

# Tacoma Narrows Bridge Rate Setting

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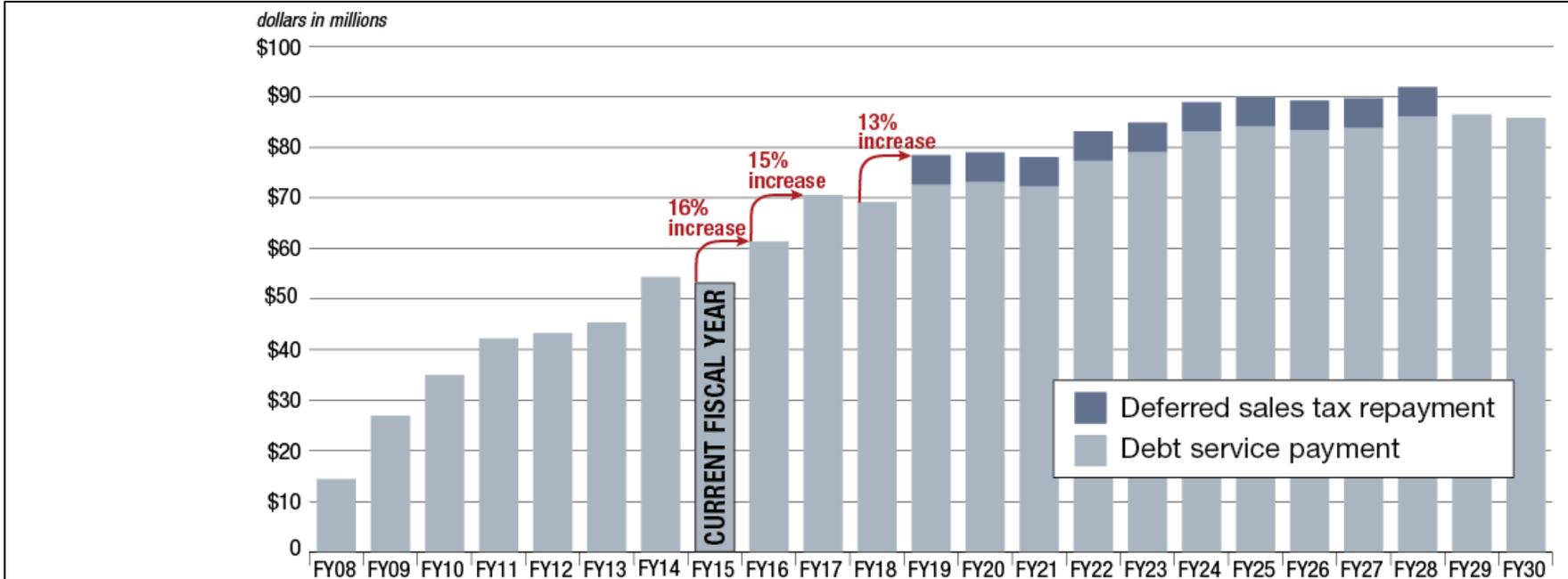
Washington State Transportation Commission  
January 21, 2015

# Presentation Outline

- **Rate Setting Overview**
  - Debt Service
  - Traffic and Revenue
  - Sufficient Minimum Balance
  - How to Read the Financial Plan
  - Rate-setting Process and Milestones
- **Traffic and Revenue**
  - Sources of Funds
  - FY 2014 and FY 2015 Q1 Tolls
  - Distribution of Tolls by Payment Method
  - Civil Penalty Program Revenues
- **Toll Collection and Facility Costs**
  - Uses of Funds
  - Changes from 2015
- **Sufficient Minimum Balance Test**



# Current Debt Service Schedule



2002 plan toll rate		\$3.00	\$4.00	\$5.00		\$6.00	
Annual Toll Rate	Good To Go!	\$1.75	\$2.75	\$2.75	\$4.00	\$4.25	\$4.50
	Cash	\$3.00	\$4.00	\$4.00	\$5.00	\$5.25	\$5.50
	Pay By Mail	N/A	N/A	\$5.50	\$6.00	\$6.25	\$6.50

Does not include capitalized interest paid in FY06 and FY07

Source: WSDOT Budget and Financial Division

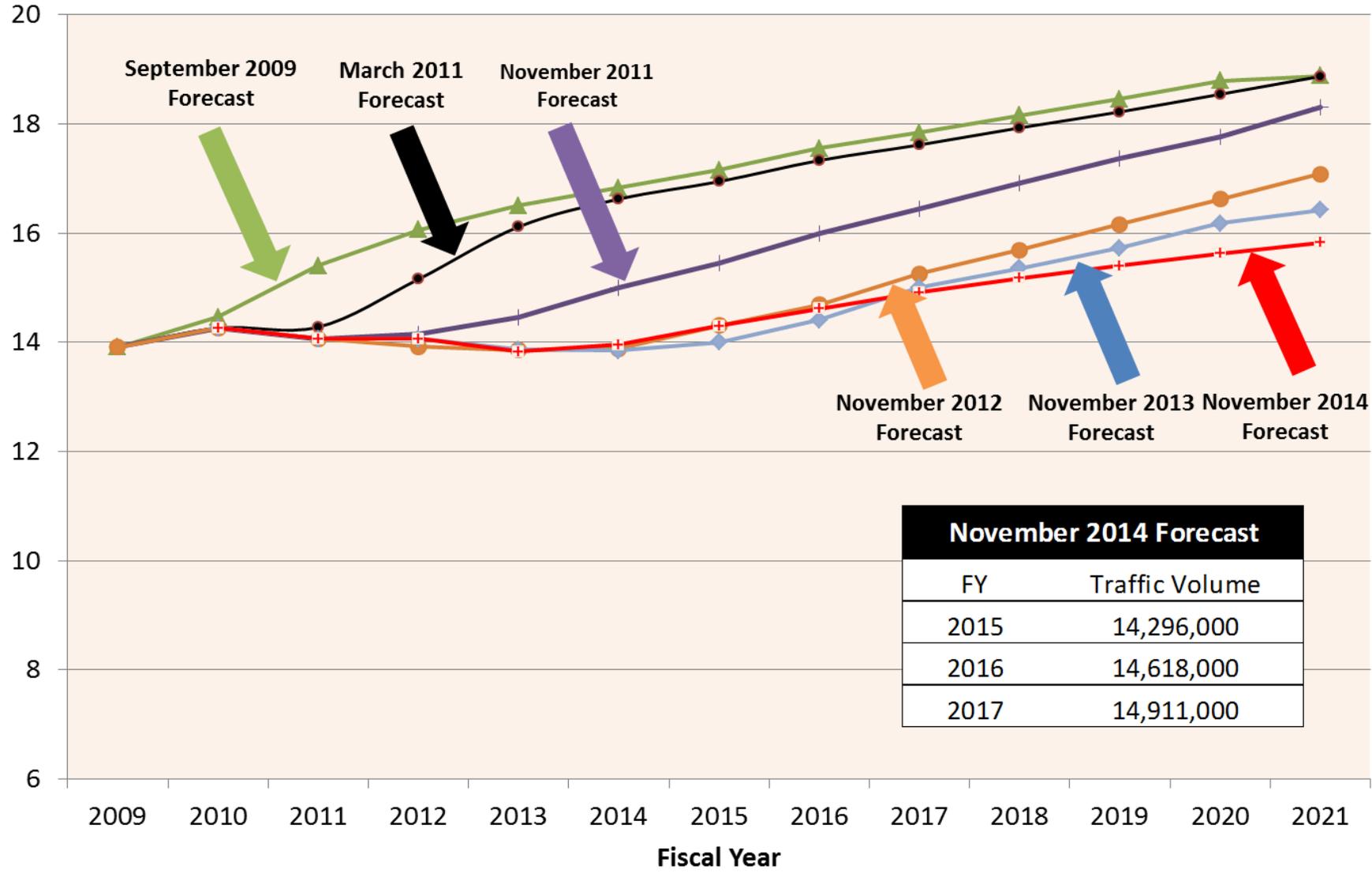
- Debt service payment schedule was set when project was originally financed in 2002
- Payments and toll rates were assumed to increase over time in the 2002 plan
- Repayment for deferred sales taxes to begin in FY 2019 for ten years

