

TNB Toll Rate Setting Update

Paula J. Hammond, P.E.
Secretary

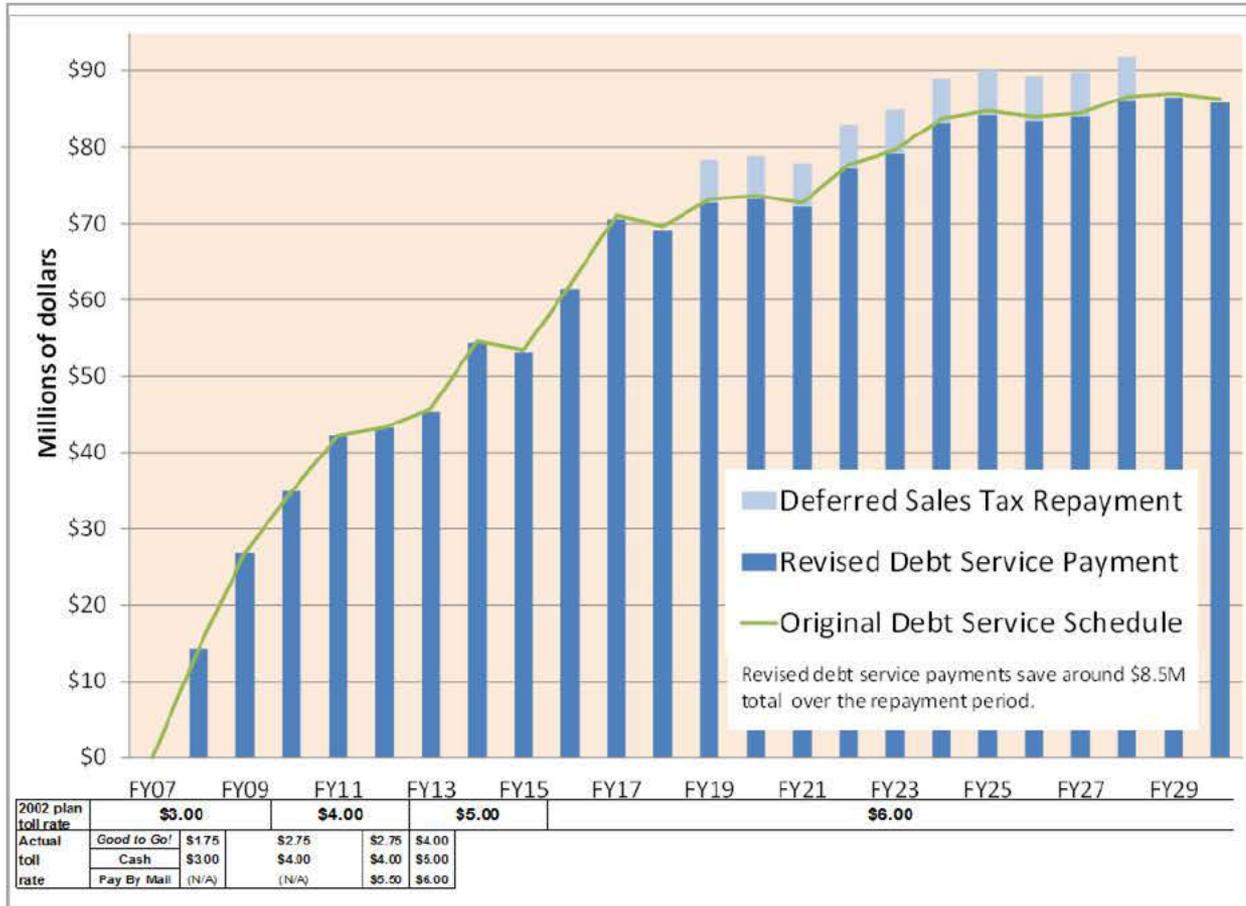
Steve Reinmuth
Chief of Staff

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

Rob Fellows
Toll Planning and Policy Manager

Washington State Transportation Committee Meeting
December 11, 2012

