

# Tacoma Narrows Bridge Update

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**Washington State Transportation Commission**  
**July 17, 2012**

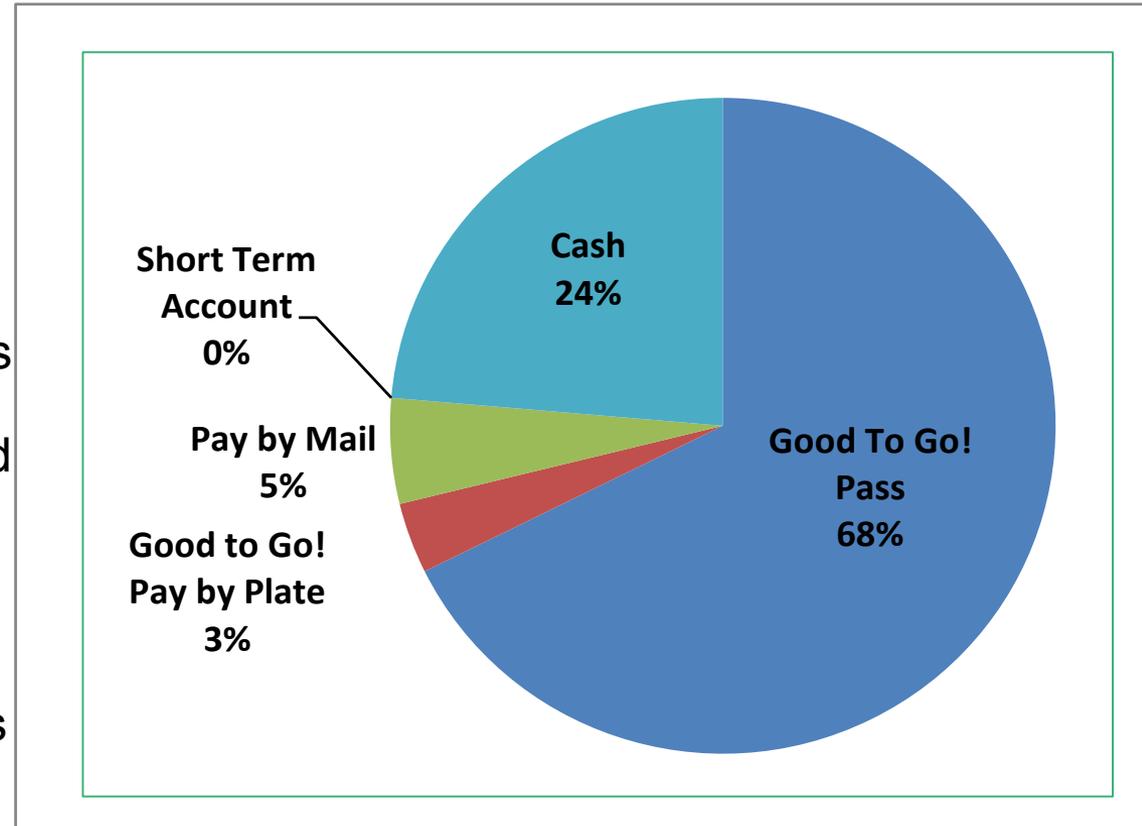
# Initial Response to the Rate Increase

- **Since the July 1 rate increase, while it is very early, observed a 2% reduction in travel.**
- **Comparing July 2012 to July 2011:**
  - Increased GTG! and Photo Tolling use
  - Decreased Cash Payments by 11%
  - Transitioned from being a “violator” to being a Pay By Mail “customer”.
- **We received about 180 emails regarding the rate increases.**
  - Roughly 80% of the emails were from TNB customers.