# Sufficient Minimum Balance

- **Washington State Transportation Commission requires that the TNB fund balance be kept at a sufficient level to ensure bonds can be paid in the event of unexpected circumstances**
  - Bridge insurance covers only loss of bridge and revenue interruption due to catastrophe, after 10 days and with a \$10m deductible
  - Fund balance remains in the TNB account
- **Balance within a given month should not be forecasted to fall below an amount equal to 12.5% of annual expenses**
  - Monthly balance is averaged over three months retrospectively
  - Intended to cover 45 days of interruption of toll collection
- **Civil penalty revenues and the cost of adjudication program are excluded from the sufficient balance test**
  - Revenue includes amounts due but not yet received
  - Net revenue from civil penalties is pledged to repay \$5.288M loan from the motor vehicle fund

# Forecasted Annual Eastbound Traffic

*In millions*



November 2014 Forecast	
FY	Traffic Volume
2015	14,296,000
2016	14,618,000
2017	14,911,000

# How to Read the Financial Plan

Tacoma Narrows Toll Bridge Account (511)  
 Financial Plan - Updated on January 16, 2015 - DRAFT

**DRAFT**

Printed on: 1/19/2015

Forecasted revenue is based on adopted November 2014 TRFC Forecast. Forecasted expenses for FY 2016-17 are based on the Governor's proposed budget.

Historical Revenues and expenses from 2006 - 2014 are based on TNB Income Statements  
 (Amounts in thousands of nominal dollars except toll rates)

Fiscal Year	Actuals		Rate Setting Biennium Forecast			
	2014	2015	2016	2017	2018	2019
<b>Toll Rate (Good To Go! Pre-Pay)</b>	\$4.25	\$4.50	\$4.50	\$4.50	\$4.50	\$ 4.50
<b>Toll Rate (Cash)</b>	\$5.25	\$5.50	\$5.50	\$5.50	\$5.50	\$ 5.50
<b>Toll Rate (Pay-By-Mail)</b>	\$6.25	\$6.50	\$6.50	\$6.50	\$6.50	\$ 6.50
<b>Beginning Fund Balance (Financial Statements)</b>	11,578	9,081	12,351	10,890	2,015	(3,685)
<b>Sources of Toll Revenue Funds 1</b>						
Interest Earnings from Tacoma Narrows Account (511) 2	15	21	21	21	21	21
Interest Earnings from Toll Collection Account (495) 2	7	8	8	8	8	8
Toll Revenue - Good To Go! Pre-Pay & Cash	60,159	66,162	67,566	68,727	69,881	70,931
Toll Revenue - Pay By Mail	2,980	2,726	2,839	3,009	3,091	3,138
Transponder Sales Revenue	306	248	191	210	181	189
Violations	9	-	-	-	-	-
Fees 3	337	302	315	334	343	348
Contractual Damages 4	306	-	-	-	-	-
Miscellaneous Revenue 5	43	-	-	-	-	-
<b>Total Sources of State Funds</b>	<b>64,163</b>	<b>69,467</b>	<b>70,940</b>	<b>72,309</b>	<b>73,525</b>	<b>74,635</b>
<b>Uses of Toll Revenue Funds 6</b>						
Toll CSC Vendor Contract	(2,122)	(2,389)	(2,506)	(2,552)	(2,529)	(2,970)
Toll Booth and Lane Vendor Contract	(3,270)	(3,469)	(3,146)	(3,146)	(3,146)	(3,146)
Insurance 7	(1,594)	(1,655)	(1,700)	(1,700)	(1,700)	(1,700)
Credit Card and Bank Fees	(1,121)	(1,157)	(1,291)	(1,342)	(1,371)	(1,403)
Transponder Cost of Goods Sold	(215)	(161)	(279)	(328)	(178)	(182)
Washington State Patrol	-	-	-	-	-	-
Other Toll Operations Costs	(260)	(313)	(296)	(348)	(239)	(232)
Personal Service Contracts 8	(615)	(1,142)	(927)	(678)	(334)	(330)
Capital Outlays (Software Asset)	-	-	-	-	-	-
Salaries and Benefits	(523)	(675)	(1,220)	(1,198)	(794)	(771)
Administrative Transfers Out	-	-	-	-	-	-
Infrastructure Maintenance	(254)	(373)	(685)	(550)	(617)	(594)
<b>Subtotal: Operations and Maintenance Uses of Funds</b>	<b>(9,975)</b>	<b>(11,333)</b>	<b>(12,050)</b>	<b>(11,843)</b>	<b>(10,909)</b>	<b>(11,328)</b>
<b>Subtotal: Operating Sources less Operating Uses</b>	<b>54,188</b>	<b>58,134</b>	<b>58,890</b>	<b>60,467</b>	<b>62,617</b>	<b>63,307</b>
Debt Service Payment 9	(54,344)	(53,106)	(61,385)	(70,549)	(69,115)	(72,590)
Debt Service Withholding 9	(579)	(1,542)	(891)	492	(714)	(212)
<b>Subtotal: Uses of Funds incl. Debt Service</b>	<b>(64,897)</b>	<b>(65,981)</b>	<b>(74,326)</b>	<b>(81,899)</b>	<b>(80,737)</b>	<b>(84,130)</b>
Deferred Sales Tax Repayment 10	-	-	-	-	-	(5,791)
Preservation and Repair & Replacement (early years covered by ca	-	-	-	-	-	(201)
<b>Total Uses of Toll Funds</b>	<b>(64,897)</b>	<b>(65,981)</b>	<b>(74,326)</b>	<b>(81,899)</b>	<b>(80,737)</b>	<b>(90,122)</b>
<b>Current Year Sources less Uses Balance</b>	<b>(735)</b>	<b>3,486</b>	<b>(3,386)</b>	<b>(9,590)</b>	<b>(7,212)</b>	<b>(15,486)</b>
<b>Cumulative Sources Less Uses Balance</b>	<b>3,484</b>	<b>6,970</b>	<b>3,584</b>	<b>(6,006)</b>	<b>(13,218)</b>	<b>(28,704)</b>
Beginning Capital Balance	3,922	3,922	2,853	2,336	1,660	858
Total Sources of Capital Funds	-	-	-	-	-	-
Preservation and Repair and Replacement (covered by Capital Bala	-	(1,069)	(517)	(676)	(801)	(858)
Ending Capital Balance	3,922	2,853	2,336	1,660	858	-
<b>Sources Less Uses + Ending Capital Balance (for Sufficiency Te</b>	<b>7,406</b>	<b>9,823</b>	<b>5,920</b>	<b>(4,346)</b>	<b>(12,359)</b>	<b>(28,704)</b>
<b>12.5% Sufficient Minimum Balance</b>	8,112	8,248	9,291	10,237	10,092	11,265
<b>Lowest 3-month Rolling Average Balance</b>	-	6,256	3,638	(6,472)	-	-
<b>Amount Above/Below Sufficient Minimum Balance</b>	-	(1,992)	(5,653)	(16,709)	-	-
<b>Civil Penalty Program - FOR INFORMATIONAL PURPOSES ONLY, NOT INCL. IN SUFFICIENCY FUND BALANCE 11</b>						
Civil Penalty Revenue (not incl. in Operating Revenue)	(649)	3,427	3,573	3,785	3,888	3,947
Civil Penalty Adjudication Costs (not incl. in Operating Expense	(1,113)	(1,623)	(1,132)	(1,443)	(1,100)	(1,100)
<b>Subtotal: Civil Penalty Net Revenue</b>	<b>(1,762)</b>	<b>1,804</b>	<b>2,441</b>	<b>2,342</b>	<b>2,788</b>	<b>2,847</b>
Scheduled Motor Vehicle Loan Repayment	-	(950)	-	(950)	(475)	(475)
<b>Civil Penalty Net Revenue after Loan Repayments</b>	<b>(1,762)</b>	<b>854</b>	<b>2,441</b>	<b>1,392</b>	<b>2,313</b>	<b>2,372</b>
<b>Cumulative Balance for Civil Penalties</b>	<b>1,675</b>	<b>2,528</b>	<b>4,969</b>	<b>6,361</b>	<b>8,674</b>	<b>11,046</b>
<b>Ending Fund Balance (Financial Statements)</b>	<b>9,081</b>	<b>12,351</b>	<b>10,890</b>	<b>2,015</b>	<b>(3,685)</b>	<b>(17,658)</b>

