

Tacoma Narrows Bridge Toll Rate Setting Update

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Washington State Transportation Commission
February 20, 2013

Agenda

- Traffic and Revenue - FY 2013 Q2
- Financial Statement Summary - FY 2013 Q2
- TNB Rate Setting
- 3-Month Rolling Average Fund Balance
- Cost to Collect

Traffic and Revenue – FY 2013 Q2

TNB Projected and Reported Traffic and Revenue Traffic and Revenue Statistics for Fiscal Year 2013 - December (Month 6) January 28, 2013

	Original Projected Traffic Forecast *	Revised Projected Traffic Forecast**	Reported Traffic	Variance from Original	Variance from Revised	Original Projected Toll Revenue	Revised Projected Toll Revenue**	Reported Toll Revenue	Variance from Original	Variance from Revised
Jul-12	1,230,000	1,206,000	1,245,321	A 15,321	39,321	\$ 5,366,000	\$ 5,305,000	\$ 5,382,613	B \$ 16,613	\$ 77,613
Aug-12	1,220,000	1,205,000	1,271,306	A 51,306	66,306	\$ 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	1,162,254	A (7,746)	15,254	\$ 5,096,000	\$ 5,104,000	\$ 5,116,325	B \$ 20,325	\$ 12,325
Nov-12	1,100,000	1,084,000	1,093,484	A (6,516)	9,484	\$ 4,822,000	\$ 4,811,000	\$ 4,743,409	B \$ (78,591)	\$ (67,591)
Dec-12	1,100,000	1,090,000	1,116,081	A 16,081	26,081	\$ 4,842,000	\$ 4,827,000	\$ 4,828,090	B \$ (13,910)	\$ 1,090
Jan-13	1,100,000	1,080,000				\$ 4,842,000	\$ 4,782,000			
Feb-13	1,060,000	1,036,000				\$ 4,642,000	\$ 4,583,000			
Mar-13	1,220,000	1,193,000				\$ 5,336,000	\$ 5,278,000			
Apr-13	1,160,000	1,139,000				\$ 5,102,000	\$ 5,039,000			
May-13	1,230,000	1,197,000				\$ 5,386,000	\$ 5,323,000			
Jun-13	1,250,000	1,211,000				\$ 5,436,000	\$ 5,373,000			
YTD	6,930,000	6,825,000	7,050,483	120,483	225,483	\$ 30,404,000	\$ 30,301,000	\$ 30,694,946	\$ 290,946	\$ 393,946
Annual Total	13,950,000	13,681,000				\$ 61,148,000	\$ 60,679,000			

Notes:

*The Original Projected Traffic Forecast, April 2012

**The revised toll revenue projections are provided quarterly by CDM Smith with adjustments made for uncollectible revenue (leakage), Pay By Plate fees, and customer discounts. The latest revision is based on the November 2012 Forecast. The July revenue projection accounts for the year-end business rule which allows 23 days of revenue in July to apply towards the closing month of the previous fiscal year. This reduction will be offset at the end of the fiscal year.

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.

TNB Civil Penalty – FY 2013 Q2

	FY 2013 Q2
Number of civil penalty transactions issued ¹	20,763
Number of civil penalty transactions paid upon receipt of NOCP	993
Number of civil penalty transactions adjudicated via a written dispute in lieu of hearing	601
Number of civil penalty transactions adjudicated via an in-person hearing	417
Number of civil penalty transactions which did not receive a response	18,752
Workload costs related to adjudicated transactions ²	\$94,447
Cost and effectiveness of debt Collection activities ³	N/A
Cash received related to \$40 civil penalty fee ^{4,5}	\$95,171

- 1) Civil Penalty Transaction data is queried from the ETCC database. The data is pulled at least 25 days after the NOCP transaction date in order to allow each recipient time to pay or request a hearing prior to the NOCP due date.
- 2) Workload costs represent the total costs charged to each toll facility in relation to the civil penalty program during this reporting period.
- 3) Debt Collection activities are anticipated to begin in two phases; DOL Hold (Sept 2012) and Collections (end of 2013).
- 4) Revenues reported here are estimated from vendor system reports (ETC RITE System) for NOCP penalty payments only. They do not include any toll or reprocessing fee cash collected. Amounts presented are not in whole \$40 increments due to partial payments.
- 5) Financial statements report total revenues earned after an NOCP recipient has been found “liable” through an administrative hearing or deemed “liable” for not responding to the notice by the due date (20 days). These revenues differ from the amount of cash collected which is presented here. The booked receivables for TNB are \$877,922.00 for the period.

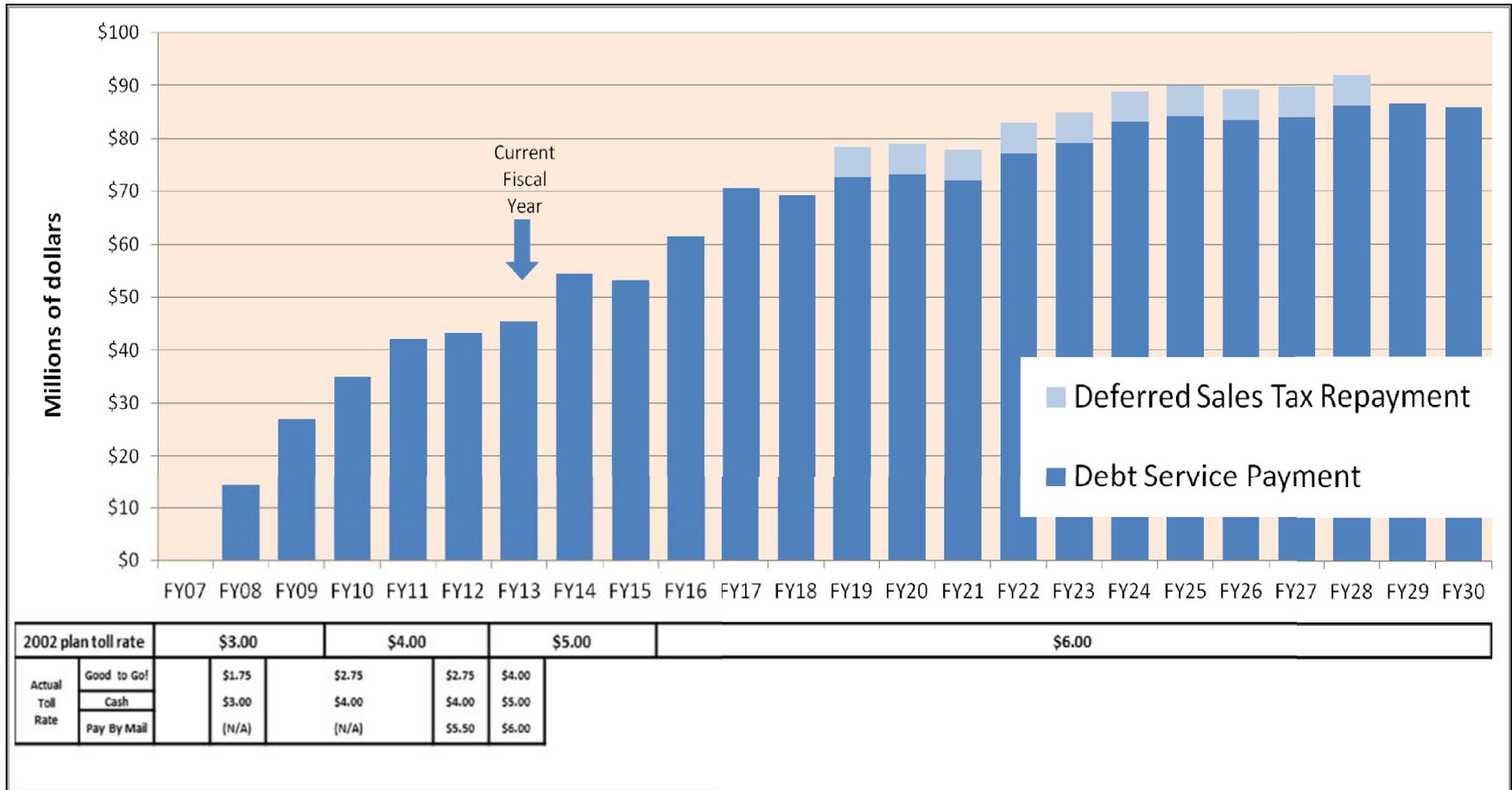
TNB Financial Statement

FY 2013 Q2

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
 TACOMA NARROWS BRIDGE ACCOUNT
 STATE FISCAL YEAR 2013, QUARTER ENDED DECEMBER 31, 2012