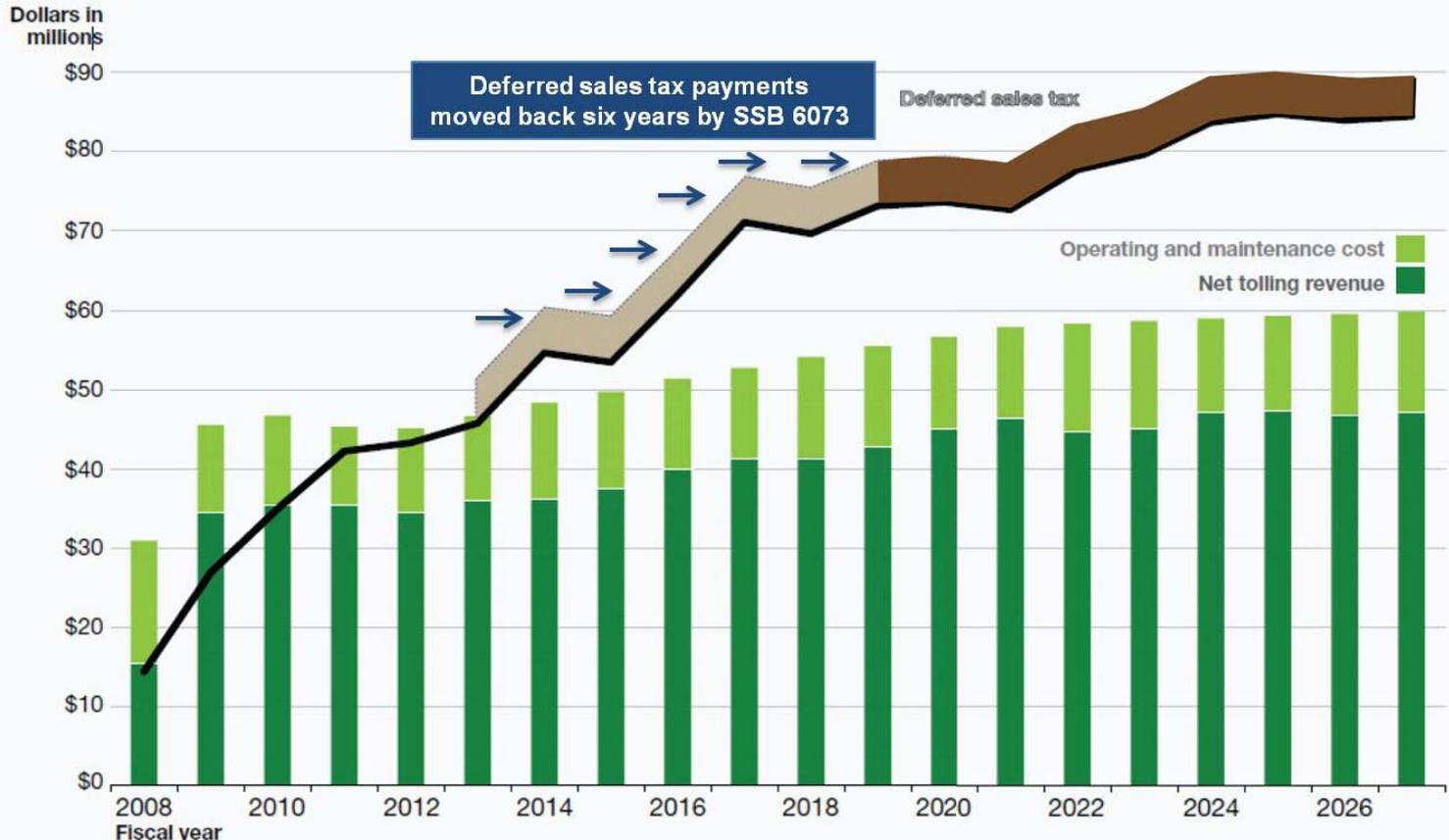
# TNB Payment Methods

- **After 6 months of photo-tolling** the graph at right shows the mix of payment methods used during May 2012.
- Compared to 2010, cash tolls are reduced from 28%, and transponder tolls are reduced from 69%.
- Photo tolls now comprise about 8% of transactions.
- In 2010, violations and v-tolls (transponder customers whose plates were read by camera) made up just over 2% of transactions.