Assumes no change in toll rates as a baseline

Revenues (sources of funds)

Costs other than debt service

Debt service

Change in fund balance

Fund balance remaining at year-end

Civil penalty revenue and adjudication costs excluded from sufficient balance test

# Rate Setting Overview

## What Rates Are Required?

- RCW 47.46.100 states the toll charges must be imposed in amount sufficient to:
  - Provide for annual operating and maintenance expenses, except as provided in RCW [47.56.245](#);
  - Make payments required under RCW [47.56.165](#) and [47.46.140](#), including insurance costs and the payment of principal and interest on bonds issued for any particular toll bridge or toll bridges; and
  - Repay the motor vehicle fund under RCW [47.46.110](#), [47.56.165](#), and [47.46.140](#).
- Transportation Commission policy states that the sufficient minimum balance shall not be less than 12.5 percent of annual Tacoma Narrows Bridge costs (equivalent to 45 days of working capital year round), measured on a retrospective three month rolling average fund balance

# Tacoma Narrows Bridge Rate Setting Milestones

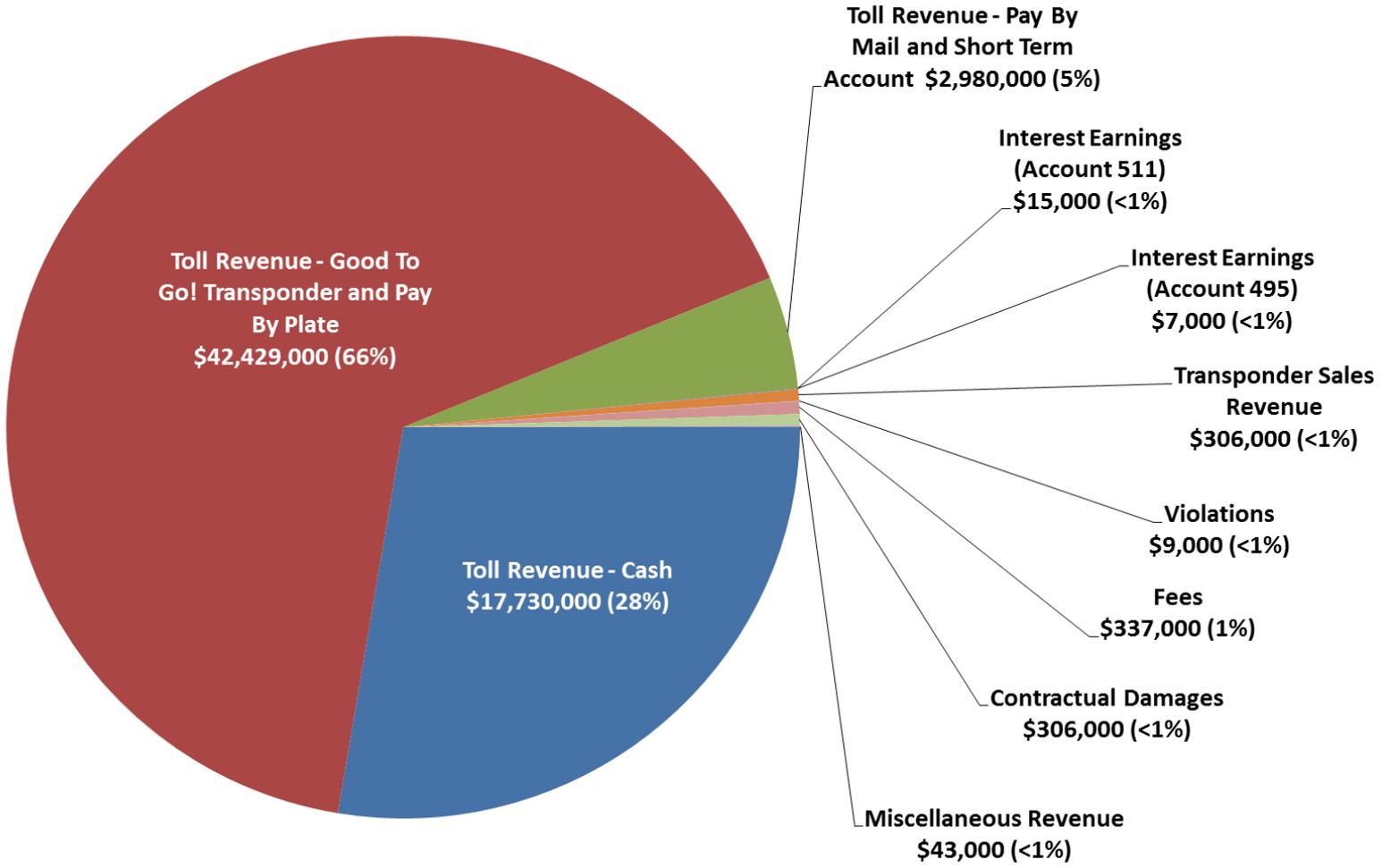
	Milestone
January 2015	File CR 101 WSTC rate setting kickoff meeting CAC rate setting kickoff meeting Financial plan/funding needs
February 2015	CAC financial plan Q&A CAC proposed scenarios Preliminary scenario results Request any additional scenarios (if necessary)
March 2015	CAC recommendation WSTC proposed rates File CR 102 (formal rate proposal)
April 2015	Public Input meetings
May 2015	Public Hearing Adopt toll rates File CR 103 (formal rate adoption)

