

# **520 Finance Plan**

Presentation to the Washington State Transportation  
Commission



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**DEPARTMENT OF TRANSPORTATION**

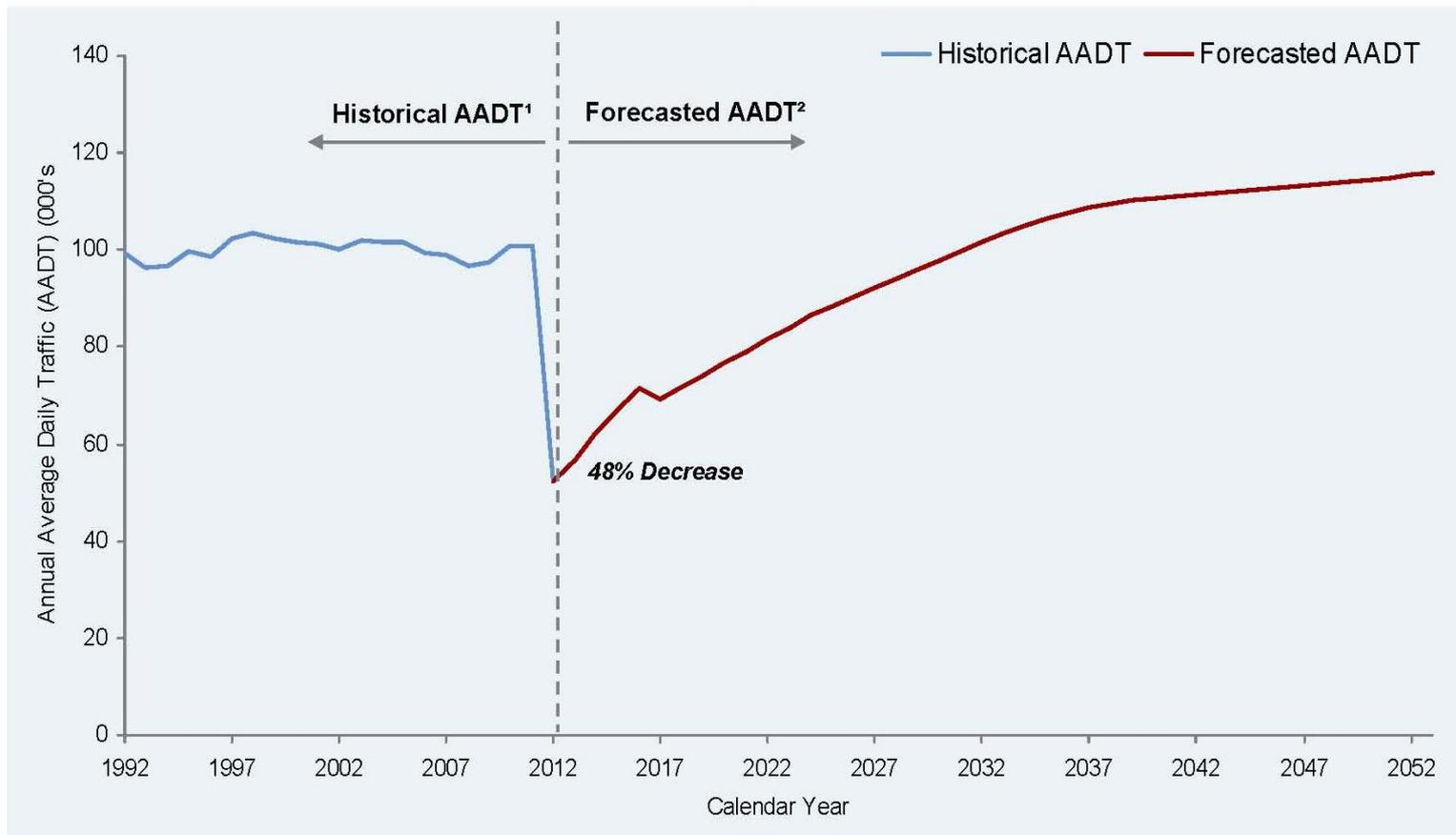
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**OFFICE OF THE STATE TREASURER**

