

# Tacoma Narrows Bridge Citizen Advisory Committee Meeting Agenda

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**January 21, 2015 - 6 – 8 p.m.**

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

## **TNB Citizen Advisory Committee:**

Bruce Beckett, Gig Harbor    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.....	Alan Weaver
Purpose of meeting and CAC overview job.....	Alan Weaver
Introduction of participants.....	Alan Weaver
Election of Chair.....	Alan Weaver
Election of Vice Chair.....	Alan Weaver
Future meeting dates.....	Alan Weaver
TNB Internal Refinance Opportunities.....	Beth Redfield
TNB rate setting presentation.....	Craig Stone, Rob Fellows
Financial plan.....	Craig Stone, Rob Fellows
Citizen Advisory Committee questions.....	CAC
Public comment.....	All
Adjourn.....	All

# Tacoma Narrows Bridge Internal Refinance Opportunities 2013 Study by the JTC

Presentation to the TNB Citizens Advisory Committee

January 21, 2015

Beth Redfield, Joint Transportation Committee staff

*Joint Transportation Committee*

Final Study Presentation to Commission  
in 2014

# Tacoma Narrows Bridge Internal Refinance Opportunities

Presentation to the Transportation Commission

January 21, 2014

Mary Fleckenstein, Project Manager

*Joint Transportation Committee*

# Study Proviso

## ESSB 5024, Sec. 204(4)

(4) The joint transportation committee shall convene a work group to **identify and evaluate internal refinance opportunities** for the Tacoma Narrows bridge. The study must include a staff work group, including staff from the office of financial management, the transportation commission, the department of transportation, the office of the state treasurer, and the legislative transportation committees. The joint transportation committee shall issue a report of its findings to the house of representatives and the senate transportation committees by December 31, 2013.

# Staff Workgroup

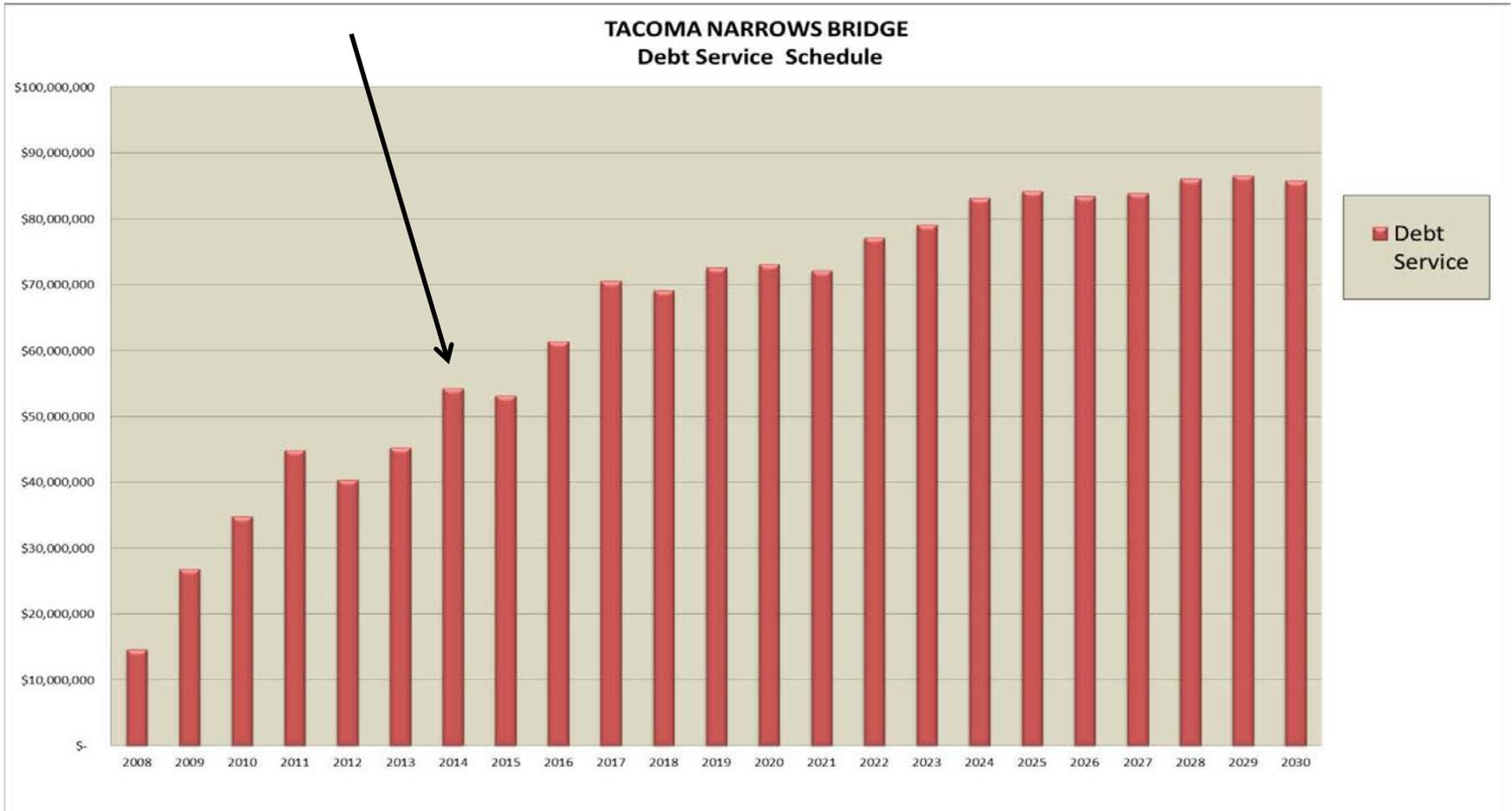
WORKGROUP PARTICIPANT	ORGANIZATION
Mary Fleckenstein, Project Manager, and Beth Redfield	JTC
Clint McCarthy	Senate Transportation Committee
Alyssa Ball, Mark Matteson	House Transportation Committee
Erik Hansen	OFM
Amy Arnis, Craig Stone, Rob Fellows, Catherine Larson, Rich Struna, Wyn Dang, Doug Vaughn	WSDOT
Ellen Evans, Svein Braseth, Kate Manley, Scott Merriman	State Treasurer's Office
Reema Griffith and Noah Crocker	Transportation Commission
Jackson Maynard, Lyset Cadena, Dana Quam, Debbie Driver	Caucus staff



# TNB: How Did We Get Here?

- ▶ Financing structure, with escalating debt payments
- ▶ Toll rates lower than projected
- ▶ Traffic levels lower than projected

# TNB: Stairstepped debt service



# Toll Rates Lower than Projected

	2002 Planned toll	<i>Actual Good To Go!</i> toll	Weighted average toll
2008	\$3.00	\$1.75	\$2.12
2009	\$3.00	\$2.75	\$3.13
2010	\$4.00	\$2.75	\$3.13
2011	\$4.00	\$2.75	\$3.13
2012	\$4.00	\$2.75	\$3.13
2013	\$5.00	\$4.00	\$4.44
2014	\$5.00	\$4.25	\$4.57
2015	\$5.00	\$4.50	\$4.82
2016	\$6.00	TBD	TBD

# Traffic Levels Lower than Projected

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
2002 T&R Study	15,010,000	15,341,000	15,397,000	15,794,000	16,202,000	16,132,000
2005 T&R Update	14,311,000	14,670,000	14,710,000	15,084,000	15,468,000	15,664,000
Nov 2007 Forecast	13,738,058	14,471,000	14,469,000	14,893,000	15,272,000	15,564,000
Nov 2008 Forecast	<b>13,858,606</b>	14,259,848	14,111,314	14,892,799	15,282,103	15,564,000
Nov 2009 Forecast		<b>13,900,642</b>	14,719,333	15,512,149	16,087,746	16,521,000
Nov 2010 Forecast			<b>14,252,567</b>	14,787,266	15,679,037	16,298,693
Nov 2011 Forecast				<b>14,055,030</b>	14,143,768	14,457,000
Nov 2012 Forecast					<b>13,943,073</b>	13,849,623
Nov 2013 Forecast						<b>13,861,044</b>

**Bold = actuals**

# Study Outline

- ▶ Summarized history of TNB financing and tolling
- ▶ Developed a base case for tolls, with expenditures and revenues as in current law, evaluated under 3 traffic outlooks
- ▶ Developed seven “what if” scenarios, with changes in revenues and expenditures, and assuming 3 traffic outlooks, to see a range of potential toll rates

# Scenario Estimating Tool

- ▶ Traffic – current forecast, zero growth, decline
  
- ▶ Revenue
  - Toll and other
  
- ▶ Expenses
  - Debt service
  - Toll vendor
  - Toll operations
  - Bridge Insurance
  - Bridge Maintenance
  - Preservation (R&R)
  - Deferred sales tax
  
- ▶ Sufficient minimum balance (SMB)

# Caveats and Assumptions

- ▶ Traffic
  - No elasticity assumptions built in (traffic not adjusted due to higher or lower toll rates)
- ▶ Expenses increase at IPD – not half IPD as in financial plan
- ▶ Toll rate is blended rate (GTG, cash, PBP, PBM, short term account – 2 axle vehicles)
- ▶ Analysis begins with FY 2016 rates
- ▶ **Results are rough estimates**
  - **Suggest general trends, but need further detailed analysis to make informed decisions**
- ▶ **It's up to the Transportation Commission to set toll rates.**

# TNB Estimated Expenditures

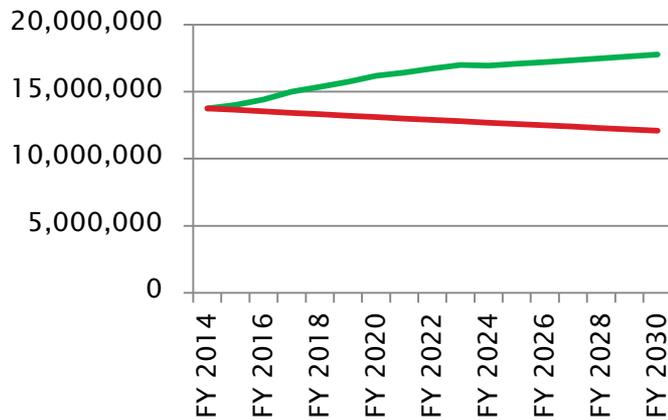
Assuming full IPD

	Debt Service	Toll Vendor	Toll Operations	Bridge Insurance	Bridge Maintenance	Preservation (R&R)	Deferred Sales Tax	Total Expenditures
FY 2014	54,932,000	5,453,500	3,675,600	1,750,000	270,000	0	0	66,081,100
FY 2015	54,735,000	5,453,500	3,640,400	1,750,000	305,000	119,735	0	66,003,635
FY 2016	62,311,000	5,532,660	3,693,242	1,775,402	340,000	4,543,189	0	78,195,493
FY 2017	70,092,000	5,614,549	3,747,905	1,801,680	375,000	1,002,473	0	82,633,607
FY 2018	69,889,000	5,696,045	3,802,307	1,827,831	380,443	3,078,198	0	84,673,825
FY 2019	72,861,000	5,791,056	3,865,731	1,858,320	386,789	12,496	5,759,000	90,534,392
FY 2020	72,770,000	5,892,420	3,933,395	1,890,847	393,559	118,364	5,759,000	90,757,585
FY 2021	72,478,000	5,999,934	4,005,164	1,925,348	400,740	2,685,064	5,759,000	93,253,250
FY 2022	78,093,000	6,109,775	4,078,486	1,960,595	408,077	1,128,348	5,759,000	97,537,281
FY 2023	79,339,000	6,222,642	4,153,829	1,996,814	415,615	3,436,681	5,759,000	101,323,580
FY 2024	83,480,000	6,338,510	4,231,175	2,033,995	423,354	47,449	5,759,000	102,313,483
FY 2025	84,301,000	6,455,447	4,309,234	2,071,519	431,164	2,768,062	5,759,000	106,095,426
FY 2026	83,683,000	6,574,718	4,388,852	2,109,793	439,130	1,463,344	5,759,000	104,417,838
FY 2027	84,047,000	6,695,656	4,469,582	2,148,602	447,208	1,903,942	5,759,000	105,470,990
FY 2028	86,325,000	6,818,009	4,551,257	2,187,864	455,380	720,359	5,759,000	106,816,868
FY 2029	86,542,000	6,943,257	4,634,864	2,228,055	463,745	599,489	0	101,411,410
FY 2030	79,660,000	7,070,847	4,720,035	2,268,998	472,267	2,573,403	0	96,765,550

Source: WSDOT, 9/24/13

# TNB Traffic

## Current Forecast vs. Pessimistic Scenario



TNB Traffic			TNB Traffic		
	Current forecast (1)	Pessimistic scenario (2)		Current forecast (1)	Pessimistic scenario (2)
FY 2014	13,753,000	13,753,000	FY 2014	0.00%	0.00%
FY 2015	14,004,000	13,642,976	FY 2015	1.83%	-0.80%
FY 2016	14,410,000	13,533,832	FY 2016	2.90%	-0.80%
FY 2017	15,005,000	13,425,562	FY 2017	4.13%	-0.80%
FY 2018	15,352,000	13,318,157	FY 2018	2.31%	-0.80%
FY 2019	15,728,000	13,211,612	FY 2019	2.45%	-0.80%
FY 2020	16,177,000	13,105,919	FY 2020	2.85%	-0.80%
FY 2021	16,418,000	13,001,072	FY 2021	1.49%	-0.80%
FY 2022	16,720,000	12,897,063	FY 2022	1.84%	-0.80%
FY 2023	16,983,000	12,793,886	FY 2023	1.57%	-0.80%
FY 2024	16,937,000	12,691,535	FY 2024	-0.27%	-0.80%
FY 2025	17,082,000	12,590,003	FY 2025	0.86%	-0.80%
FY 2026	17,203,000	12,489,283	FY 2026	0.71%	-0.80%
FY 2027	17,342,000	12,389,369	FY 2027	0.81%	-0.80%
FY 2028	17,482,123	12,290,254	FY 2028	0.81%	-0.80%
FY 2029	17,623,378	12,191,932	FY 2029	0.81%	-0.80%
FY 2030	17,765,775	12,094,396	FY 2030	0.81%	-0.80%

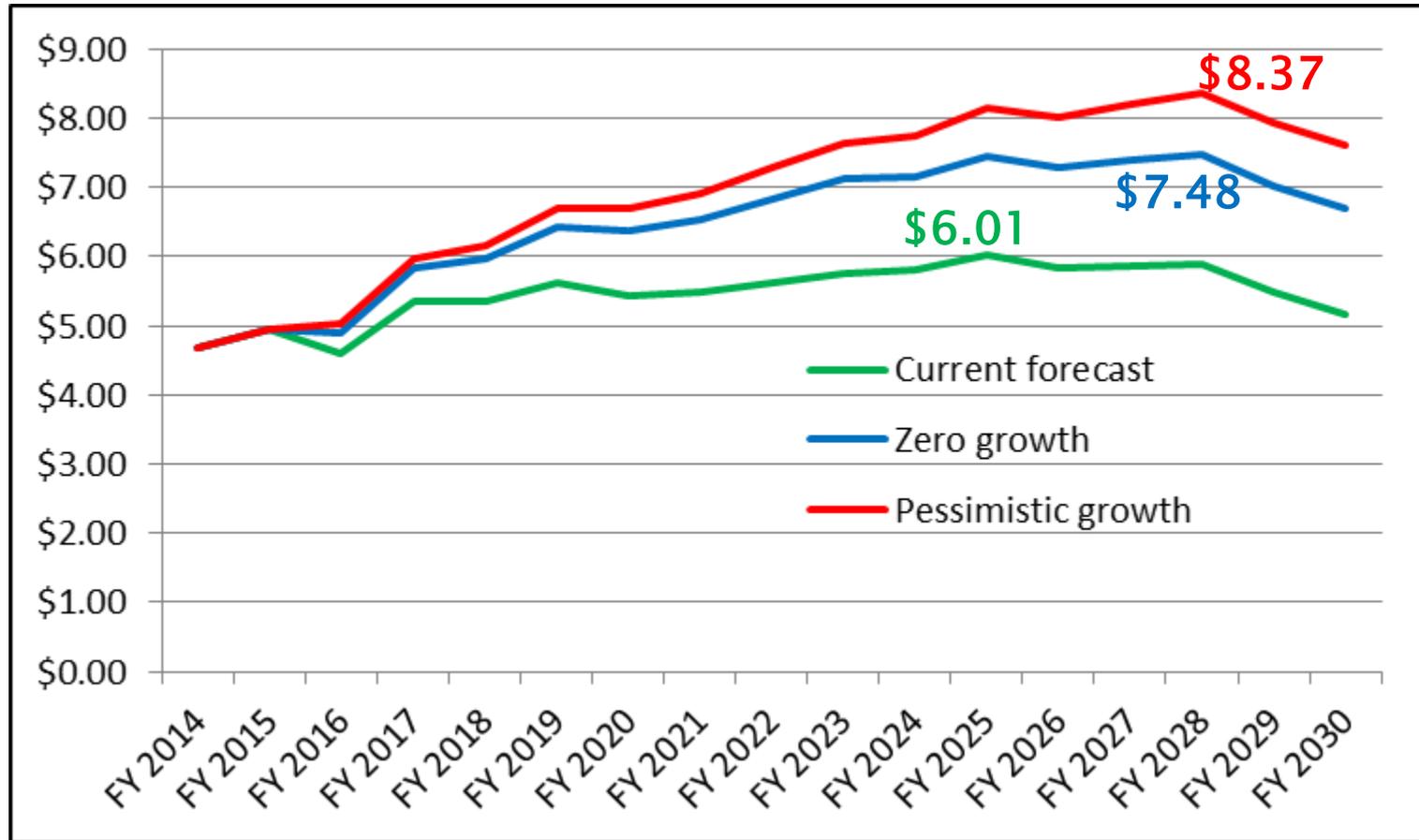
(1) Current forecast September 2013 Transportation Revenue Forecast  
 (2) Source - generated for this study by legislative staff

# What you'll see today

- ▶ Potential toll rates in the base case scenario
- ▶ Potential toll rates in the following seven scenarios
  - 1. Deferred sales tax repayment
  - 2. 5% cut in toll operations and vendor costs
  - 3. Another fund source pays preservation costs
  - 4. Tolls only pay debt service
  - 5. Loan to keep blended toll below \$6
  - 6. Loan to offset effect of increasing debt service
  - 7. Worst case scenario

# Potential estimated blended toll rates – Base Case

(Full IPD, tolls pay costs as in current law, three traffic scenarios)



# Scenario 1: Deferred sales tax repayment

- ▶ \$58 million deferred construction sales tax, to be repaid between FY 2019 and FY 2028
- ▶ If the Legislature used \$58 million in non-toll revenues to make this repayment, could affect tolls by **35 to 45 cents**, depending on the traffic scenario, and actions taken by the Transportation Commission

# Deferred sales tax: Policy considerations

Could cost \$201 million to adopt this policy

- ▶ Sets a precedent for other facilities
- ▶ For the TNB, would cost other transportation fund sources \$58 million over ten years (FY 2019 – FY 2028)
- ▶ The same policy for SR 520 would cost other fund sources \$144 million over ten years (FY 2022 – FY 2031)
- ▶ Department of Revenue: Risk of federal lawsuit if turned into an exemption

Deferred Sales Tax Repayment			
(\$ in 000s)			
Fiscal Year	TNB	520	Total
2018			\$ -
2019	\$ 5,760		\$ 5,760
2020	\$ 5,760		\$ 5,760
2021	\$ 5,760		\$ 5,760
2022	\$ 5,760	\$ 14,356	\$ 20,116
2023	\$ 5,760	\$ 14,356	\$ 20,116
2024	\$ 5,760	\$ 14,356	\$ 20,116
2025	\$ 5,760	\$ 14,356	\$ 20,116
2026	\$ 5,760	\$ 14,356	\$ 20,116
2027	\$ 5,760	\$ 14,356	\$ 20,116
2028	\$ 5,760	\$ 14,356	\$ 20,116
2029		\$ 14,356	\$ 14,356
2030		\$ 14,356	\$ 14,356
2031		\$ 14,356	\$ 14,356
<b>Total</b>	<b>\$57,600</b>	<b>\$ 143,563</b>	<b>\$ 201,163</b>

# Scenario 2: 5% cut in toll vendor and toll operations budget

- ▶ 2013 Legislature reduced toll vendor and toll operations budget by 5%.
- ▶ Legislative budget assumes this reduction will be maintained at the same level in the future
- ▶ Could affect tolls by about **a nickel**,
  - But the savings is small enough that it could be overshadowed by other changes in traffic or expenditures.