# Why the Rate Increase Was Needed

**Tacoma Narrows Bridge toll revenue vs. debt service**  
 (including transponder sales, penalties and fees)  
 November 2011 revenue forecast; no future toll increases assumed



Actual toll rate	\$1.75 T \$3.00 C	\$2.75 Transponder \$4.00 Cash	\$4 \$5 \$6	Transponder Cash Pay By Mail
2002 plan toll rate	\$3.00	\$4.00	\$5.00	\$6.00

Note: Operating and maintenance cost reflect actual expenditures through fiscal year 2011, allotted amounts for 2012 and 2013, and estimates for the out-biennia are based on WSDOT's 2012 supplemental budget request.

# Update Highlights

- **Traffic and revenue spreadsheet shows DRAFT traffic and revenue totals for 2012 compared to February forecasts**
  - Final reconciled results will be available in September
- **Financial plan updates include**
  - Actual expenses replace budget projections through May 2012
  - Revenues reflect June forecast update, which include recent toll increase
- **Summary findings**
  - June forecast for FY 2013 projects ~\$1M less toll revenue than projected during rate-setting, primarily due to reduction in photo tolling customers. Total for 2011-2013 biennium is reduced by \$1.9M
  - Fee and civil penalty revenues also reduced for the same reason
  - FY 2013 ending fund balance is \$2.5M less than forecast for rate-setting, but still equals 14.3% of expenses, or \$1M over sufficient min. balance

# Update Highlights, cont.

- **New agreement between WSDOT, the Commission and State Treasurers' Office changes rules for withholding funds for debt service**
  - Rule change proposed for 2012 that would withhold debt service funds over six months prior to payment from the debt service account have been set aside
  - Future year projections now show 5 month withholding, which prevents most payments from crossing fiscal years
- **Reduced civil penalty revenue have not yet resulted in changes to the budget plan for adjudication expenses**
  - The program is likely to be scaled back to meet lower service levels
- **Over the next few months WSDOT will conduct cost allocation study and better information on collection costs**

# TNB Traffic and Revenue Update

## TNB Projected and Reported Traffic and Revenue

Traffic and Revenue Statistics for Fiscal Year 2012 - through June Fiscal Month Close\*