# Traffic and Revenue

# Traffic and Revenue Highlights

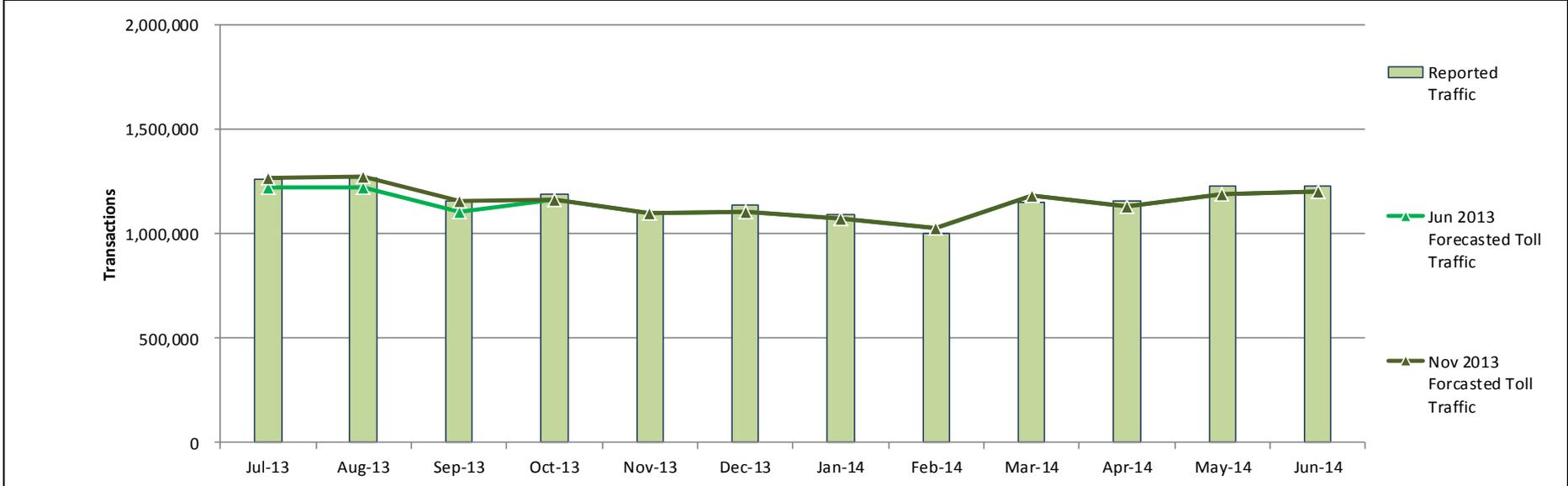
- **2015 revenue results reflect changes in accounting to match what experience suggests will be received**
  - Toll revenues not expected to be received within 80 days will be considered civil penalty revenue rather than toll revenue
  - Civil penalties revenues have been reduced to reflect what is likely to be collected
  - While traffic levels met forecast, revenue is below forecast because the forecasting was done prior to the accounting changes
- **WSDOT has contracted with a new statewide traffic and revenue forecasting consultant**
  - Previous forecasts were based on the original investment analysis
  - New model will be used to run toll rate scenarios
  - Updated data will reflect recession and changed conditions
- **Forecast baseline traffic and revenue increases ~2% each year**

# FY 2014 Sources of Funds - Actual



# FY 2014 Projected and Reported Traffic

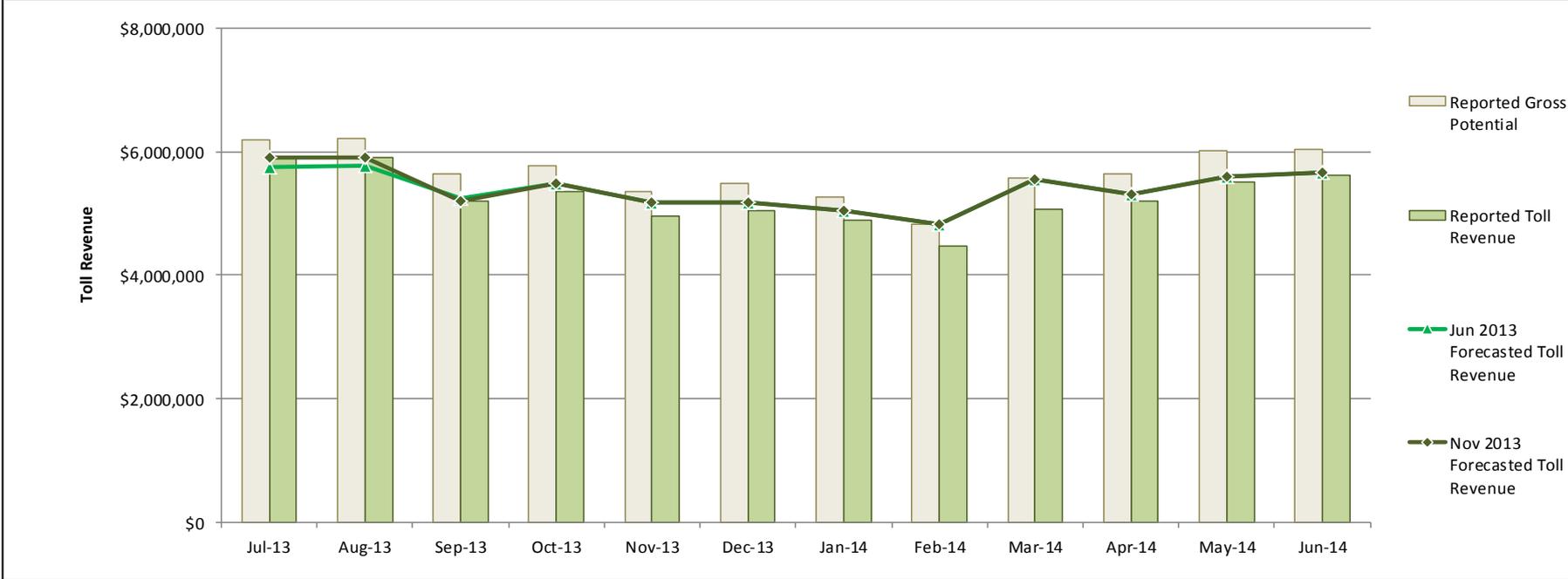
TRAFFIC	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	YTD	Annual Total
Forecasted Potential (June 2013) <sup>1</sup>	1,219,595	1,219,982	1,106,024	1,160,315	1,096,599	1,102,517	1,071,570	1,027,349	1,183,660	1,130,000	1,187,680	1,201,338	13,706,629	13,706,629
Forecasted Potential (November 2013) <sup>2</sup>	1,265,753	1,270,356	1,157,809	1,159,468	1,095,798	1,101,712	1,070,787	1,026,599	1,182,795	1,129,174	1,186,813	1,200,460	13,847,524	13,847,524
Reported Transactions <sup>3,A</sup>	1,261,915	1,266,670	1,153,860	1,186,000	1,102,564	1,134,245	1,092,010	999,868	1,146,554	1,157,650	1,229,418	1,227,986	13,958,740	13,958,740
Variance from Forecast Potential <sup>4</sup>	42,320	46,688	47,836	26,532	6,766	32,533	21,223	(26,731)	(36,241)	28,476	42,605	27,526	259,533	259,533
Variance - % change	3.5%	3.8%	4.3%	2.3%	0.6%	3.0%	2.0%	-2.6%	-3.1%	2.5%	3.6%	2.3%	1.9%	1.9%



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# FY 2014 Projected and Reported Revenue