# Scenario 3: Another fund source pays preservation costs (R&R)

- ▶ R&R costs are uneven, due to the nature of the work required in a particular year.
- ▶ If another fund source paid for R&R, it could save **ten to fifteen cents on average**, but the savings in a particular year might be more or less than that.
- ▶ Would cost Motor Vehicle Account (or other revenue source) \$26 million

	Preservation (R&R)
FY 2014	\$ -
FY 2015	\$ 119,735
FY 2016	\$ 4,543,189
FY 2017	\$ 1,002,473
FY 2018	\$ 3,078,198
FY 2019	\$ 12,496
FY 2020	\$ 118,364
FY 2021	\$ 2,685,064
FY 2022	\$ 1,128,348
FY 2023	\$ 3,436,681
FY 2024	\$ 47,449
FY 2025	\$ 2,768,062
FY 2026	\$ 1,463,344
FY 2027	\$ 1,903,942
FY 2028	\$ 720,359
FY 2029	\$ 599,489
FY 2030	\$ 2,573,403
TOTAL	\$ 26,200,595

# Larger scenarios: Gifts and loans

- ▶ “Gifts” from other fund sources, no repayment required
- ▶ Loans, to be repaid after debt service is paid off in 2030.
  - 5 year and 10 year repayment scenarios

# Scenario 4: Tolls only pay debt service beginning in FY 2016

	Total Expenditures	Debt Service	Non debt-service expenditures	% non-debt service expenditures
FY 2014	66,081,100	54,932,000	11,149,100	17%
FY 2015	66,003,635	54,735,000	11,268,635	17%
FY 2016	78,195,493	62,311,000	15,884,493	20%
FY 2017	82,633,607	70,092,000	12,541,607	15%
FY 2018	84,673,825	69,889,000	14,784,825	17%
FY 2019	90,534,392	72,861,000	17,673,392	20%
FY 2020	90,757,585	72,770,000	17,987,585	20%
FY 2021	93,253,250	72,473,000	20,775,250	22%
FY 2022	97,537,281	78,093,000	19,444,281	20%
FY 2023	101,323,580	79,339,000	21,984,580	22%
FY 2024	102,313,483	83,480,000	18,833,483	18%
FY 2025	106,095,426	84,301,000	21,794,426	21%
FY 2026	104,417,838	83,683,000	20,734,838	20%
FY 2027	105,470,990	84,047,000	21,423,990	20%
FY 2028	106,816,868	86,325,000	20,491,868	19%
FY 2029	101,411,410	86,542,000	14,869,410	15%
FY 2030	96,765,550	79,660,000	17,105,550	18%

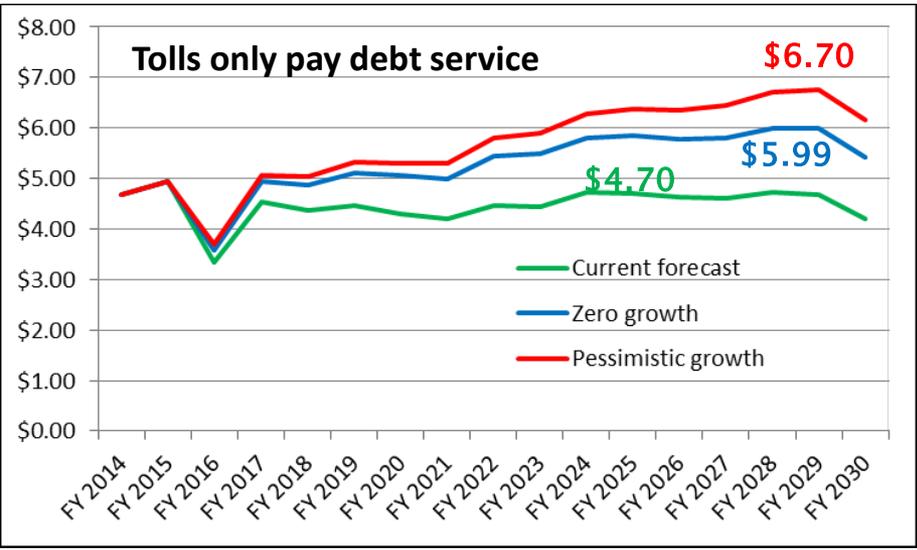
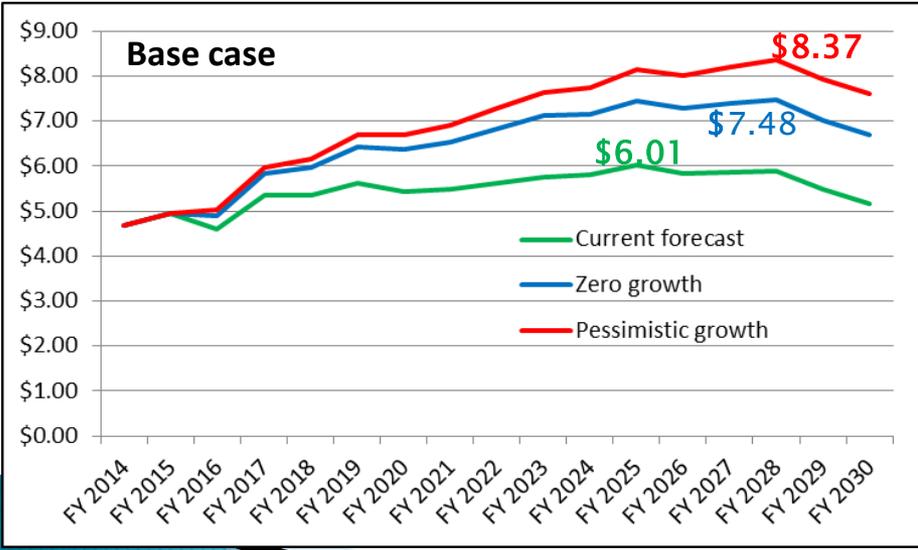
**Other funds would pay this \$276 million**

**Consideration: Other facilities will want this, too.**



# Tolls only pay debt service beginning in FY 2016

- ▶ “Gift” from other transportation fund sources of \$276 million over 15 years (FY 2016 – FY 2030)
- ▶ Could affect tolls by **\$1.10 to \$1.45** on average, depending on the traffic assumption



# Tolls pay only debt service, FY 2016 – 2030

## Loan, with repayment beginning 2031

	Current traffic forecast	Zero traffic growth	Pessimistic traffic
FY 2016 – 2030 loan	\$276 million		
Average toll level impact FY 2016 – 2030	\$1.10 to \$1.45 of potential savings		

## Repayment toll to repay loan\*

<b>Average repayment toll -- 10 years</b> FY 2031 – 2040	\$2.30 to \$3.70		
<b>Average repayment toll -- 5 years</b> FY 2031 – 2035	\$3.70 to \$5.75		

\* Assumes repayment toll pays all costs – loan, toll vendor and toll ops, insurance, M&O, R&R. Toll is 20–40 cents lower if another fund source pays insurance, M&O and R&R

# Loan: Tolls only pay debt service FY 2016 – 2030

10 year repayment includes loan and all bridge and toll-related costs

**15 years of toll savings \$1.10 to \$1.45 on average**

**Motor Vehicle Fund has to pay \$276 million; impact on other projects**

	Loan	Impact on tolls	Repayment, all costs
FY 2016	\$15,884,493		
FY 2017	\$12,541,607		
FY 2018	\$14,784,825		
FY 2019	\$17,673,392		
FY 2020	\$17,987,585		
FY 2021	\$20,775,250		
FY 2022	\$19,444,281		
FY 2023	\$21,984,580		
FY 2024	\$18,833,483		
FY 2025	\$21,794,426		
FY 2026	\$20,734,838		
FY 2027	\$21,423,990		
FY 2028	\$20,491,868		
FY 2029	\$14,869,410		
FY 2030	\$17,105,550		
FY 2031			\$47,146,278
FY 2032			\$43,531,418
FY 2033			\$43,118,018
FY 2034			\$43,354,986
FY 2035			\$43,619,061
FY 2036			\$48,747,839
FY 2037			\$45,313,778
FY 2038			\$45,475,723
FY 2039			\$49,090,282
FY 2040			\$45,291,191
<b>TOTAL</b>	<b>\$276,329,579</b>		<b>\$454,688,573</b>

**Toll savings: \$1.10 to \$1.45 savings on average over the 15 years**

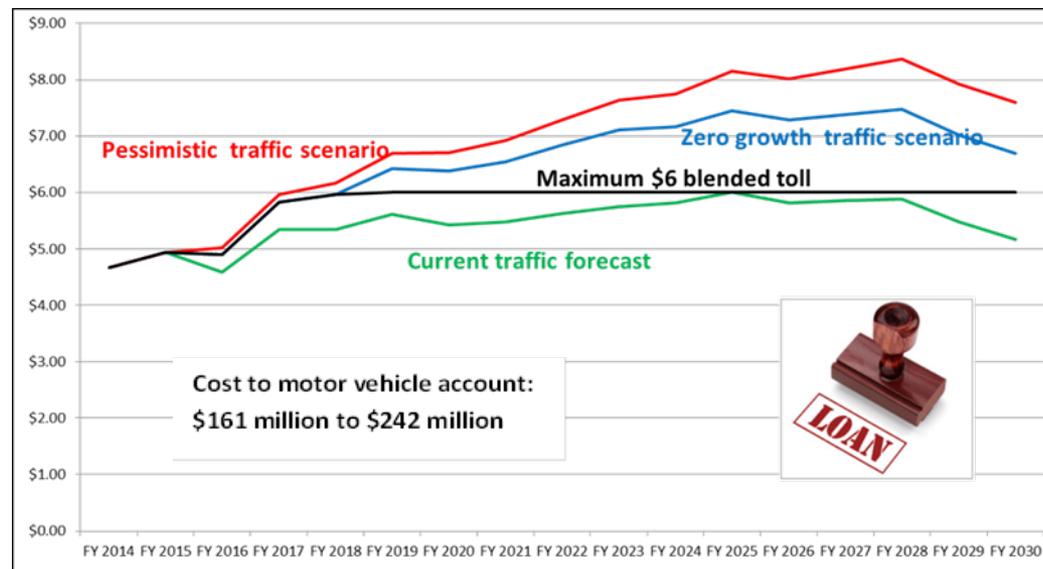
**Repayment toll: \$2.30 to \$3.70 toll on average, over the 10 years**

**10 years of repayment toll \$2.30 - \$3.70 on average**

# Scenario 5: Maximum \$6.00 toll

- ▶ Original finance plan -- \$6.00 maximum toll
- ▶ Study evaluated size of loan needed to achieve maximum \$6.00 blended toll

## ▶ Results



# Maximum \$6.00 toll, FY 2016 – 2030

## Loan, with repayment beginning 2031

	Current traffic forecast	Zero traffic growth	Pessimistic traffic
FY 2016 – 2030 loan	NA	\$161 million to \$242 million	
Average toll level impact FY 2016 - 2030	NA	80 cents to \$1.30 of potential average savings	

## Repayment toll to repay loan\*

<b>Average repayment toll -- 10 years</b> FY 2031 – 2040	NA	\$2.05 to \$3.15 average toll	
<b>Average repayment toll -- 5 years</b> FY 2031 – 2035	NA	\$3.05 to \$5.00 average toll	

\* Assumes repayment toll pays all costs – loan, toll vendor and toll ops, insurance, M&O, R&R. Toll is 20–40 cents lower if another fund source pays insurance, M&O and R&R

# Scenario 6: Level debt service

- ▶ Treasurer's current practice is for level debt service, rather than rising debt service as with TNB
- ▶ Scenario 6: Loan to offset effect of increasing debt service after FY 2016

# Level debt service, FY 2016 – 2030

## Loan, with repayment beginning 2031

	Current traffic forecast	Zero traffic growth	Pessimistic traffic
FY 2017 – 2030 loan	\$231 million		
Average toll level impact FY 2017 - 2030	\$1.00 to \$1.30 of potential average savings		

## Repayment toll to repay loan\*

<b>Average repayment toll -- 10 years</b> FY 2031 – 2040	\$1.90 to \$3.00 average toll
<b>Average repayment toll -- 5 years</b> FY 2031 – 2035	\$3.10 to \$4.75 average toll

\* Assumes repayment toll pays all costs – loan, toll vendor and toll ops, insurance, M&O, R&R. Toll is 20–40 cents lower if another fund source pays insurance, M&O and R&R

# Scenario 7: Double digit tolls?

**Not likely**

# Take-aways from today's presentation

- ▶ 1. Blended tolls not likely to reach double-digit.
- ▶ 2. Legislature can take action to reduce the impact of tolls on TNB users.
- ▶ 3. To have a significant impact on tolls, it will be costly, with implications for other projects and programs funded from the Motor Vehicle Account.
- ▶ 4. There will be pressure to provide similar relief for users of other tolled facilities.
- ▶ 5. Transportation Commission sets toll rates – not the Legislature. Important consideration for bond market.

# Questions?



# Tacoma Narrows Bridge Rate Setting

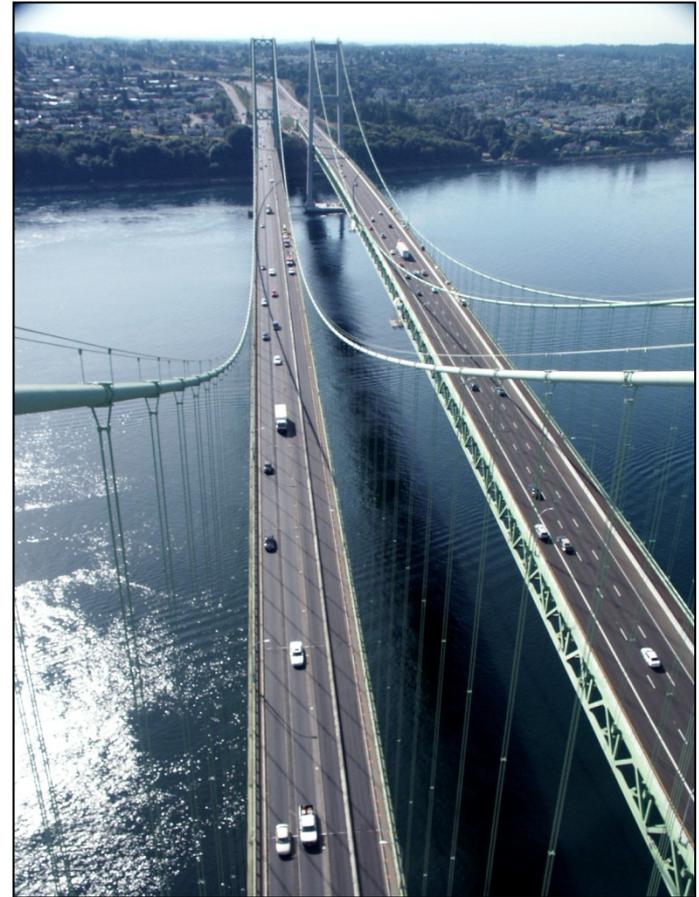
**Craig J. Stone, P.E.**  
Assistant Secretary  
Toll Division

**Rob Fellows**  
Policy and Planning Manager  
Toll Division

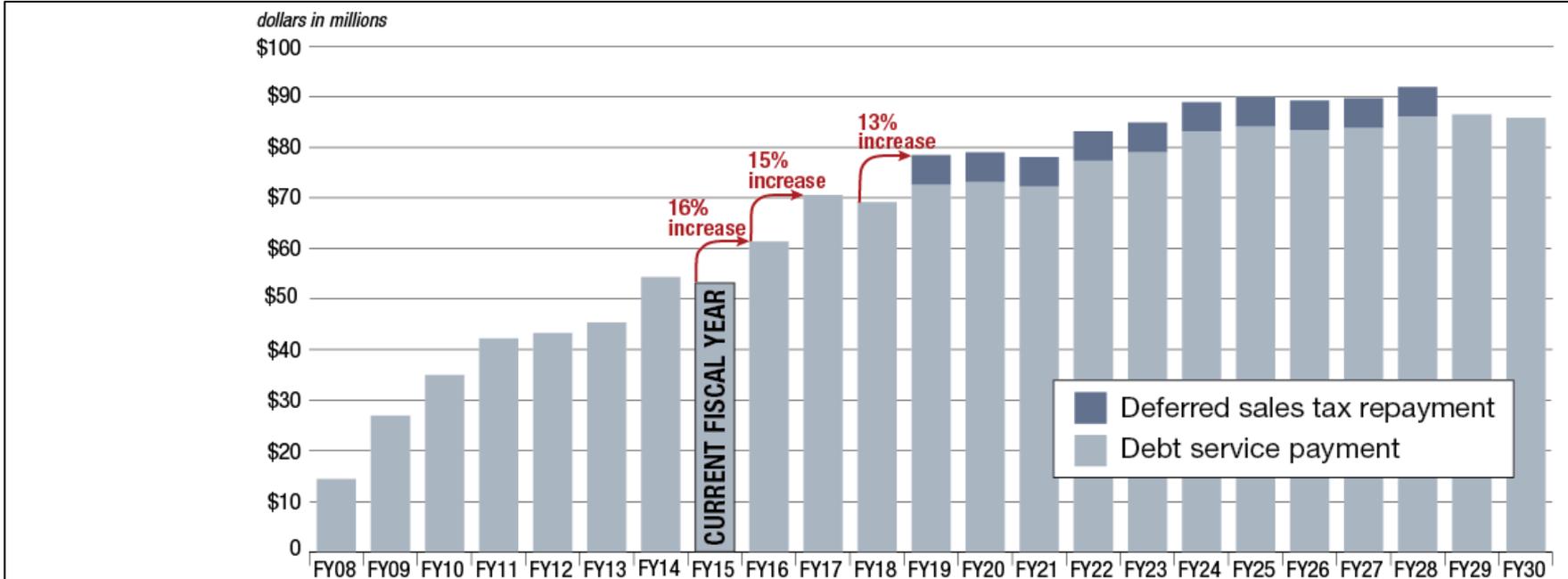
**Tacoma Narrows Bridge Citizen Advisory Committee**  
**January 21, 2015**