	NOTES	JULY THROUGH SEPTEMBER	OCTOBER THROUGH DECEMBER	YEAR-TO-DATE
REVENUES				
Tolling revenue	1	\$ 16,007,122	14,687,824	\$ 30,694,946
Civil penalty	2	703,464	877,922	1,581,386
Violation penalty revenue		5,591	6,150	11,741
Transponder sales	3	88,137	67,940	156,077
Toll vendor contractual damages	4	104,266	162,548	266,814
Toll bill reprocessing fee	5	98,345	123,792	222,137
Interest income		4,417	6,118	10,535
Miscellaneous	6	11,555	11,901	23,456
Undistributed receipts/suspense		(152,780)	16,513	(136,267)
TOTAL REVENUES		16,870,117	15,960,708	32,830,825
EXPENDITURES				
Goods and Services				
Toll CSC operations vendor contract		505,123	512,824	1,017,947
Toll booth and lane vendor contract		809,496	825,465	1,634,961
Insurance		1,557,190	-	1,557,190
Credit card and bank fees		239,834	230,081	469,915
Transponder cost of goods sold	7	60,670	47,637	108,307
Other	8	43,373	45,414	88,787
Total Goods and Services		3,215,686	1,661,421	4,877,107
Personal service contracts	9	177,290	202,423	379,713
Salaries and benefits		136,772	131,614	268,386
Civil penalty adjudication costs	10	106,809	94,447	201,256
Infrastructure maintenance and preservation	11	52,091	53,115	105,206
TOTAL EXPENDITURES		3,688,648	2,143,020	5,831,668
EXCESS OF REVENUES OVER EXPENDITURES		13,181,469	13,817,688	26,999,157
OTHER FINANCING USES				
Operating transfers out	12	(11,466,884)	(7,997,209)	(19,464,093)
TOTAL OTHER FINANCING USES		(11,466,884)	(7,997,209)	(19,464,093)
NET CHANGE IN FUND BALANCE		1,714,585	5,820,479	7,535,064
FUND BALANCE - BEGINNING		3,912,335	5,626,920	3,912,335
FUND BALANCE - ENDING		\$ 5,626,920	\$ 11,447,399	\$ 11,447,399

TNB Debt Service

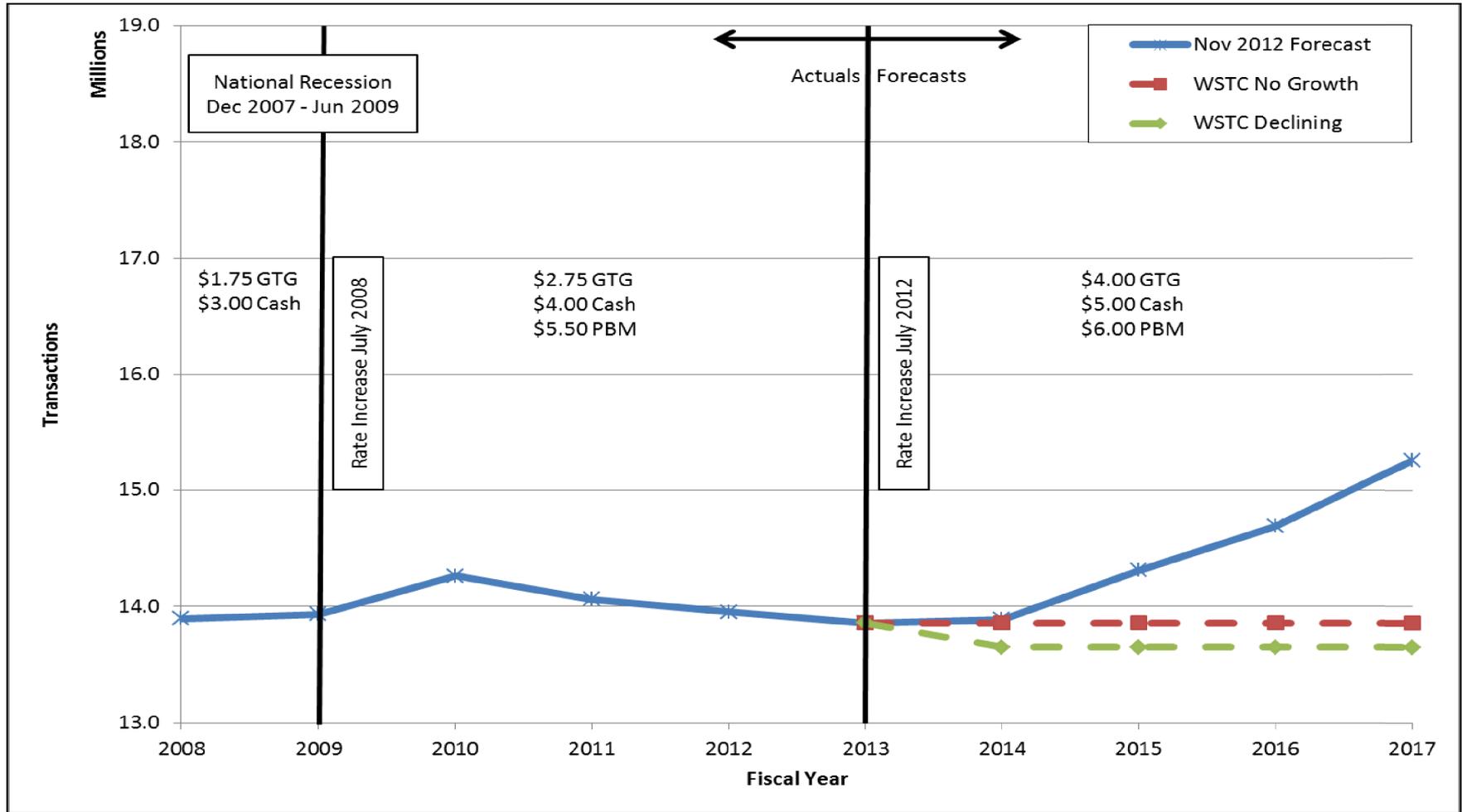


- Debt service payment schedule was set when project was originally financed in 2002
- Payments and toll rates assumed to increase over time
- Repayment for deferred sales taxes to begin in December 2019 for ten years
- Capitalized interest paid in FY 2006 and 2007 is not shown above