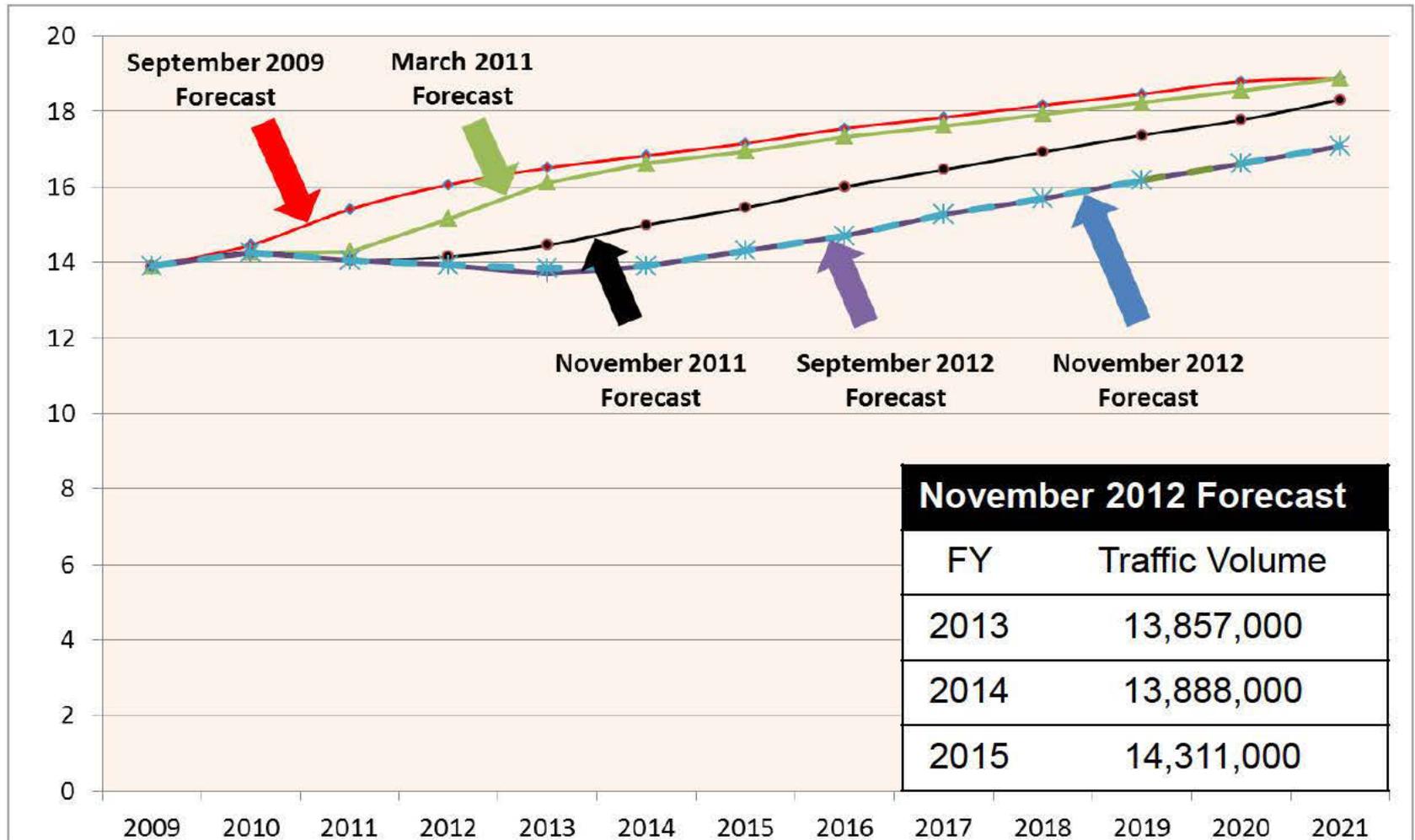
TNB Revised Debt Service



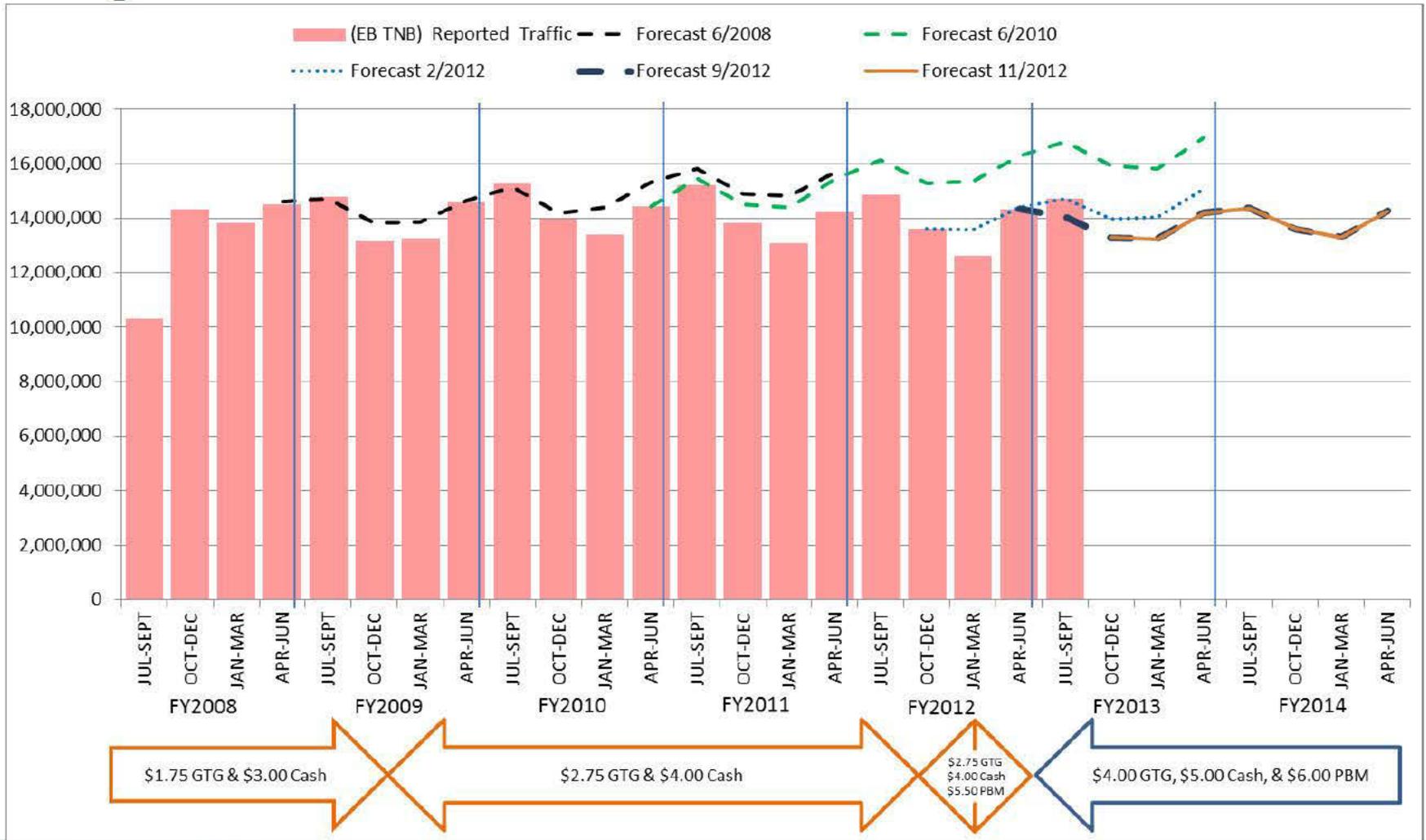
- Debt service payment schedule was set when project was originally financed
- Payments and toll rates assumed to increase over time
- Repayment for deferred sales taxes to begin in December 2019 for ten years