# Presentation Outline

- **Rate Setting Overview**
  - Debt Service
  - Traffic and Revenue
  - Sufficient Minimum Balance
  - How to Read the Financial Plan
  - Rate-setting Process and Milestones
- **Traffic and Revenue**
  - Sources of Funds
  - FY 2014 and FY 2015 Q1 Tolls
  - Distribution of Tolls by Payment Method
  - Civil Penalty Program Revenues
- **Toll Collection and Facility Costs**
  - Uses of Funds
  - Changes from 2015
- **Sufficient Minimum Balance Test**



# 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

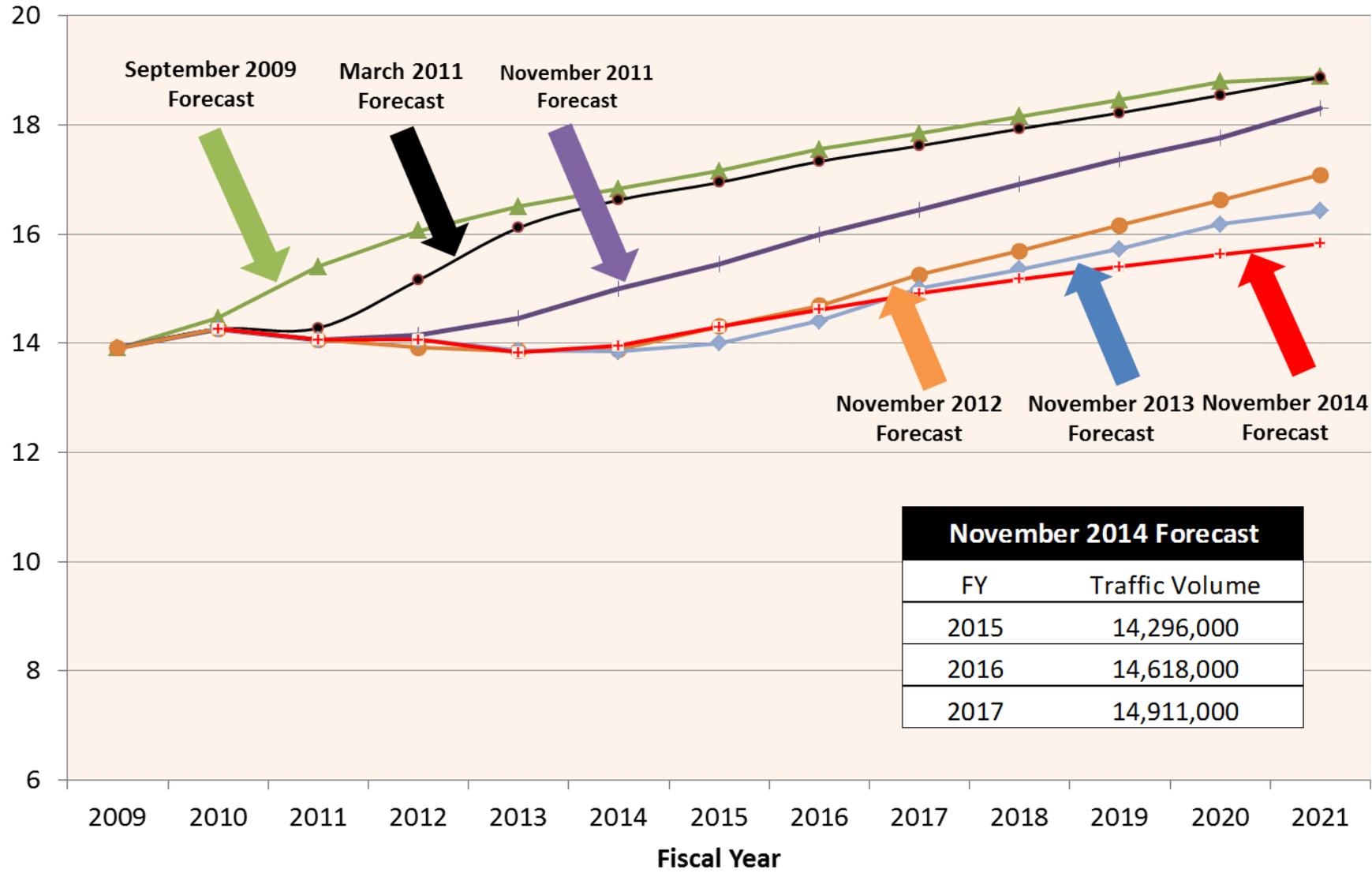
- Debt service payment schedule was set when project was originally financed in 2002
- Payments and toll rates were assumed to increase over time in the 2002 plan
- Repayment for deferred sales taxes to begin in FY 2019 for ten years

# Sufficient Minimum Balance

- **Washington State Transportation Commission requires that the TNB fund balance be kept at a sufficient level to ensure bonds can be paid in the event of unexpected circumstances**
  - Bridge insurance covers only loss of bridge and revenue interruption due to catastrophe, after 10 days and with a \$10m deductible
  - Fund balance remains in the TNB account
- **Balance within a given month should not be forecasted to fall below an amount equal to 12.5% 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 \$5.288M loan from the motor vehicle fund

# Forecasted Annual Eastbound Traffic

*In millions*



November 2014 Forecast	
FY	Traffic Volume
2015	14,296,000
2016	14,618,000
2017	14,911,000

# How to Read the Financial Plan

Tacoma Narrows Toll Bridge Account (511)  
 Financial Plan - Updated on January 16, 2015 - DRAFT

**DRAFT**

Printed on: 1/19/2015

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 (Amounts in thousands of nominal dollars except toll rates)		Rate Setting Biennium				
Actuals		Forecast				
Fiscal Year	2014	2015	2016	2017	2018	2019
Toll Rate (Good To Go! Pre-Pay)	\$4.25	\$4.50	\$4.50	\$4.50	\$4.50	\$ 4.50
Toll Rate (Cash)	\$5.25	\$5.50	\$5.50	\$5.50	\$5.50	\$ 5.50
Toll Rate (Pay-By-Mail)	\$6.25	\$6.50	\$6.50	\$6.50	\$6.50	\$ 6.50
<b>Beginning Fund Balance (Financial Statements)</b>	<b>11,578</b>	<b>9,081</b>	<b>12,351</b>	<b>10,890</b>	<b>2,015</b>	<b>(3,685)</b>
<b>Sources of Toll Revenue Funds 1</b>						
Interest Earnings from Tacoma Narrows Account (511) 2	15	21	21	21	21	21
Interest Earnings from Toll Collection Account (495) 2	7	8	8	8	8	8
Toll Revenue - Good To Go! Pre-Pay & Cash	60,159	66,162	67,566	68,727	69,881	70,931
Toll Revenue - Pay By Mail	2,980	2,726	2,839	3,009	3,091	3,138
Transponder Sales Revenue	306	248	191	210	181	189
Violations	9	-	-	-	-	-
Fees 3	337	302	315	334	343	348
Contractual Damages 4	306	-	-	-	-	-
Miscellaneous Revenue 5	43	-	-	-	-	-
<b>Total Sources of State Funds</b>	<b>64,163</b>	<b>69,467</b>	<b>70,940</b>	<b>72,309</b>	<b>73,525</b>	<b>74,635</b>
<b>Uses of Toll Revenue Funds 6</b>						
Toll CSC Vendor Contract	(2,122)	(2,389)	(2,506)	(2,552)	(2,529)	(2,970)
Toll Booth and Lane Vendor Contract	(3,270)	(3,469)	(3,146)	(3,146)	(3,146)	(3,146)
Insurance 7	(1,594)	(1,655)	(1,700)	(1,700)	(1,700)	(1,700)
Credit Card and Bank Fees	(1,121)	(1,157)	(1,291)	(1,342)	(1,371)	(1,403)
Transponder Cost of Goods Sold	(215)	(161)	(279)	(328)	(178)	(182)
Washington State Patrol	-	-	-	-	-	-
Other Toll Operations Costs	(260)	(313)	(296)	(348)	(239)	(232)
Personal Service Contracts 8	(615)	(1,142)	(927)	(678)	(334)	(330)
Capital Outlays (Software Asset)	-	-	-	-	-	-
Salaries and Benefits	(523)	(675)	(1,220)	(1,198)	(794)	(771)
Administrative Transfers Out	-	-	-	-	-	-
Infrastructure Maintenance	(254)	(373)	(685)	(550)	(617)	(594)
<b>Subtotal: Operations and Maintenance Uses of Funds</b>	<b>(9,975)</b>	<b>(11,333)</b>	<b>(12,050)</b>	<b>(11,843)</b>	<b>(10,909)</b>	<b>(11,328)</b>
<b>Subtotal: Operating Sources less Operating Uses</b>	<b>54,188</b>	<b>58,134</b>	<b>58,890</b>	<b>60,467</b>	<b>62,617</b>	<b>63,307</b>
Debt Service Payment 9	(54,344)	(53,106)	(61,385)	(70,549)	(69,115)	(72,590)
Debt Service Withholding 9	(579)	(1,542)	(891)	492	(714)	(212)
<b>Subtotal: Uses of Funds incl. Debt Service</b>	<b>(64,897)</b>	<b>(65,981)</b>	<b>(74,326)</b>	<b>(81,899)</b>	<b>(80,737)</b>	<b>(84,130)</b>
Deferred Sales Tax Repayment 10	-	-	-	-	-	(5,791)
Preservation and Repair & Replacement (early years covered by ca	-	-	-	-	-	(201)
<b>Total Uses of Toll Funds</b>	<b>(64,897)</b>	<b>(65,981)</b>	<b>(74,326)</b>	<b>(81,899)</b>	<b>(80,737)</b>	<b>(90,122)</b>
<b>Current Year Sources less Uses Balance</b>	<b>(735)</b>	<b>3,486</b>	<b>(3,386)</b>	<b>(9,590)</b>	<b>(7,212)</b>	<b>(15,486)</b>
<b>Cumulative Sources Less Uses Balance</b>	<b>3,484</b>	<b>6,970</b>	<b>3,584</b>	<b>(6,006)</b>	<b>(13,218)</b>	<b>(28,704)</b>
Beginning Capital Balance	3,922	3,922	2,853	2,336	1,660	858
Total Sources of Capital Funds	-	-	-	-	-	-
Preservation and Repair and Replacement (covered by Capital Bala	-	(1,069)	(517)	(676)	(801)	(858)
Ending Capital Balance	3,922	2,853	2,336	1,660	858	-
<b>Sources Less Uses + Ending Capital Balance (for Sufficiency Te</b>	<b>7,406</b>	<b>9,823</b>	<b>5,920</b>	<b>(4,346)</b>	<b>(12,359)</b>	<b>(28,704)</b>
<b>12.5% Sufficient Minimum Balance</b>	<b>8,112</b>	<b>8,248</b>	<b>9,291</b>	<b>10,237</b>	<b>10,092</b>	<b>11,265</b>
<b>Lowest 3-month Rolling Average Balance</b>	<b>-</b>	<b>6,256</b>	<b>3,638</b>	<b>(6,472)</b>	<b>-</b>	<b>-</b>
<b>Amount Above/Below Sufficient Minimum Balance</b>	<b>-</b>	<b>(1,992)</b>	<b>(5,653)</b>	<b>(16,709)</b>	<b>-</b>	<b>-</b>
<b>Civil Penalty Program - FOR INFORMATIONAL PURPOSES ONLY, NOT INCL. IN SUFFICIENCY FUND BALANCE 11</b>						
Civil Penalty Revenue (not incl. in Operating Revenue)	(649)	3,427	3,573	3,785	3,888	3,947
Civil Penalty Adjudication Costs (not incl. in Operating Expense	(1,113)	(1,623)	(1,132)	(1,443)	(1,100)	(1,100)
<b>Subtotal: Civil Penalty Net Revenue</b>	<b>(1,762)</b>	<b>1,804</b>	<b>2,441</b>	<b>2,342</b>	<b>2,788</b>	<b>2,847</b>
Scheduled Motor Vehicle Loan Repayment	-	(950)	-	(950)	(475)	(475)
<b>Civil Penalty Net Revenue after Loan Repayments</b>	<b>(1,762)</b>	<b>854</b>	<b>2,441</b>	<b>1,392</b>	<b>2,313</b>	<b>2,372</b>
<b>Cumulative Balance for Civil Penalties</b>	<b>1,675</b>	<b>2,528</b>	<b>4,969</b>	<b>6,361</b>	<b>8,674</b>	<b>11,046</b>
<b>Ending Fund Balance (Financial Statements)</b>	<b>9,081</b>	<b>12,351</b>	<b>10,890</b>	<b>2,015</b>	<b>(3,685)</b>	<b>(17,658)</b>

Assumes no change in toll rates as a baseline

Revenues (sources of funds)

Costs other than debt service

Debt service

Change in fund balance

Fund balance remaining at year-end

Civil penalty revenue and adjudication costs excluded from sufficient balance test

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# Rate Setting Overview

## 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

# Tacoma Narrows Bridge Rate Setting Milestones

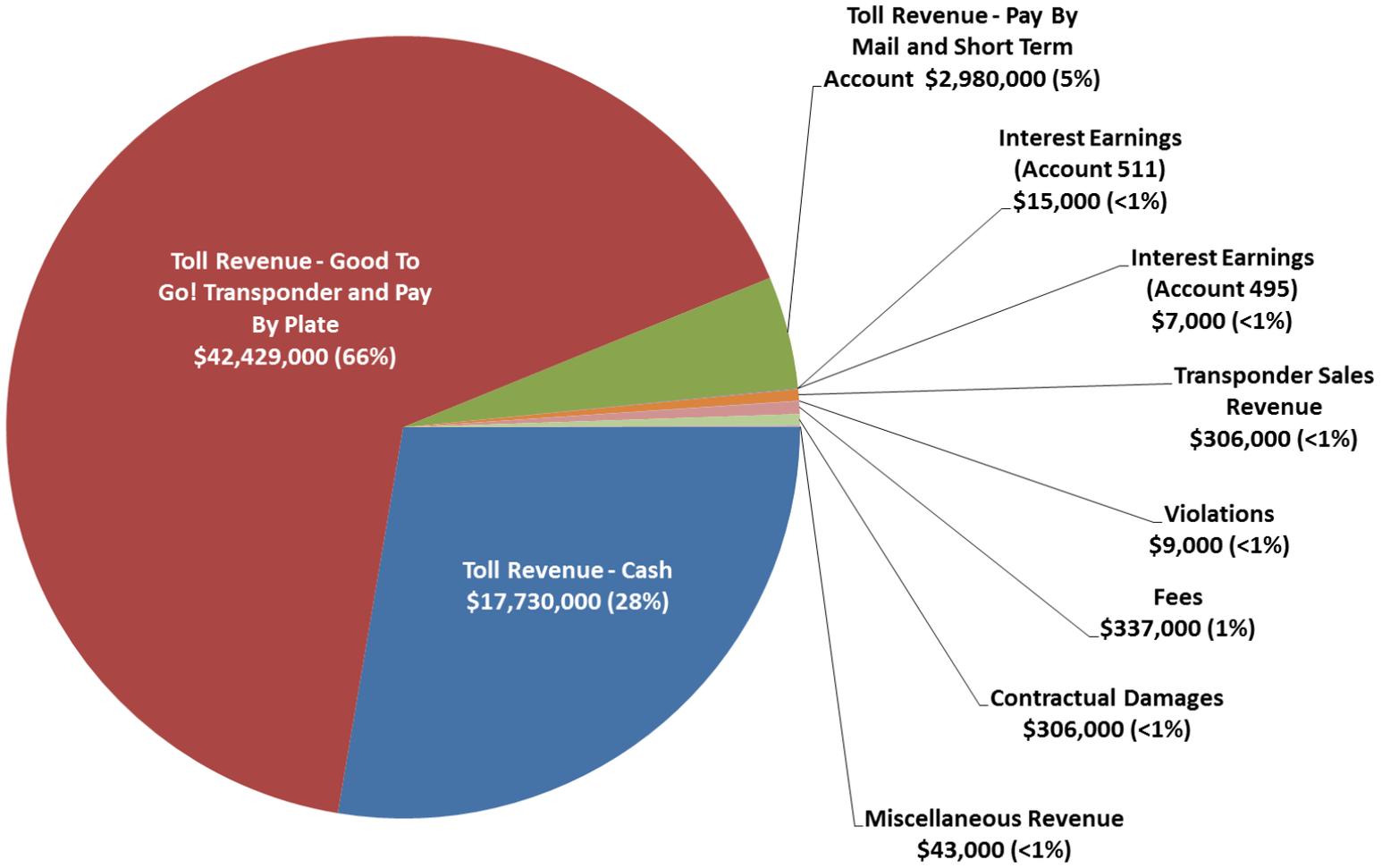
	Milestone
January	File CR 101 WSTC rate setting kickoff meeting CAC rate setting kickoff meeting Financial plan/funding needs
February	CAC financial plan Q&A CAC proposed scenarios Preliminary scenario results Request any additional scenarios (if necessary)
March	CAC recommendation WSTC proposed rates 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