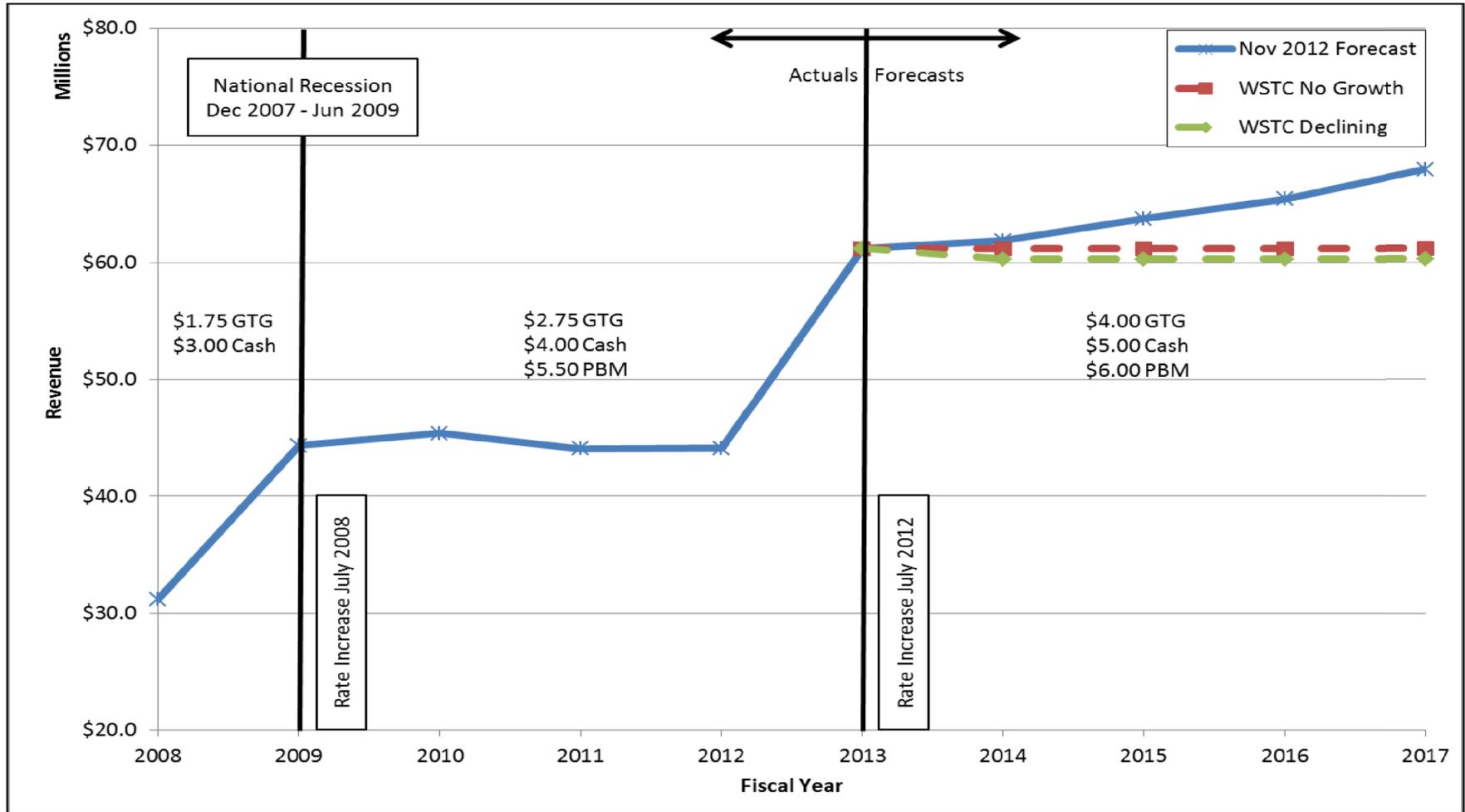
Revenue Alternatives – Assumptions

- Adopted Forecast (Nov 2012)
 - Forecast provided by CDM Smith
 - Adopted by Washington State Forecast Council
 - Forecast factors include:
 - Population of the service area
 - Economic activity, employment
 - Gasoline prices
 - Alternative routes, modes, etc.
- No Growth in Traffic Alternative
 - Use Nov 2012 forecast for FY 2013 (mix of forecasts and actuals)
 - FY 2013 Traffic levels used for FY 2014 through FY 2017
- Declining Traffic Alternative
 - Nov 2012 forecast for FY 2013, reduced by 1.5%
 - FY 2013 Traffic levels (less 1.5%) used for FY 2014 through FY 2017