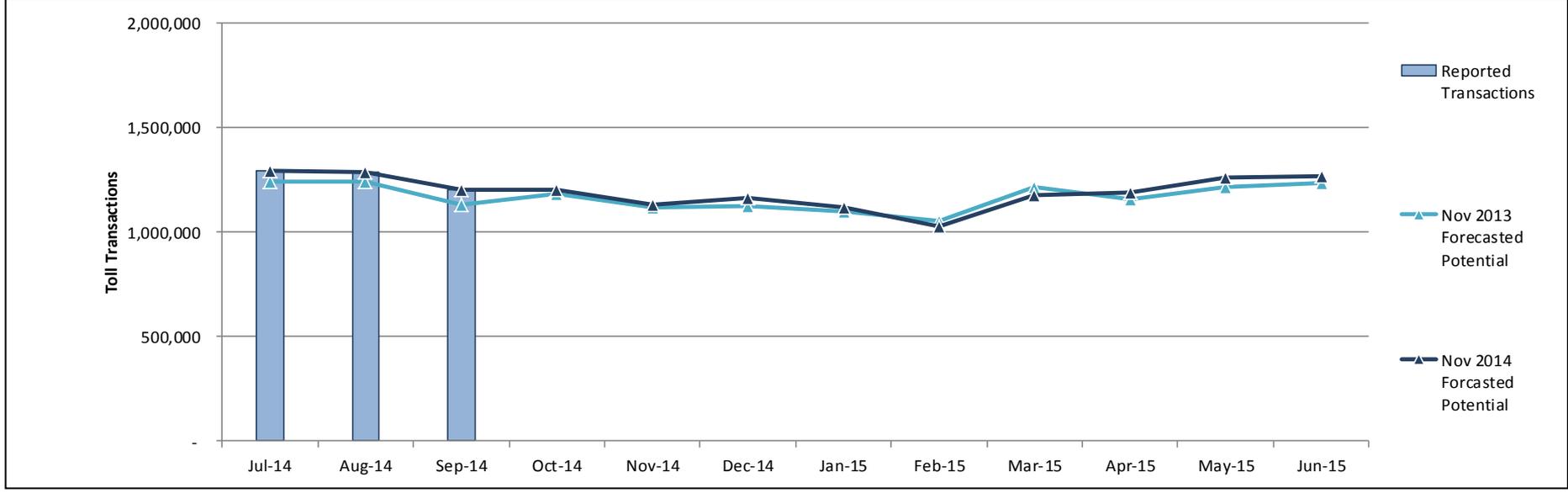
REVENUE	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	YTD	Annual Total
Forecasted Potential (June 2013) <sup>1</sup>	\$5,761,481	\$5,782,760	\$5,245,243	\$5,486,190	\$5,170,281	\$5,187,713	\$5,038,525	\$4,829,483	\$5,564,334	\$5,311,942	\$5,608,488	\$5,663,761	\$64,650,201	\$64,650,201
Forecasted Potential (November 2013) <sup>2</sup>	\$5,912,885	\$5,903,521	\$5,196,745	\$5,486,190	\$5,170,281	\$5,187,713	\$5,038,525	\$4,829,483	\$5,564,334	\$5,311,942	\$5,608,488	\$5,663,761	\$64,873,868	\$64,873,868
Forecasted Gross Potential <sup>3</sup>	\$5,761,481	\$5,782,760	\$5,245,243	\$5,486,190	\$5,170,281	\$5,187,713	\$5,038,525	\$4,829,483	\$5,564,334	\$5,311,942	\$5,608,488	\$5,663,761	\$64,650,201	\$64,650,201
Reported Gross Potential <sup>4</sup>	\$6,199,939	\$6,217,158	\$5,641,852	\$5,774,586	\$5,351,803	\$5,484,547	\$5,277,092	\$4,833,151	\$5,567,799	\$5,638,620	\$6,014,404	\$6,031,119	\$68,032,070	\$68,032,070
Variance from Forecasted Gross	\$438,458	\$434,398	\$396,609	\$288,396	\$181,522	\$296,834	\$238,567	\$3,668	\$3,465	\$326,678	\$405,916	\$367,358	\$3,381,869	\$3,381,869
Variance - % Change	7.6%	7.5%	7.6%	5.3%	3.5%	5.7%	4.7%	0.1%	0.1%	6.1%	7.2%	6.5%	5.2%	5.2%
Forecasted Adjusted <sup>5</sup>	\$5,706,032	\$5,727,106	\$5,194,762	\$5,440,366	\$5,127,096	\$5,144,382	\$4,996,440	\$4,789,144	\$5,517,857	\$5,267,573	\$5,561,642	\$5,616,454	\$64,088,854	\$64,088,854
Reported Revenue <sup>A,B</sup>	\$5,912,885	\$5,903,521	\$5,196,746	\$5,359,304	\$4,949,524	\$5,051,726	\$4,883,638	\$4,480,655	\$5,060,912	\$5,210,842	\$5,509,016	\$5,620,226	\$63,138,995	\$63,138,995
Variance From Adjusted Forecast <sup>6</sup>	\$206,853	\$176,415	\$1,983	(\$81,061)	(\$177,572)	(\$92,656)	(\$112,802)	(\$308,489)	(\$456,945)	(\$56,731)	(\$52,627)	\$3,773	(\$949,859)	(\$949,859)
Variance - % Change	3.6%	3.1%	0.0%	(1.5%)	(3.5%)	(1.8%)	(2.3%)	(6.4%)	(8.3%)	(1.1%)	(0.9%)	0.1%	(1.5%)	(1.5%)



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# FY 2015 Q1 Projected and Reported Traffic

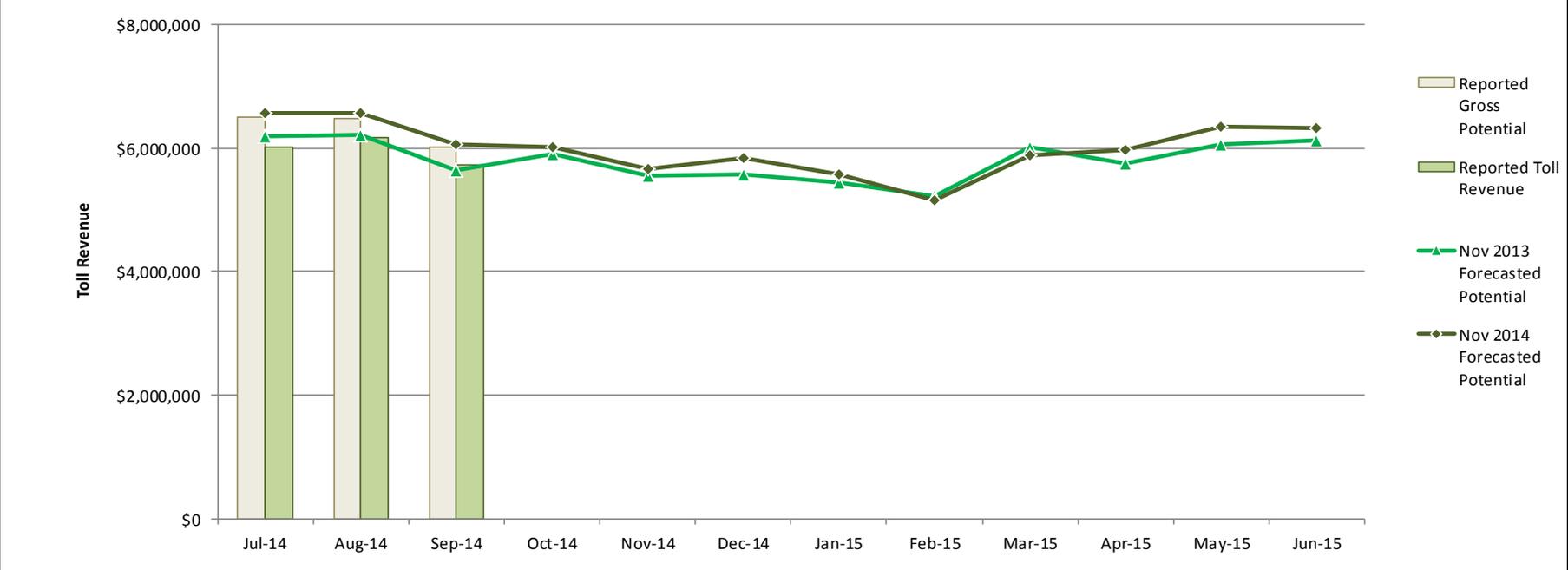
TRAFFIC	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	YTD	Annual Total
Forecasted Potential (November 2013) <sup>1</sup>	1,242,494	1,242,950	1,126,845	1,182,113	1,117,165	1,123,185	1,097,971	1,052,683	1,212,899	1,157,908	1,216,989	1,231,037	3,612,289	14,004,239
Forecasted Potential (November 2014) <sup>2</sup>	1,292,065	1,288,064	1,199,060	1,201,060	1,129,056	1,161,058	1,115,056	1,029,051	1,172,059	1,185,059	1,260,063	1,264,063	3,779,189	14,295,714
Reported Transactions <sup>3,A</sup>	1,290,551	1,286,528	1,198,265	-	-	-	-	-	-	-	-	-	3,775,344	
Variance from Forecast Potential <sup>4</sup>	48,057	43,578	71,420	-	-	-	-	-	-	-	-	-	163,055	
Variance - % change	3.9%	3.5%	6.3%	-	-	-	-	-	-	-	-	-	4.5%	