# Traffic and Revenue Highlights

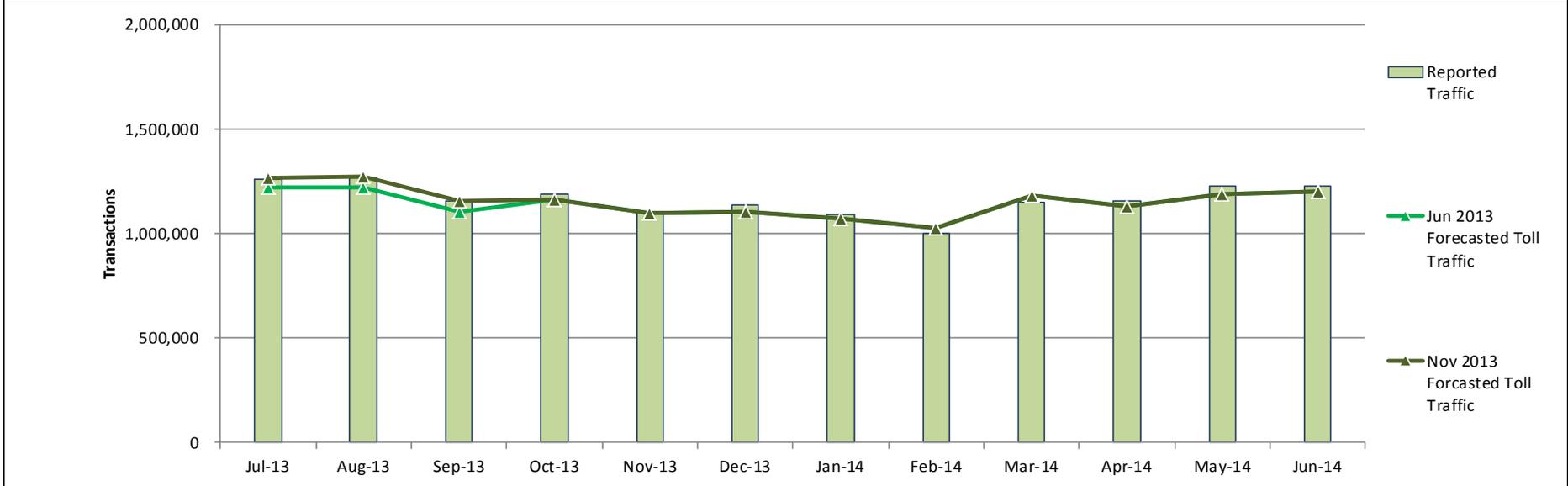
- **2015 revenue results reflect changes in accounting to match what experience suggests will be received**
  - Toll revenues not expected to be received within 80 days will be considered civil penalty revenue rather than toll revenue
  - Civil penalties revenues have been reduced to reflect what is likely to be collected
  - While traffic levels met forecast, revenue is below forecast because the forecasting was done prior to the accounting changes
- **WSDOT has contracted with a new statewide traffic and revenue forecasting consultant**
  - Previous forecasts were based on the original investment analysis
  - New model will be used to run toll rate scenarios
  - Updated data will reflect recession and changed conditions
- **Forecast baseline traffic and revenue increases ~2% each year**

# FY 2014 Sources of Funds - Actual



# FY 2014 Projected and Reported Traffic

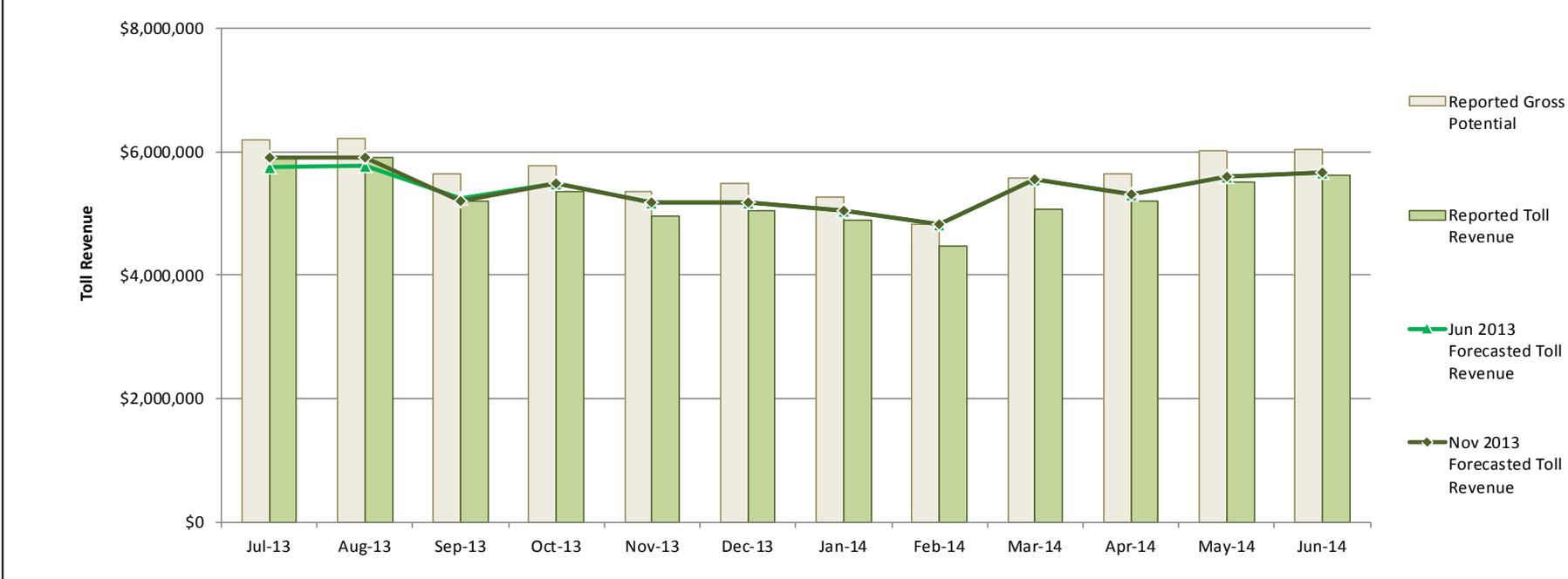
TRAFFIC	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	YTD	Annual Total
Forecasted Potential (June 2013) <sup>1</sup>	1,219,595	1,219,982	1,106,024	1,160,315	1,096,599	1,102,517	1,071,570	1,027,349	1,183,660	1,130,000	1,187,680	1,201,338	13,706,629	13,706,629
Forecasted Potential (November 2013) <sup>2</sup>	1,265,753	1,270,356	1,157,809	1,159,468	1,095,798	1,101,712	1,070,787	1,026,599	1,182,795	1,129,174	1,186,813	1,200,460	13,847,524	13,847,524
Reported Transactions <sup>3,A</sup>	1,261,915	1,266,670	1,153,860	1,186,000	1,102,564	1,134,245	1,092,010	999,868	1,146,554	1,157,650	1,229,418	1,227,986	13,958,740	13,958,740
Variance from Forecast Potential <sup>4</sup>	42,320	46,688	47,836	26,532	6,766	32,533	21,223	(26,731)	(36,241)	28,476	42,605	27,526	259,533	259,533
Variance - % change	3.5%	3.8%	4.3%	2.3%	0.6%	3.0%	2.0%	-2.6%	-3.1%	2.5%	3.6%	2.3%	1.9%	1.9%



See footnotes on slide 37

# FY 2014 Projected and Reported Revenue

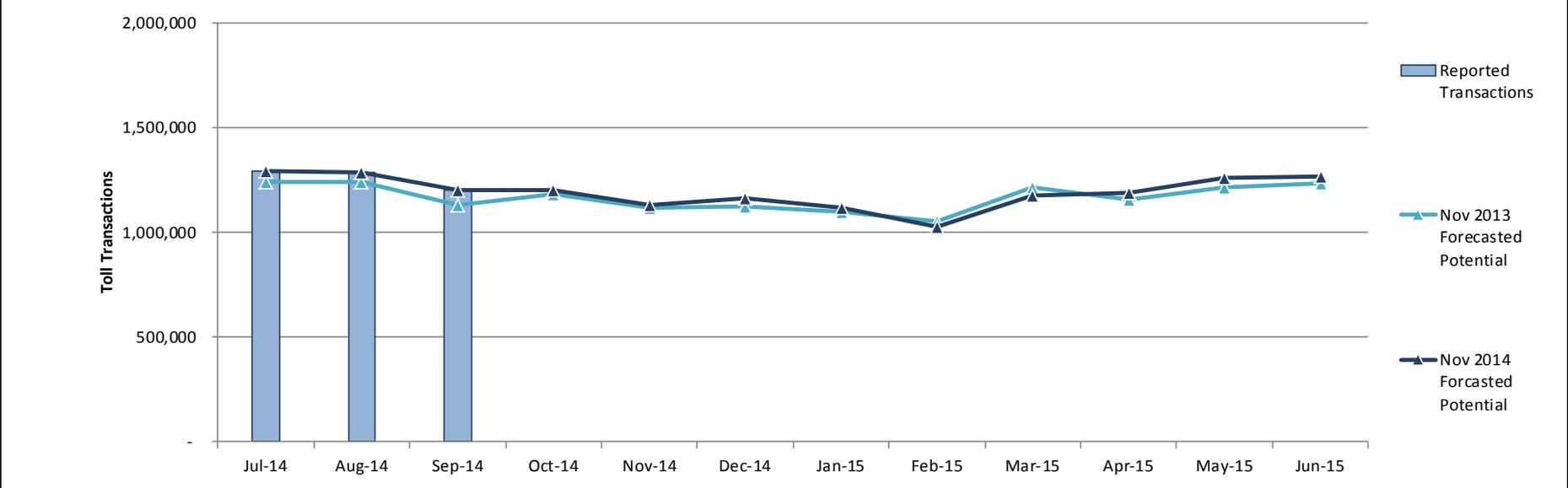
REVENUE	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	YTD	Annual Total
Forecasted Potential (June 2013) <sup>1</sup>	\$5,761,481	\$5,782,760	\$5,245,243	\$5,486,190	\$5,170,281	\$5,187,713	\$5,038,525	\$4,829,483	\$5,564,334	\$5,311,942	\$5,608,488	\$5,663,761	\$64,650,201	\$64,650,201
Forecasted Potential (November 2013) <sup>2</sup>	\$5,912,885	\$5,903,521	\$5,196,745	\$5,486,190	\$5,170,281	\$5,187,713	\$5,038,525	\$4,829,483	\$5,564,334	\$5,311,942	\$5,608,488	\$5,663,761	\$64,873,868	\$64,873,868
Forecasted Gross Potential <sup>3</sup>	\$5,761,481	\$5,782,760	\$5,245,243	\$5,486,190	\$5,170,281	\$5,187,713	\$5,038,525	\$4,829,483	\$5,564,334	\$5,311,942	\$5,608,488	\$5,663,761	\$64,650,201	\$64,650,201
Reported Gross Potential <sup>4</sup>	\$6,199,939	\$6,217,158	\$5,641,852	\$5,774,586	\$5,351,803	\$5,484,547	\$5,277,092	\$4,833,151	\$5,567,799	\$5,638,620	\$6,014,404	\$6,031,119	\$68,032,070	\$68,032,070
Variance from Forecasted Gross	\$438,458	\$434,398	\$396,609	\$288,396	\$181,522	\$296,834	\$238,567	\$3,668	\$3,465	\$326,678	\$405,916	\$367,358	\$3,381,869	\$3,381,869
Variance - % Change	7.6%	7.5%	7.6%	5.3%	3.5%	5.7%	4.7%	0.1%	0.1%	6.1%	7.2%	6.5%	5.2%	5.2%
Forecasted Adjusted <sup>5</sup>	\$5,706,032	\$5,727,106	\$5,194,762	\$5,440,366	\$5,127,096	\$5,144,382	\$4,996,440	\$4,789,144	\$5,517,857	\$5,267,573	\$5,561,642	\$5,616,454	\$64,088,854	\$64,088,854
Reported Revenue <sup>A,B</sup>	\$5,912,885	\$5,903,521	\$5,196,746	\$5,359,304	\$4,949,524	\$5,051,726	\$4,883,638	\$4,480,655	\$5,060,912	\$5,210,842	\$5,509,016	\$5,620,226	\$63,138,995	\$63,138,995
Variance From Adjusted Forecast <sup>6</sup>	\$206,853	\$176,415	\$1,983	(\$81,061)	(\$177,572)	(\$92,656)	(\$112,802)	(\$308,489)	(\$456,945)	(\$56,731)	(\$52,627)	\$3,773	(\$949,859)	(\$949,859)
Variance - % Change	3.6%	3.1%	0.0%	(1.5%)	(3.5%)	(1.8%)	(2.3%)	(6.4%)	(8.3%)	(1.1%)	(0.9%)	0.1%	(1.5%)	(1.5%)



See footnotes on slide 38

# FY 2015 Q1 Projected and Reported Traffic

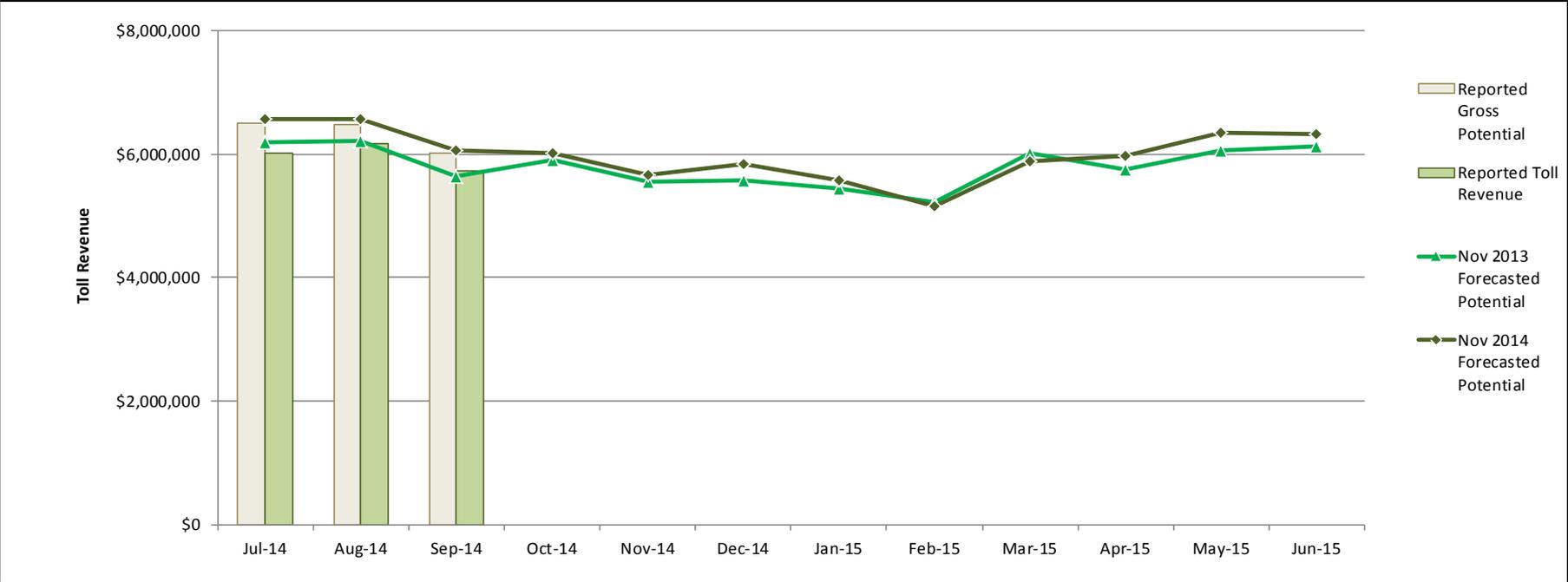
TRAFFIC	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	YTD	Annual Total
Forecasted Potential (November 2013) <sup>1</sup>	1,242,494	1,242,950	1,126,845	1,182,113	1,117,165	1,123,185	1,097,971	1,052,683	1,212,899	1,157,908	1,216,989	1,231,037	3,612,289	14,004,239
Forecasted Potential (November 2014) <sup>2</sup>	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	3,779,189	14,295,714
Reported Transactions <sup>3,A</sup>	1,290,551	1,286,528	1,198,265	-	-	-	-	-	-	-	-	-	3,775,344	
Variance from Forecast Potential <sup>4</sup>	48,057	43,578	71,420	-	-	-	-	-	-	-	-	-	163,055	
Variance - % change	3.9%	3.5%	6.3%	-	-	-	-	-	-	-	-	-	4.5%	



See footnotes on slide 39

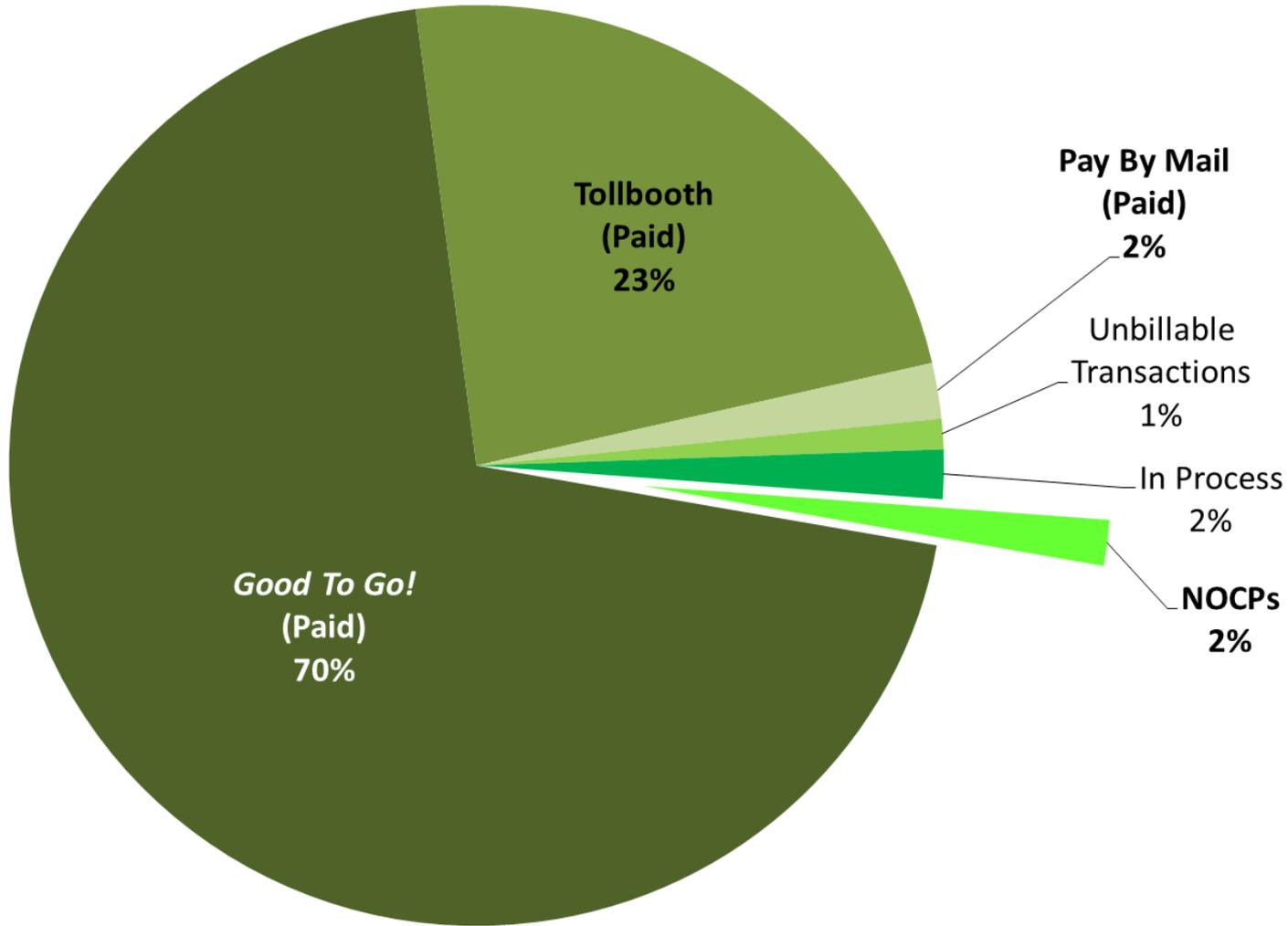
# FY 2015 Q1 Projected and Reported Revenue

