Before Refundings										Original Par Amount	Refundings						Current Par Amounts after Refundings				
	1 2003C	2 2003F	3 2004C	4 2004F	5 2005C	6 2005F	7 2006C	8 2006F	9 2007E	10 2008B		11 Refunded	11 R-2013B	11 Diff.	12 Refunded	12 R-2015B	12 Diff.		13 Refunded	13 R-2015D	13 Diff.	
2006											0									0		
2007											0									0		
2008					10,291,960						0									0		
2009	5,749,920	2,855,679	4,247,661	3,298,633	0	3,533,972					0									10,291,960		
2010	6,798,894	3,348,657	4,989,406	3,914,415	0	4,353,141		1,805,471			0									19,685,864		
2011	7,778,087	3,774,576	5,620,920	4,467,126	3,011,620	1,924,968		2,792,036			0									25,209,983		
2012	7,160,549	3,433,670	5,123,507	4,101,360	2,688,556	1,767,079		2,408,894			0									29,369,332		
2013	7,595,717	3,620,021	5,421,741	4,315,888	2,847,485	1,883,630	335,000	2,980,263			0		29,438,614							29,438,614		
2014	8,318,704	3,979,498	5,910,975	4,739,645	3,203,294	2,078,217	855,000	3,878,720	343,490	220,000	0		28,999,745	0	1,355,000	1,355,000				30,354,745		
2015	7,802,886	3,728,592	5,544,898	4,444,761	3,025,198	1,968,141	880,000	3,488,518			0		33,527,541	0	0	0				33,527,541		
2016	8,247,474	3,945,629	5,869,383	4,715,940	3,131,146	2,092,346	1,355,000	3,524,797	1,352,778	430,000	0		30,882,993	0	0	0				30,882,993		
2017	8,910,856	4,253,490	6,276,400	5,098,922	3,305,693	2,262,492	1,990,000	3,713,357	1,747,029	705,000	0		34,664,493	-1,355,000	1,130,000	-225,000				34,439,493		
2018	8,587,573	4,055,944	5,971,433	4,866,336	3,729,708	2,212,987	2,250,000	3,350,207			0		38,263,239	-1,990,000	1,785,000	-205,000				38,058,239		
2019	8,296,356	3,917,772	5,755,363	4,708,447	3,670,332	2,164,369	2,505,000	2,884,613	924,631	515,000	0		35,024,188	-2,250,000	2,060,000	-190,000				34,834,188		
2020	8,096,409	3,824,289	5,557,989	4,602,173	3,150,259	2,100,301	2,750,000	2,445,498	591,202	535,000	0		35,341,883	-2,505,000	2,335,000	-170,000	-515,000	490,000	-25,000	35,146,883		
2021	7,684,999	3,632,618	5,273,969	4,382,148	2,993,016	2,018,342	2,955,000	2,131,596			0		33,653,119	-2,750,000	2,600,000	-150,000	-535,000	505,000	-30,000	33,473,119		
2022	7,487,353	3,546,324	5,146,815	4,293,906	2,865,652	1,958,116	3,305,000	2,168,394	1,015,547		0		31,071,687	-2,955,000	2,825,000	-130,000	0	0	0	30,941,687		
2023	7,202,968	3,410,603	4,968,820	4,137,443	2,713,327	1,889,505	3,610,000	2,254,512	494,990	645,000	0		31,787,106	-3,305,000	3,200,000	-105,000	0	0	0	31,682,106		
2024	6,915,352	3,257,400	4,694,523	3,945,261	2,369,101	1,793,411	3,825,000	2,563,764	1,690,510	730,000	0		31,327,167	-3,610,000	3,535,000	-75,000	-645,000	610,000	-35,000	31,217,167		
2025	6,705,666	3,137,439	4,522,373	3,787,429	2,392,897	1,730,609	4,180,000	2,335,246	1,228,259	780,000	0		31,784,322	-3,825,000	3,750,000	-75,000	-730,000	695,000	-35,000	31,674,322		
2026	6,305,390	2,932,894	4,232,520	3,558,398	2,165,134	1,609,897	4,325,000	2,170,805	1,235,615	800,000	0		30,799,917	-4,180,000	4,110,000	-70,000	-780,000	740,000	-40,000	30,689,917		
2027	5,961,335	2,765,796	3,982,457	3,356,393	1,943,645	1,510,528	4,500,000	2,040,649	1,562,807	985,000	0		29,335,654	-4,325,000	4,255,000	-70,000	-800,000	760,000	-40,000	29,225,654		
2028	5,746,181	2,667,103	3,833,584	3,245,887	1,815,615	1,447,363	4,830,000	2,074,367	1,706,368	920,000	0		28,608,610	-4,500,000	4,430,000	-70,000	-985,000	945,000	-40,000	28,498,610		
2029	5,552,795	2,569,170	3,687,882	3,134,436	1,741,803	1,393,014	5,180,000	2,021,938	1,170,875	980,000	0		28,286,468	-4,830,000	4,720,000	-110,000	0	-920,000	835,000	-85,000	28,091,468	
2030	5,094,854	2,344,454	3,369,015	2,867,624	1,946,034	1,308,768	5,370,000	1,968,211	1,116,875	1,000,000	0		27,431,913	-5,180,000	4,970,000	-210,000	0	-980,000	895,000	-85,000	27,136,913	
	158,000,317	75,001,618	110,001,632	89,982,568	65,001,473	45,001,192	55,000,000	55,001,856	16,180,976	12,000,000	0		26,385,835	-5,370,000	5,055,000	-315,000	0	-1,000,000	910,000	-90,000	25,980,835	
																						679,851,634