Effect of Economy on Traffic Forecasts

Annual Eastbound Trip Traffic on TNB (in millions)



Annualized Quarterly Traffic Forecasts Compared with Actual Transaction Volumes



What Rates Are Required?

- RCW 47.46.100 states the toll charges must be imposed in amounts 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 requires that the sufficient fund balance in the Tacoma Narrows Bridge account each year be 12.5% of annual debt service and expenditures.

TNB Financial Plan Summary

Tacoma Narrows Toll Bridge Account (511)

Annual Financial Plan

Draft Financial Plan - Updated on December 6, 2012

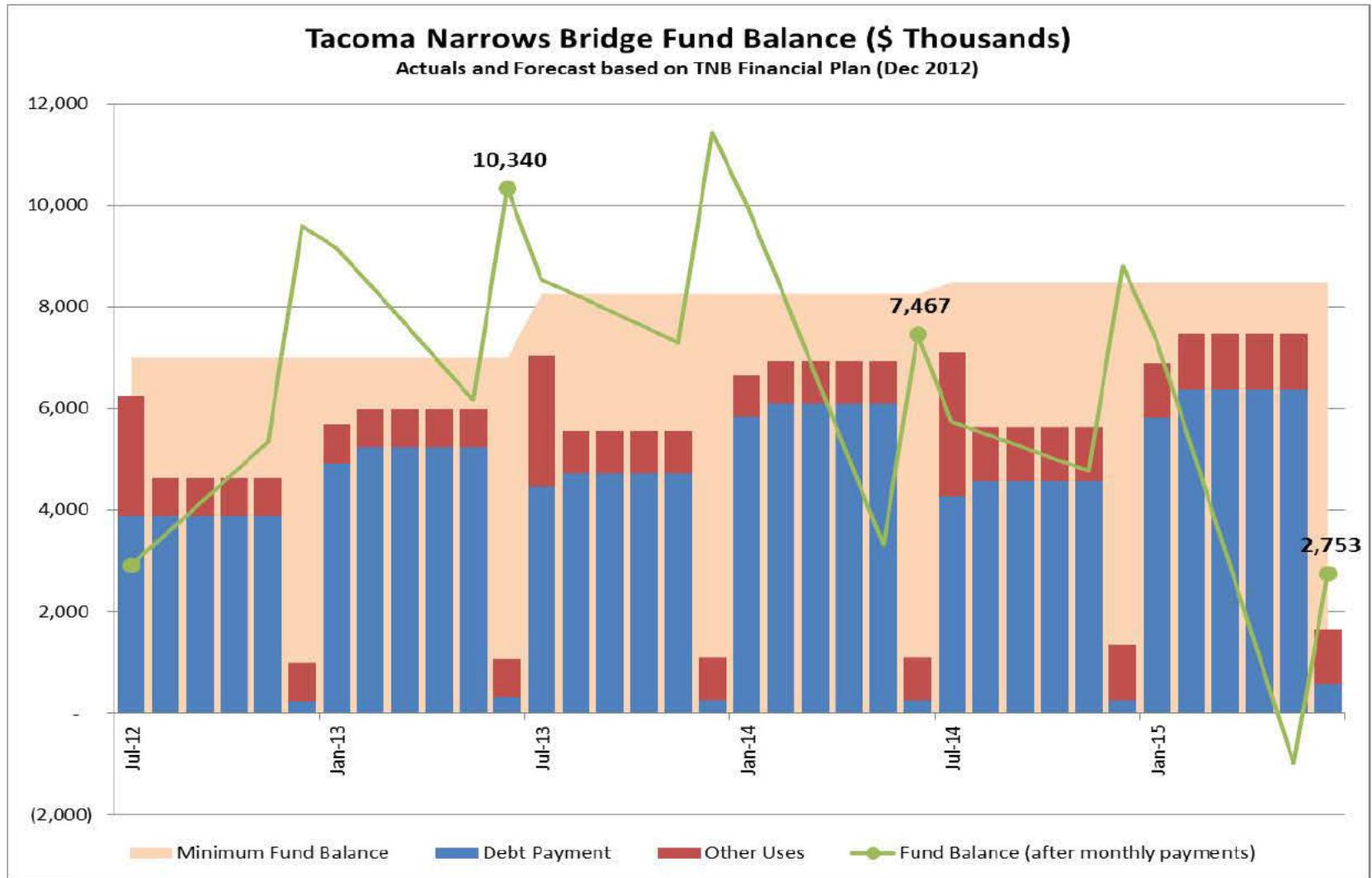
Revenue estimate is based on adopted September 2012 Revenue Forecast