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) <sup>1</sup>	\$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	\$18,048,979	\$69,696,432
Forecasted Potential (November 2014) <sup>2</sup>	\$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	\$19,188,321	\$72,019,999
Forecasted Gross Potential <sup>3</sup>	\$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	\$18,048,979	\$70,880,657
Reported Gross Potential <sup>4</sup>	\$6,496,847	\$6,489,230	\$6,020,851	-	-	-	-	-	-	-	-	-	\$19,006,928	
Variance From Forecasted Gross Potential	\$303,862	\$272,194	\$381,893	-	-	-	-	-	-	-	-	-	\$957,949	
Variance - % Change	4.9%	4.4%	6.8%	-	-	-	-	-	-	-	-	-	5.3%	
Forecasted Adjusted <sup>5</sup>	\$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	\$17,904,364	\$68,438,503
Reported Toll Revenue <sup>A,B</sup>	\$6,013,436	\$6,169,873	\$5,728,594	-	-	-	-	-	-	-	-	-	\$17,911,903	
Variance From Adjusted Forecast <sup>6</sup>	(\$129,929)	\$2,650	\$134,817	-	-	-	-	-	-	-	-	-	\$7,538	
Variance - % Change	(2.1%)	0.0%	2.4%	-	-	-	-	-	-	-	-	-	0.0%	



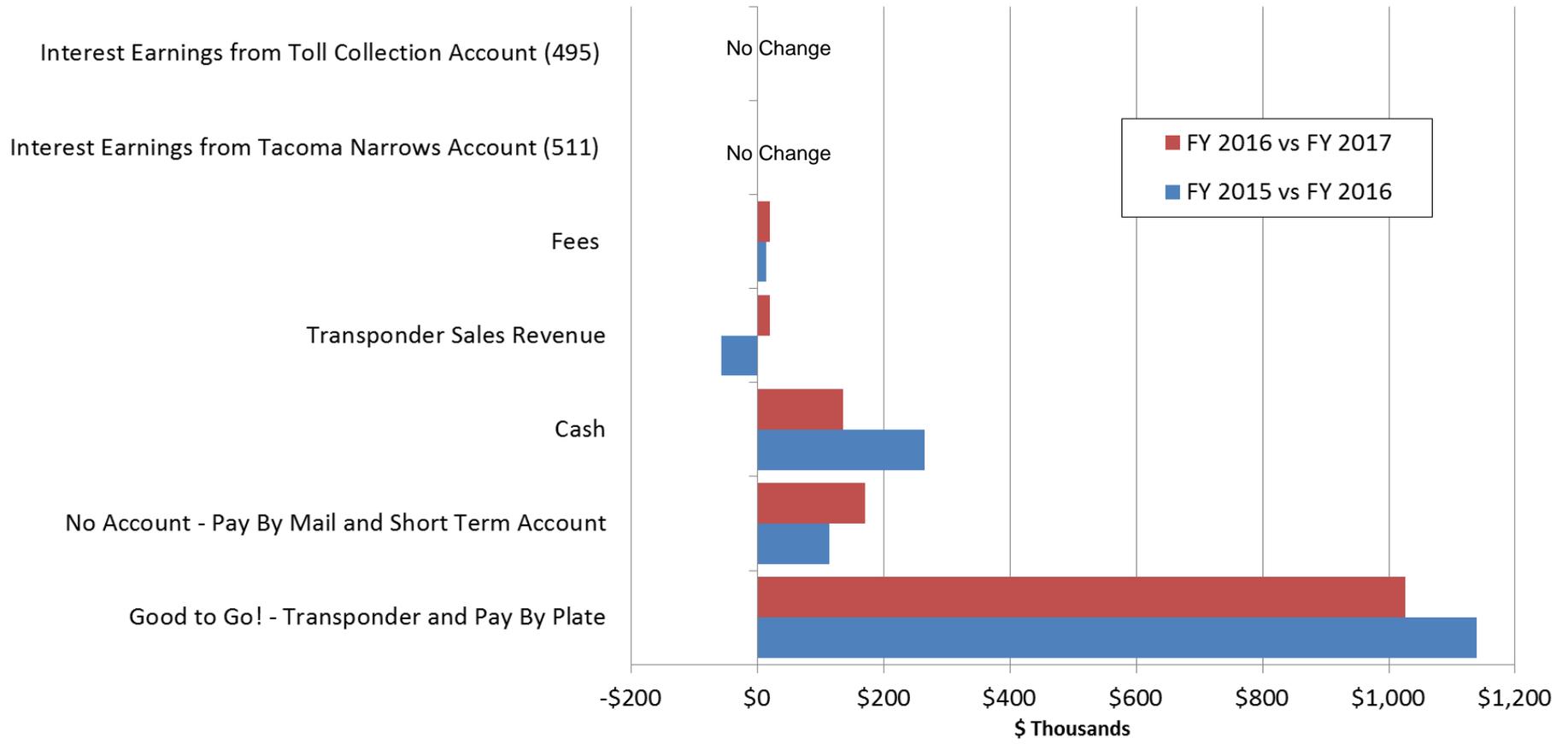
See footnotes on slide 40

# Transactions by Form of Payment – FY 2014



Source: WSDOT Toll Division – June 2014

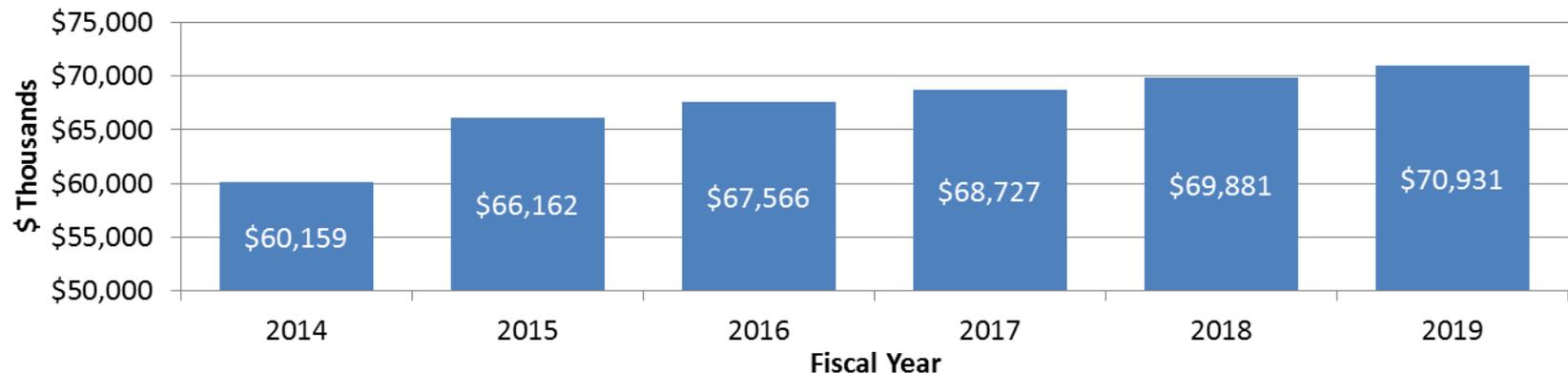
# Change in Forecasted Revenue FY15 to FY16 and FY16 to FY17



# Sources of Funds

## Toll Revenue – *Good To Go!* Pre-Pay and Cash

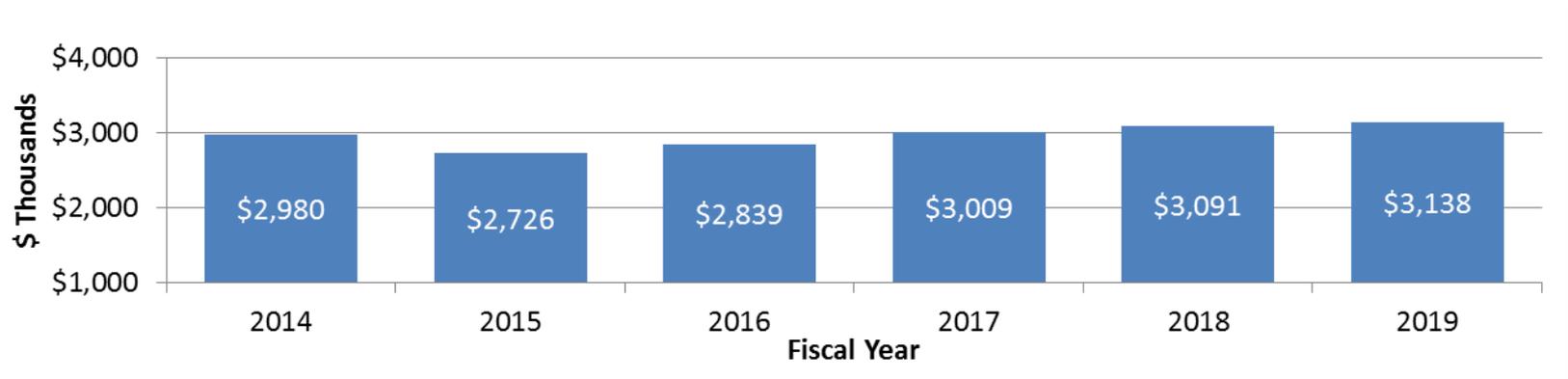
- The minor revenue growth from *Good to Go!* Pre-Pay and Cash is largely attributable to small increases in area population and employment
- As growth occurs in the catchment area of the TNB, it is assumed that a higher percentage of this growth will be frequent users of the facility, and therefore much more likely to pay via a *Good To Go!* pass rather than cash
- *Good To Go!* pass payment splits were increased slightly throughout the forecast while cash transaction payment splits were decreased



# Sources of Funds

## Toll Revenue – Pay By Mail

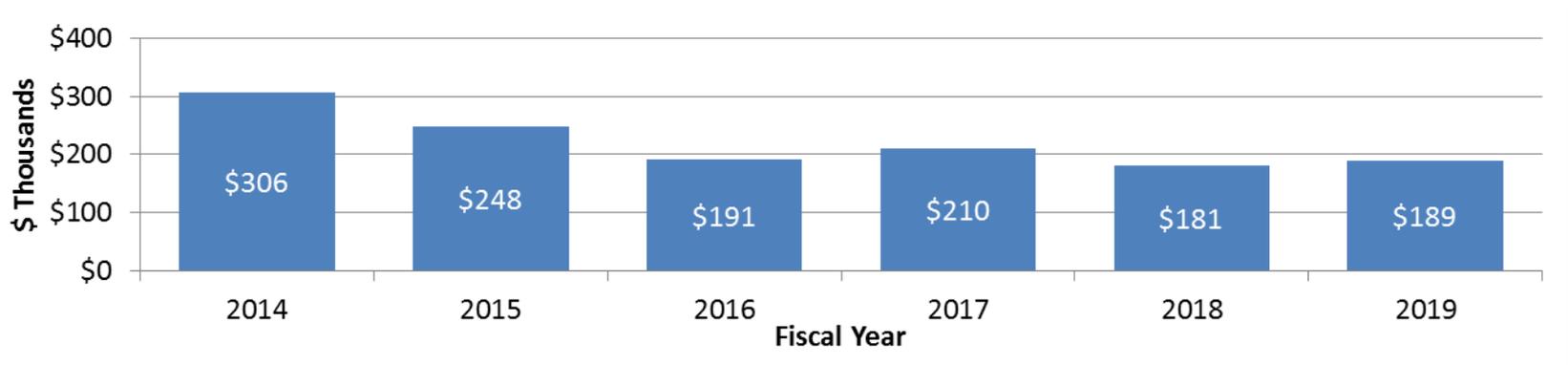
- Recent trends have shown an increase in the share of photo-based transactions, which include Pay By Mail transactions
- Pay By Mail transactions will continue to grow until peaking at about 14 percent of overall transactions by FY 2021. This Pay By Mail transaction growth results in higher revenue growth than the *Good to Go!* Pre-Pay and Cash payment methods



# Sources of Funds

## Transponder Sales Revenue

- Transponder sales revenue projections are lower than transponder costs due to an increase in the average transponder cost as new Flex Passes are sold. The increase in average cost was not incorporated into the projected revenue.
- An adjustment will be made to future transponder sales revenue forecasts
- Transponder sales will equal receipts

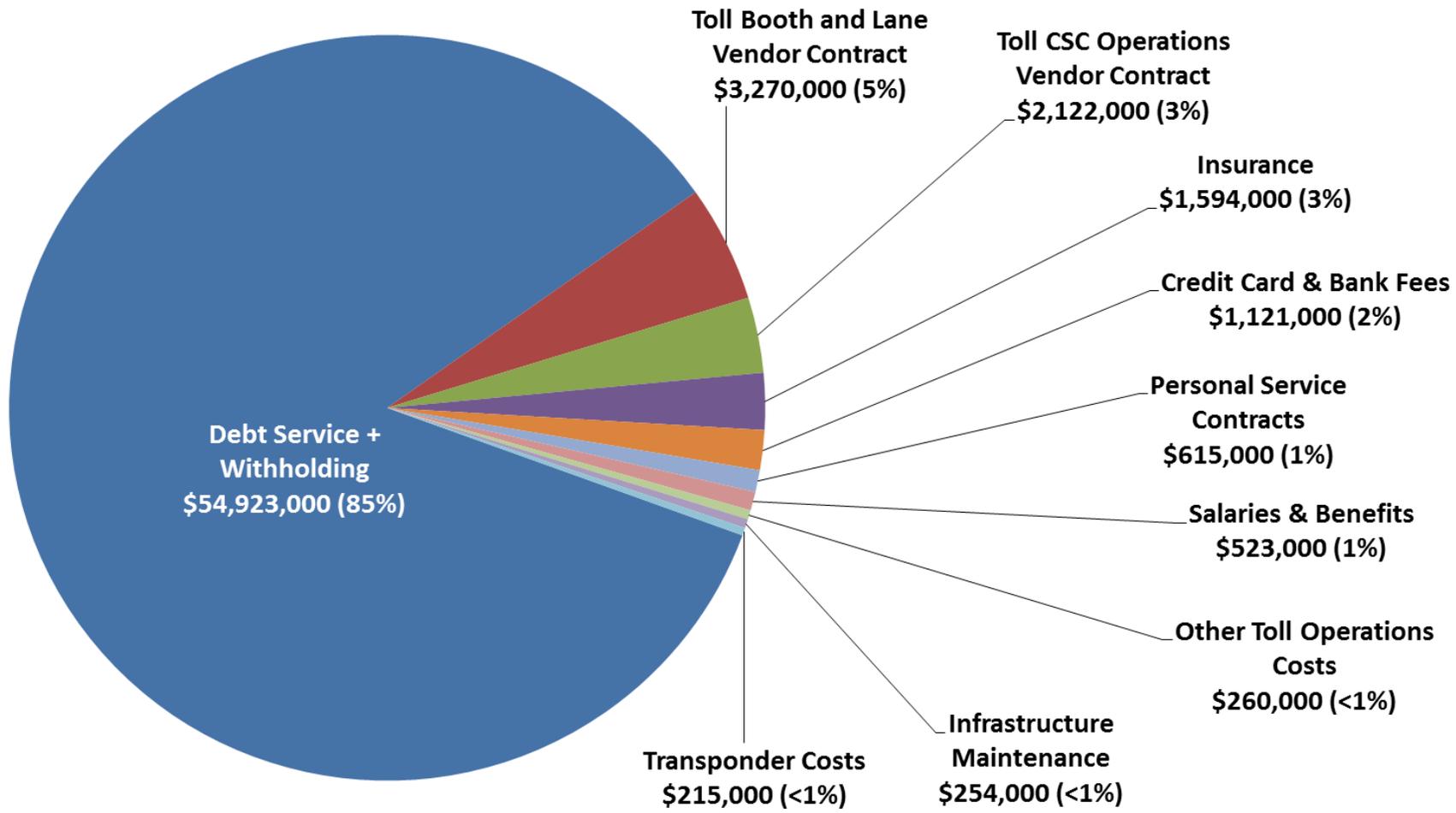


# Toll Collection and Facility Costs

# Cost Highlights

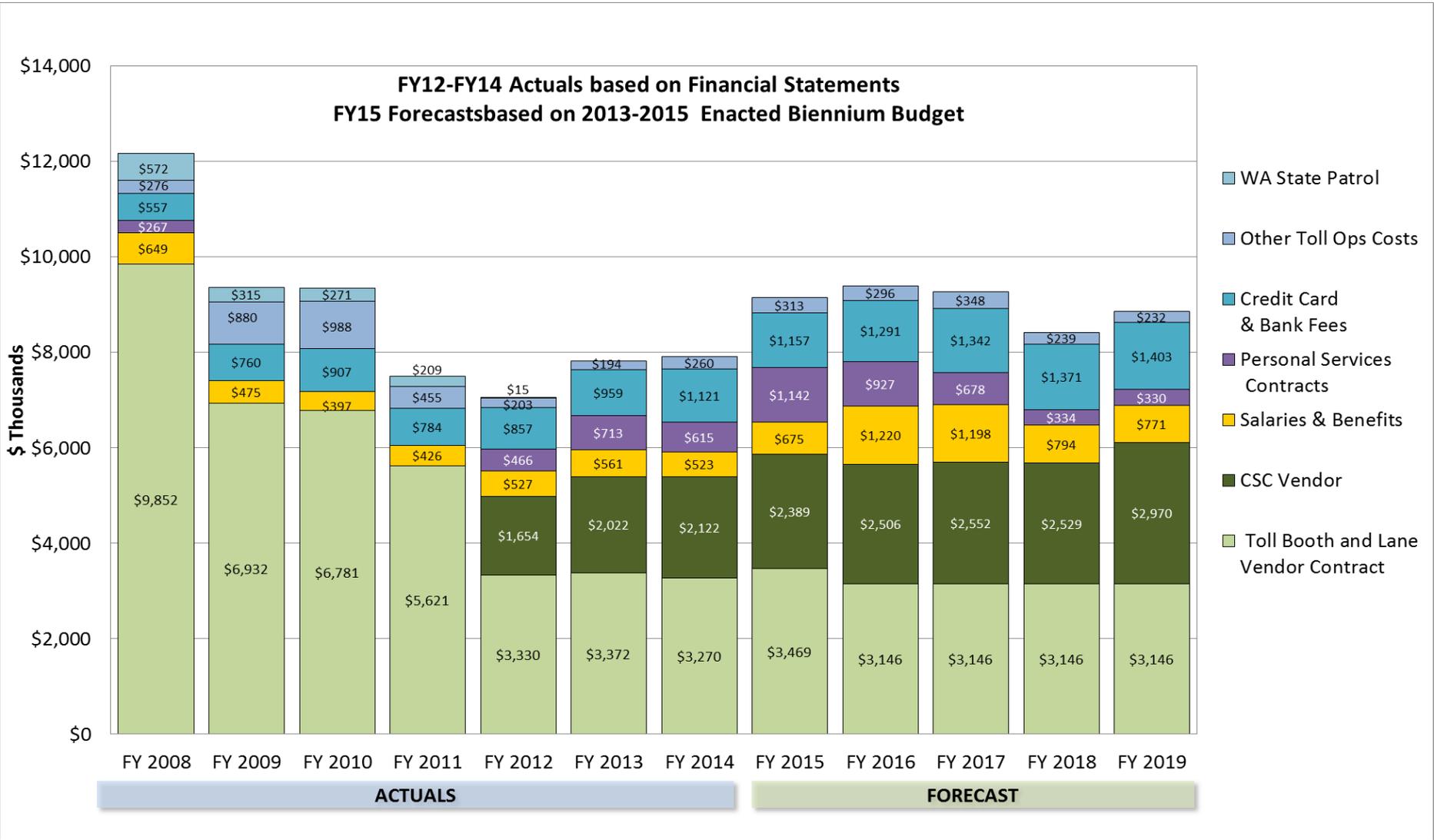
- **FY 2015 Supplemental Budget included expenses to prepare for reprocurement of customer service vendor**
  - Current CSC vendor contract expires in 2016 with possible extension to 2018
  - Contingency in case existing contractor is unable to meet requirements
  - Includes salary and consultant expenses in 2015 and 2016
- **Governor's proposed FY 2015-17 budget directs the Toll Division to become self-sufficient. Administrative positions and consultant expenses currently paid from capital funds to be funded from toll operating budget**
  - SR 16 Tacoma Narrows Bridge, SR 520 Bridge, and SR 167 HOT Lanes will each pay a share of these central administrative expenses
  - Development of new toll systems is a capital expense funded by capital projects, but expenses transition to toll operating budget at opening
- **Facility maintenance and preservation cost changes**
  - Maintenance costs higher as new bridge warranties expire
  - Bridge resurfacing in two phases