Tacoma Narrows Bridge -- Debt Service by Series and Fiscal Year

As of 12/25/2015

1/8/2016

FY	Original Debt Service Before Refunding Savings										Original Debt Service	Refundings						Current Debt Service after Refunding Savings				
	1 2003C	2 2003F	3 2004C	4 2004F	5 2005C	6 2005F	7 2006C	8 2006F	9 2007E	10 2008B		11 Refunded	R-2013B	Savings	12 Refunded	R-2015B	Savings		13 Refunded	R-2015D	Savings	
2006	0	0	0	0	0	0	1,791,957	0	0	0	1,791,957			0			0			0	1,791,957	*
2007	0	0	0	0	0	0	2,580,419	0	0	0	2,580,419			0			0			0	2,580,419	*
2008	0	0	0	0	11,650,000	0	2,580,419	0	0	158,333	14,388,752			0			0			0	14,388,752	
2009	7,260,000	3,485,000	5,210,000	3,775,000	0	4,005,000	2,580,419	0	0	600,000	26,915,419			0			0			0	26,915,419	
2010	9,025,000	4,335,000	6,480,000	4,690,000	0	5,150,000	2,580,419	2,065,000	0	600,000	34,925,419			0			0			0	34,925,419	
2011	10,805,000	5,185,000	7,750,000	5,615,000	3,960,000	2,380,000	2,580,419	3,325,000	0	600,000	42,200,419			0			0			0	42,200,419	
2012	10,450,000	5,015,000	7,495,000	5,435,000	3,725,000	2,290,000	2,580,419	2,990,000	0	3,286,125	43,266,544			0			0			0	43,266,544	
2013	11,685,000	5,610,000	8,385,000	6,080,000	4,170,000	2,570,000	2,915,419	3,865,000	0	462,250	45,742,669	-2,497,619	2,084,531	-413,088			0			0	45,329,581	
2014	13,555,000	6,510,000	9,730,000	7,050,000	4,950,000	2,985,000	3,422,019	5,270,000	450,000	676,750	54,598,769	-2,497,619	2,243,100	-254,519			0			0	54,344,250	
2015	13,490,000	6,480,000	9,680,000	7,010,000	4,975,000	2,975,000	3,412,819	4,955,000	0	451,250	53,429,069	-2,497,619	2,243,100	-254,519	-124,750	108,599	-16,151	-72,500	20,167	-52,333	53,106,066	
2016	15,170,000	7,285,000	10,890,000	7,885,000	5,460,000	3,335,000	3,852,619	5,245,000	1,935,000	870,500	61,928,119	-3,852,619	3,344,850	-507,769	-249,500	227,300	-22,200	-145,000	132,000	-13,000	61,385,150	
2017	17,385,000	8,350,000	12,470,000	9,040,000	6,110,000	3,810,000	4,433,419	5,760,000	2,615,000	1,117,125	71,090,544	-4,433,419	3,926,975	-506,444	-249,500	227,300	-22,200	-145,000	132,000	-13,000	70,548,900	
2018	17,630,000	8,470,000	12,650,000	9,170,000	7,310,000	3,945,000	4,613,819	5,475,000	0	394,500	69,658,319	-4,613,819	4,105,850	-507,969	-249,500	227,300	-22,200	-145,000	132,000	-13,000	69,115,150	
2019	18,125,000	8,705,000	13,005,000	9,425,000	7,640,000	4,065,000	4,778,819	4,995,000	1,520,000	896,625	73,155,444	-4,778,819	4,270,975	-507,844	-751,625	707,500	-44,125	-145,000	132,000	-13,000	72,590,475	
