

Tacoma Narrows Toll Bridge Account (511)

Draft Financial Plan - Updated on December 11, 2012

Revenue estimate is based on adopted November 2012 Revenue Forecast

Expenditures for FY12 represent actual experience and FY13 are based on agency allotment plan.

(dollars in thousands)

Fiscal Year	Actuals										Forecast										Total Through 2023	
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		2023
Toll Rate (Pre-Pay)						\$ 1.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
Toll Rate (Cash)						\$ 3.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
Toll Rate (Pay-By-Mail)												\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00
Beginning Unreserved Fund Balance	-	36,524	34,597	17,076	44,723	17,753	9,418	16,290	16,413	8,124	3,912	10,340	7,467	2,753	(6,889)	(22,574)	(37,816)	(57,049)	(74,230)	(92,255)	(113,669)	
Operations and Maintenance																						
Sources of Funds 1																						
Interest Earnings from Tacoma Narrows Account (511) 2	-	-	-	8	52	232	281	341	145	51	154	112	84	(78)	(319)	(513)	(758)	(1,011)	(1,239)	(1,578)	(1,912)	(5,949)
Interest Earnings from Toll Collection Account (495) 2	-	-	-	-	-	3	115	71	33	21	29	29	30	31	32	33	34	35	36	36	37	606
Toll Revenue - Pre-Pay & Cash	-	-	-	-	-	29,960	44,323	45,353	44,049	44,103	57,875	57,734	59,073	60,202	62,243	64,008	65,906	67,760	69,062	70,156	70,711	912,518
Toll Revenue - Pay-By-Mail	-	-	-	-	-	-	-	-	-	-	3,323	4,109	4,664	5,233	5,705	5,810	5,931	6,048	6,162	6,258	6,307	59,550
Transponder Sales Revenue	-	-	-	-	-	760	608	629	644	353	354	355	365	375	390	401	413	424	436	445	451	7,403
Violations	-	-	-	-	-	467	598	594	489	131	22	-	-	-	-	-	-	-	-	-	-	2,300
Civil Penalties Gross Revenue	-	-	-	-	-	-	-	-	-	469	698	708	730	749	778	800	824	847	870	888	900	9,261
Civil Penalties (Contractual Damages)	-	-	-	-	-	-	-	-	-	16	-	-	-	-	-	-	-	-	-	-	-	16
Transfers from/(to) Other Accounts 3	-	-	-	1,300	5,288	-	(10)	-	-	-	(284)	(708)	(730)	(749)	(778)	(800)	(824)	(415)	-	-	-	1,290
Fees 4	-	-	-	-	-	1	56	104	76	166	373	373	385	395	410	422	434	447	459	469	475	5,044
Contractual Damages13	-	-	-	-	-	-	-	-	-	1,462	400	291	133	133	133	-	-	-	-	-	-	2,553
Miscellaneous Revenue 5	-	-	-	-	913	279	0	16	768	205	2	2	2	2	2	2	2	2	2	2	2	2,202
Inventory Reserve 6	-	-	-	-	(343)	(234)	380	(190)	387	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service Payment 7	-	-	-	-	-	(14,389)	(26,915)	(34,925)	(42,200)	(43,267)	(45,330)	(54,344)	(53,175)	(61,420)	(70,584)	(69,150)	(72,647)	(73,158)	(72,174)	(77,193)	(79,144)	(890,016)
Debt Service Withholding 7	-	-	-	-	-	(300)	0	22	(2,755)	2,824	(506)	226	(1,560)	(891)	(492)	(739)	(214)	388	(304)	(900)	(196)	(5,396)
Total Sources of Funds for Operations and Maintenance	-	-	-	1,308	5,910	16,777	19,435	12,013	1,636	6,534	17,111	8,887	10,002	3,982	(2,480)	275	(898)	1,367	3,309	(1,417)	(2,368)	101,382
Uses of Funds 8																						
WSDOT Oversight & Admin. of Toll Operations 9	-	-	-	172	1,866	2,180	2,278	2,301	2,260	2,336	2,815	2,922	3,116	3,173	3,230	3,289	3,343	3,399	3,455	3,512	3,569	49,217
WSDOT Oversight & Admin. of Adjudication Process	-	-	-	-	-	-	-	-	-	401	497	518	520	529	537	546	555	564	573	583	593	6,416
Toll Operator Contract	-	-	-	490	2,759	9,852	6,932	6,781	5,621	4,984	5,459	5,183	5,231	5,515	5,571	5,628	5,721	5,815	5,911	6,008	6,107	99,569