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

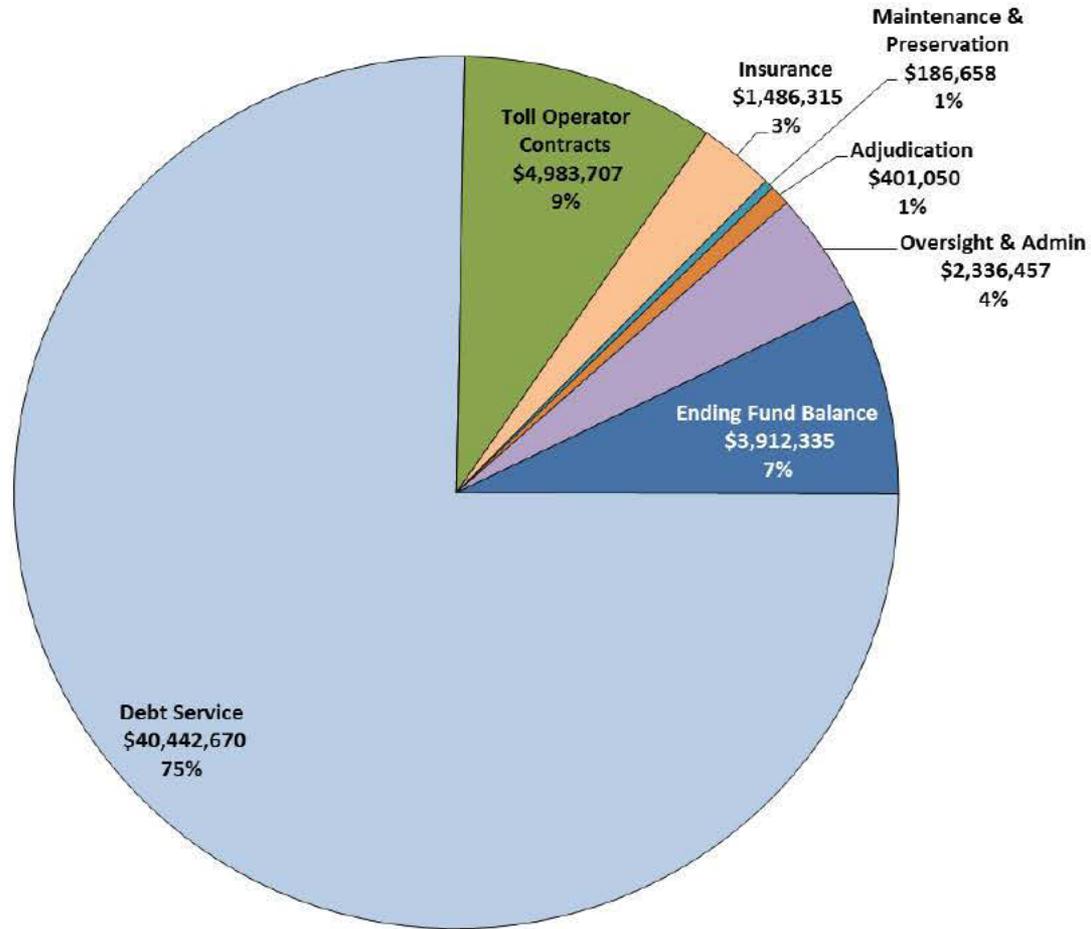
(dollars in thousands)