2020	18,860,000	9,055,000	13,530,000	9,805,000	6,975,000	4,160,000	4,920,488	4,450,000	1,020,000	890,375	73,665,863	-4,920,488	4,412,600	-507,888	-745,375	702,600	-42,775	-145,000	132,000	-13,000	73,102,200	
2021	19,125,000	9,180,000	13,725,000	9,940,000	7,060,000	4,220,000	5,012,050	4,080,000	0	342,000	72,684,050	-5,012,050	4,501,975	-510,075	-197,000	187,500	-9,500	-145,000	132,000	-13,000	72,151,475	
2022	19,945,000	9,580,000	14,315,000	10,370,000	7,225,000	4,390,000	5,236,463	4,370,000	1,930,000	342,000	77,703,463	-5,236,463	4,726,350	-510,113	-197,000	187,500	-9,500	-145,000	132,000	-13,000	77,170,850	
2023	20,495,000	9,845,000	14,705,000	10,655,000	7,325,000	4,500,000	5,401,000	4,765,000	990,000	970,875	79,651,875	-5,401,000	4,892,975	-508,025	-825,875	782,250	-43,625	-145,000	132,000	-13,000	79,087,225	
2024	20,830,000	10,000,000	14,945,000	10,830,000	6,860,000	4,535,000	5,435,500	5,685,000	3,550,000	1,021,500	83,692,000	-5,435,500	4,925,850	-509,650	-876,500	834,625	-41,875	-145,000	132,000	-13,000	83,127,475	
2025	21,300,000	10,230,000	15,285,000	11,075,000	7,445,000	4,670,000	5,599,250	5,425,000	2,705,000	1,033,750	84,768,000	-5,599,250	5,089,350	-509,900	-888,750	843,750	-45,000	-145,000	132,000	-13,000	84,200,100	
2026	21,125,000	10,140,000	15,160,000	10,980,000	7,220,000	4,615,000	5,535,250	5,315,000	2,855,000	1,014,250	83,959,500	-5,535,250	5,025,225	-510,025	-869,250	826,250	-43,000	-145,000	132,000	-13,000	83,393,475	
2027	21,070,000	10,120,000	15,120,000	10,955,000	6,910,000	4,585,000	5,494,000	5,270,000	3,790,000	1,154,625	84,468,625	-5,494,000	4,983,100	-510,900	-1,009,625	968,625	-41,000	-145,000	132,000	-13,000	83,903,725	
2028	21,510,000	10,330,000	15,430,000	11,185,000	6,855,000	4,665,000	5,599,000	5,655,000	4,345,000	1,042,000	86,616,000	-5,599,000	5,091,550	-507,450			0	-1,042,000	946,125	-95,875	86,012,675	
2029	21,940,000	10,535,000	15,740,000	11,405,000	6,970,000	4,760,000	5,707,500	5,810,000	3,125,000	1,054,500	87,047,000	-5,707,500	5,196,200	-511,300			0	-1,054,500	962,875	-91,625	86,444,075	
2030	21,195,000	10,180,000	15,210,000	11,020,000	8,255,000	4,710,000	5,638,500	5,965,000	3,125,000	1,025,000	86,323,500	-5,638,500	5,130,825	-507,675			0	-1,025,000	932,750	-92,250	85,723,575	
	371,975,000	178,625,000	266,910,000	193,395,000	139,050,000	87,320,000	104,282,401	100,735,000	33,955,000	20,004,333	1,496,251,735	(84,750,531)	76,195,381	(8,555,150)	(7,234,250)	6,831,099	(403,151)	(4,934,000)	4,445,917	(488,083)	1,486,805,350	

*Debt service paid from capitalized interest.

How much did the state contribute to the TNB project from fuel taxes before tolling began?