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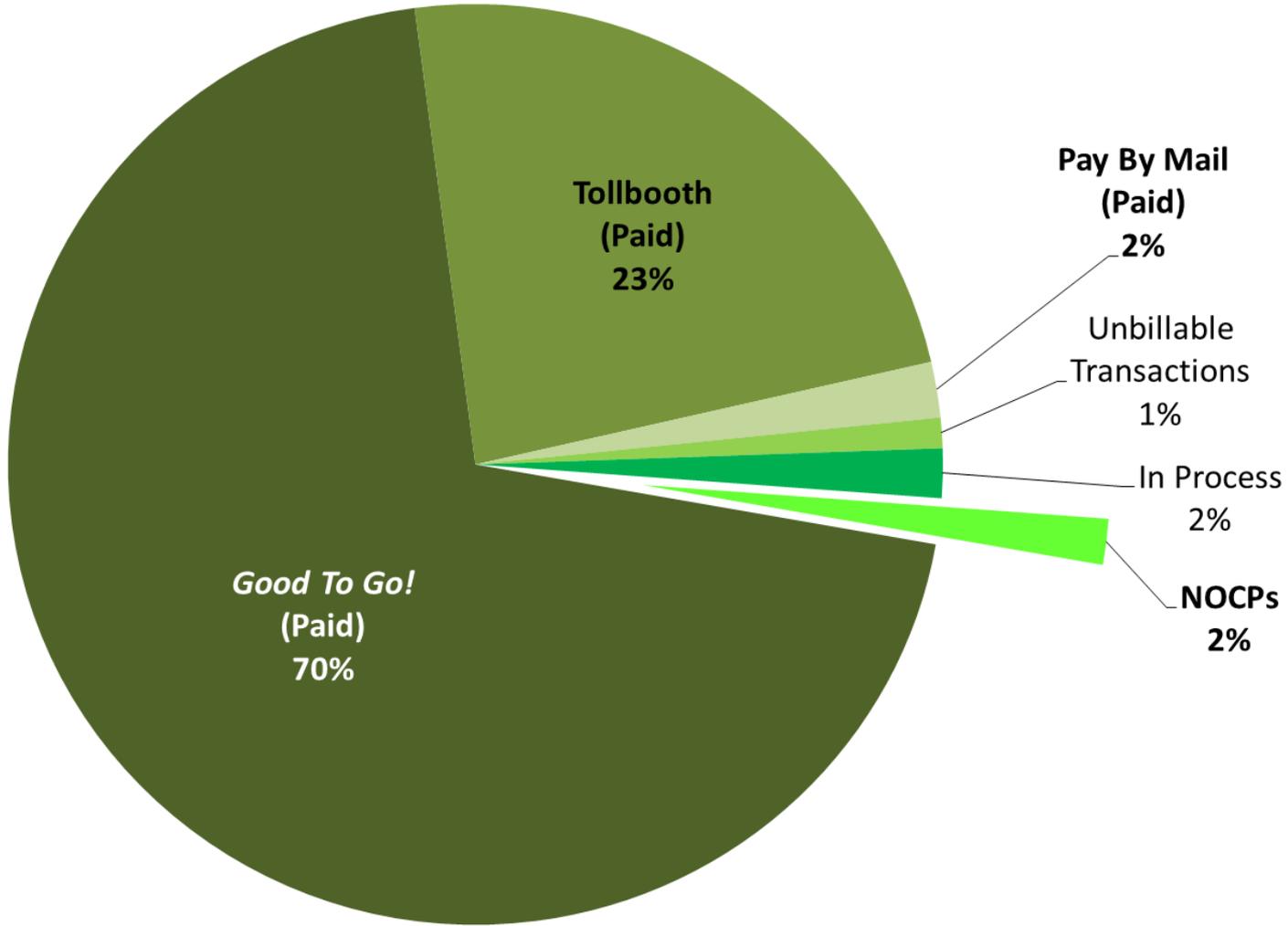
# FY 2015 Q1 Projected and Reported Revenue

REVENUE	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	YTD	Annual Total
Forecasted Potential (November 2013) <sup>1</sup>	\$6,192,985	\$6,217,036	\$5,638,958	\$5,897,197	\$5,557,174	\$5,576,064	\$5,446,363	\$5,221,191	\$6,017,371	\$5,744,281	\$6,062,884	\$6,124,928	\$18,048,979	\$69,696,432
Forecasted Potential (November 2014) <sup>2</sup>	\$6,562,452	\$6,559,450	\$6,066,419	\$6,016,420	\$5,674,395	\$5,846,406	\$5,584,390	\$5,160,360	\$5,891,410	\$5,965,415	\$6,356,440	\$6,336,442	\$19,188,321	\$72,019,999
Forecasted Gross Potential <sup>3</sup>	\$6,192,985	\$6,217,036	\$5,638,958	\$6,016,420	\$5,674,395	\$5,846,406	\$5,584,390	\$5,160,360	\$5,891,410	\$5,965,415	\$6,356,440	\$6,336,442	\$18,048,979	\$70,880,657
Reported Gross Potential <sup>4</sup>	\$6,496,847	\$6,489,230	\$6,020,851	-	-	-	-	-	-	-	-	-	\$19,006,928	
Variance From Forecasted Gross Potential	\$303,862	\$272,194	\$381,893	-	-	-	-	-	-	-	-	-	\$957,949	
Variance - % Change	4.9%	4.4%	6.8%	-	-	-	-	-	-	-	-	-	5.3%	
Forecasted Adjusted <sup>5</sup>	\$6,143,365	\$6,167,223	\$5,593,777	\$5,754,778	\$5,427,627	\$5,592,158	\$5,341,537	\$4,935,947	\$5,635,205	\$5,705,992	\$6,080,012	\$6,060,883	\$17,904,364	\$68,438,503
Reported Toll Revenue <sup>A,B</sup>	\$6,013,436	\$6,169,873	\$5,728,594	-	-	-	-	-	-	-	-	-	\$17,911,903	
Variance From Adjusted Forecast <sup>6</sup>	(\$129,929)	\$2,650	\$134,817	-	-	-	-	-	-	-	-	-	\$7,538	
Variance - % Change	(2.1%)	0.0%	2.4%	-	-	-	-	-	-	-	-	-	0.0%	