Fiscal Year	Actuals				Forecast			
	2008	2009	2010	2011	2012	2013	2014	2015
Toll Rate (Pre-Pay)	\$ 1.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 4.00	\$ 4.00	\$ 4.00
Toll Rate (Cash)	\$ 3.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 5.00	\$ 5.00	\$ 5.00
Toll Rate (Pay-By-Mail)					\$ 5.50	\$ 8.00	\$ 8.00	\$ 8.00
Beginning Unreserved Fund Balance	17,753	9,418	16,290	16,413	8,124	3,912	10,340	7,487
Operations and Maintenance								
Sources of Funds 1								
Interest Earnings from Tacoma Narrows Account (511) 2	232	281	341	145	51	154	112	84
Interest Earnings from Toll Collection Account (495) 2	3	115	71	33	21	29	29	30
Toll Revenue	29,960	44,323	45,353	44,049	44,103	01,198	01,843	03,737
Transponder Sales Revenue	760	608	629	644	353	354	355	305
Violations	467	598	594	489	131	22	-	-
Civil Penalties Gross Revenue	-	-	-	-	469	098	708	730
Civil Penalties (Contractual Damages)	-	-	-	-	16	-	-	-
Transfers from/(to) Other Accounts 3	-	(10)	-	-	-	(284)	(708)	(730)
Fees 4	1	56	104	76	166	373	373	385
Contractual Damages 13	-	-	-	-	1,462	400	201	133
Miscellaneous Revenue 5	279	0	16	769	205	2	2	2
Inventory Reserve 6	(234)	380	(190)	387	-	-	-	-
Debt Service Payment & Withholding 7	(14,689)	(26,915)	(34,903)	(44,955)	(40,443)	(45,836)	(54,118)	(54,735)
Total Sources of Funds for Operations and Maintenance	16,777	19,435	12,013	1,636	6,534	17,171	8,887	10,002
Uses of Funds 8								
Oversight & Administration of Toll Operations 9	2,180	2,278	2,301	2,260	2,336	2,815	2,922	3,116
Adjudication Process	-	-	-	-	401	497	518	520
Toll Operator Contract	9,852	6,932	6,781	5,621	4,984	5,450	5,183	5,231
Insurance	2,680	1,339	1,602	1,463	1,486	1,000	1,750	1,750
Washington State Patrol	572	315	271	209	15	-	-	-
Maintenance of New Bridge	163	268	229	211	187	240	270	305
Preservation of New Bridge, Roadway & Toll Systems	-	-	-	113	-	-	-	-
Intangible Asset (Software, etc.)	-	-	-	-	1,346	-	-	-
Compensation Adjustment 12	-	-	-	-	(28)	(30)	1,009	893
Contingency	-	-	-	-	-	-	-	-
Total Uses of Funds for Operations and Maintenance	15,387	11,132	11,184	9,876	10,726	10,573	11,653	11,815
Current Year Balance for Ops. And Maint. (Sources - Uses)	1,390	8,302	829	(8,240)	(4,192)	6,537	(2,766)	(1,813)
Cumulative Balance for Ops. And Maint.	3,321	11,624	12,453	4,213	21	8,558	3,792	1,979
Capital Improvements								
Sources of Funds								
Interest Earnings 2	824	400	-	-	-	-	-	-
Bond Net Proceeds 10	12,716	-	-	-	-	-	-	-
Capitalized Interest (Debt Service)	-	-	-	-	-	-	-	-
Toll Revenue Used for Financing Deferred Sales Tax	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Transfers from Motor Vehicle Account (MVA)	-	-	-	-	-	-	-	-
Total Sources of Funds for Capital	13,540	400	-	-	-	-	-	-
Uses of Funds								
Capital Expenditures 11	23,319	2,230	707	50	-	-	-	-
Preservation of New Bridge, Roadway & Toll Systems	-	-	-	-	20	100	107	2,002
Deferred Sales Tax	-	-	-	-	-	-	-	-
Prior Period Recoveries	(54)	(400)	-	(1)	-	-	-	-
Total Uses of Funds for Capital	23,266	1,830	707	49	20	109	107	2,902
Current Year Balance for Capital (Sources - Uses)	(9,726)	(1,430)	(707)	(49)	(20)	(109)	(107)	(2,902)
Cumulative Balance for Capital Improvements	6,097	4,667	3,960	3,911	3,891	3,782	3,675	774
Ending Unreserved Fund Balance	9,418	16,290	16,413	8,124	3,912	10,340	7,487	2,753
Days of Expenses Covered by Ending Fund Balance			128	57	26	07	41	15
Sufficient Fund Balance = Ending Fund Balance / (Total Use of Fund + Debt Service Payment)			35.1%	15.6%	7.2%	18.5%	11.3%	4.1%
12.5% Sufficient Minimum Balance			5,852	6,516	6,752	7,001	8,203	8,486
Additional Fund Balance Needed to Reach 12.5% Sufficient Minimum Balance			-	-	2,840	(3,336)	795	5,734