\$50 million was contributed from fuel taxes prior to the beginning of tolling. \$39 million of this was transferred to the TNB fund for capital expenses, and \$11 million was expended directly from fuel tax sources before the TNB fund was created. These funds were not expected to be repaid and have been restricted to capital expenses. A small portion of these funds remain in the financial plan as restricted capital funds that can be used for repair and replacement of capital facilities.

Another \$1.3 million was transferred to the TNB account from the multimodal account to allow up to a 50% discount of the toll for electronic toll users while the old existing bridge was retrofitted.

How much was spent to develop the TNB toll system?

WSDOT paid the Tacoma Narrows Bridge (TNB) toll vendor at total of \$12,123,074.88 for the toll system development. We have the breakdown for the original \$9,163,681 contract price, but the remainder is in change orders that will require further research through the archives to itemize.

The original contract is broken down between:

1,859,455.00	Materials
1,984,228.00	Design & Development
239,347.00	Documents & Manuals
503,840.00	Installation
346,182.00	FAT & Acceptance Testing
20,541.00	Training
2,535,462.00	Project Management
112,440.00	CM/QA
238,705.00	Engineering Supplemental Warranty
189,476.00	Spare Toll Hardware
222,125.00	Bonding
858,000.00	Internal Tags
53,880.00	External Tags
<u>\$ 9,163,681.00</u>	<u>Total</u>

These costs include elements of developing and installing the lane equipment and system costs. For the purpose of this discussion we're only concerned with the system costs. We do not have a way to break out which of these costs were for the system and which were related to developing the toll booths and toll lane equipment that was specific to TNB. The contract components include some costs that can be separated – internal and external tags, spare toll hardware, bonding, and training. But the rest of the components are all integrated to include back office systems and TNB-specific hardware. The back office CSC system was the most basic and was a very small percentage of the overall project scope.

Did TNB rate-payers subsidize other facilities through reuse of the TNB toll system and approach?

The TNB toll system was provided by a single vendor using proprietary technologies that had been widely applied at many other toll facilities in other states. The state's addition to the standard vendor package for TNB was the development of the *Good To Go!* brand and the concept that a single toll pass and account should work seamlessly anywhere in Washington; all other elements of the TNB tolling system were industry standard.

Washington's more substantial investment in toll innovation was the implementation of SR 520 tolling and procurement of a new back office system and customer service office, and added substantial new accounting capabilities. At that time we moved to a different, non-proprietary toll transponder technology, introduced photo tolling and related payment methods, and contracted with a new statewide back office vendor. The new vendor brought a new toll software system and did not reuse the TNB back office software. We also provided policy innovation to help manage traffic on the SR 520 bridge using variable tolling. Those system improvements were made separately from the TNB toll contract, and all the costs of this new system were borne by the SR 520 project with assistance from a Federal Highway Administration grant. The original TNB vendor contract remains in place to operate the state's only remaining toll booths.

TNB has made out well as the statewide toll system has been implemented. As a result of the new statewide toll system, TNB rate-payers shoulder a significantly reduced cost for *Good To Go!* tolling due to relatively low vendor prices that are allocated between multiple toll facilities. If the TNB toll system was independent from the statewide system, TNB tolls would be higher than they are today.

What costs and revenues are allocated between toll facilities?

The general rule is that costs and revenues directly associated with a specific facility are allocated directly to that facility. For example, all TNB's toll revenue will be deposited in TNB account. The cost of toll booths and toll gantry are charged directly to the TNB account.

There are a number of revenues (such as paper statement fee or returned check fee) and expenditures (such as CSC vendor costs or some of the state operation costs) that don't benefit a single toll facility, but provide benefit to multiple facilities. We generally refer to these as "common" revenues and expenditures. Different allocation formulas are used to distribute these common revenues and costs to individual facilities. WSDOT collaborated with legislative staff and Office of Financial Management budget and accounting representatives to arrive at methodologies which were believed to be equitable.

Most of the allocations are based on the proportion of total toll transactions attributable to each facility, with some differences or exceptions depending on the nature of each expense.

- For CSC Vendor cost, the allocation is based on the toll transaction counts by each facility; those transaction counts don't include toll booth transactions.
- For state overhead cost or consultants' cost, it depends on whether the costs are directly related to a single facilities or benefiting all the facilities. Only the "common" costs will be allocated among the facilities (based on transaction counts or staff timesheet).
- Credit card fees charged at toll booths are attributed directly to TNB, and credit card fees charged through the statewide customer service center are allocated proportionately to non-toll booth revenues attributable to each facility.
- There is no travel costs charged to toll facility accounts (including TNB account).
- Besides transaction based allocations, there are a few items allocated based on toll revenue, such as Central Toll Account interest revenue.