# FY 2014 Uses of Funds - Actual

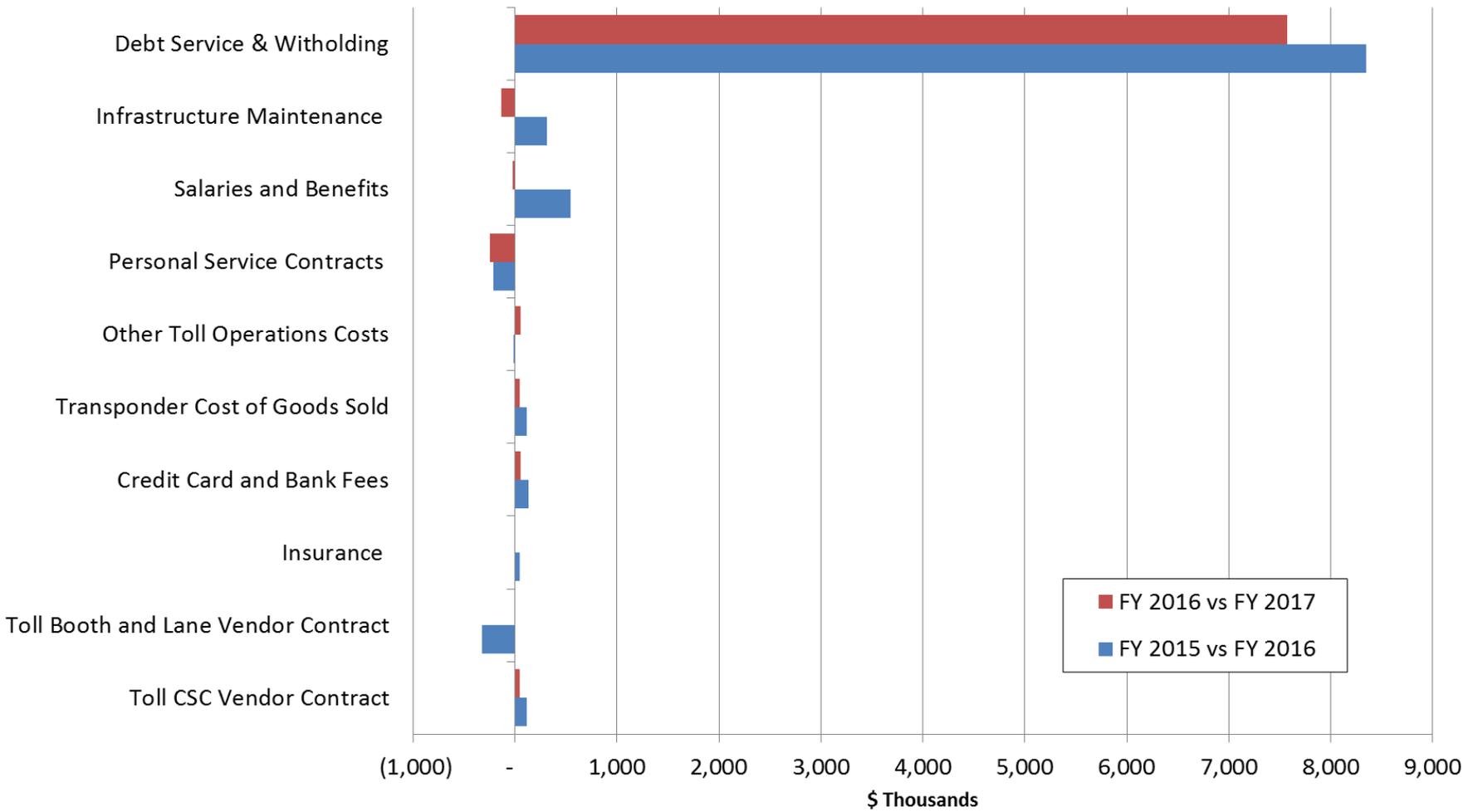


# Uses of Funds - Summary

## Historical and Budgeted Toll Operation Expenses



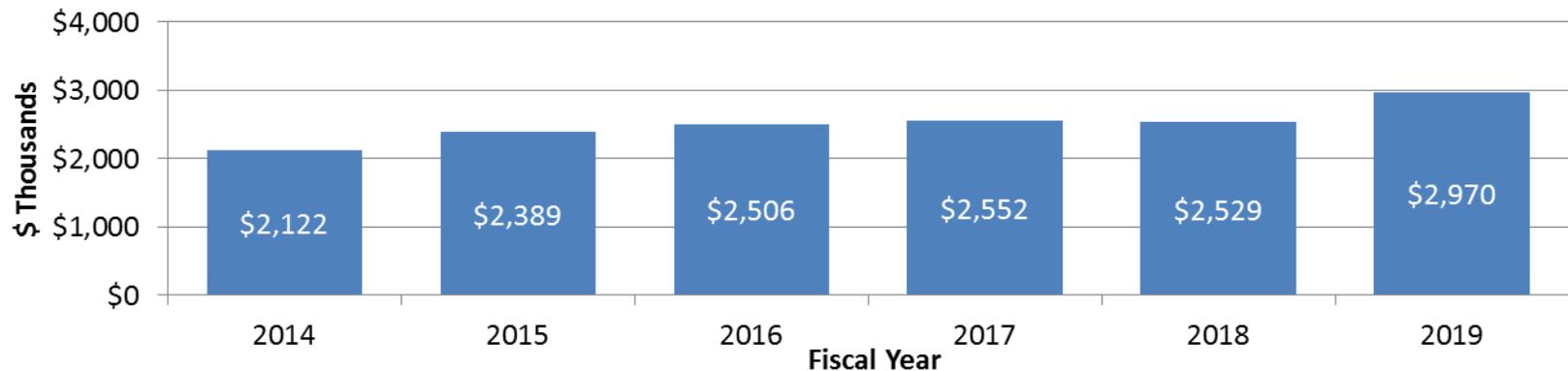
# Changes in Forecasted Expenses FY15 to FY16 and FY16 to FY17



# Use of Funds

## Toll CSC Vendor Contract

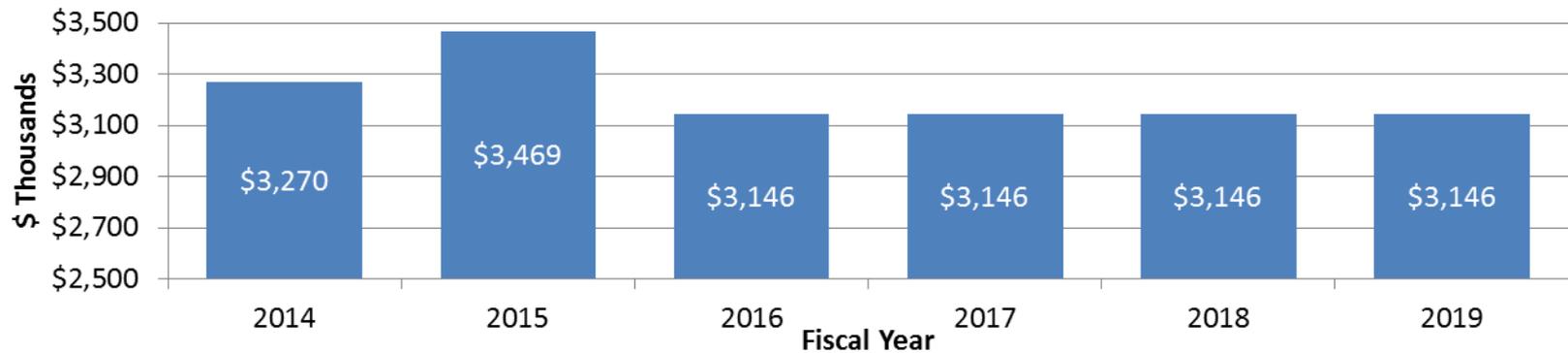
- Includes costs associated with re-procurement of a new CSC vendor
  - \$278k in FY 2015 and \$245k in FY 2016
- Re-procurement costs will be included in Preservation and Repair and Replacement in future years



# Use of Funds

## Toll Booth and Lane Vendor Contract

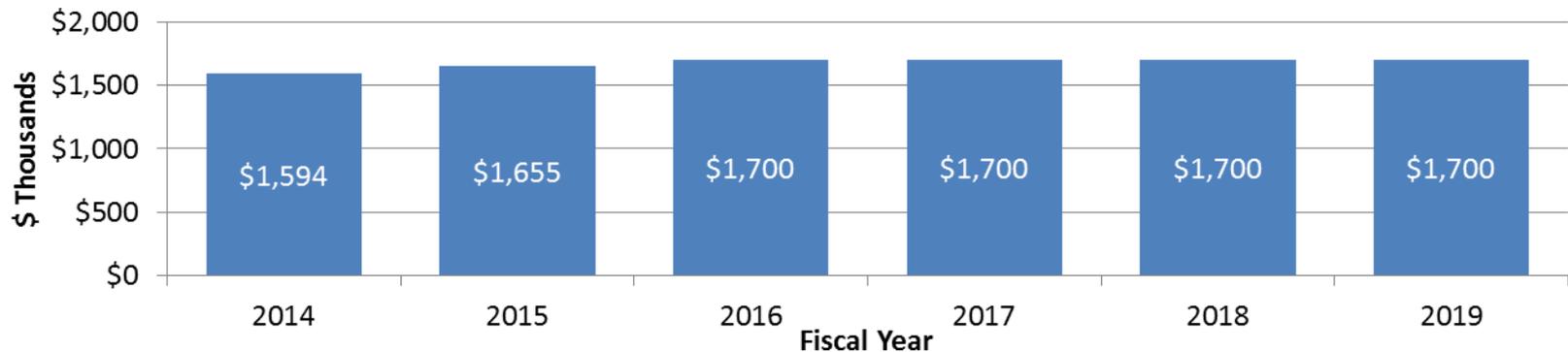
- Toll Booth and Lane Vendor contract was re-negotiated in FY 2015, with lower costs starting in FY 2016



# Use of Funds

## Insurance

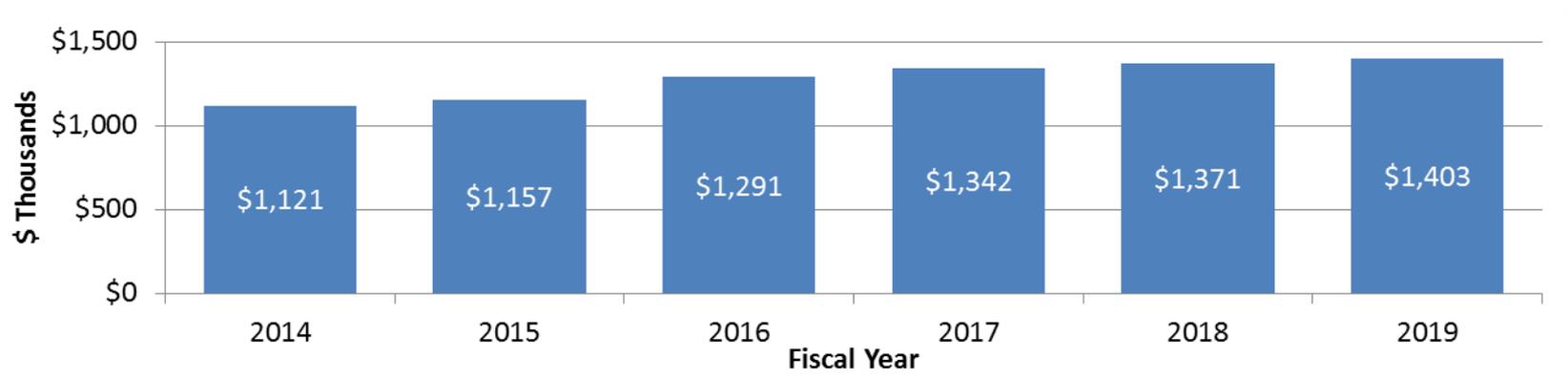
- Actual insurance costs shown through FY 2014
- Budgeted insurance costs shown for FY 2015 and beyond based on industry trends and feedback
- In addition to annual insurance payments, monthly insurance payments are made to the Department of Enterprise Services for managing the insurance process



# Use of Funds

## Credit Card and Bank Fees

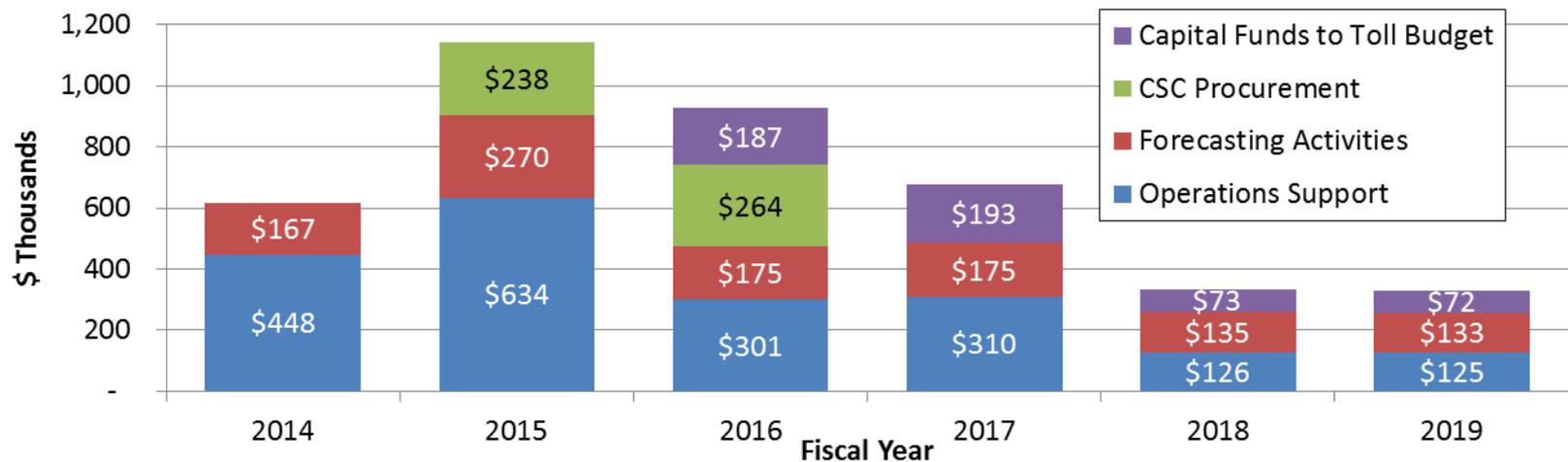
- Credit card and bank fees rise in direct proportion to revenue
- WSDOT no longer receives a discounted credit card fee rate and beginning in FY 2015, WSDOT is being charged “toll industry” rates which are slightly higher



# Use of Funds

## Personal Services Contracts

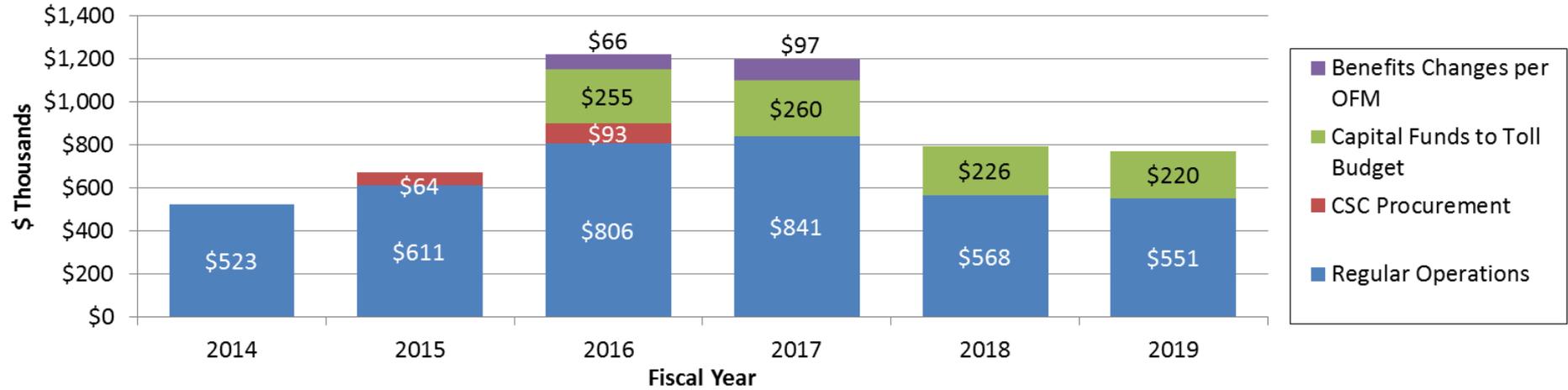
- Personal services contracts include: forecasting activities, operations support, CSC procurement costs and the transition of costs currently paid from capital funds to the toll operating budget
- Higher costs in FY 2015 and FY 2016 are primarily driven by procurement costs
- Costs are also attributable to the TNB share of the transition from capital funds to the toll operating budget
- Savings are realized in FY 2018 and FY 2019 with the addition of two facilities