TNB Monthly Expenses



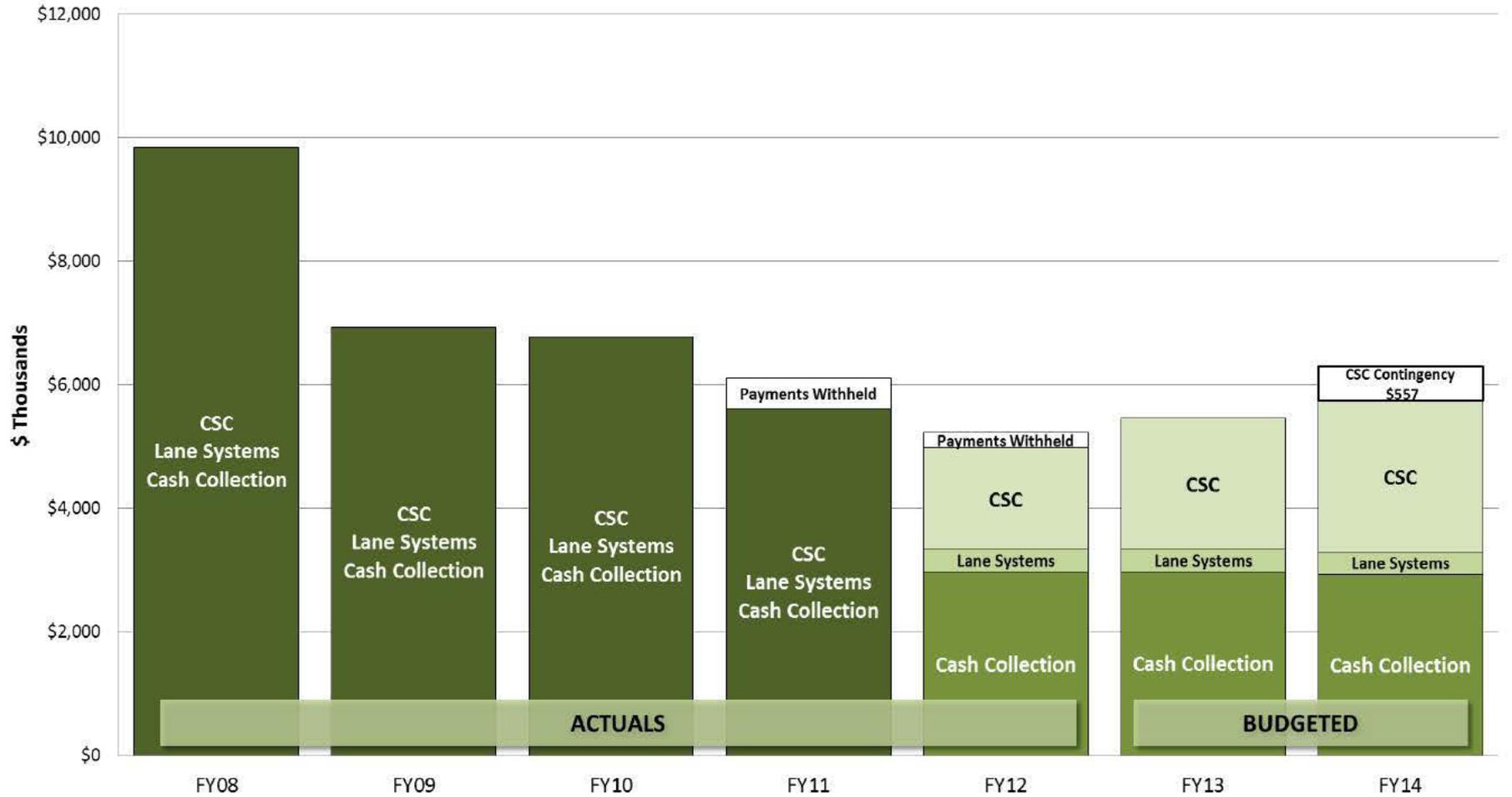
TNB Use of Funds Breakdown



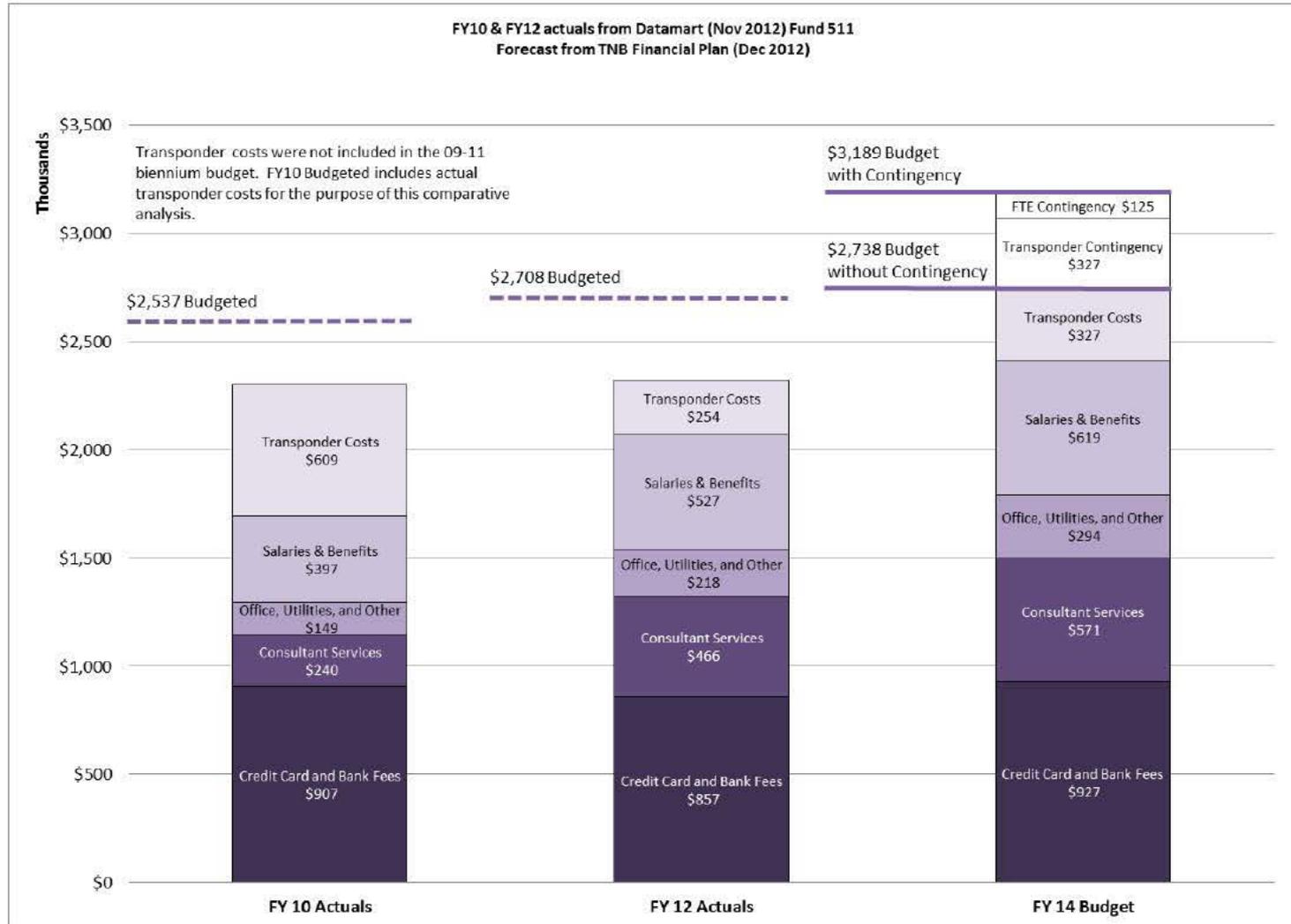
\$1,332,000 expense for software acquisition which was offset by revenue is not shown.
Actuals from Datamart (Nov 2012) for Fund 511, FY 2012.

TNB Vendor Costs

FY08-FY12 Actuals based on Datamart (Nov 2012) + Quarterly Financial Statements
 FY13 & FY14 Forecasts based on TNB Financial Plan (Dec 2012)



TNB Toll Operation Oversight & Admin



TNB Traffic and Revenue

TNB Projected and Reported Traffic and Revenue Traffic and Revenue Statistics for Fiscal Year 2013 - *Quarter 1*

December 11, 2012

	Original Projected Traffic Forecast *	Revised Projected Traffic Forecast**	Reported Traffic	Original Variance	Revised Variance	Original Projected Toll Revenue***	Revised Projected Toll Revenue**	Reported Toll Revenue	Original Variance	Revised Variance		
Jul-12	1,230,000	1,206,000	1,245,556	A	15,556	39,556	\$ 5,366,000	\$ 5,305,000	\$ 5,382,613	B	\$ 16,613	\$ 77,613
Aug-12	1,220,000	1,205,000	1,271,313	A	51,313	66,313	\$ 5,386,000	\$ 5,377,000	\$ 5,586,616	B	\$ 200,616	\$ 209,616
Sep-12	1,110,000	1,093,000	1,162,037	A	52,037	69,037	\$ 4,892,000	\$ 4,877,000	\$ 5,037,892	B	\$ 145,892	\$ 160,892
Oct-12	1,170,000	1,147,000					\$ 5,096,000	\$ 5,112,000				