The following tables provide a detailed explanation of all distributions of revenue and expenses.

Tolling Revenues that need to be Allocated Across Facilities		
Common Tolling Revenues	Allocation Method	Formula
Central Toll Account Interest Revenue	Toll Revenue by facility (excludes toll booth revenue) – See 47.56.167 "..... Distributions into the appropriate toll facility account shall be based on charges incurred at each toll facility and shall include a proportionate share of interest earned from amounts deposited into the account."	Toll revenue per facility divided by total toll revenue for all facilities (excluding toll booth revenue)
Inactive Account Fee Revenue (account closing fee assessed after 2 years of account inactivity)	Transaction Count (of transponder and license plate account transactions) by facility	The sum of transponder transactions and license plate transactions per facility divided by total transponder transactions and license plate transactions for all facilities
Reprocessing Fee Revenue (attached to a monthly statement, not directly tied to one toll)	Transaction Count (of second notice pay by mail transactions) by facility	Pay by mail transactions per facility divided by pay by mail transactions for all facilities
Paper Statement & Reprinting Fee Revenue	Transaction Count (of transponder account transactions and license plate account transactions) by facility	The sum of transponder transactions per facility and license plate transactions divided by total transponder transactions and license plate transactions for all facilities
Returned Check (NSF) Fee & CSC Cash Over	Transaction Count (of transponder, license plate account, and pay by mail transactions) by facility	The sum of transponder transactions, license plate transactions, and pay by mail transactions per facility divided by total transponder transactions, license plate transactions, and pay by mail transactions for all facilities
Transponder Sales Revenue	Transaction Count (of transponder transactions) by facility	Transponder transactions per facility divided by transponder transactions for all facilities

Tolling Expenditures that need to be Allocated Across Facilities

Common Tolling Expenses	Allocation Method	Formula
Monthly CSC Vendor Cost for ETCC Contract & GTC contract	Transaction Count (of transponder, license plate account, and pay by mail transactions) by facility	The sum of transponder transactions, license plate transactions, and pay by mail transactions per facility divided by total transponder transactions, license plate transactions, and pay by mail transactions for all facilities
DOL Costs & out of state DMV Costs	Transaction Count (of license plate account and pay by mail transactions) by facility	The sum of license plate transactions and pay by mail transactions per facility divided by total license plate transactions and pay by mail transactions for all facilities
Transponder Cost of Goods Sold	Transaction Count (of transponder transactions) by facility. Note: Must use the same allocation methodology used for Transponder Sales Revenue	Transponder transactions per facility divided by transponder transactions for all facilities
Credit Card Fees for TNB Toll Booth Lanes (separately identified with unique merchant code)	Direct Charged to TNB	
Tolling Division Common Operating Expenses for items other than Salaries/Benefits (Also excludes office rent) Examples: communication, supplies, office equipment rental & repair, computers, furnishings, motor pool rental/parking, general postage, any joint printing or joint marketing costs, any other common tolling operating expenses, not separately identified within this document.	Transaction Count by facility. Note: Per Executive Order E 1057, certain costs are not to be charge to any toll facilities. Costs include subscriptions, education, memberships, employee recognition, meeting meals & refreshments, CTR incentives and travel.	All toll transactions per facility divided by all toll transactions for all facilities
Pay By Mail Postage & other PBM expenses	Transaction Count (of pay by mail transactions) by facility	Pay by mail transactions per facility divided by pay by mail transactions for all facilities
Operating Expense - Salaries/Benefits (for specifically identified Tolling Division positions that provide a common benefit to multiple toll facilities. Exclude adjudication positions which are covered in adjudication allocation).	Transaction Count by facility, or Time Sheet	All toll transactions per facility divided by all toll transactions for all facilities
Adjudication Process Costs (All costs related to the adjudication process including salary/benefit costs)	Transaction Count (of NOCPs issued) by facility	Number of NOCPs issued per facility divided by number of NOCPs issued for all facilities

The following question was asked by a CAC member:

Q: “As the bonds are paid down will the limit of the insurance drop as well? IE as the outstanding debt drops are we still insuring the bridge for the full value of the bridge or for the value of the outstanding debt (or some other amount)?”