November 2012 Quarterly Forecast and Alternatives – Traffic

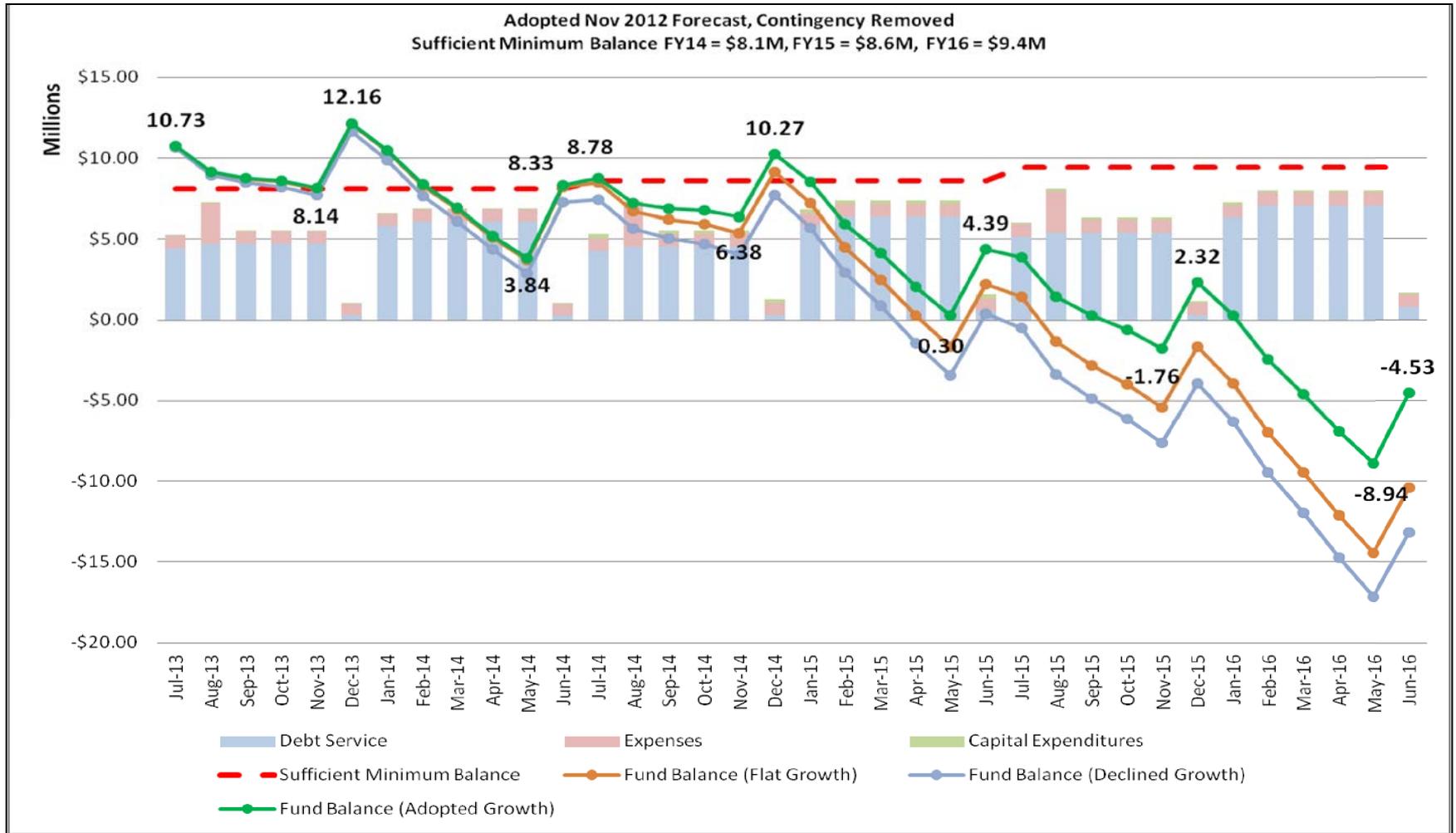


November 2012 Quarterly Forecast and Alternatives – Revenue



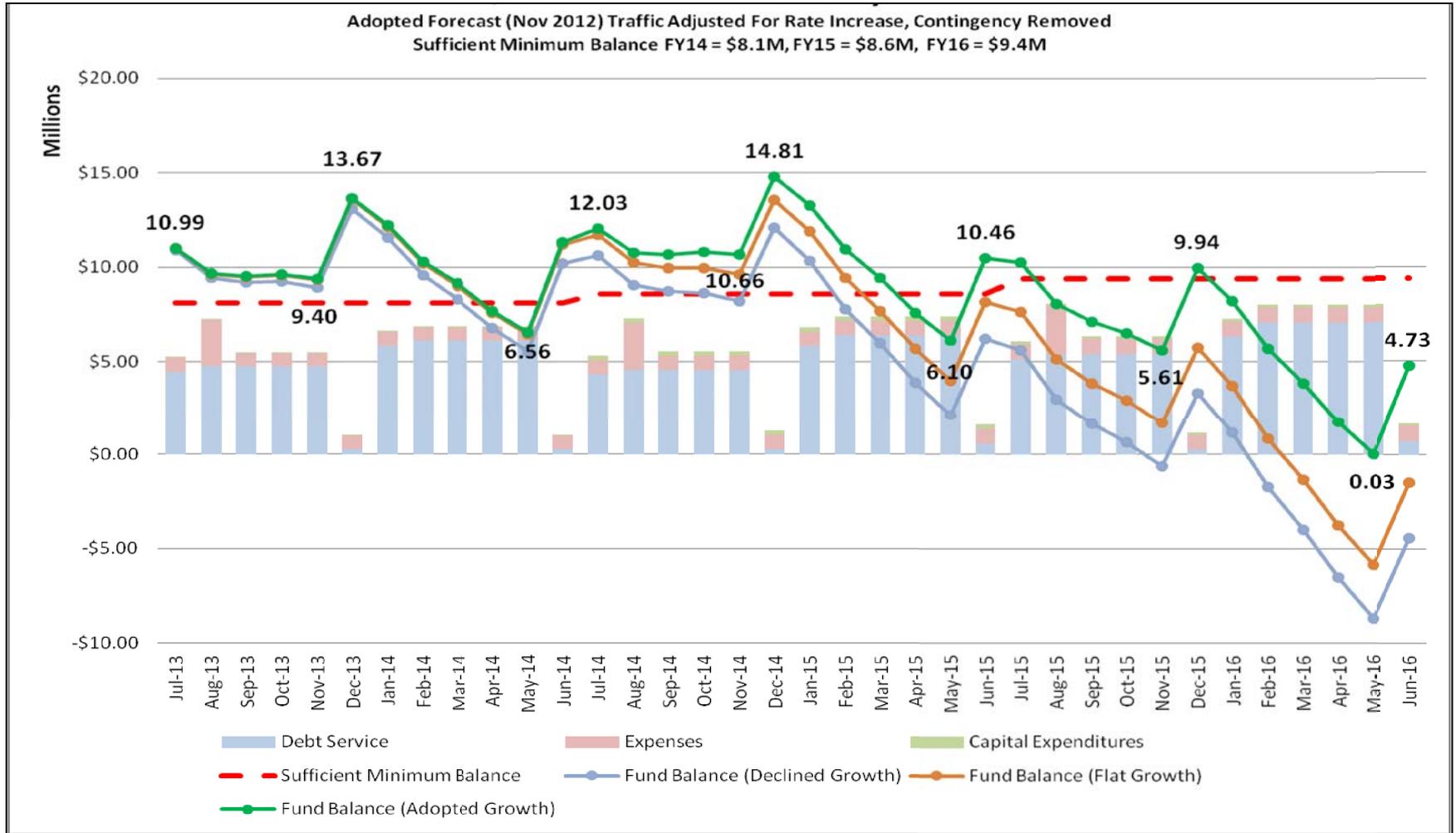
TNB Monthly Fund Balance

Baseline: Current Toll Rates



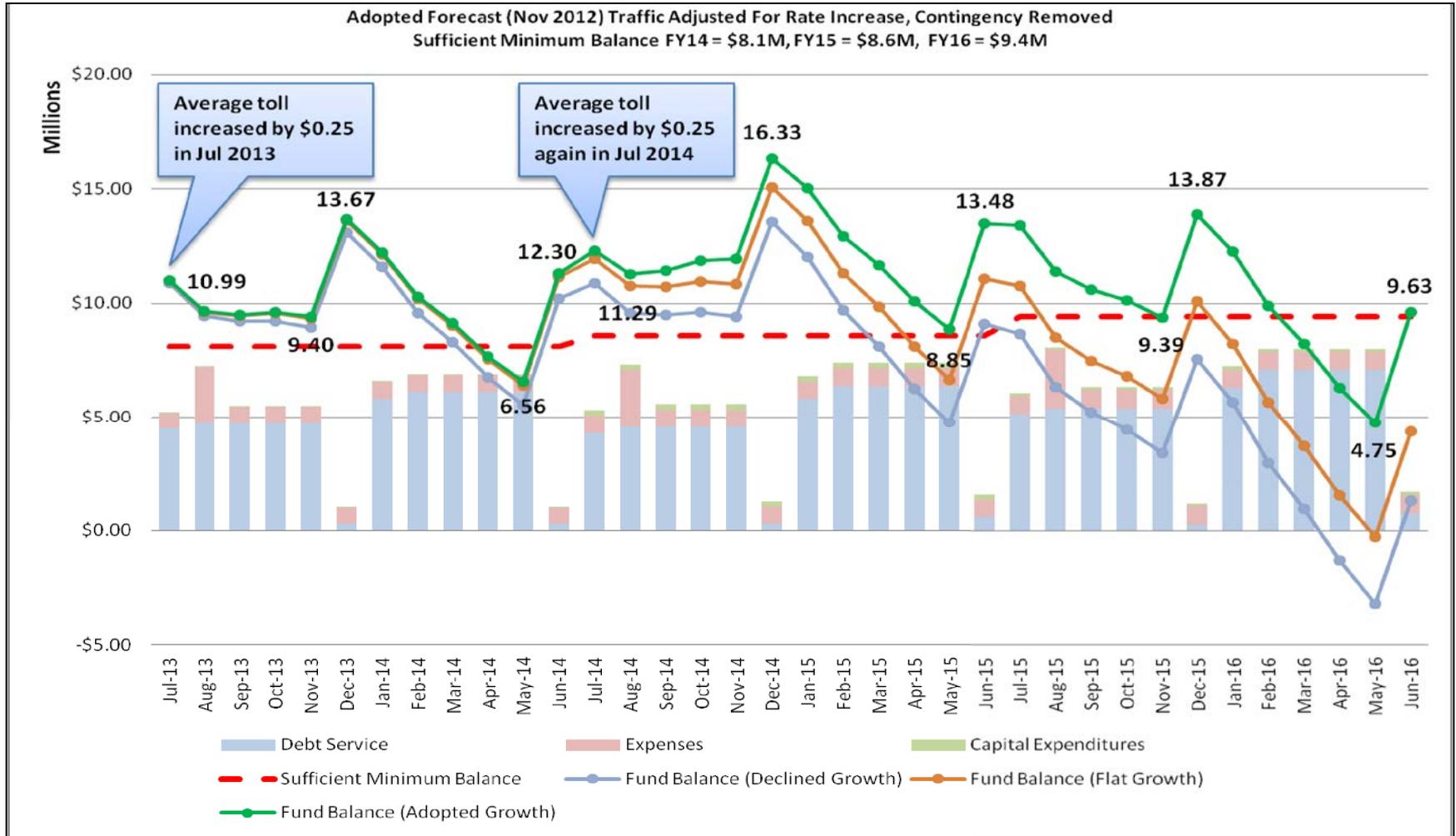
TNB Monthly Fund Balance