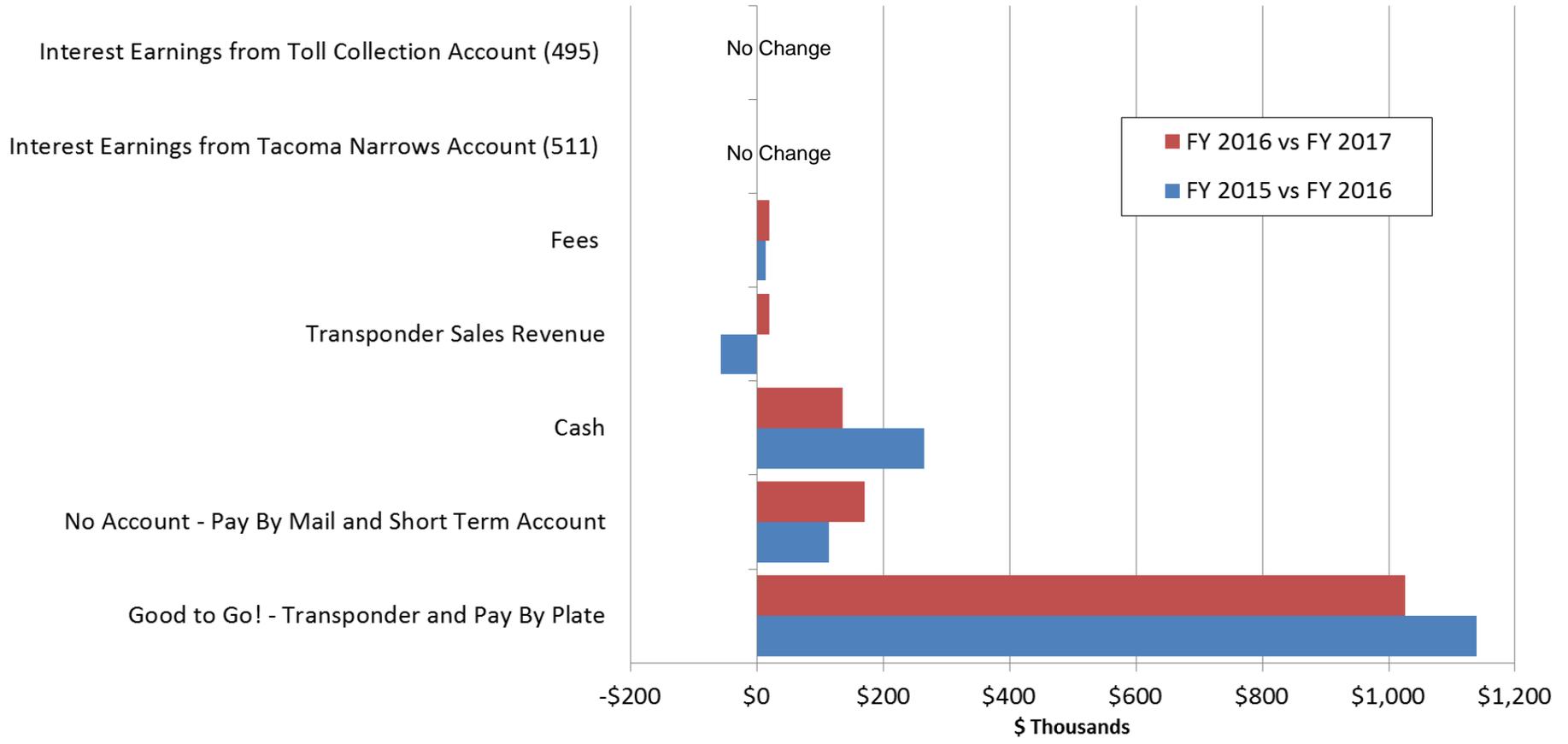
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# Transactions by Form of Payment – FY 2014



Source: WSDOT Toll Division – June 2014

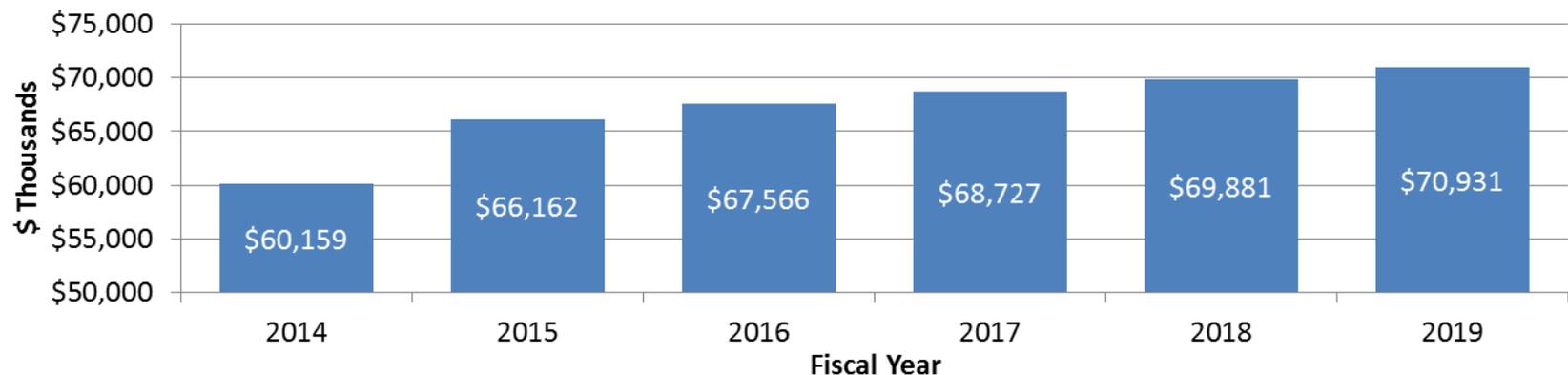
# Change in Forecasted Revenue FY15 to FY16 and FY16 to FY17