July 13, 2012

	Projected Traffic	Reported Traffic	Variance	Projected Toll Revenue	Reported Toll Revenue	Variance	Reported Transponder Revenue	Reported Violation Revenue	Toll Vendor Contractual Damages	Civil Penalty Revenue	Reported Misc. Revenue	Total Reported Revenue
Jul-11	1,327,289	1,251,598	A (75,691)	\$ 4,132,771	\$ 2,282,968	B,C \$ (1,849,804)		\$ (24,647)			\$ 7,178	\$ 2,265,498
Aug-11	1,327,555	1,277,207	A (50,348)	\$ 4,148,176	\$ 2,549,713	B,C \$ (1,598,463)		\$ 24,647			\$ 327	\$ 2,574,687
Sep-11	1,112,957	1,183,275	A 70,318	\$ 3,480,599	\$ 6,955,171	B,C \$ 3,474,572	\$ 110,037				\$ 538	\$ 7,065,746
Oct-11	1,167,699	1,190,557	A 22,858	\$ 3,639,456	\$ 3,691,785	B \$ 52,329		\$ 4,830			\$ 7,031	\$ 3,703,646
Nov-11	1,103,660	1,111,361	A 7,701	\$ 3,427,979	\$ 3,465,026	B \$ 37,047		\$ 22,182			\$ 549	\$ 3,487,757
Dec-11	1,109,652	1,165,162	A 55,510	\$ 3,436,497	\$ 3,710,783	B \$ 274,286	\$ 65,828	\$ 19,354			\$ 20,549	\$ 3,816,514
Jan-12	1,095,642	980,153	A (115,489)	\$ 3,446,878	\$ 3,076,691	B \$ (370,186)	\$ 29,090	\$ 41,865			\$ 26,257	\$ 3,173,904
Feb-12	1,087,845	1,073,308	A (14,537)	\$ 3,420,201	\$ 3,377,341	B \$ (42,860)	\$ 29,005	\$ 16,922	\$ 3,027		\$ 23,615	\$ 3,449,909
Mar-12	1,210,114	1,159,749	A (50,365)	\$ 3,805,096	\$ 3,637,619	B \$ (167,476)	\$ 28,311	\$ 7,221			\$ 206,258	\$ 3,879,410
Apr-12	1,155,271	1,137,729	A (17,542)	\$ 3,632,624	\$ 3,603,695	B \$ (28,929)	\$ 28,339	\$ 6,792	\$ 7,377	\$ 5,244	\$ 31,975	\$ 3,683,422
May-12	1,214,234	1,226,969	A 12,735	\$ 3,841,534	\$ 3,857,069	B \$ 15,535	\$ 31,237	\$ 3,448	\$ 325	\$ 200,754	\$ 28,093	\$ 4,120,925
Jun-12*	1,228,113	1,219,270	A (8,843)	\$ 3,876,417	\$ 3,828,532	B \$ (47,885)	\$ 27,510	\$ 3,619	\$ 13	\$ 413,944	\$ 32,466	\$ 4,306,085
<b>FY To Date</b>	<b>14,140,031</b>	<b>13,976,338</b>	<b>(163,693)</b>	<b>\$ 44,288,226</b>	<b>\$ 44,036,392</b>	<b>\$ (251,834)</b>	<b>\$ 349,357</b>	<b>\$ 126,233</b>	<b>\$ 10,742</b>	<b>\$ 619,942</b>	<b>\$ 384,835</b>	<b>\$ 45,527,502</b>
<b>FY Totals</b>	<b>14,140,031</b>	<b>13,976,338</b>	<b>(163,693)</b>	<b>\$ 44,288,226</b>	<b>\$ 44,036,392</b>	<b>\$ (251,834)</b>	<b>\$ 349,357</b>	<b>\$ 126,233</b>	<b>\$ 10,742</b>	<b>\$ 619,942</b>	<b>\$ 384,835</b>	<b>\$ 45,527,502</b>

### Notes:

\*WSDOT allows adjusting entries for the June fiscal month through the end of August. This time period allows WSDOT to close the accounting records for SFY 12 accurately and completely. Therefore, until June fiscal month and SFY 12 is completely closed, there will be adjustments to the data. This report will be updated again once all final adjustments to the accounting data are complete.

A = Reported Traffic - While we are not aware of any material discrepancies on traffic counts for SFY12, 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.

C = Revenue for months of July and August was understated due to transactions that failed to process within the WSDOT financial system. Upon identifying the transactions were on the WSDOT financial system error file, they were processed in the September 2011. Processes have been put in place to ensure this daily transaction processing validation takes place on daily.

### Forecast Details:

July and August 2011 Projected Traffic and Projected Toll Revenue is based on the forecast adopted in June 2011  
 September and October Projected Traffic and Projected Toll Revenue is based on the forecast adopted in September 2011  
 November and December 2011 Projected Traffic and Projected Toll Revenue is based on the forecast adopted in November 2011  
 January through June 2012 Projected Traffic and Projected Toll Revenue is based on the forecast adopted in February 2012.