\$0.25 Toll Rate Increase in July 2013



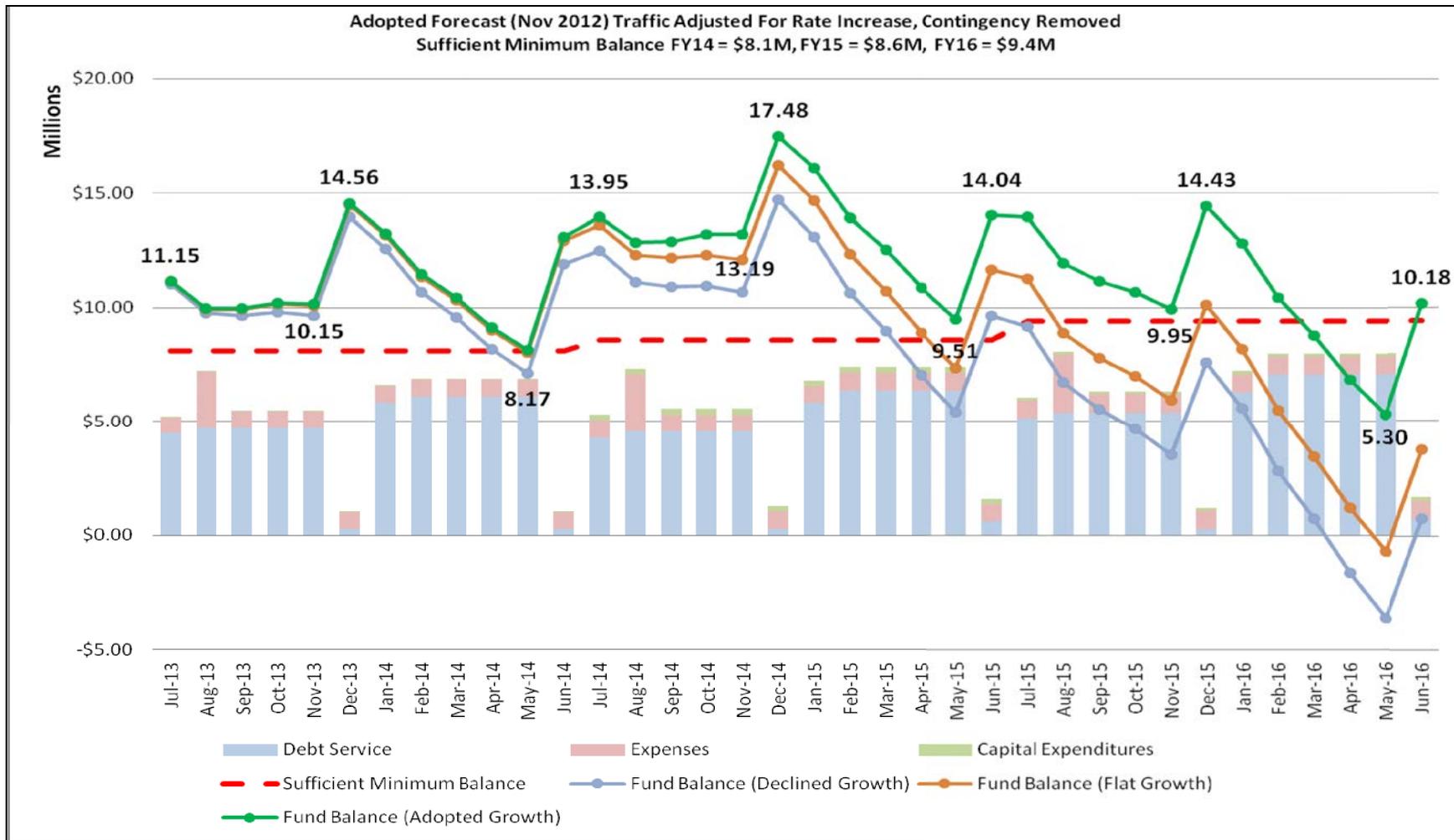
TNB Monthly Fund Balance

\$0.25 Toll Rate Increase in July 2013 & July 2014



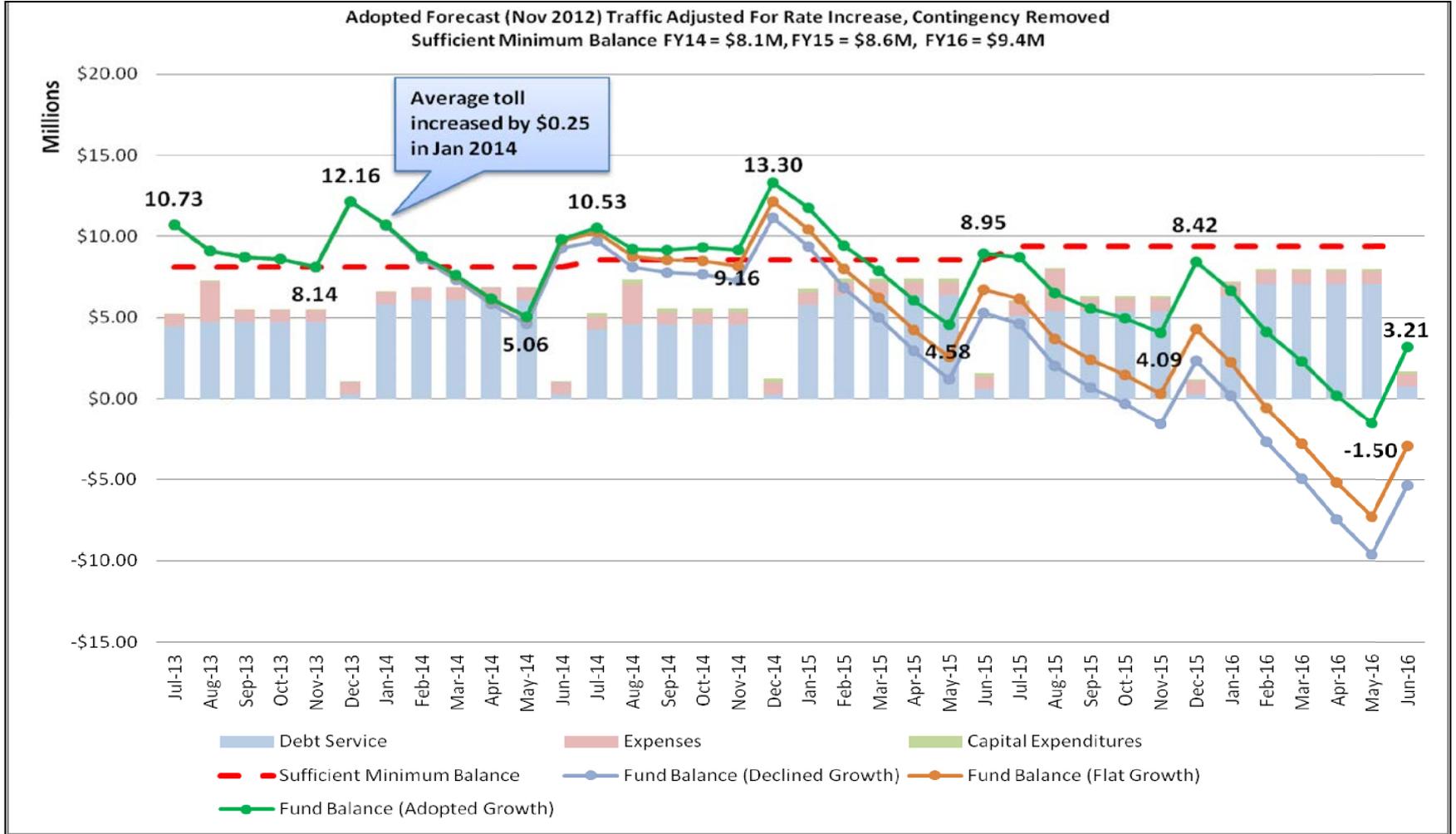
TNB Monthly Fund Balance

\$0.40 Toll Rate Increase in July 2013



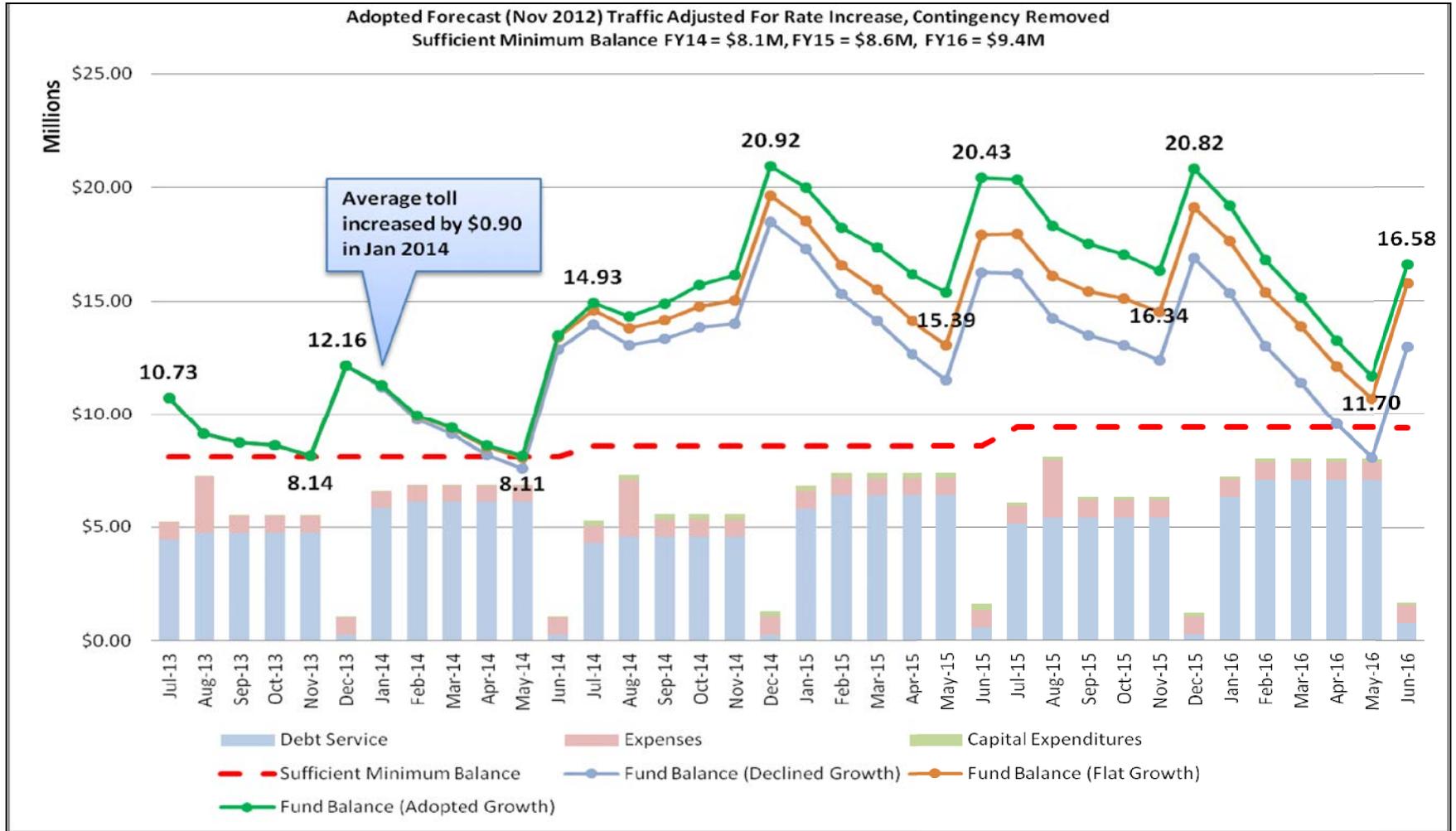
TNB Monthly Fund Balance