**MARCH 21, 2012**

# Forecasted Traffic



## SR 520 Bridge Investment Grade Traffic & Revenue Study Floating Bridge & Eastside

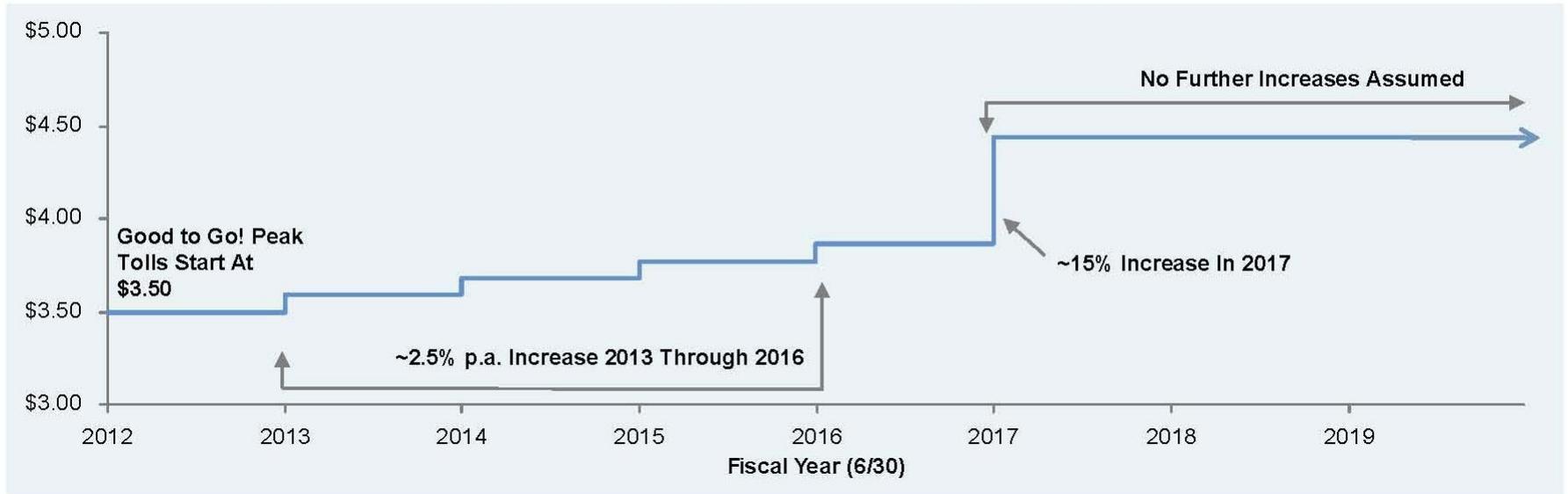


Source: SR 520 Traffic & Revenue Report, September 2011 – Figure 7-2

# SR520 Toll Rate Schedule



## Assumed Weekday Peak Toll Rates Over Time (Subject to Future Adjustment)



**WAC 468-270-040** Starting July 1, 2012, the toll rates will increase two and one-half percent annually, subject to review and potential adjustment by the commission, in order to generate toll revenue sufficient to meet the costs and obligations listed in RCW [47.56.830](#) through [47.56.850](#)

Source: Washington State Department of Transportation

# Legislative Authorization – Governance



## ■ **Legislative authority**

- The Legislature has designated the Transportation Commission as the State’s “Tolling Authority” and a portion of SR 520 (between its junctions with I-5 and SR 202) as an Eligible Toll Facility, and has approved the imposition of tolls for travel on the floating bridge portion of the SR 520 corridor

## ■ **The Legislature directed the State Finance Committee to pledge the State’s obligation to impose and maintain tolls**

## ■ **The Transportation Commission**

- Statutes authorize the Transportation Commission to set, review and adjust tolls on SR 520 and other highways and bridges
- The Commission is comprised of seven citizens, appointed by the Governor for six-year terms, and two *ex officio* members – the Secretary of Transportation and a representative from the Governor’s office

# Legislative Authorization – Setting and Adjusting Toll Rates



## ■ **Setting and adjusting toll rates**

- The Transportation Commission will set rates that will help maintain travel time, speed, and reliability on the corridor and must set and adjust toll rates to generate revenue sufficient and necessary to cover costs and obligations
- The Legislature has directed that the Tolling Authority must ensure that toll rates will generate revenue sufficient to meet:
  - Operating, maintenance, preservation and renewal costs of the eligible toll facilities
  - Debt service, required reserves, minimum debt coverage or other contingency funding, insurance, and compliance with all other financial and bond covenants
  - Reimbursement of the Motor Vehicle Fund as may be applicable
  - Any other obligations of the eligible toll facilities