A response was provided by WSDOT’s Administrative Risk Manager:

A: What we insure the bridge for is a decision that is made by WSDOT. We currently insure the Tacoma Narrow Bridge for \$500M in damages (subject to some limitations), this coverage is less than the current total value of the bridge which is slightly north of \$700M. We also currently have coverage of almost \$77M a year for loss of revenue, because it is the toll receipts that pay for debt on the bonds. This insured amount is most likely to go up over the coming years.

As you probably know, we have an escalating debt payment through the 23-25 biennium where it levels out until all debt is paid off in the 30-32 biennium. Once the debt is paid off, the tolls are supposed to come off. My guess is that insurance will stay on the bridge at least until that time. However, the ultimate decision about insurance will be made by the Secretary’s Office.

Tacoma Narrows Toll Bridge Account (511)

DRAFT

Printed on: 1/13/2016

Alternative Financial Plan - Updated on January 13, 2016 - DRAFT

Forecasted revenue is based on alternative rate scenario of \$5.00 GTG/\$6.50 Cash/\$7.50 PBM. Forecasted expenses for FY 2016-17 are based on the 2015-17 Transportation Enacted Budget and 2016 Supplemental budget Request.

Historical Revenues and expenses from 2006 - 2015 are based on TNB Income Statements.

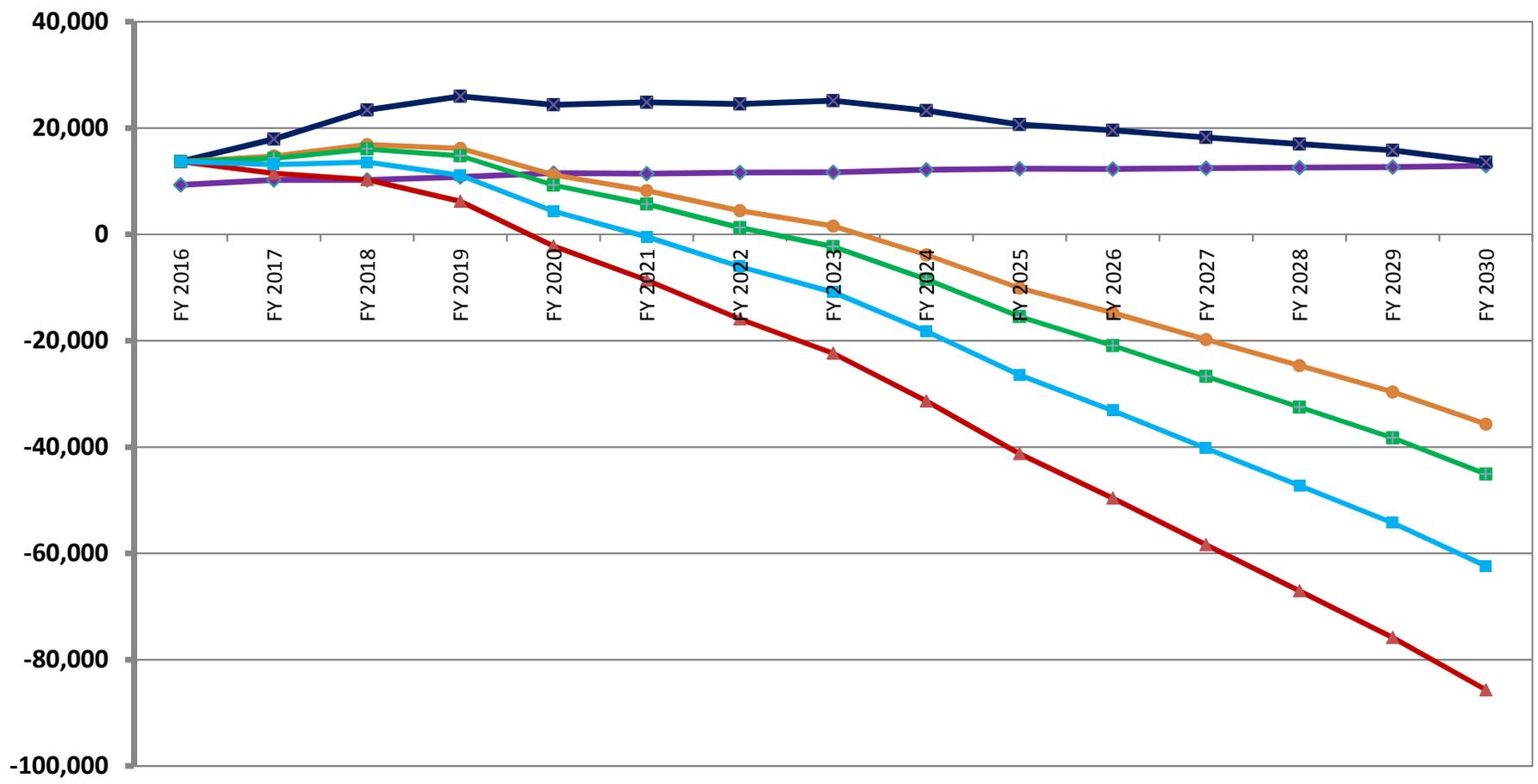
(Amounts in thousands of nominal dollars except toll rates)