# TNB Updated Financial Plan

## Tacoma Narrows Toll Bridge Account (511)

Draft Financial Plan Through 2017 - Updated on July 11, 2012

Revenue estimate is based on adopted June 2012 Revenue Forecast; expenditure estimates for FY12 and FY13 are based on agency allotment plan.  
(dollars in thousands)

## Annual Financial Plan

Fiscal Year	Actuals										Forecast					Total Through 2017
	2003	2004	2005	2006	2007	2008	2008	2008	2010	2011	2012	2013	2014	2015	2016	
Toll Rate (Pre-Pay)						\$ 1.76	\$ 2.76	\$ 2.76	\$ 2.76	\$ 2.76	\$ 2.75	\$ 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
Toll Rate (Pay-By-Mail, Customer Initiated)											\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
Toll Rate (Pay-By-Mail)											\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
<b>Beginning Unreserved Fund Balance</b>	-	38,624	34,697	17,078	44,723	17,763	8,418	16,280	16,413	8,124	3,765	8,178	3,808	(1,214)	(12,042)	
<b>Operations and Maintenance</b>																
<b>Sources of Funds</b>																
Interest Earnings from Tacoma Narrows Account (511) <sup>1</sup>	-	-	-	8	52	232	281	341	145	60	121	124	128	142	168	1,780
Interest Earnings from Toll Collection Account (495) <sup>2</sup>	-	-	-	-	-	3	115	71	33	20	36	38	37	30	30	432
Toll Revenue - Pre-Pay & Cash	-	-	-	-	-	29,960	44,323	45,353	44,049	42,976	67,406	67,663	60,097	69,930	62,063	502,518
Toll Revenue - Pay-By-Mail	-	-	-	-	-	-	-	-	-	1,174	2,000	3,227	3,640	4,073	4,437	19,167
Toll Revenue Used for Financing Deferred Sales Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transponder Sales Revenue	-	-	-	-	-	760	608	629	644	361	345	360	361	370	355	4,803
Violations	-	-	-	-	-	467	598	594	489	134	67	-	-	-	-	2,348
Civil Penalties Gross Revenue	-	-	-	-	-	-	-	-	-	461	630	663	737	822	890	4,089
Transfers from/to Other Accounts <sup>3</sup>	-	-	-	1,300	5,288	-	(10)	-	-	-	(663)	(737)	(822)	(890)	(996)	3,470
Fees <sup>4</sup>	-	-	-	-	-	1	56	104	76	304	377	303	306	406	421	2,601
Miscellaneous Revenue <sup>5</sup>	-	-	-	-	-	913	279	0	16	768	23	2	2	2	2	2,008
Inventory Reserve <sup>6</sup>	-	-	-	-	-	(343)	(234)	380	(190)	387	-	-	-	-	-	4,486
Debt Service Payment <sup>7</sup>	-	-	-	-	-	(14,389)	(26,915)	(34,925)	(42,200)	(43,267)	(46,743)	(54,698)	(63,429)	(81,928)	(71,001)	(448,496)
Debt Service Withholding <sup>7</sup>	-	-	-	-	-	(300)	0	22	(2,755)	2,824	(38)	226	(430)	(264)	(723)	7
<b>Total Sources of Funds for Operations and Maintenance</b>	-	-	-	1,308	6,910	16,777	16,456	12,613	1,858	6,128	15,710	7,312	8,608	2,778	(2,973)	84,738
<b>Uses of Funds</b>																
WSDOT Oversight & Admin. of Toll Operations <sup>8</sup>	-	-	-	172	1,866	2,180	2,278	2,301	2,260	2,066	2,059	2,707	2,768	2,802	2,640	27,095
WSDOT Oversight & Admin. of Adjudication Process	-	-	-	-	-	-	-	-	-	337	962	909	907	1,003	1,020	5,268
Toll Operator Contract	-	-	-	490	2,759	9,852	6,932	6,781	5,621	4,934	5,508	5,008	5,709	5,903	5,909	65,897
Insurance	-	-	-	-	-	2,680	1,339	1,602	1,463	1,488	1,600	1,600	1,600	1,600	1,600	16,570
Washington State Patrol	-	-	-	-	-	572	315	271	209	-	-	-	-	-	-	1,366
Maintenance of New Bridge	-	-	-	-	-	103	268	229	211	410	460	610	646	606	640	3,972