# Legislative Authorization – The Bonds and Impairment Protections



## ■ **Authorization and appropriation**

- In 2009, the Legislature authorized \$1.95 billion of bonds for the SR 520 corridor

## ■ **Issuance of bonds**

- The Bond Act authorizes the State Finance Committee to issue the bonds either as:
  - **General obligation bonds to which the State’s full faith and credit are pledged and that are first payable from toll revenue and then state excise taxes on motor vehicle and special fuels; or**
  - Toll revenue bonds that are payable solely from Toll Revenue

## ■ **Pledges by Legislature and State Finance Committee**

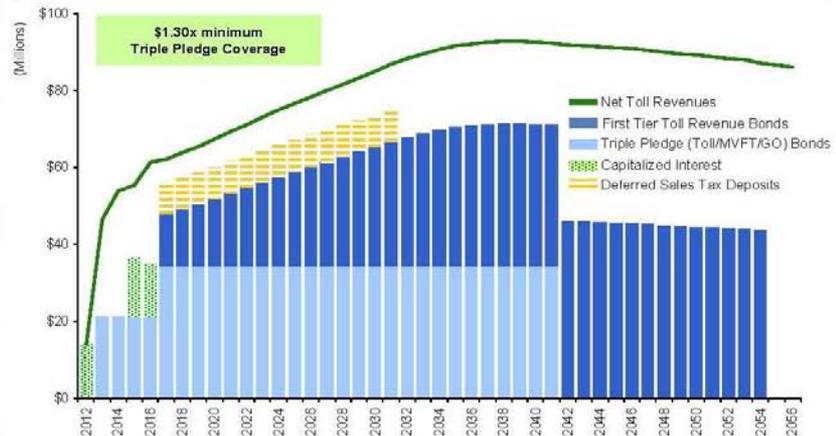
- The Legislature agrees not to impair or withdraw the authorization of the Tolling Authority to fix and adjust tolls
- **The State Finance Committee shall pledge the State’s obligation to impose and maintain tolls, together with the application of toll revenue, to owners of any bonds**

# Projected Net Toll Revenues and Finance Plan



Summary of Base Case Bond Financings	
<b>1. FY2012 Triple Pledge (Toll/MVFT/GO) Bonds</b>	
Issue Date:	Oct-2011
Coupon Type(s):	CIBs
All-In TIC*:	4.34%
Project Fund Deposit:	\$500.000
Capitalized Interest:	12.375
Debt Service Reserve Fund:	-
Issuance Expenses:	4.392
<b>2. FY2012 GARVEE Bonds</b>	
Issue Date:	Mar-2012
Coupon Type(s):	CIBs
All-In TIC:	3.34%
Project Fund Deposit:	\$500.000
Capitalized Interest:	10.202
Debt Service Reserve Fund:	-
Issuance Expenses:	4.374
<b>3. FY2013 GARVEE Bonds</b>	
Issue Date:	Apr-2013
Coupon Type(s):	CIBs
All-In TIC:	4.53%
Project Fund Deposit:	\$419.226
Capitalized Interest:	-
Debt Service Reserve Fund:	-
Issuance Expenses:	3.593
<b>4. FY2014 First Tier Toll Revenue Bonds</b>	
Issue Date:	Apr-2014
Coupon Type(s):	CIBs/CCABs/CABs
All-In TIC:	7.38%
Project Fund Deposit:	\$247.213
Capitalized Interest:	28.399
Debt Service Reserve Fund:	31.526
Issuance Expenses:	2.680

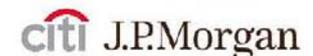
## Base Case Financing Results



Pro Forma Sources and Uses of Funds	\$millions
State + Local Construction Sales Tax Deferred:	\$124.194
WSDOT Nickel and TPA Contributions:	551.303
WSDOT State MVA:	2.600
Other Federal Funds:	11.652
Proceeds from FY2012 Triple Pledge Bonds:	500.000
Proceeds from FY2012 GARVEE Bonds:	500.000
Proceeds from FY2013 GARVEE Bonds:	419.226
Proceeds from FY2014 First Tier Toll Bonds:	247.165
Available Net Toll Revenues for Construction:	76.253
<b>Total Sources of Funds:</b>	<b>\$2,432.392</b>
<b>Total Uses of Funds:</b>	<b>\$2,432.392</b>

Source: SR 520 Base Case Financial Model as of 9/12/11.

