

Tacoma Narrows Toll Bridge Account (511)

Annual Financial Plan

Draft Financial Plan Through 2015 - Updated on October 24, 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	\$ 6.00	\$ 6.00	\$ 6.00
Beginning Unreserved Fund Balance	17,753	9,418	16,290	16,413	8,124	3,709	9,511	6,197
3-month Debt Service			-	11,200	(700)	100	(100)	
Operations and Maintenance								
Sources of Funds ¹								
Interest Earnings from Tacoma Narrows Account (511) ²	232	281	341	145	51	142	124	127
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	61,005	61,690	63,581
Transponder Sales Revenue	760	608	629	644	353	346	351	362
Violations	467	598	594	489	131	-	-	-
Civil Penalties Gross Revenue	-	-	-	-	469	698	708	730
Civil Penalties (Contractual Damages)	-	-	-	-	16	-	-	-
Transfers from/(to) Other Accounts ³	-	(10)	-	-	-	(284)	(708)	(730)
Fees ⁴	1	56	104	76	166	362	367	378
Contractual Damages ¹³					1,462	-	-	-
Miscellaneous Revenue ⁵	279	0	16	768	23	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	6,352	16,465	8,445	9,746
Uses of Funds ⁸								
Oversight & Administration of Toll Operations ⁹	2,180	2,278	2,301	2,260	2,367	2,795	3,047	3,116
Adjudication Process	-	-	-	-	401	497	518	520
Toll Operator Contract	9,852	6,932	6,781	5,621	4,984	5,459	5,741	5,797
Insurance	2,680	1,339	1,602	1,463	1,486	1,600	1,750	1,750
Washington State Patrol	572	315	271	209	15	-	-	-
Maintenance of New Bridge	103	268	229	211	187	240	270	305
Preservation of New Bridge, Roadway & Toll Systems	-	-	-	113	-	-	-	-
Intangible Asset (Software, etc.)					1,346	-	-	-
Compensation Adjustment ¹²					(39)	(39)	-	-
Total Uses of Funds for Operations and Maintenance	15,387	11,132	11,184	9,876	10,746	10,553	11,326	11,488
Current Year Balance for Ops. And Maint. (Sources - Uses)	1,390	8,302	829	(8,240)	(4,395)	5,911	(2,882)	(1,743)
Cumulative Balance for Ops. And Maint.	3,321	11,624	12,453	4,213	(182)	5,729	2,848	1,105
Capital Improvements								
Sources of Funds								
Interest Earnings ²	824	400	-	-	-	-	-	-
Bond Net Proceeds ¹⁰	12,716	-	-	-	-	-	-	-
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	109	107	2,902
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	3,709	9,511	6,523	1,879
Days of Expenses Covered by Ending Fund Balance			128	57	25	62	36	10
Sufficient Fund Balance = Ending Fund Balance / (Total Uses of Fund + Debt Service Payment)			35.1%	15.6%	6.9%	17.0%	9.9%	2.8%
12.5% Sufficient Minimum Balance			5,852	6,516	6,754	6,999	8,225	8,446
Additional Fund Balance Needed to Reach 12.5% Sufficient Minimum Balance					3,045	(2,512)	1,699	6,567

See Notes on Reverse

NOTES

¹ For GAAP purposes, Interest Earnings, Donations, Debt Service and Transfers displayed as Operations Sources of Funds are considered to be Nonoperating Activities.

² 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.

³ 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.

⁴ Includes NSF check, Customer Service Center administration fees, and the reprocessing fee associated with the second PBM statement.

⁵ Includes contractor liquidated damages for late project delivery, cash over, prior period recoveries, \$102k of 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 Admin. 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.

⁶ 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.

⁷ 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 for 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.

⁸ 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 plan updated in January 2012.

⁹ 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).

¹⁰ 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.

¹¹ 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.

¹² The compensation adjustment is based on the assumption of a 3% salary reduction which is expected to be included in the 2011-13 general fund operations budget.

¹³ WSDOT and the Electronic Transaction Consultants Corporation (ETC) 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.