\$0.25 Toll Rate Increase delayed until January 2014

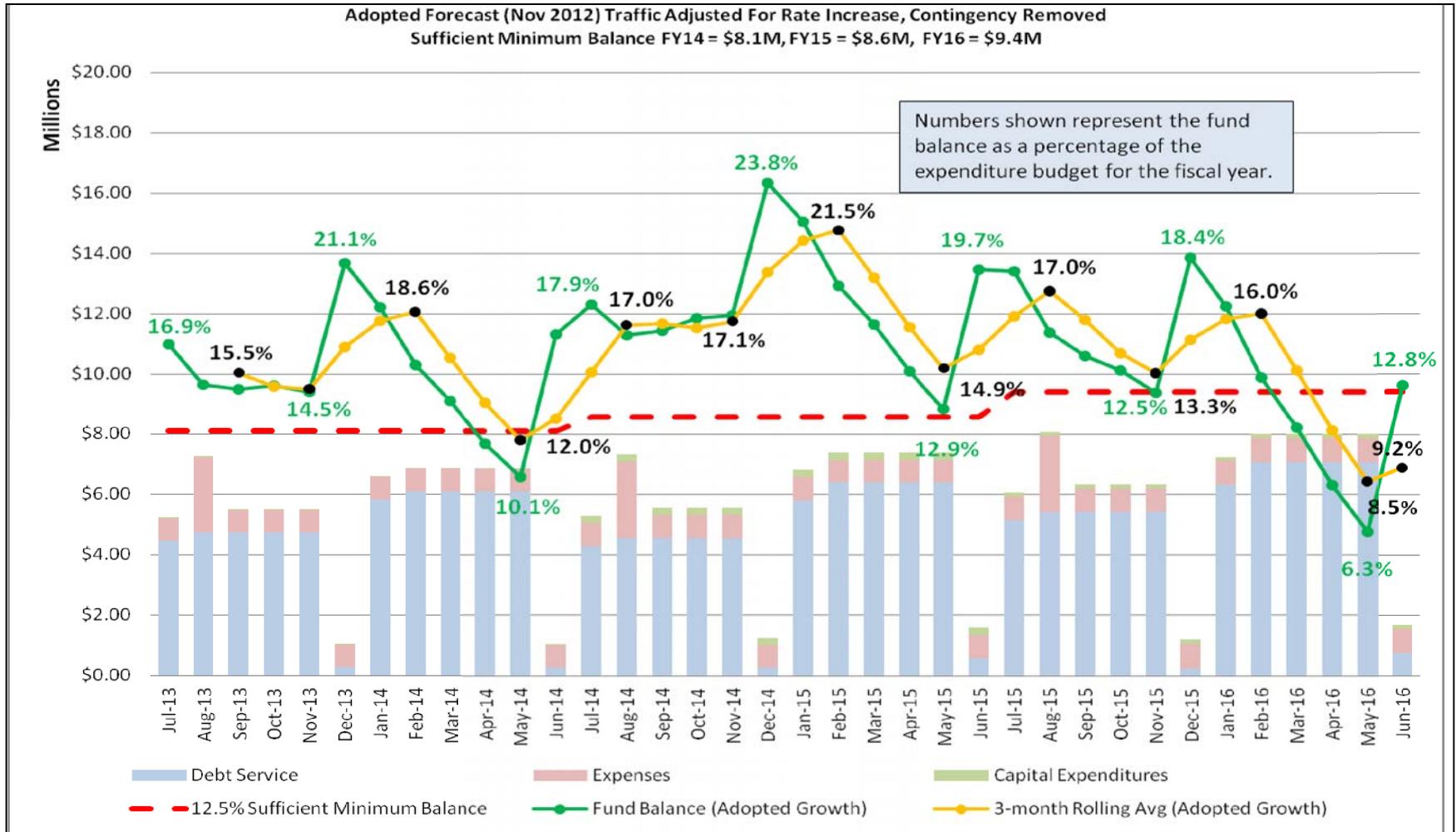


TNB Monthly Fund Balance

\$0.90 Toll Rate Increase delayed until January 2014



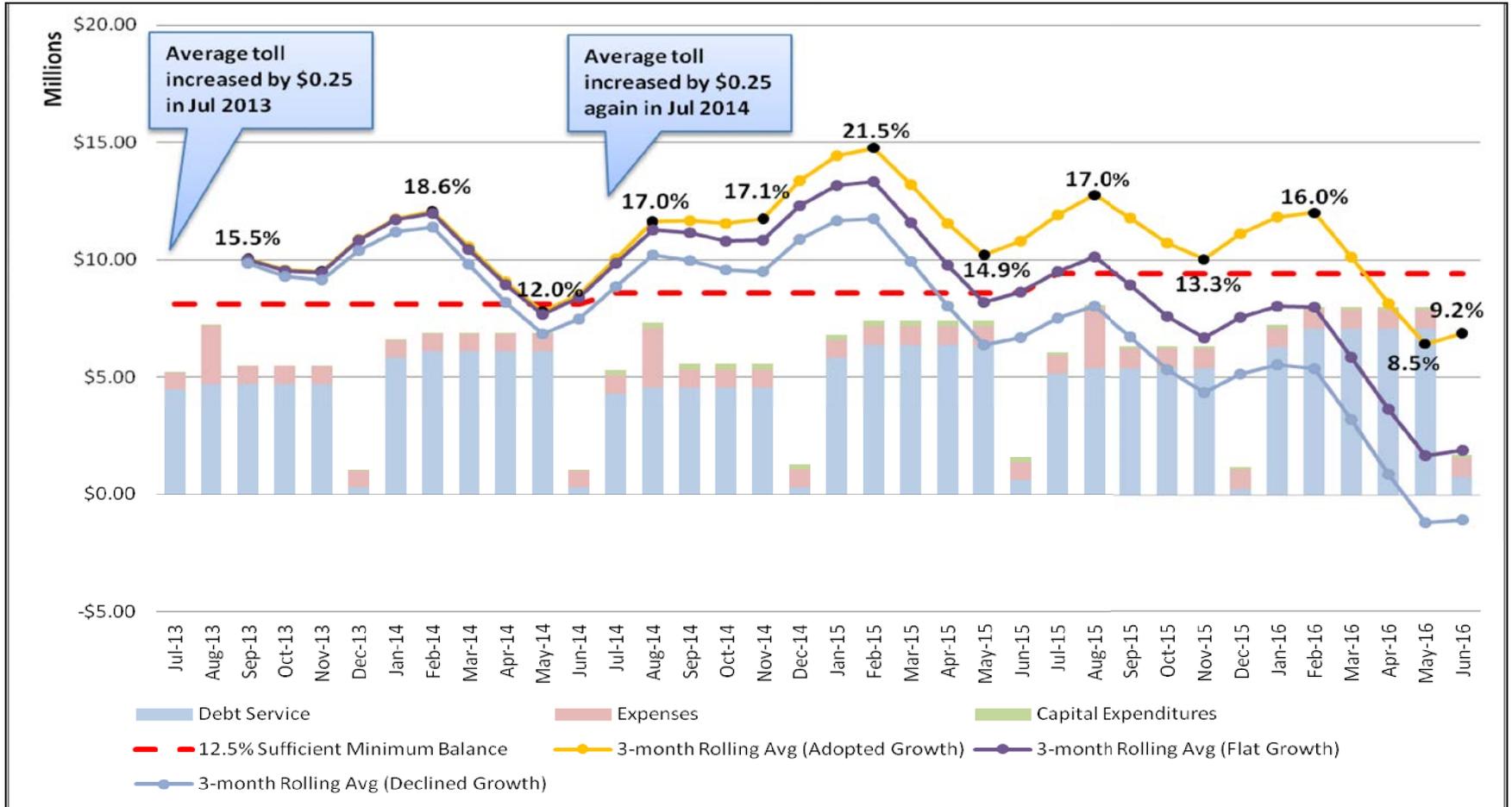
TNB 3-Month Rolling Average Fund Balance – Adopted Growth \$0.25 Toll Rate Increase in July 2013 & July 2014