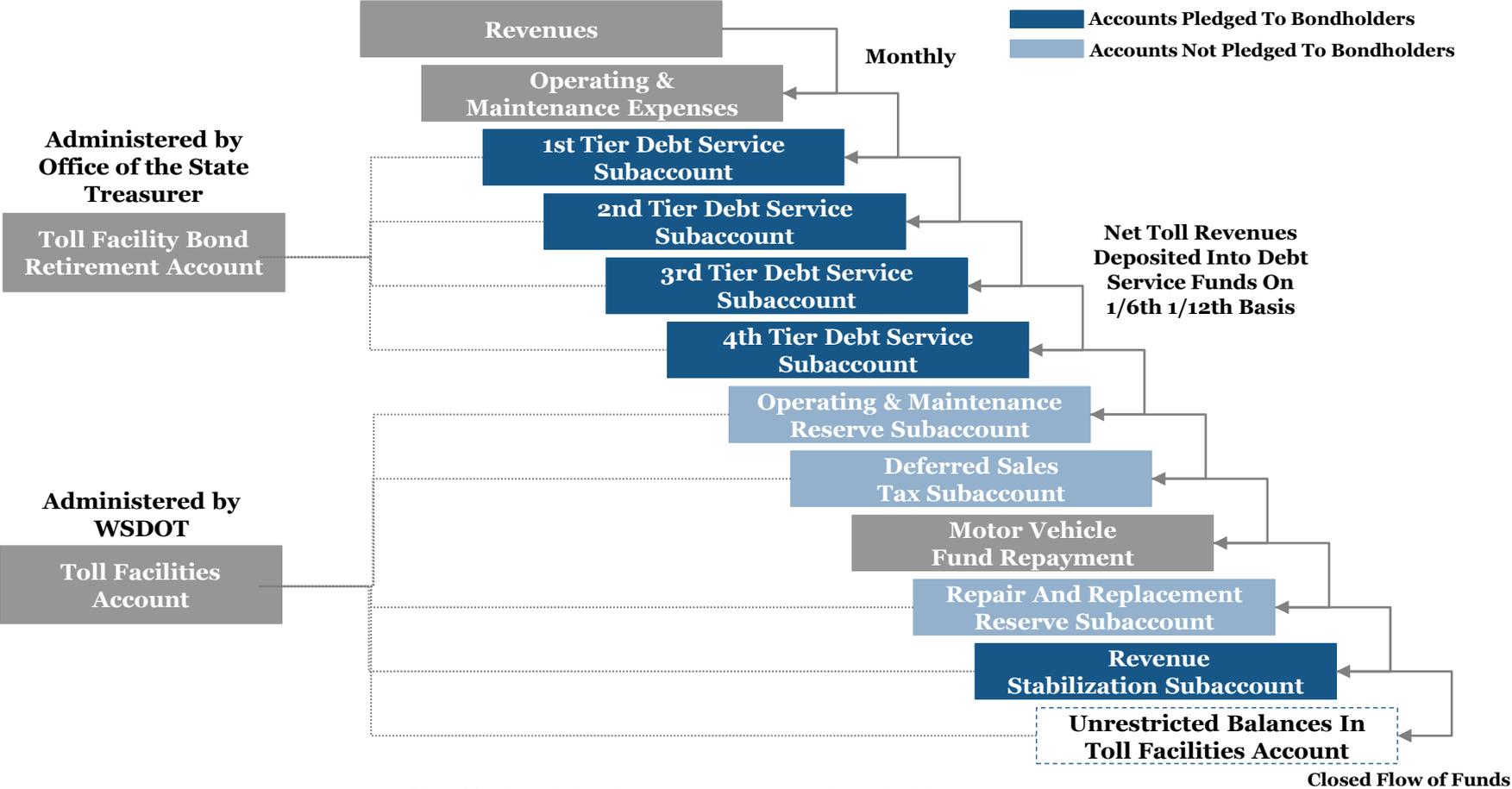
Preliminary – Subject to Change



Fiscal Year Ending (6/30)	Net Toll Revenues	First Tier Bonds Debt Service	First Tier Bonds Debt Service Coverage	Triple Pledge Bonds Debt Service	Triple Pledge Bonds Debt Service Coverage	Sales Tax Deferral Deposits (D)	Coverage (A)/(B+C+D)
	(A)	(B)		(C)			
2012	13.99		-		-		
2013	46.31		-	21.12	2.19x		2.19x
2014	53.72		-	21.12	2.54x		2.54x
2015	55.56		-	21.12	2.63x		2.63x
2016	61.35		-	21.12	2.91x		2.91x
2017	62.20	13.51	4.61x	34.34	1.30x	8.28	1.11x
2018	63.92	14.83	4.31x	34.34	1.30x	8.28	1.11x
2019	65.54	16.07	4.08x	34.34	1.30x	8.28	1.12x
2020	67.38	17.49	3.85x	34.34	1.30x	8.28	1.12x
2021	69.28	18.95	3.66x	34.34	1.30x	8.28	1.13x
2022	71.19	20.42	3.49x	34.34	1.30x	8.28	1.13x
2023	73.16	21.93	3.34x	34.34	1.30x	8.28	1.13x
2024	75.02	23.36	3.21x	34.34	1.30x	8.28	1.14x
2025	76.66	24.62	3.11x	34.34	1.30x	8.28	1.14x
2026	78.31	25.89	3.02x	34.34	1.30x	8.28	1.14x
2027	79.98	27.18	2.94x	34.34	1.30x	8.28	1.15x
2028	81.69	28.49	2.87x	34.34	1.30x	8.28	1.15x