Nov-12	1,100,000	1,084,000					\$ 4,822,000	\$ 4,819,000				
Dec-12	1,100,000	1,090,000					\$ 4,842,000	\$ 4,835,000				
Jan-13	1,100,000	1,080,000					\$ 4,842,000	\$ 4,790,000				
Feb-13	1,060,000	1,036,000					\$ 4,642,000	\$ 4,591,000				
Mar-13	1,220,000	1,193,000					\$ 5,336,000	\$ 5,286,000				
Apr-13	1,160,000	1,139,000					\$ 5,102,000	\$ 5,047,000				
May-13	1,230,000	1,197,000					\$ 5,386,000	\$ 5,330,000				
Jun-13	1,250,000	1,211,000					\$ 5,436,000	\$ 5,380,000				
FY To Date	3,560,000	3,504,000	3,678,906		118,906	174,906	\$15,644,000	\$15,559,000	\$16,007,122		\$ 363,122	\$ 448,122
FY Totals	13,950,000	13,681,000	3,678,906		118,906	174,906	\$61,148,000	\$60,749,000	\$16,007,122		\$ 363,122	\$ 448,122

Notes:

* The Original Projected Traffic Forecast was dated March 2012

** As the traffic and toll revenue forecasts are revised throughout the year, the revised forecasts will be included in the applicable column for comparison.

*** Original Projected Toll Revenue differs from Commission Alternative Scenario #2 due to rounding.

A = Reported Traffic - While we are not aware of any material discrepancies on traffic counts for SFY13, key ETCC reconciliations have not been completed. Final transaction counts will not be known until reconciliations are complete.