TNB 3-Month Rolling Average Fund Balance Percentages

\$0.25 Toll Rate Increase in July 2013 & July 2014

Adopted Forecast (Nov 2012), 3 Growth Alternatives, Traffic Adjusted For Rate Increase, Contingency Removed
 Sufficient Minimum Balance FY14 = \$8.1M, FY15 = \$8.6M, FY16 = \$9.4M



TNB Cost per Transaction

FY 2012 Q3 and Q4

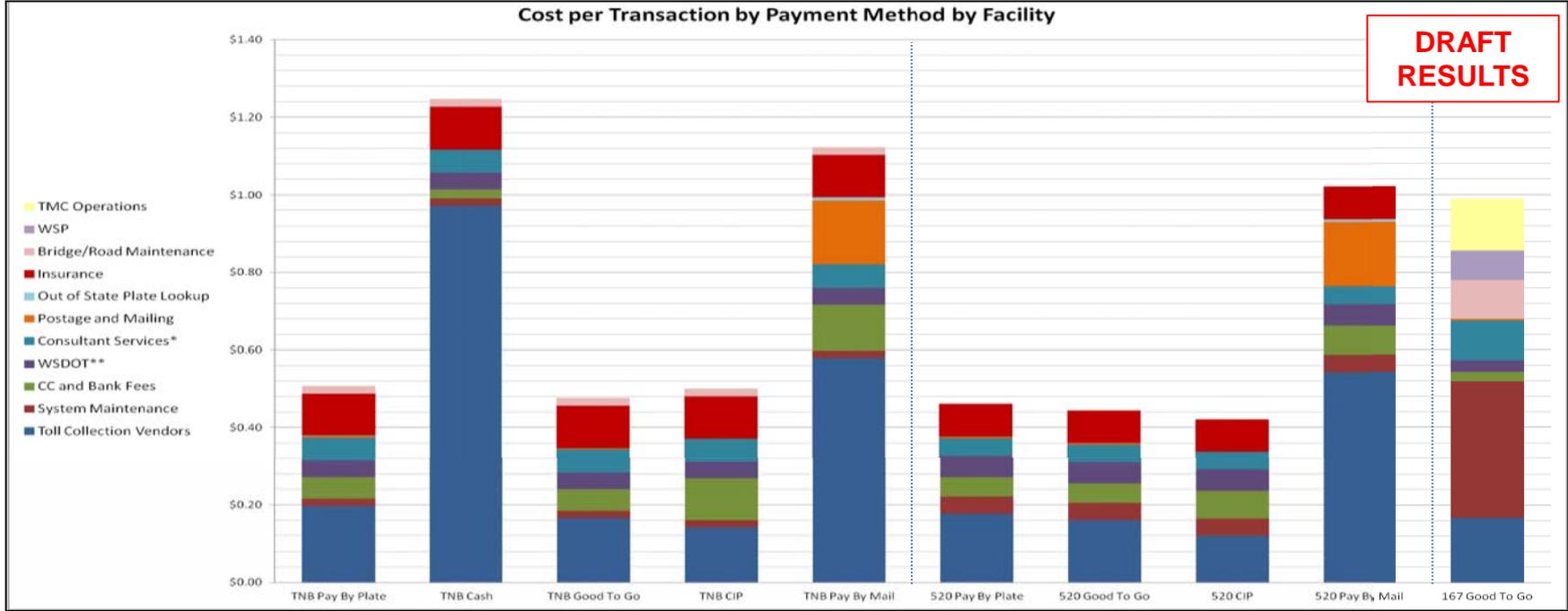
**DRAFT
RESULTS**

	Cost to Operate and Maintain ¹	Cost to Collect ²
<i>Good To Go! Pass</i>	\$0.48	\$0.35
Pay By Plate	\$0.51	\$0.38
Short Term Account	\$0.50	\$0.37
Pay By Mail	\$1.12	\$0.99
Tollbooth	\$1.25	\$1.12

Notes:

1. The expenditures from the facility financial statements are used for the Cost to Operate and Maintain calculation and includes all costs to B-Program (Toll Operations Sub-Program) except transponder costs, WSP NOI certification costs (TNB only), capital outlays for software and bridge replacement, and adjudication related costs.
2. Cost to Collect is a subset of the Cost to Operate and Maintain. The Costs to Collect calculation includes toll vendor cost, toll system maintenance cost, credit card and banking fees, mailing and postage expenses, license plate lookup expense and WSDOT operations cost (including consultant services).
3. The transaction count information used to calculate cost to operate and maintain and cost to collect is preliminary and not reconciled. Upon completion of the ETCC reconciliation, any discrepancies identified will be addressed and necessary correcting adjustments will be made.

WSDOT Toll Division Cost to Operate and Maintain Analysis FY 2012 Q3 and Q4



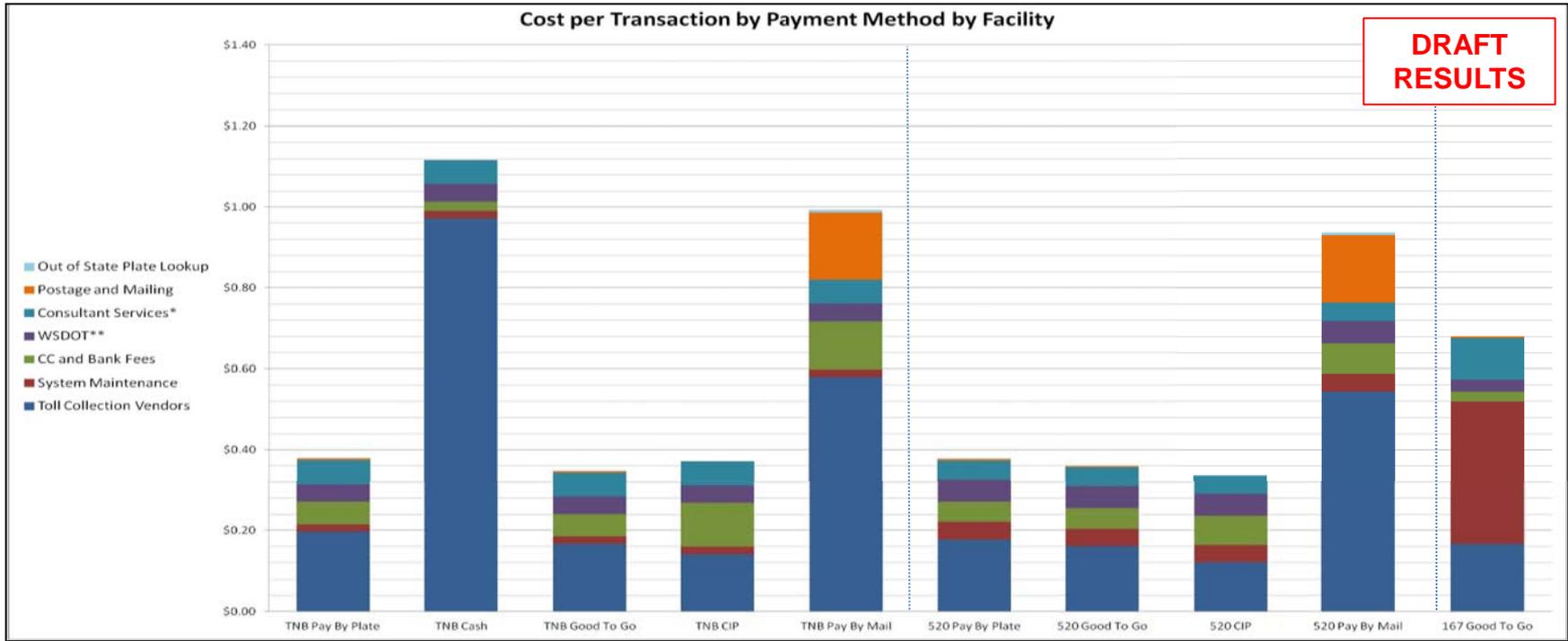
	TNB Pay By Plate	TNB Cash	TNB Good To Go	TNB CIP	TNB Pay By Mail	520 Pay By Plate	520 Good To Go	520 CIP	520 Pay By Mail	167 Good To Go
Transaction Count	295,386	1,582,239	4,713,642	279	207,311	997,655	7,179,819	3,524	1,500,395	454,888
Average \$ per Transaction	\$2.73	\$4.14	\$2.73	\$5.33	\$5.82	\$2.48	\$2.48	\$3.54	\$3.67	\$1.19
Toll Collection Vendors	\$0.196	\$0.972	\$0.166	\$0.141	\$0.580	\$0.177	\$0.160	\$0.120	\$0.544	\$0.166
System Maintenance	\$0.019	\$0.019	\$0.019	\$0.019	\$0.019	\$0.044	\$0.044	\$0.044	\$0.044	\$0.353
CC and Bank Fees	\$0.056	\$0.023	\$0.056	\$0.108	\$0.119	\$0.051	\$0.051	\$0.072	\$0.075	\$0.024
WSDOT**	\$0.044	\$0.043	\$0.044	\$0.044	\$0.044	\$0.055	\$0.055	\$0.055	\$0.055	\$0.029
Consultant Services*	\$0.060	\$0.060	\$0.060	\$0.060	\$0.060	\$0.046	\$0.046	\$0.046	\$0.046	\$0.104
Postage and Mailing	\$0.004		\$0.004		\$0.166	\$0.004	\$0.004		\$0.166	\$0.004
Out of State Plate Lookup	\$0.001				\$0.007	\$0.001			\$0.007	
Insurance	\$0.109	\$0.109	\$0.109	\$0.109	\$0.109	\$0.085	\$0.085	\$0.085	\$0.085	
Bridge/Road Maintenance	\$0.020	\$0.020	\$0.020	\$0.020	\$0.020					\$0.100
WSP										\$0.076
TMC Operations										\$0.134
Total Cost per Transaction	\$0.51	\$1.25	\$0.48	\$0.50	\$1.12	\$0.46	\$0.44	\$0.42	\$1.02	\$0.99
Cost Margin	18.6%	30.1%	17.5%	9.4%	19.3%	18.6%	17.9%	11.9%	27.8%	83.0%