	Actuals		Rate Setting Biennium Forecast			
	2014	2015	2016	2017	2018	2019
Fiscal Year						
Toll Rate (Good To Go! Pre-Pay)	\$4.25	\$4.50	\$5.00	\$ 5.00	\$ 5.00	\$ 5.00
Toll Rate (Cash)	\$5.25	\$5.50	\$6.00	\$ 6.50	\$ 6.50	\$ 6.50
Toll Rate (Pay-By-Mail)	\$6.25	\$6.50	\$7.00	\$ 7.50	\$ 7.50	\$ 7.50
Beginning Fund Balance (Financial Statements)	11,578	9,081	14,083	16,783	15,838	17,086
Sources of Toll Revenue Funds 1						
Interest Earnings from Tacoma Narrows Account (511) 2	15	57	60	70	90	109
Interest Earnings from Toll Collection Account (495) 2	7	18	8	8	8	8
Toll Revenue - Good To Go! Pre-Pay & Cash	60,159	65,448	74,548	77,779	79,145	80,402
Toll Revenue - Pay By Mail	2,980	2,779	2,969	3,262	3,270	3,217
Transponder Sales Revenue	306	336	279	328	256	272
Violations	9	10	-	-	-	-
Fees 3	337	488	430	441	442	442
Contractual Damages 4	306	145	133	133	-	-
Miscellaneous Revenue 5	43	6	-	-	-	-
Total Sources of State Funds	64,163	69,287	78,427	82,021	83,211	84,450
Uses of Toll Revenue Funds 6						
Toll CSC Vendor Contract	(1,878)	(1,971)	(2,596)	(2,400)	(2,644)	(2,942)
PBM Postage	(244)	(285)	(338)	(376)	(332)	(346)
Toll Booth and Lane Vendor Contract	(3,270)	(3,146)	(3,146)	(3,146)	(3,280)	(3,362)
Insurance 7	(1,594)	(1,325)	(1,200)	(1,200)	(1,500)	(1,500)
Credit Card and Bank Fees	(1,121)	(1,298)	(1,291)	(1,342)	(1,371)	(1,403)
Transponder Cost of Goods Sold	(215)	(206)	(279)	(328)	(256)	(272)
Other Toll Operations Costs	(260)	(350)	(273)	(272)	(310)	(308)
Personal Service Contracts 8	(615)	(906)	(893)	(629)	(454)	(459)
Salaries and Benefits	(523)	(564)	(1,265)	(1,178)	(1,232)	(1,226)
Infrastructure Maintenance	(254)	(448)	(951)	(817)	(786)	(767)
Subtotal: Operations and Maintenance Uses of Funds	(9,975)	(10,498)	(12,232)	(11,688)	(12,165)	(12,586)
Subtotal: Operating Sources less Operating Uses	54,188	58,789	66,195	70,333	71,046	71,864
Debt Service Payment 9	(54,344)	(53,106)	(61,385)	(70,549)	(69,115)	(72,590)
Debt Service Withholding 9	(579)	(1,595)	(891)	492	(714)	(212)
Subtotal: Uses of Funds incl. Debt Service	(64,897)	(65,199)	(74,508)	(81,745)	(81,994)	(85,388)
Deferred Sales Tax Repayment 10	-	-	-	-	-	-
Repair & Replacement (early years covered by capital balance)	-	-	-	-	-	(923)
Total Uses of Toll Funds	(64,897)	(65,199)	(74,508)	(81,745)	(81,994)	(86,311)
Current Year Sources less Uses Balance	(735)	4,088	3,919	276	1,217	(1,861)
Cumulative Sources Less Uses Balance	3,484	7,572	11,491	11,768	12,985	11,124
Beginning Capital Balance	3,922	3,922	3,806	2,197	1,341	609
Total Sources of Capital Funds	-	-	-	-	-	-
Repair and Replacement (covered by Capital Balance)	-	(116)	(1,610)	(856)	(732)	(609)
Ending Capital Balance	3,922	3,806	2,197	1,341	609	-
Sources Less Uses + Ending Capital Balance (for Sufficiency Test)	7,406	11,379	13,688	13,108	13,594	11,124
12.5% Sufficient Minimum Balance (SMB)	8,112	8,150	9,314	10,218	10,249	10,789
Amount (of Fund balance wo CP) Above/Below SMB	-	3,229	4,374	2,890	3,345	335
Lowest 3-month Rolling Average Balance	-	-	9,815	9,079	9,973	-
Amount (of 3-month average) Above/Below SMB	-	-	501	(1,139)	(276)	-
Civil Penalty Program - FOR INFORMATIONAL PURPOSES ONLY, NOT INCL. IN SUFFICIENCY FUND BALANCE 11						
Civil Penalty Revenue (not incl. in Operating Revenue)	(649)	3,169	1,778	1,882	1,934	1,962
Civil Penalty Adjudication Costs (not incl. in Operating Expense)	(1,113)	(1,190)	(1,387)	(1,298)	(1,172)	(1,172)
Subtotal: Civil Penalty Net Revenue	(1,762)	1,980	391	584	763	791
Scheduled Motor Vehicle Loan Repayment	-	(950)	-	(950)	-	(950)
Civil Penalty Net Revenue after Loan Repayments	(1,762)	1,030	391	(366)	763	(160)
Cumulative Balance for Civil Penalties	1,675	2,704	3,095	2,729	3,492	3,332
Ending Fund Balance (Financial Statements)	9,081	14,083	16,783	15,838	17,086	14,456