2029	83.42	29.83	2.80x	34.34	1.30x	8.28	1.15x
2030	85.01	31.05	2.74x	34.34	1.30x	8.28	1.15x
2031	86.80	32.42	2.68x	34.34	1.30x	8.28	1.16x
2032	88.29	33.57	2.63x	34.34	1.30x		1.30x
2033	89.60	34.58	2.59x	34.34	1.30x		1.30x
2034	90.70	35.43	2.56x	34.34	1.30x		1.30x
2035	91.61	36.12	2.54x	34.34	1.30x		1.30x
2036	92.10	36.50	2.52x	34.34	1.30x		1.30x
2037	92.56	36.86	2.51x	34.34	1.30x		1.30x
2038	92.80	37.04	2.51x	34.34	1.30x		1.30x
2039	92.84	37.07	2.50x	34.34	1.30x		1.30x
2040	92.63	36.91	2.51x	34.34	1.30x		1.30x
2041	92.42	36.75	2.51x	34.34	1.30x		1.30x
2042	91.93	45.97	2.00x		2.00x		2.00x
2043	91.70	45.84	2.00x		2.00x		2.00x
2044	91.43	45.71	2.00x		2.00x		2.00x
2045	91.16	45.58	2.00x		2.00x		2.00x
2046	90.87	45.43	2.00x		2.00x		2.00x
2047	90.56	45.28	2.00x		2.00x		2.00x
2048	89.91	44.96	2.00x		2.00x		2.00x
2049	89.59	44.80	2.00x		2.00x		2.00x
2050	89.22	44.61	2.00x		2.00x		2.00x
2051	88.86	44.43	2.00x		2.00x		2.00x
2052	88.44	44.22	2.00x		2.00x		2.00x
2053	88.02	44.01	2.00x		2.00x		2.00x
2054	87.20	43.60	2.00x		2.00x		2.00x
2055	86.75		-		-		-
2056	86.27		-		-		-