B = Toll Revenue - As of February 13, 2011, WSDOT transitioned tolling customer service center operations to a new vendor - Electronic Transaction Consultants Corporation (ETCC). With this transition, the new 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. While we are not aware of any material discrepancies in the accounting records, ETCC has not completed key reconciliations which ensure timely and accurate processing of financial transactions. Upon completion of these reconciliations, any discrepancies identified will be addressed and necessary correcting adjustments made.

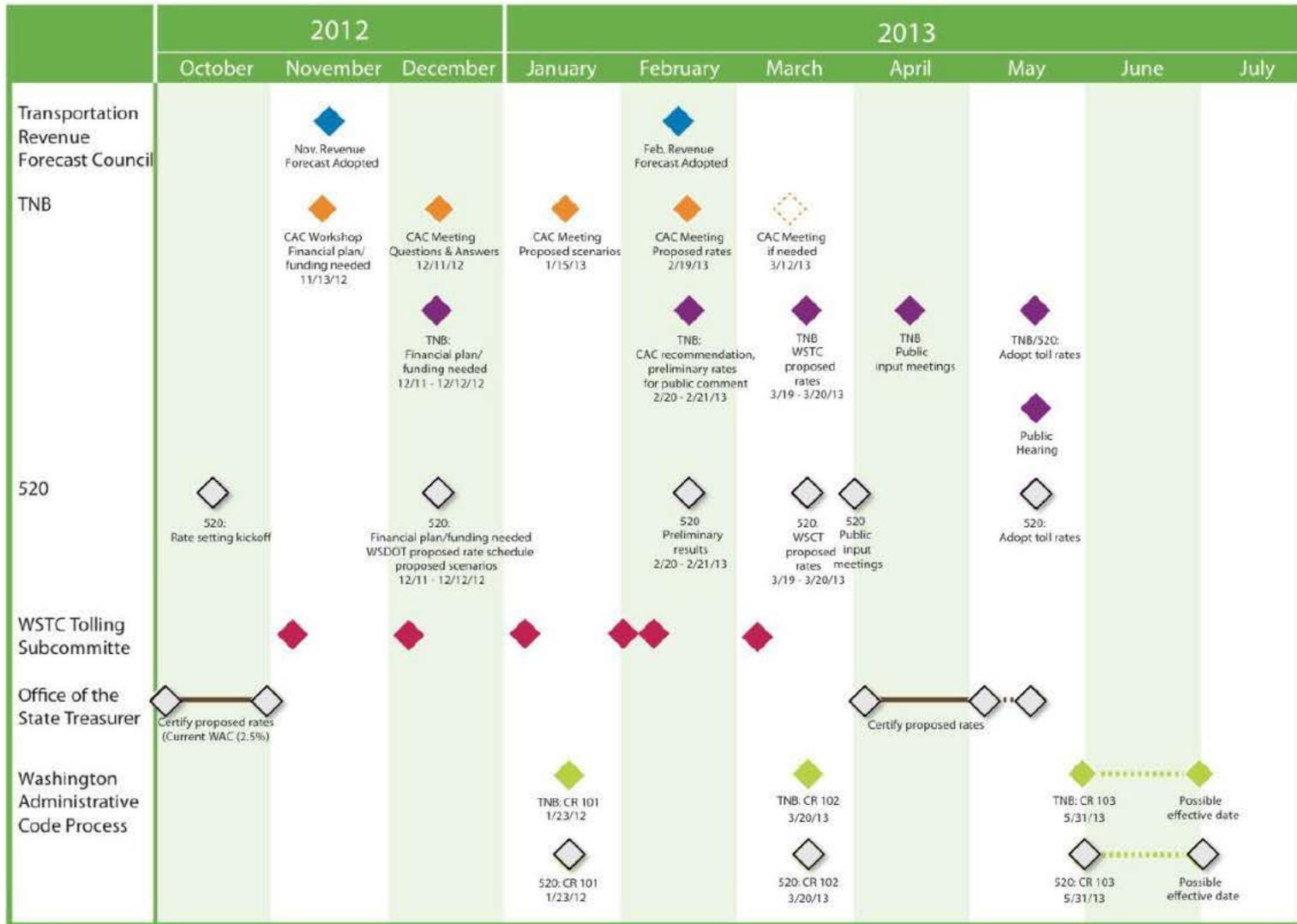
Forecast Details:

FY 2013 monthly Revised Projected Traffic* and Revised Projected Toll Revenue* for July, FY 2013 are based on the June FY 2012 forecast, adjusted for estimated revenue leakage resulting from unreadable license plates and/or unidentifiable vehicle owners.

FY 2013 monthly Revised Projected Traffic* and Revised Projected Toll Revenue* for August and September, FY 2013 are based on the September FY 2013 forecast, adjusted for estimated revenue leakage resulting from unreadable license plates and/or unidentifiable vehicle owners.

FY 2013 monthly Revised Projected Traffic* for October FY 2013 through June FY 2013, is based on the November FY 2013 forecast, adjusted for estimated revenue leakage resulting from unreadable license plates and/or unidentifiable vehicle owners.

Rate Setting Schedule



Questions?

For more information regarding Tacoma Narrows
Bridge Rate Setting, please contact:

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