Insurance	-	-	-	-	-	2,680	1,339	1,602	1,463	1,486	1,600	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	27,670
Washington State Patrol	-	-	-	-	-	572	315	271	209	15	-	-	-	-	-	-	-	-	-	-	-	1,381
Maintenance of New Bridge	-	-	-	-	-	103	268	229	211	187	240	270	305	340	375	384	394	404	414	424	435	4,983
Preservation of New Bridge, Roadway & Toll Systems	-	-	-	-	-	-	-	-	113	-	-	-	-	-	-	-	-	-	-	-	-	113
Intangible Asset (Software, etc.)	-	-	-	-	-	-	-	-	-	1,346	-	-	-	-	-	-	-	-	-	-	-	-
Compensation Adjustment 12	-	-	-	-	-	-	-	-	-	(28)	(39)	-	-	-	-	-	-	-	-	-	-	(67)
Contingency 14	-	-	-	-	-	-	-	-	-	-	-	1,009	893	704	746	787	800	813	827	840	854	8,273
Total Uses of Funds for Operations and Maintenance	-	-	-	662	4,625	15,387	11,132	11,184	9,876	10,726	10,573	11,653	11,815	12,011	12,209	12,385	12,563	12,745	12,929	13,117	13,308	198,901
Current Year Balance for Ops. And Maint. (Sources - Uses)	-	-	-	646	1,285	1,390	8,302	829	(8,240)	(4,192)	6,537	(2,766)	(1,813)	(8,029)	(14,689)	(12,110)	(13,462)	(11,377)	(9,620)	(14,534)	(15,676)	
Cumulative Balance for Ops. And Maint.	-	-	-	646	1,931	3,321	11,624	12,453	4,213	21	6,558	3,792	1,979	(6,050)	(20,739)	(32,849)	(46,310)	(57,688)	(67,308)	(81,842)	(97,519)	
Capital Improvements																						
Sources of Funds																						
Interest Earnings 2	2,125	1,239	774	1,523	1,802	824	400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,687
Bond Net Proceeds 10	231,207	197,234	108,634	111,986	16,002	12,716	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	677,780
Capitalized Interest (Debt Service)	-	-	-	(1,792)	(2,580)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,372)
Toll Revenue Used for Financing Deferred Sales Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	4	2	145	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	152
Transfers from Motor Vehicle Account (MVA)	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39,000
Total Sources of Funds for Capital	272,332	198,473	109,412	111,720	15,369	13,540	400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	721,246
Uses of Funds																						
Capital Expenditures 11	235,808	200,400	127,046	84,720	43,623	23,319	2,230	707	50	-	-	-	-	-	-	-	-	-	-	-	-	717,902
Preservation of New Bridge, Roadway & Toll Systems	-	-	-	-	-	-	-	-	-	20	109	107	2,902	1,612	997	3,132	12	44	2,646	1,120	3,437	16,138
Deferred Sales Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,759	5,759	5,759	5,759	5,759	28,796
Prior Period Recoveries	-	-	(113)	-	-	(54)	(400)	-	(1)	-	-	-	-	-	-	-	-	-	-	-	-	(568)
Total Uses of Funds for Capital	235,808	200,400	126,933	84,720	43,623	23,266	1,830	707	49	20	109	107	2,902	1,612	997	3,132	5,772	5,803	8,405	6,879	9,196	762,269
Current Year Balance for Capital (Sources - Uses)	36,524	(1,927)	(17,521)	27,001	(28,254)	(9,726)	(1,430)	(707)	(49)	(20)	(109)	(107)	(2,902)	(1,612)	(997)	(3,132)	(5,772)	(5,803)	(8,405)	(6,879)	(9,196)	
Cumulative Balance for Capital Improvements	36,524	34,597	17,076	44,077	15,822	6,097	4,667	3,960	3,911	3,891	3,782	3,675	774	(839)	(1,835)	(4,967)	(10,739)	(16,542)	(24,947)	(31,826)	(41,023)	
Ending Unreserved Fund Balance	36,524	34,597	17,076	44,723	17,753	9,418	16,290	16,413	8,124	3,912	10,340	7,467	2,753	(6,889)	(22,574)	(37,816)	(57,049)	(74,230)	(92,255)	(113,669)	(138,542)	