* Consultant Services includes CSC Support, Benchmark Studies, and Forecasting
 ** WSDOT includes salaries and benefits of WSDOT Staff for oversight and administration of toll operations



WSDOT Toll Division Cost to Collect Analysis

FY 2012 Q3 and Q4



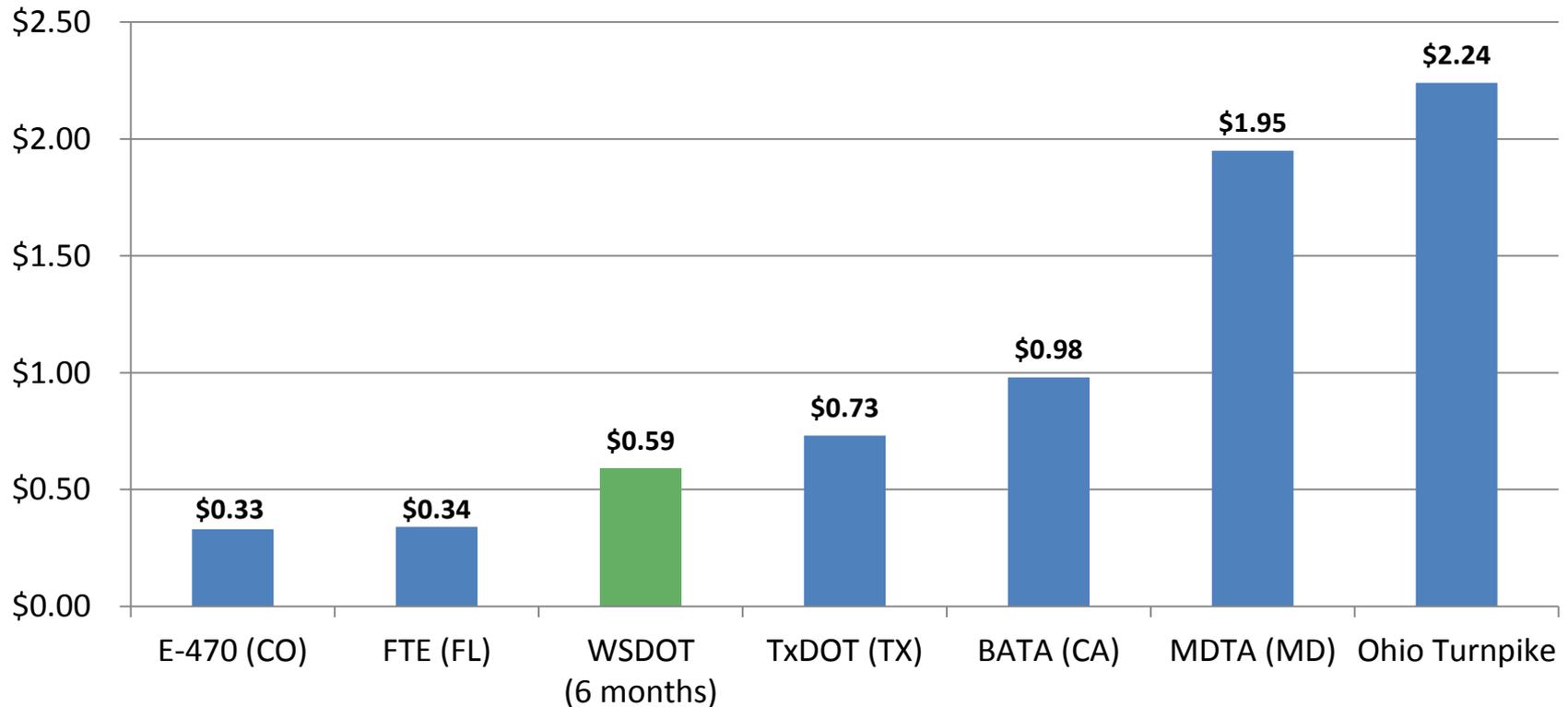
	TNB Pay By Plate	TNB Cash	TNB Good To Go	TNB CIP	TNB Pay By Mail	520 Pay By Plate	520 Good To Go	520 CIP	520 Pay By Mail	167 Good To Go
Transaction Count	295,386	1,582,239	4,713,642	279	207,311	997,655	7,179,819	3,524	1,500,395	454,888
Average \$ per Transaction	\$2.73	\$4.14	\$2.73	\$5.33	\$5.82	\$2.48	\$2.48	\$3.54	\$3.67	\$1.19
Toll Collection Vendors	\$0.196	\$0.972	\$0.166	\$0.141	\$0.580	\$0.177	\$0.160	\$0.120	\$0.544	\$0.166
System Maintenance	\$0.019	\$0.019	\$0.019	\$0.019	\$0.019	\$0.044	\$0.044	\$0.044	\$0.044	\$0.353
CC and Bank Fees	\$0.056	\$0.023	\$0.056	\$0.108	\$0.119	\$0.051	\$0.051	\$0.072	\$0.075	\$0.024
WSDOT**	\$0.044	\$0.043	\$0.044	\$0.044	\$0.044	\$0.055	\$0.055	\$0.055	\$0.055	\$0.029
Consultant Services*	\$0.060	\$0.060	\$0.060	\$0.060	\$0.060	\$0.046	\$0.046	\$0.046	\$0.046	\$0.104
Postage and Mailing	\$0.004		\$0.004		\$0.166	\$0.004	\$0.004		\$0.166	\$0.004
Out of State Plate Lookup	\$0.001				\$0.007	\$0.001			\$0.007	
Total Cost per Transaction	\$0.38	\$1.12	\$0.35	\$0.37	\$0.99	\$0.38	\$0.36	\$0.34	\$0.94	\$0.68
Cost Margin	13.9%	27.0%	12.7%	7.0%	17.1%	15.2%	14.5%	9.5%	25.5%	57.0%

* Consultant Services includes CSC Support, Benchmark Studies, and Forecasting
 ** WSDOT includes salaries and benefits of WSDOT Staff for oversight and administration of toll operations

Agency Comparisons

DRAFT
RESULTS

Cost Per Transaction



1. All information is based on agencies' published financial statements. WSDOT information is from FY 2012 3rd and 4th Quarters.
2. Only FTE and Ohio Turnpike report interest expenses under Operating Expenses; all other agencies report interest expenses under Non-Operating Revenue (Expenses) so those have been removed from the analysis.

TNB Rate Setting Milestones

- **November :** Rate setting kickoff meeting
CAC Financial Plan Workshop
- **December:** Financial plan/funding needs
CAC Q&A Session
- **January:** Commission filed CR 101 to begin rule-making
- **February:** CAC discussion: funding targets and scenarios

Upcoming:

- **March:** CAC rate recommendation to Commission
WSTC proposed rates
Commission files CR 102 – proposed rates
- **April:** Public input meeting
- **May:** Public Hearing
Adopt toll rates
Commission files CR 103 – rate-setting decision

Questions?

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