Fiscal Year Ending (6/30)	Net Toll Revenues after Debt Service and Sales Tax Deposits	Deposits to Project Fund from Tolls	Deposits to O&M Reserve	Deposits to Revenue Stabilization Subaccount	Deposits to Repair and Replacement Fund	Deposits to Toll Facilities Account for O&M Working Capital	Remaining Net Toll Revenues
2012	13.99	4.94	6.03			3.02	0.00
2013	25.20	23.64	0.04		1.50	0.02	0.00
2014	32.60	27.90	2.13		1.50	1.07	0.00
2015	34.44	19.77	0.28		1.50	12.88	0.01
2016	40.24		2.27	27.85	3.00	4.55	2.56
2017	6.08		0.30		5.00	0.59	0.18
2018	6.48		0.36		4.89	0.72	0.50
2019	6.84		0.27		5.27	0.54	0.77
2020	7.27		0.27		5.42	0.53	1.05
2021	7.71		0.28		5.57	0.56	1.30
2022	8.15		0.28		5.73	0.56	1.58
2023	8.60		0.35		5.89	0.71	1.66
2024	9.04		0.26		6.04	0.53	2.21
2025	9.41		0.28		6.17	0.55	2.42
2026	9.80		0.28		6.25	0.57	2.70
2027	10.18		0.29		6.39	0.58	2.93
2028	10.58		0.29		6.52	0.59	3.17
2029	10.97		0.38		6.66	0.77	3.16
2030	11.34		0.31		6.74	0.62	3.67
2031	11.75		0.39		6.88	0.78	3.70
2032	20.38		0.38		12.18	0.75	7.08
2033	20.68		0.37		12.36	0.74	7.21
2034	20.93		0.36		12.51	0.72	7.35
2035	21.14		0.45		12.64	0.90	7.16
2036	21.25		0.34		12.70	0.68	7.53
2037	21.36		0.33		12.77	0.66	7.60
2038	21.42		0.31		12.80	0.63	7.68
2039	21.43		0.31		12.81	0.62	7.69
2040	21.38		0.31		12.78	0.62	7.67
2041	21.33		0.45		9.33	0.91	10.65
2042	45.97		0.33		9.33	0.66	35.66
2043	45.85		0.34		4.30	0.68	40.53
2044	45.72		0.34			0.69	44.69
2045	45.58		0.36			0.72	44.50
2046	45.44		0.37			0.74	44.33
2047	45.28		0.53			1.06	43.69
2048	44.96		0.38			0.76	43.82
2049	44.80		0.40			0.80	43.60
2050	44.61		0.40			0.80	43.41
2051	44.43		0.43			0.85	43.15
2052	44.22		0.42			0.84	42.96
2053	44.01		0.63			1.27	42.11
2054	43.60		0.44			0.88	42.28
2055	86.75		0.47			0.93	85.36
2056	86.27						86.27

# Master Bond Resolution: Flow of Funds



Note: Flow of funds excludes debt service reserves as may be applicable

# Master Bond Resolution: Rate Covenants



Tier	Purpose of Tier	Additional Bonds Test ("ABT")	Rate Covenant
1st Tier Toll Bonds	<ul style="list-style-type: none"> <li>Available for any system purpose</li> </ul>	<ul style="list-style-type: none"> <li>Net revenues are 200 % of annual debt service on a historical and/or projected basis</li> </ul>	<ul style="list-style-type: none"> <li>Net revenues are 150% of annual debt service in each fiscal year</li> </ul>
2nd Tier Toll Bonds	<ul style="list-style-type: none"> <li>Included to allow for future financial flexibility</li> <li>Available for any system purpose</li> </ul>	<ul style="list-style-type: none"> <li>Net revenues are 150 % of annual debt service on a historical and/or projected basis</li> </ul>	<ul style="list-style-type: none"> <li>Net revenues are 135% of annual debt service in each fiscal year</li> </ul>
3rd Tier Toll Bonds	<ul style="list-style-type: none"> <li>Tier intended for the issuance of Triple-Pledge bonds</li> <li>Available for any system purpose</li> </ul>	<ul style="list-style-type: none"> <li>Net revenues are 130 % of annual debt service on a historical and/or projected basis</li> </ul>	<ul style="list-style-type: none"> <li>Net revenues are 125% of annual debt service in each fiscal year</li> </ul>
4th Tier Toll Bonds	<ul style="list-style-type: none"> <li>Intended for TIFIA</li> <li>Available for any system purpose</li> </ul>	<ul style="list-style-type: none"> <li>Net revenues are 110 % of annual debt service on a historical and/or projected basis</li> </ul>	<ul style="list-style-type: none"> <li>Net revenues are 110% of annual debt service in each fiscal year</li> </ul>
Other Deposits Required Under Flow Of Funds	<ul style="list-style-type: none"> <li>Operating &amp; Maintenance Reserve</li> <li>Deferred Sales Taxes</li> <li>Motor Vehicle Fund Repayment</li> <li>Repair and Replacement</li> </ul>	<ul style="list-style-type: none"> <li>Net revenues are 100 % of all required deposits from toll revenue on a historical and/or projected basis</li> </ul>	<ul style="list-style-type: none"> <li>Net revenues are 100% of all required deposits from toll revenue in each fiscal year</li> </ul>

# Finance Plan with \$320 Million TIFIA Loan



## Preliminary Application of Net Toll Revenues: \$320 Million TIFIA Loan Scenario

