

**Tacoma Narrows Bridge**  
**Citizen Advisory Committee**

**S. Alan Weaver, Chair**

**March 20, 2012**

## **A. Introduction**

1. Great credit must be given to Sen. Derek Kilmer for pulling a rabbit out of the hat again for securing deferral of the repayment of state sales tax on the Tacoma Narrows Bridge (TNB). That removed almost \$.40 off the average toll.
2. Bottom line Citizen Advisory Committee (CAC) toll recommendations are \$3.65 for Good-to-Go (GTG), \$5.00 for Cash and \$7.00 for Pay by Mail (PBM). (Before the Kilmer change was legislatively approved, the CAC had recommended \$4.15 GTG, \$5.50 Cash and \$7.00 PBM.)
3. Keep the toll as low as possible each year and not attempt to set tolls for more than one year in advance.

## **B. New Matters**

1. Better communication with and reports from the Department of Transportation (DOT).
  - a. Mini meetings before regularly scheduled meetings.
  - b. Savings on expenses.
2. Non-full dollar amounts now permitted for Cash toll payers.
  - a. Previously told by DOT that must have full dollar amounts for Cash toll payers because (i) fear of traffic backup onto the GTG (and PBM) lanes while making change and (ii) cost of handling cash.
  - b. Now told that non-full dollar amount is acceptable as long as the non-dollar amount is \$.25, \$.50 or \$.75 and increased cost of handling cash is negligible. (GTG toll can be any amount since all electronic.)
  - c. Under the pre-Kilmer proposal, CAC had recommended \$5.50 for Cash toll payers.

### 3. Required Minimum Balance (RMB)

- a. The Required Minimum Balance concept was adopted by the Transportation Commission (TC) was in part in response to the CAC's objections to year end reserves over \$16 million.
  - b. Most CAC members recognize the need for a reserve account. After all, the bridge did fall down once.
  - c. But, the CAC may quibble over the amount or the percentage of covered costs. Hopefully, the TC interprets "required" to mean "desired" or "suggested". CAC doubts that the TC would not accept an otherwise reasonable CAC recommendation if the RMB were only 12.4% of the covered costs.
  - e. The CAC is aware that activist Randy Boss has asserted in his March 12 and 13, 2012 emails that there is no basis in law for requiring the RMB and thus the CAC's recommendations should ignore the RMB "requirement.". Until told otherwise by the TC or a judge, the CAC will abide by the concept, although we may quibble or grumble over the percentage or amount "required".
4. There has been substantially increased questioning of DOT's financial plan both inside the CAC and by outside individuals --- called "scrubbing the numbers". Most members of the CAC realize that between \$140,000 and \$150,000 of expenses would need to be removed from the bottom line before the average toll was reduced by \$.01. Or, to put it another way, a \$.10 adjustment to the GTG toll payers has a \$1 million effect on the bottom line.
5. One CAC member requested that the CAC recommend an audit of Fund 511, but no action was taken because of the lack of knowledge of the cost of such an audit and which entity would be responsible to pay for the audit.
6. The CAC is now down to seven members, another member having resigned this past year. The Governor's office is well aware of our situation and it has received resumes from at least two qualified candidates. Presently, no one on the CAC resides on the Tacoma side of the TNB. Originally, there were three.

### C. **Old matters**

1. Lack of understanding by virtually everyone on need for increased tolls. We have reached the \$5.00 era (which does not refer to any specific toll). Most of the audience comments at our four meetings were emotional and along the lines that "I can't afford it." Few realized the increasing bonding repayment costs.

a. At the start of each meeting we have tried to remind all of the matters set forth immediately below and will start reminding all that eight of the ten bonds are non-callable and, thus, the debt can not be refinanced.

b. Original financing for TNB contemplated selling bonds early at a low interest rate, with the hope that inflation and increased traffic would lessen the sting of ever increasing tolls. However, the recession and only mildly increasing traffic have hurt. We are now into the “\$5 era” as the following was originally contemplated:

<u>Fiscal years:</u>	<u>“Average” toll</u>
2007, 2008 and 2009	\$3.00
2010, 2011 and 2012	\$4.00
<u>2013, 2014 and 2015</u>	<u>\$5.00</u>
2016 and following	\$6.00

2. CAC reconfirmed that it desires to keep the tolls as low as possible for as long as possible.

a. At the last two TC appearances by the CAC, at least two TC members suggested that the toll be fixed at a high enough rates so that the toll would cover a two or three year span, with the benefits being fewer reviews for the TC and toll payers would become used to more fixed rates.

b. But, because of basically increasing bond repayments, a two or three year fixed toll rate would require substantially more the first year in order to cover the second and possibly third year of tolls. Under the pre-Kilmer calculation (with the sales tax still a part of the calculation), the RMB to cover Fiscal years 2012, 2013 and 2014 would have been 20%, 13.2% and 12.5%, respectively. The 20% RMB would have amounted to a \$4.50 toll for the GTG and an extra \$5 million extra paid into Fund 511 in Fiscal 2012. The CAC desires that the \$5 million kept in the Gig Harbor area until it is absolutely need.

3. The CAC heard very little about the change over to the State 520 system, which was a fiasco, and the loss of possible revenue by virtue of the Pierce County District Court dismissing approximately 70,000 infractions, other than being assured by the DOT that the loss of revenue would be accounted for by withholdings from the vendor responsible. The CAC desires a full accounting from the DOT when that matter is eventually sorted out.

4. Much of the argument against increased tolling is that the Gig Harbor area toll payers are being unfairly treated because we are paying a substantially higher proportion than the toll payers to the new State 520 bridge. The CAC fully agrees with that argument but realizes that that decision was a legislative decision made

many years ago. Unfortunately, the CAC is not in a position to change that decision.

5. The CAC strongly believes that no reductions or exemptions be allowed for certain classes of those who cross the TNB because each reduction or exemption means that the remaining toll payers would have to make up for the reduction or exemption amount. Also, having no reductions and exemptions substantially reduces the administrative cost of the TNB. The CAC wants to save such savings for the frequent users of the TNB.

#### **D. Recommendations**

1. The tolls for Fiscal Year 2013 be as follows:

	<u>Present</u>	<u>Recommended</u>	<u>Increase</u>	<u>Percent increase</u>
GTG	\$2.75	\$3.65	\$ .90	33%
Cash	4.00	5.00	1.00	25%
PBM	5.50	7.00	1.50	27%

2. The required minimum balance of covered costs (of \$57,040,000) under the above CAC recommendation would be **13.6%** (as computed from the DOT's 3-16-2012 Draft of Annual Sufficient Fund Balance Coverage).

3. Although the Cash amount increased by \$.10 over the GTG amount, the percentage increase was less than the Cash percentage increase.

4. When the PBM concept was first presented to the CAC, the DOT suggested that the PBM be \$1.50 more than the Cash amount, although its own calculations indicated that it would be \$1.63 more. The CAC strongly believes that the DOT substantially understated its administrative costs in handling the Pay by Mail transactions. Although some tolling jurisdictions consider the mailing costs, etc., as just a cost of doing business which such jurisdictions absorb, the CAC believes that the PBM should carry its own weight. Thus, the CAC recommends that PBM be \$2.00 more than the Cash amount, which would be to \$7.00 (or \$2.00 more than the recommended Cash amount). Another way of looking at the issue is that the DOT rounded its figure down while the CAC rounded it up. Practically, the PBM has been used by only about 3% or 4% of the vehicular traffic.

5. The CAC fully recognizes that if its recommendations be accepted, the CAC would be obligated to go through similar hearings next year and the tolls for Fiscal Year 2014 would need to be increased again to meet the then RMB as the bonding repayment amount continues to increase.