# Use of Funds

## Salaries and Benefits

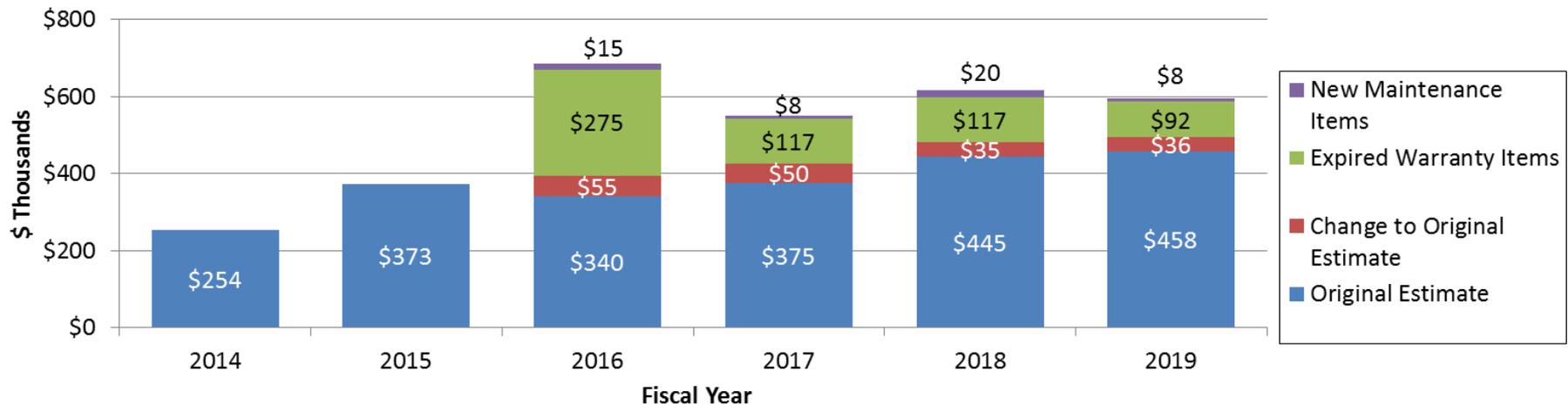
- Increased salaries and benefits are primarily attributable to the TNB share of the transition from capital funds to the toll operating budget
- This cost item also includes salaries and benefits costs related to CSC re-procurement
- A minor increase is related to a recalculation of employee benefit packages, as calculated by OFM
- Savings are realized in FY 2018 and FY 2019 with the addition of two facilities



# Use of Funds

## Infrastructure Maintenance

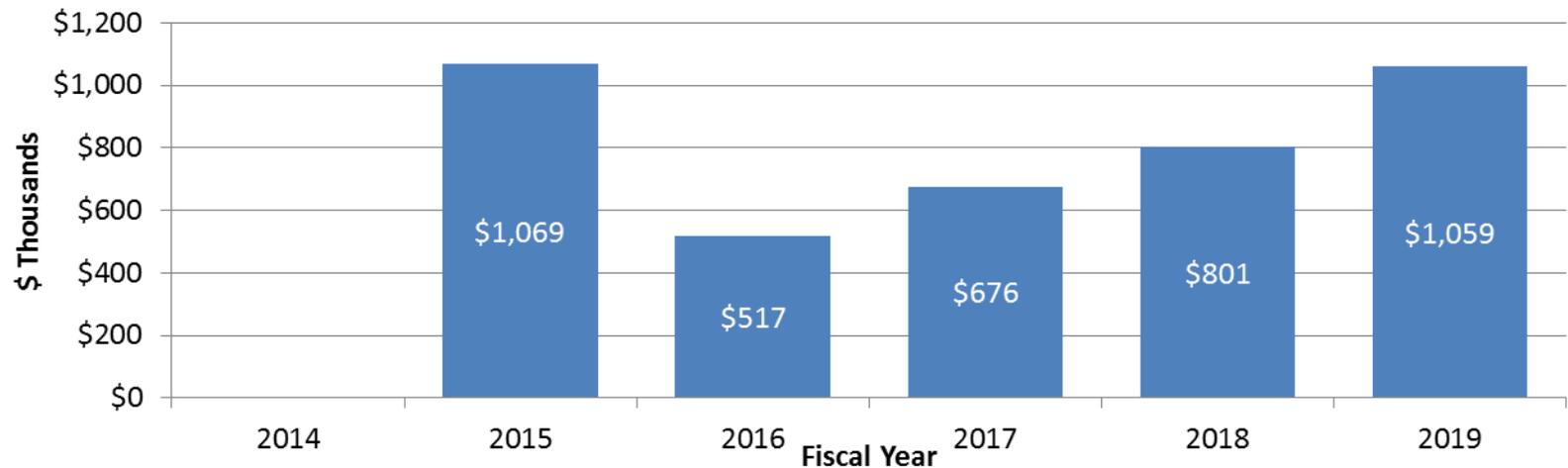
- Includes highway support staff for bridge maintenance
- Increased costs due to expired warranty maintenance items which were previously covered by warranties but which now be funded by the toll operating budget
- New maintenance items added that are associated with the identification of additional bridge inspections required to support maintenance planning



# Use of Funds

## Preservation Repair and Replacement

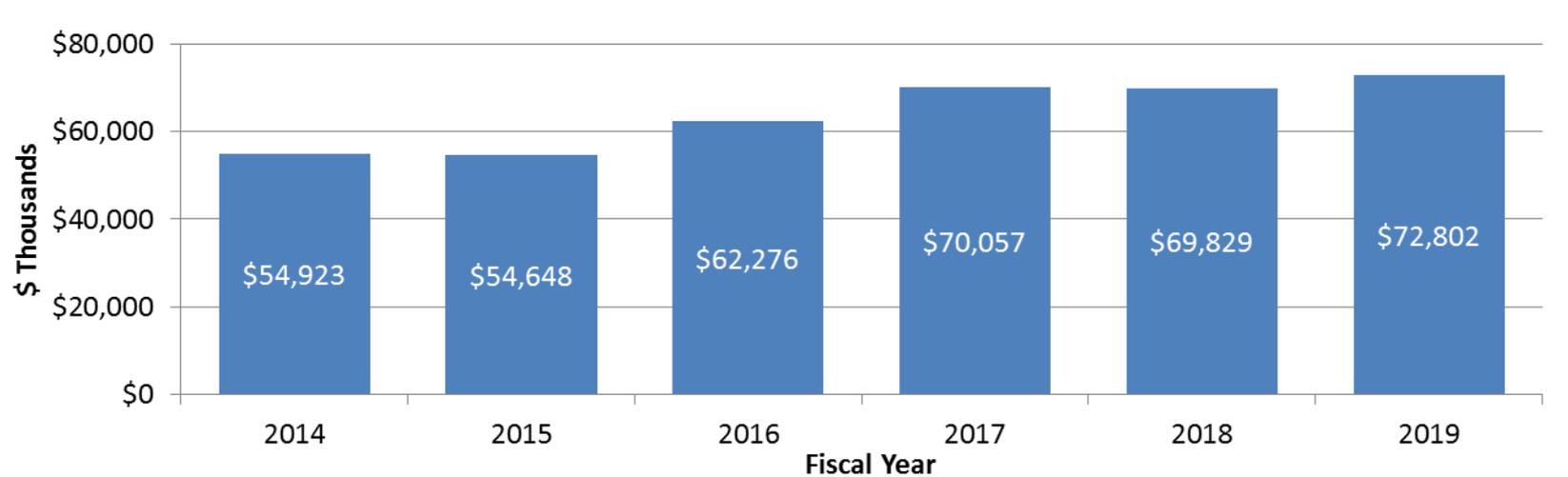
- The FY 2015 amount is driven by the \$1.06m cost for the deck resurfacing of the bridge
- Lower costs in FY 2016 and FY 2017 are related to minor improvements and upgrades, joint rehabilitation, electrical work, and required routine inspections



# Use of Funds

## Debt Service Payment

- The required debt service payments increase substantially in the near term due to the structure of the debt





# For questions or further information...

**Craig J. Stone, P.E.**  
Assistant Secretary, Toll Division  
206-464-1222 or [StoneC@wsdot.wa.gov](mailto:StoneC@wsdot.wa.gov)

# FY 2014 Forecasted and Reported Toll Traffic

## Footnotes (slide 12)

- 1 Data is based upon the TRFC June 2013 Forecast without non-revenue transaction adjustment. The remaining months of the forecast, italicized and gray highlight are for information purposes.
  - 2 The data is based upon the TRFC November 2013 Forecast adjusted for non-revenue transactions. The first three months of the November Forecast were updated to reflect actual transactions prior to removal of duplicate and non-revenue transactions. The first three months are presented in italics and gray highlighting for informational purposes only and are not used to calculate the variance.
  - 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 June 2013 forecast for the first three months and the November 2013 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 2014 Forecasted and Reported Toll Revenue

## Footnotes (slide 13)

- 1 Data is based upon the TRFC June 2013 Forecast without non-revenue transaction adjustment. The remaining months of the forecast, italicized and gray highlight are for information purposes.
  - 2 The data is based upon the TRFC November 2013 Forecast adjusted for non-revenue transactions. The first three months of the November Forecast were updated to reflect actual transactions prior to removal of duplicate and non-revenue transactions. The first three months are presented in italics and gray highlighting for informational purposes only and are not used to calculate the variance.
  - 3 The forecasted gross potential data comes from the June 2013 monthly forecasted potential revenue for July through September and the November 2013 monthly forecasted potential revenue for October through June.
  - 4 Reported gross potential data comes from the TCS/AVI report and WSDOT's accounting system.
  - 5 The Forecasted Adjusted Gross Toll Revenue reflects adjustments for Pay By Plate Fees, less Short-term Account Discounts and Toll Revenue Not Recognized. June 2013 TRFC is used for July, August and September; November 2013 TRFC for remaining months.
  - 6 The variance is a comparison between reported revenue and the June 2013 forecast for the first three months and the November 2013 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.
- 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.

# FY 2015 Q1 Projected and Reported Traffic

## Footnotes (slide 14)

- 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. This forecast has not been adopted yet and is still considered DRAFT.
  - 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 Projected and Reported Revenue

## Footnotes (slide 15)

- 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.

**Tacoma Narrows Toll Bridge Account (511)**  
**Financial Plan - Updated on January 16, 2015 - DRAFT**

**DRAFT**

Printed on: 1/19/2015

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

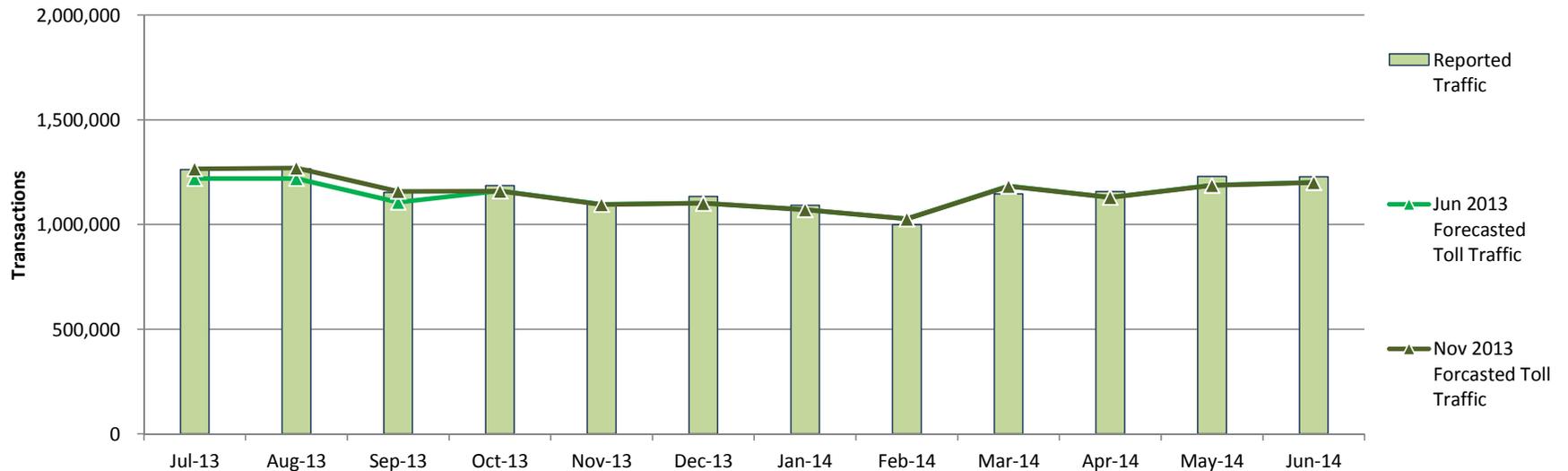
(Amounts in thousands of nominal dollars except toll rates)

Fiscal Year	Actuals		Rate Setting Biennium Forecast		2018	2019
	2014	2015	2016	2017		
<b>Toll Rate (Good To Go! Pre-Pay)</b>	\$4.25	\$4.50	\$4.50	\$4.50	\$4.50	\$ 4.50
<b>Toll Rate (Cash)</b>	\$5.25	\$5.50	\$5.50	\$5.50	\$5.50	\$ 5.50
<b>Toll Rate (Pay-By-Mail)</b>	\$6.25	\$6.50	\$6.50	\$6.50	\$6.50	\$ 6.50
<b>Beginning Fund Balance (Financial Statements)</b>	11,578	9,081	12,351	10,890	2,015	(3,685)
<b>Sources of Toll Revenue Funds 1</b>						-
Interest Earnings from Tacoma Narrows Account (511) 2	15	21	21	21	21	21
Interest Earnings from Toll Collection Account (495) 2	7	8	8	8	8	8
Toll Revenue - Good To Go! Pre-Pay & Cash	60,159	66,162	67,566	68,727	69,881	70,931
Toll Revenue - Pay By Mail	2,980	2,726	2,839	3,009	3,091	3,138
Transponder Sales Revenue	306	248	191	210	181	189
Violations	9	-	-	-	-	-
Fees 3	337	302	315	334	343	348
Contractual Damages 4	306	-	-	-	-	-
Miscellaneous Revenue 5	43	-	-	-	-	-
<b>Total Sources of State Funds</b>	<b>64,163</b>	<b>69,467</b>	<b>70,940</b>	<b>72,309</b>	<b>73,525</b>	<b>74,635</b>
<b>Uses of Toll Revenue Funds 6</b>						
Toll CSC Vendor Contract	(2,122)	(2,389)	(2,506)	(2,552)	(2,529)	(2,970)
Toll Booth and Lane Vendor Contract	(3,270)	(3,469)	(3,146)	(3,146)	(3,146)	(3,146)
Insurance 7	(1,594)	(1,655)	(1,700)	(1,700)	(1,700)	(1,700)
Credit Card and Bank Fees	(1,121)	(1,157)	(1,291)	(1,342)	(1,371)	(1,403)
Transponder Cost of Goods Sold	(215)	(161)	(279)	(328)	(178)	(182)
Washington State Patrol	-	-	-	-	-	-
Other Toll Operations Costs	(260)	(313)	(296)	(348)	(239)	(232)
Personal Service Contracts 8	(615)	(1,142)	(927)	(678)	(334)	(330)
Capital Outlays (Software Asset)	-	-	-	-	-	-
Salaries and Benefits	(523)	(675)	(1,220)	(1,198)	(794)	(771)
Administrative Transfers Out	-	-	-	-	-	-
Infrastructure Maintenance	(254)	(373)	(685)	(550)	(617)	(594)
<b>Subtotal: Operations and Maintenance Uses of Funds</b>	<b>(9,975)</b>	<b>(11,333)</b>	<b>(12,050)</b>	<b>(11,843)</b>	<b>(10,909)</b>	<b>(11,328)</b>
<b>Subtotal: Operating Sources less Operating Uses</b>	<b>54,188</b>	<b>58,134</b>	<b>58,890</b>	<b>60,467</b>	<b>62,617</b>	<b>63,307</b>
Debt Service Payment 9	(54,344)	(53,106)	(61,385)	(70,549)	(69,115)	(72,590)
Debt Service Withholding 9	(579)	(1,542)	(891)	492	(714)	(212)
<b>Subtotal: Uses of Funds incl. Debt Service</b>	<b>(64,897)</b>	<b>(65,981)</b>	<b>(74,326)</b>	<b>(81,899)</b>	<b>(80,737)</b>	<b>(84,130)</b>
Deferred Sales Tax Repayment 10	-	-	-	-	-	(5,791)
Preservation and Repair & Replacement (early years covered by cap	-	-	-	-	-	(201)
<b>Total Uses of Toll Funds</b>	<b>(64,897)</b>	<b>(65,981)</b>	<b>(74,326)</b>	<b>(81,899)</b>	<b>(80,737)</b>	<b>(90,122)</b>
<b>Current Year Sources less Uses Balance</b>	<b>(735)</b>	<b>3,486</b>	<b>(3,386)</b>	<b>(9,590)</b>	<b>(7,212)</b>	<b>(15,486)</b>
<b>Cumulative Sources Less Uses Balance</b>	<b>3,484</b>	<b>6,970</b>	<b>3,584</b>	<b>(6,006)</b>	<b>(13,218)</b>	<b>(28,704)</b>
Beginning Capital Balance	3,922	3,922	2,853	2,336	1,660	858
Total Sources of Capital Funds	-	-	-	-	-	-
Preservation and Repair and Replacement (covered by Capital Balan	-	(1,069)	(517)	(676)	(801)	(858)
Ending Capital Balance	3,922	2,853	2,336	1,660	858	-
<b>Sources Less Uses + Ending Capital Balance (for Sufficiency Test</b>	<b>7,406</b>	<b>9,823</b>	<b>5,920</b>	<b>(4,346)</b>	<b>(12,359)</b>	<b>(28,704)</b>
<b>12.5% Sufficient Minimum Balance</b>	8,112	8,248	9,291	10,237	10,092	11,265
<b>Lowest 3-month Rolling Average Balance</b>	-	6,256	3,638	(6,472)	-	-
<b>Amount Above/Below Sufficient Minimum Balance</b>	-	(1,992)	(5,653)	(16,709)	-	-
<b>Civil Penalty Program - FOR INFORMATIONAL PURPOSES ONLY, NOT INCL. IN SUFFICIENCY FUND BALANCE 11</b>						
Civil Penalty Revenue (not incl. in Operating Revenue)	(649)	3,427	3,573	3,785	3,888	3,947
Civil Penalty Adjudication Costs (not incl. in Operating Expenses)	(1,113)	(1,623)	(1,132)	(1,443)	(1,100)	(1,100)
<b>Subtotal: Civil Penalty Net Revenue</b>	<b>(1,762)</b>	<b>1,804</b>	<b>2,441</b>	<b>2,342</b>	<b>2,788</b>	<b>2,847</b>
Scheduled Motor Vehicle Loan Repayment	-	(950)	-	(950)	(475)	(475)
<b>Civil Penalty Net Revenue after Loan Repayments</b>	<b>(1,762)</b>	<b>854</b>	<b>2,441</b>	<b>1,392</b>	<b>2,313</b>	<b>2,372</b>
<b>Cumulative Balance for Civil Penalties</b>	<b>1,675</b>	<b>2,528</b>	<b>4,969</b>	<b>6,361</b>	<b>8,674</b>	<b>11,046</b>
<b>Ending Fund Balance (Financial Statements)</b>	<b>9,081</b>	<b>12,351</b>	<b>10,890</b>	<b>2,015</b>	<b>(3,685)</b>	<b>(17,658)</b>

- <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> Contractual damages are not included in the TRFC revenue forecast.
- <sup>5</sup> FY 2008-2014 - 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 FY 2011, \$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> Uses of Funds for Operations in FY 2015 - FY 2021 reflect the proposed budget. Operation and maintenance uses - except for 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 December, 2014. 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, total for FY 2015 = \$580k, FY 2016 = \$602k. 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.
- <sup>7</sup> Insurance for FY 2015 is the forecast expense, however a majority of this cost (\$1.31m) was paid in August 2014.
- <sup>8</sup> Other previously included the Personal Services expense, until FY 2012 when Personal Services was broken out separately.
- <sup>9</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>10</sup> Starting in FY 2018, 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 2018 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.