Preservation of New Bridge, Roadway & Toll Systems	-	-	-	-	-	-	-	-	113	63	78	193	2,936	1,694	996	6,059
Pay-By-Mail Adm.	-	-	-	-	-	-	-	-	-	38	92	94	96	97	99	514
Compensation Adjustment <sup>12</sup>	-	-	-	-	-	-	-	-	-	(39)	(39)	-	-	-	-	(75)
<b>Total Uses of Funds for Operations and Maintenance</b>	-	-	-	882	4,826	16,387	11,132	11,184	8,878	9,484	11,299	11,682	14,828	13,604	13,100	128,884
<b>Current Year Balance for Ops. And Maint. (Sources - Uses)</b>	-	-	-	848	1,285	1,890	8,302	828	(8,240)	(4,359)	4,411	(4,370)	(5,019)	(10,828)	(15,973)	(81,828)
<b>Cumulative Balance for Ops. And Maint.</b>	-	-	-	848	1,891	3,821	11,624	12,463	4,213	(148)	4,265	(105)	(5,125)	(15,963)	(31,926)	
<b>Capital Improvements</b>																
<b>Sources of Funds</b>																
Interest Earnings <sup>9</sup>	2,125	1,239	774	1,523	1,802	834	400	-	-	-	-	-	-	-	-	8,687
Bond Net Proceeds <sup>10</sup>	231,207	197,234	108,634	111,586	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
<b>Total Sources of Funds for Capital</b>	272,332	188,473	109,412	111,720	16,389	13,640	400	-	-	-	-	-	-	-	-	721,248
<b>Uses of Funds</b>																
Capital Expenditures <sup>11</sup>	235,808	200,400	127,046	84,720	43,623	23,319	2,230	707	50	-	-	-	-	-	-	717,902
Deferred Sales Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prior Period Recoveries	-	-	(113)	-	-	(54)	(400)	-	(1)	-	-	-	-	-	-	(568)
<b>Total Uses of Funds for Capital</b>	235,808	200,400	126,933	84,720	43,623	23,288	1,839	707	49	-	-	-	-	-	-	717,336
<b>Current Year Balance for Capital (Sources - Uses)</b>	36,524	(1,827)	(17,621)	27,001	(28,264)	(9,728)	(1,430)	(707)	(49)	-	-	-	-	-	-	3,911
<b>Cumulative Balance for Capital Improvements</b>	36,524	34,697	17,078	44,077	16,822	6,087	4,667	3,960	3,911	3,911	3,911	3,911	3,911	3,911	3,911	
<b>Ending Unreserved Fund Balance</b>	38,624	34,697	17,078	44,723	17,763	8,418	16,280	16,413	8,124	3,765	8,178	3,808	(1,214)	(12,042)	(28,015)	
<b>Days of Expenses Covered by Ending Fund Balance</b>																
Sufficient Fund Balance = TNB Ending Fund Balance / (Total Uses of Fund + Debt Service Payment)									128	57	26	52	21	(7)	(58)	(121)
12.6% Sufficient Minimum Balance									35.1%	15.6%	7.1%	14.3%	5.7%	-1.8%	-15.9%	-33.3%
Additional Fund Balance Needed to Reach 12.6% Sufficient Minimum Balance									5,852	6,516	6,594	7,130	8,285	8,507	9,442	10,524
										2,020	(7,046)	4,479	9,721	27,484	30,639	

See Notes on Reverse

# Civil Penalty Process

- **Notice of Infraction (NOI) process ended on Dec. 2, 2011**
  - \$52 penalty issued by Washington State Patrol and handled by Pierce County Courts
  - Last NOI was mailed on December 11, 2011
- **The Notice of Civil Penalty process began on Dec. 3, 2011**
  - Customers who go through toll readers without paying will receive a toll bill rather than a violation
    - 1<sup>st</sup> toll bill is mailed after 7 days
    - 2<sup>nd</sup> toll bill, with \$5 reprocessing fee, is mailed after 30 days
  - A notice of civil penalty is issued after 80 days with \$40 fee for each unpaid transaction
  - Adjudication handled through the state's Office of Administrative Hearings