- ¹ For GAAP purposes, Interest Earnings, 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. It is reported as a separate line item for actuals in the income statement.
- ³ Includes NSF check, Customer Service Center administration fees, and the reprocessing fee associated with the second Pay By Mail statement.
- ⁴ Contractual damages are expected to continue until FY 2017.
- ⁵ FY 2008-2015 - Includes donations, sales of surplus right of ways, 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.
- ⁶ Uses of Funds for Operations in FY 2016 - FY 2017 reflect the enacted budget and 2016 supplemental budget request. Maintenance and preservation are from WSDOT plan updated November 2015. CSC Operations Vendor Contract, Personal Services Contracts, and Salaries and Benefits in FY 2015 & 2016 include costs associated to re-procurement of a CSC vendor which are included in Preservation and R & R in future years. WSDOT Salaries and Benefits, Personal Services Contracts, and Other Toll Operations costs include costs associated to TNB's share of system-wide administrative costs (MS), total for FY 2016 = \$507k, FY 2017 = \$523k, FY 2018 = \$532k, FY 2019 = \$529k, FY 2020 = \$513k, FY 2021 = \$513k.
- ⁷ Insurance for FY 2016 is the forecast expense, however a majority of this cost (\$1.15m) was paid in August 2015.
- ⁸ Other previously included the Personal Services expense, until FY 2012 when Personal Services was broken out separately.
- ⁹ 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.
- ¹⁰ In spring 2015 Legislature passed bill 2ESSB 5987, Sec. 405 of the bill postpones TNB's repayment of the deferred sales tax to FY 2032 (the first payment is on December 31, 2031).
- ¹¹ 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 \$5.288 million Motor Vehicle Fund Loan. However, published financial statements will include Civil Penalty Revenues and Adjudication Expenses.
-As stated in RCW 46.63.160 (9): "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."

Tacoma Narrows Bridge Annual Ending Fund Balance for Various Rate Scenarios

\$ thousands



- ◆ 12.5% Sufficient Minimum Balance
- ◆ Fund Balance with Adopted Toll Rate
- Fund Balance with \$0.25 Rate Increase
- Fund Balance with \$5.00/\$7.00/\$7.00 Rate Scenario
- ▲ Fund Balance with No Rate Increase
- Fund Balance with \$5.00/\$6.50/\$7.50 Rate Scenario

* Expenses are assumed not to vary under the various sensitivity tests.