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Ending Unreserved Fund Balance	36,524	34,597	17,076	44,723	17,753	9,418	16,290	16,413	8,124	3,912	10,340	7,467	2,753	(6,889)	(22,574)	(37,816)	(57,049)	(74,230)	(92,255)	(113,669)	(138,542)
Days of Expenses Covered by Ending Fund Balance								128	57	26	67	41	15	(34)	(98)	(163)	(229)	(295)	(360)	(427)	(497)
Sufficient Fund Balance = TNB Ending Fund Balance / (Total Uses of Fund + Debt Service Payment)								35.1%	15.6%	7.2%	18.5%	11.3%	4.1%	-9.2%	-26.9%	-44.7%	-62.7%	-80.9%	-98.7%	-117.0%	-136.3%
12.5% Sufficient Minimum Balance								5,852	6,516	6,752	7,001	8,263	8,486	9,381	10,474	10,583	11,373	11,463	11,689	12,149	12,706
Additional Fund Balance Needed to Reach 12.5% Sufficient Minimum Balance										2,840	(3,338)	795	5,734	16,269	33,048	48,399	68,422	85,693	103,944	125,818	151,248

NOTES

- For GAAP purposes, Interest Earnings, Donations, Debt Service and Transfers displayed as Operations Sources of Funds are considered to be Nonoperating Activities.
- Interest income displayed is net of the cost of investment activities. The interest earning estimates from TNB account in FY14 to FY17 assume the annual ending fund balance will reach the required 12.5% Sufficient Minimum Balance.
- As required by RCW 46.63.160 (9), through June 30, 2013, TNB civil penalty revenue that are in excess of amounts necessary to support TNB toll adjudication process must be allocated toward repayment of the \$5.288 million MVA loan.
- Includes NSF check, Customer Service Center administration fees, and the reprocessing fee associated with the second PBM statement.
- Includes contractor liquidated damages for late project delivery, cash over, prior period recoveries, \$102,000 of private donations for grand opening in FY08, \$2,350 down-payment for the \$21,501 sale of surplus right of way in FY10, and the \$164 monthly payment for the same real estate sale starting from FY11 for 19 years. The \$10,000 in FY09 reflects a transfer to the Health Care Authority Administration Account for the state insurance accounting system supporting FTEs assigned to the TNB. In FY11, \$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.
- Inventory Reserve represents the change in consumable inventory of transponders from year to year. For governmental fund financial reporting, inventory balances are recorded as a reservation of fund balance so they are not spendable resources. In 2010, a new law (Chapter 249, Laws of 2010, Sec. 8(3)) authorizes the use of the Toll Collection Account (495) to record transponder inventory upon certification of the new statewide tolling operations center and photo toll system are fully operational. This certification occurred in December 2011.
- 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 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.
- Uses of Funds for Operations in FY13 reflect agency proposed 2011-13 allotment plan. Operation and maintenance uses except for insurance, maintenance, preservation is inflated from FY14 to FY17 using half the rate of IPD. Maintenance and preservation are from WSDOT's plan updated as part of the department's 2013-15 budget submittal.
- Oversight & Admin of Toll Operations includes Credit Card and Bank Fees, Transponder COGS, Salaries and Benefits, Personal Service Contracts, and Capital Outlays for use in TNB Operations. Forecasted Oversight & Admin of Toll Operations show revised numbers that have been changed based on updated assumptions to transponder costs. These figures do not align with the 13-15 budget request for Tacoma Narrows Bridge (Decision Package PLBB).
- The \$677.78m bond net proceeds for Tacoma Narrows Bridge include \$681.17m PAR amount, \$3.03m premium, and \$6.42m underwriter discount/cost of issuance.
- In addition to the \$718 million capital expenditures from TNB account, \$11 million was spent on the TNB capital improvement from MVA account in the 1999-2001 and 2001-2003 Biennia prior to the creation of Tacoma Narrows Toll Bridge Account.
- The compensation adjustment is based on the assumption of a 3% salary reduction included in the 2011-13 general fund operations budget.
- WSDOT and the Electronic Transaction Consultants Corporation (ETCC) entered into a Settlement Agreement to settle certain claims associated with a delay in the start of establishing and operating a Statewide Tolling System for Washington State, and the commencement of tolling of State Route 520. These claims impacted multiple WSDOT toll facilities including the Tacoma Narrows Bridge. The agreement modifies the original December 22, 2009 contract between the two parties along with its subsequent changes orders. The Settlement Agreement was executed June 30, 2012. The total settlement value attributable for all toll facilities was:
 - \$2.4 million in operational payment reductions (\$400,000 per year x 6 years). This will result in \$1.48M in revenue for TNB over the next 6 years.
 - \$4.0 million royalty free, non-exclusive, perpetual, irrevocable and non-transferable license to use the ETCC RITE system source code and related software and background documents necessary to operate the WSDOT Statewide Tolling Customer Service Center. The value of this intellectual property was established by an independent consultant. To properly account for the RITE System License and report this asset in the financial records, accounting entries (expenses offset by revenue) were processed that impacted all toll facilities. For TNB, this resulted in a \$1.33M expense in FY12 which was offset by the same amount of revenue in the same fiscal period.
- Contingency includes 2 position vacancies (FY14), allowance for step increase to vendor payments, costs for sudden vendor service separation, and variable transponder purchase capability.