**TNB Forecasted and Reported Traffic and Revenue - Updated: September 16, 2014**  
**Traffic and Revenue Statistics for Fiscal Year 2014 - June (Month 12)**

<b>TRAFFIC</b>	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	YTD	Annual Total
Forecasted Potential (June 2013) <sup>1</sup>	1,219,595	1,219,982	1,106,024	<i>1,160,315</i>	<i>1,096,599</i>	<i>1,102,517</i>	<i>1,071,570</i>	<i>1,027,349</i>	<i>1,183,660</i>	<i>1,130,000</i>	<i>1,187,680</i>	<i>1,201,338</i>	<b>13,706,629</b>	<b>13,706,629</b>
Forecasted Potential (November 2013) <sup>2</sup>	1,265,753	1,270,356	1,157,809	1,159,468	1,095,798	1,101,712	1,070,787	1,026,599	1,182,795	1,129,174	1,186,813	1,200,460	<b>13,847,524</b>	<b>13,847,524</b>
Reported Transactions <sup>3,A</sup>	1,261,915	1,266,670	1,153,860	1,186,000	1,102,564	1,134,245	1,092,010	999,868	1,146,554	1,157,650	1,229,418	1,227,986	<b>13,958,740</b>	<b>13,958,740</b>
Variance from Forecast Potential <sup>4</sup>	42,320	46,688	47,836	26,532	6,766	32,533	21,223	(26,731)	(36,241)	28,476	42,605	27,526	<b>259,533</b>	<b>259,533</b>
Variance - % change	3.5%	3.8%	4.3%	2.3%	0.6%	3.0%	2.0%	-2.6%	-3.1%	2.5%	3.6%	2.3%	<b>1.9%</b>	<b>1.9%</b>

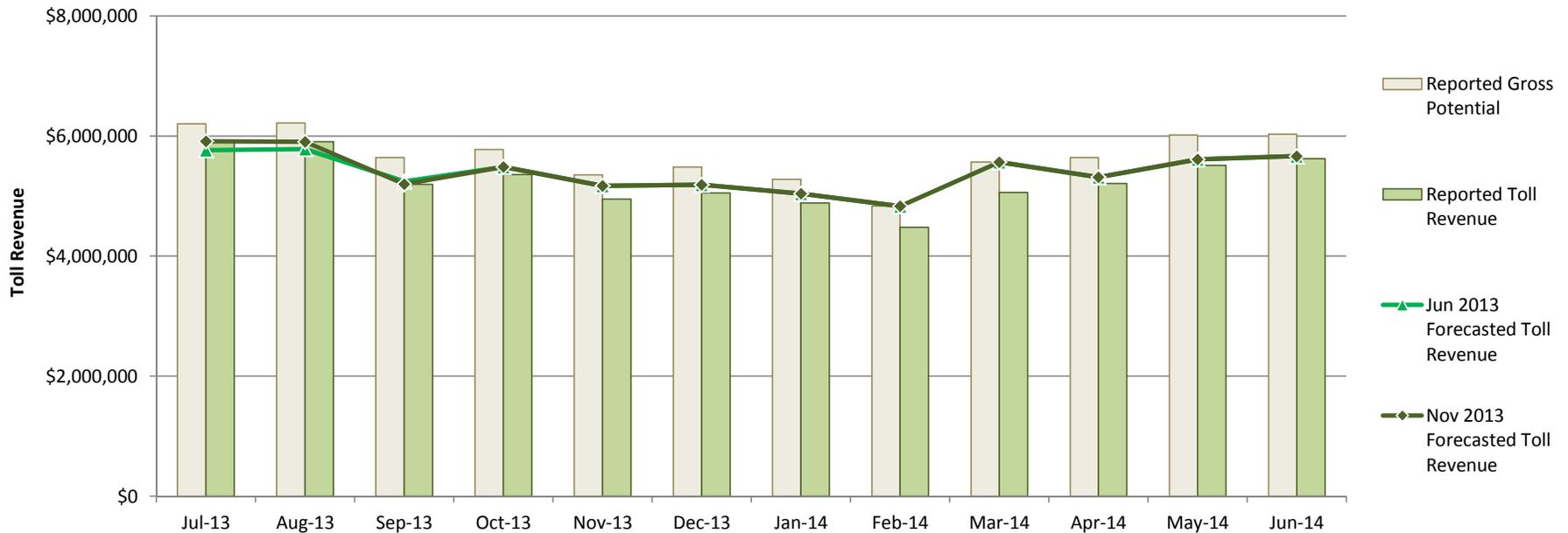


**Notes:**

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- 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.

**TNB Forecasted and Reported Traffic and Revenue - Updated: September 16, 2014**  
**Traffic and Revenue Statistics for Fiscal Year 2014 - June (Month 12)**

<b>REVENUE</b>	<b>Jul-13</b>	<b>Aug-13</b>	<b>Sep-13</b>	<b>Oct-13</b>	<b>Nov-13</b>	<b>Dec-13</b>	<b>Jan-14</b>	<b>Feb-14</b>	<b>Mar-14</b>	<b>Apr-14</b>	<b>May-14</b>	<b>Jun-14</b>	<b>YTD</b>	<b>Annual Total</b>
<b>Forecasted Potential (June 2013) <sup>1</sup></b>	\$5,761,481	\$5,782,760	\$5,245,243	\$5,486,190	\$5,170,281	\$5,187,713	\$5,038,525	\$4,829,483	\$5,564,334	\$5,311,942	\$5,608,488	\$5,663,761	\$64,650,201	\$64,650,201
<b>Forecasted Potential (November 2013) <sup>2</sup></b>	\$5,912,885	\$5,903,521	\$5,196,745	\$5,486,190	\$5,170,281	\$5,187,713	\$5,038,525	\$4,829,483	\$5,564,334	\$5,311,942	\$5,608,488	\$5,663,761	\$64,873,868	\$64,873,868
<b>Forecasted Gross Potential <sup>3</sup></b>	\$5,761,481	\$5,782,760	\$5,245,243	\$5,486,190	\$5,170,281	\$5,187,713	\$5,038,525	\$4,829,483	\$5,564,334	\$5,311,942	\$5,608,488	\$5,663,761	\$64,650,201	\$64,650,201
<b>Reported Gross Potential <sup>4</sup></b>	\$6,199,939	\$6,217,158	\$5,641,852	\$5,774,586	\$5,351,803	\$5,484,547	\$5,277,092	\$4,833,151	\$5,567,799	\$5,638,620	\$6,014,404	\$6,031,119	\$68,032,070	\$68,032,070
<b>Variance from Forecasted Gross</b>	\$438,458	\$434,398	\$396,609	\$288,396	\$181,522	\$296,834	\$238,567	\$3,668	\$3,465	\$326,678	\$405,916	\$367,358	\$3,381,869	\$3,381,869
<b>Variance - % Change</b>	7.6%	7.5%	7.6%	5.3%	3.5%	5.7%	4.7%	0.1%	0.1%	6.1%	7.2%	6.5%	5.2%	5.2%
<b>Forecasted Adjusted <sup>5</sup></b>	\$5,706,032	\$5,727,106	\$5,194,762	\$5,440,366	\$5,127,096	\$5,144,382	\$4,996,440	\$4,789,144	\$5,517,857	\$5,267,573	\$5,561,642	\$5,616,454	\$64,088,854	\$64,088,854
<b>Reported Revenue <sup>A,B</sup></b>	\$5,912,885	\$5,903,521	\$5,196,746	\$5,359,304	\$4,949,524	\$5,051,726	\$4,883,638	\$4,480,655	\$5,060,912	\$5,210,842	\$5,509,016	\$5,620,226	\$63,138,995	\$63,138,995
<b>Variance From Adjusted Forecast <sup>6</sup></b>	\$206,853	\$176,415	\$1,983	(\$81,061)	(\$177,572)	(\$92,656)	(\$112,802)	(\$308,489)	(\$456,945)	(\$56,731)	(\$52,627)	\$3,773	(\$949,859)	(\$949,859)
<b>Variance - % Change</b>	3.6%	3.1%	0.0%	(1.5%)	(3.5%)	(1.8%)	(2.3%)	(6.4%)	(8.3%)	(1.1%)	(0.9%)	0.1%	(1.5%)	(1.5%)



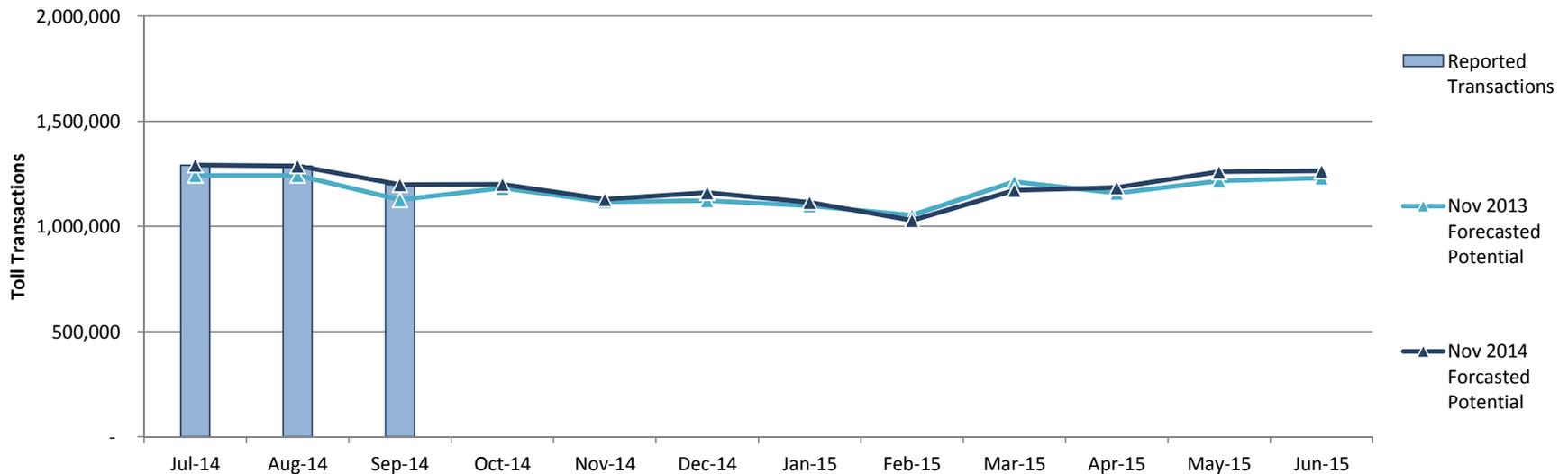
**TNB Forecasted and Reported Traffic and Revenue - Updated: September 16, 2014**  
**Traffic and Revenue Statistics for Fiscal Year 2014 - June (Month 12)**

**Notes:**

- 1** Data is based upon the TRFC June 2013 Forecast without non-revenue transaction adjustment. The remaining months of the forecast, italicized and gray highlight are for information purposes.
  - 2** The data is based upon the TRFC November 2013 Forecast adjusted for non-revenue transactions. The first three months of the November Forecast were updated to reflect actual transactions prior to removal of duplicate and non-revenue transactions. The first three months are presented in italics and gray highlighting for informational purposes only and are not used to calculate the variance.
  - 3** The forecasted gross potential data comes from the June 2013 monthly forecasted potential revenue for July through September and the November 2013 monthly forecasted potential revenue for October through June.
  - 4** Reported gross potential data comes from the TCS/AVI report and WSDOT's accounting system.
  - 5** The Forecasted Adjusted Gross Toll Revenue reflects adjustments for Pay By Plate Fees, less Short-term Account Discounts and Toll Revenue Not Recognized. June 2013 TRFC is used for July, August and September; November 2013 TRFC for remaining months.
  - 6** The variance is a comparison between reported revenue and the June 2013 forecast for the first three months and the November 2013 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.
- 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.

**TNB Forecasted and Reported Traffic and Revenue - Updated: January 16, 2015**  
**Traffic and Revenue Statistics for Fiscal Year 2015 - September (Month 3)**

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) <sup>1</sup>	1,242,494	1,242,950	1,126,845	<i>1,182,113</i>	<i>1,117,165</i>	<i>1,123,185</i>	<i>1,097,971</i>	<i>1,052,683</i>	<i>1,212,899</i>	<i>1,157,908</i>	<i>1,216,989</i>	<i>1,231,037</i>	<b>3,612,289</b>	<b>14,004,239</b>
Forecasted Potential (November 2014) <sup>2</sup>	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	<b>3,779,189</b>	<b>14,295,714</b>
Reported Transactions <sup>3,A</sup>	1,290,551	1,286,528	1,198,265	-	-	-	-	-	-	-	-	-	<b>3,775,344</b>	
Variance from Forecast Potential <sup>4</sup>	48,057	43,578	71,420	-	-	-	-	-	-	-	-	-	<b>163,055</b>	
Variance - % change	3.9%	3.5%	6.3%	-	-	-	-	-	-	-	-	-	<b>4.5%</b>	

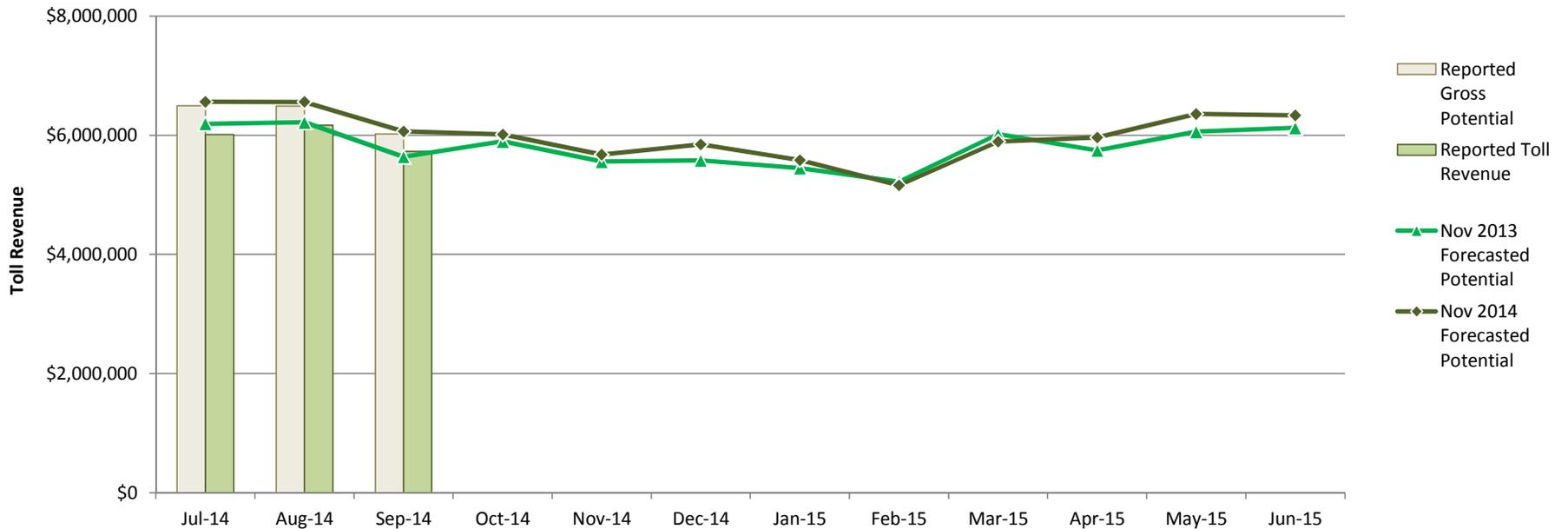


**Notes:**

- 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. This forecast has not been adopted yet and is still considered DRAFT.
  - 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

**TNB Forecasted and Reported Traffic and Revenue - Updated: January 16, 2015**  
**Traffic and Revenue Statistics for Fiscal Year 2015 - September (Month 3)**

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) <sup>1</sup>	\$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	\$18,048,979	\$69,696,432
Forecasted Potential (November 2014) <sup>2</sup>	\$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	\$19,188,321	\$72,019,999
Forecasted Gross Potential <sup>3</sup>	\$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	\$18,048,979	\$70,880,657
Reported Gross Potential <sup>4</sup>	\$6,496,847	\$6,489,230	\$6,020,851	-	-	-	-	-	-	-	-	-	\$19,006,928	
Variance From Forecasted Gross Potential	\$303,862	\$272,194	\$381,893	-	-	-	-	-	-	-	-	-	\$957,949	
Variance - % Change	4.9%	4.4%	6.8%	-	-	-	-	-	-	-	-	-	5.3%	
Forecasted Adjusted <sup>5</sup>	\$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	\$17,904,364	\$68,438,503
Reported Toll Revenue <sup>A,B</sup>	\$6,013,436	\$6,169,873	\$5,728,594	-	-	-	-	-	-	-	-	-	\$17,911,903	
Variance From Adjusted Forecast <sup>6</sup>	(\$129,929)	\$2,650	\$134,817	-	-	-	-	-	-	-	-	-	\$7,538	
Variance - % Change	(2.1%)	0.0%	2.4%	-	-	-	-	-	-	-	-	-	0.0%	



**TNB Forecasted and Reported Traffic and Revenue - Updated: January 16, 2015**  
**Traffic and Revenue Statistics for Fiscal Year 2015 - September (Month 3)**

**Notes:**

- 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.