# Sources of Funds

## Toll Revenue – *Good To Go!* Pre-Pay and Cash

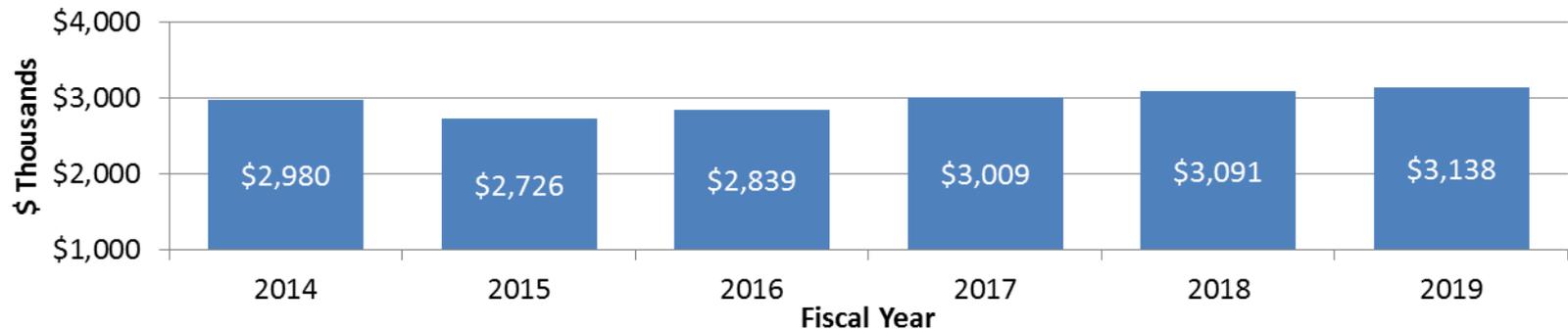
- The minor revenue growth from *Good to Go!* Pre-Pay and Cash is largely attributable to small increases in area population and employment
- As growth occurs in the catchment area of the TNB, it is assumed that a higher percentage of this growth will be frequent users of the facility, and therefore much more likely to pay via a *Good To Go!* pass rather than cash
- *Good To Go!* pass payment splits were increased slightly throughout the forecast while cash transaction payment splits were decreased



# Sources of Funds

## Toll Revenue – Pay By Mail

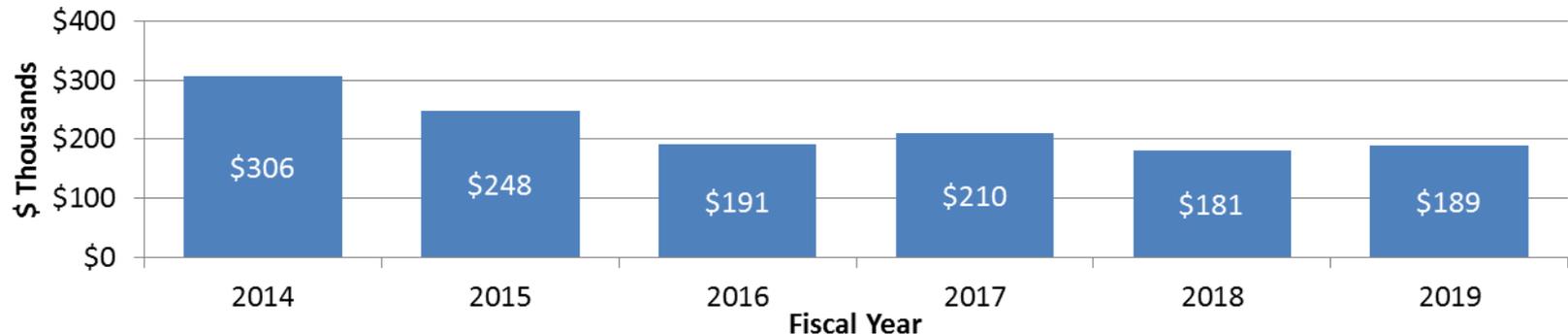
- Recent trends have shown an increase in the share of photo-based transactions, which include Pay By Mail transactions
- Pay By Mail transactions will continue to grow until peaking at about 14 percent of overall transactions by FY 2021. This Pay By Mail transaction growth results in higher revenue growth than the *Good to Go!* Pre-Pay and Cash payment methods



# Sources of Funds

## Transponder Sales Revenue

- Transponder sales revenue projections are lower than transponder costs due to an increase in the average transponder cost as new Flex Passes are sold. The increase in average cost was not incorporated into the projected revenue.
- An adjustment will be made to future transponder sales revenue forecasts
- Transponder sales will equal receipts

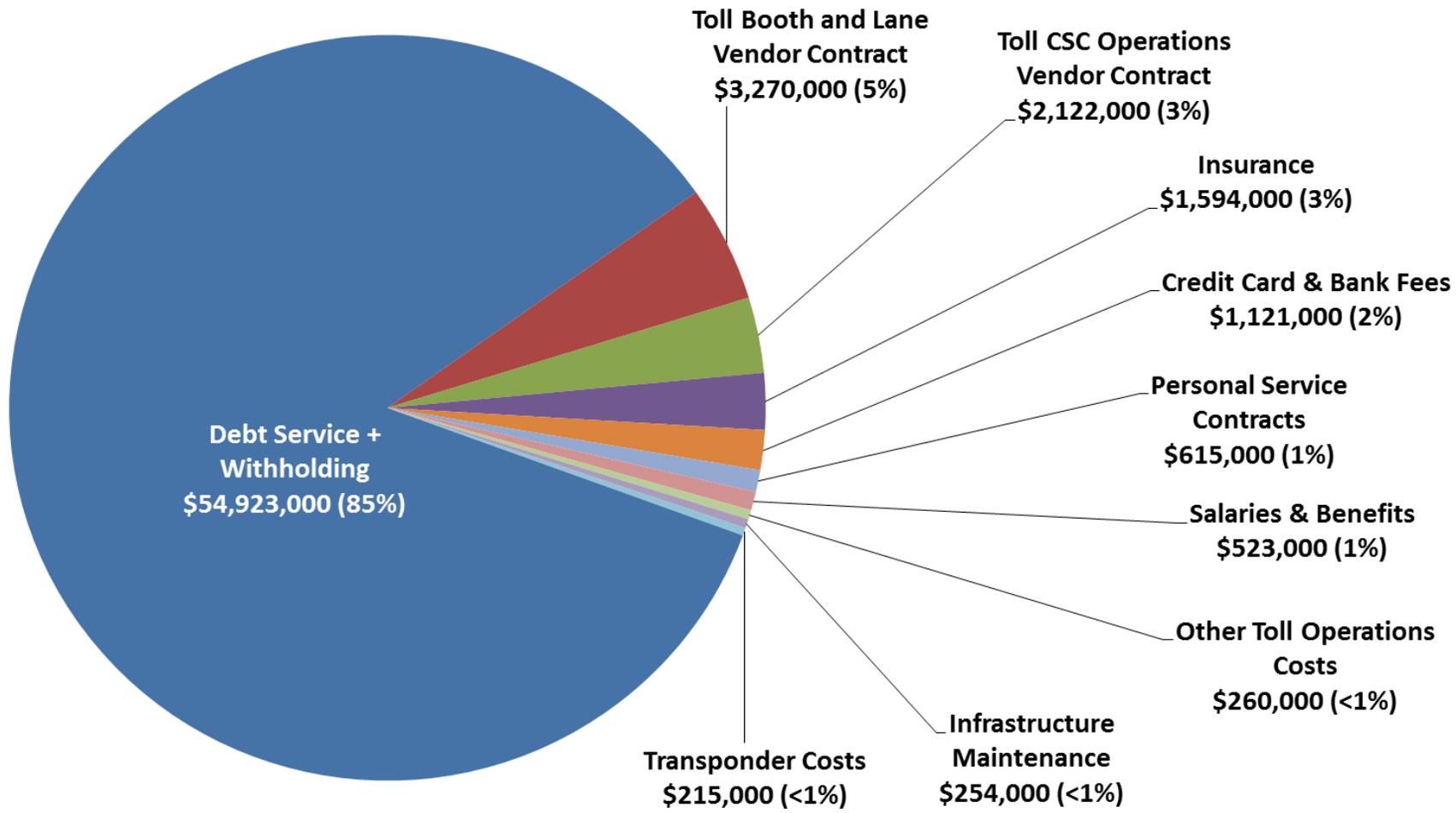


# Toll Collection and Facility Costs

# Cost Highlights

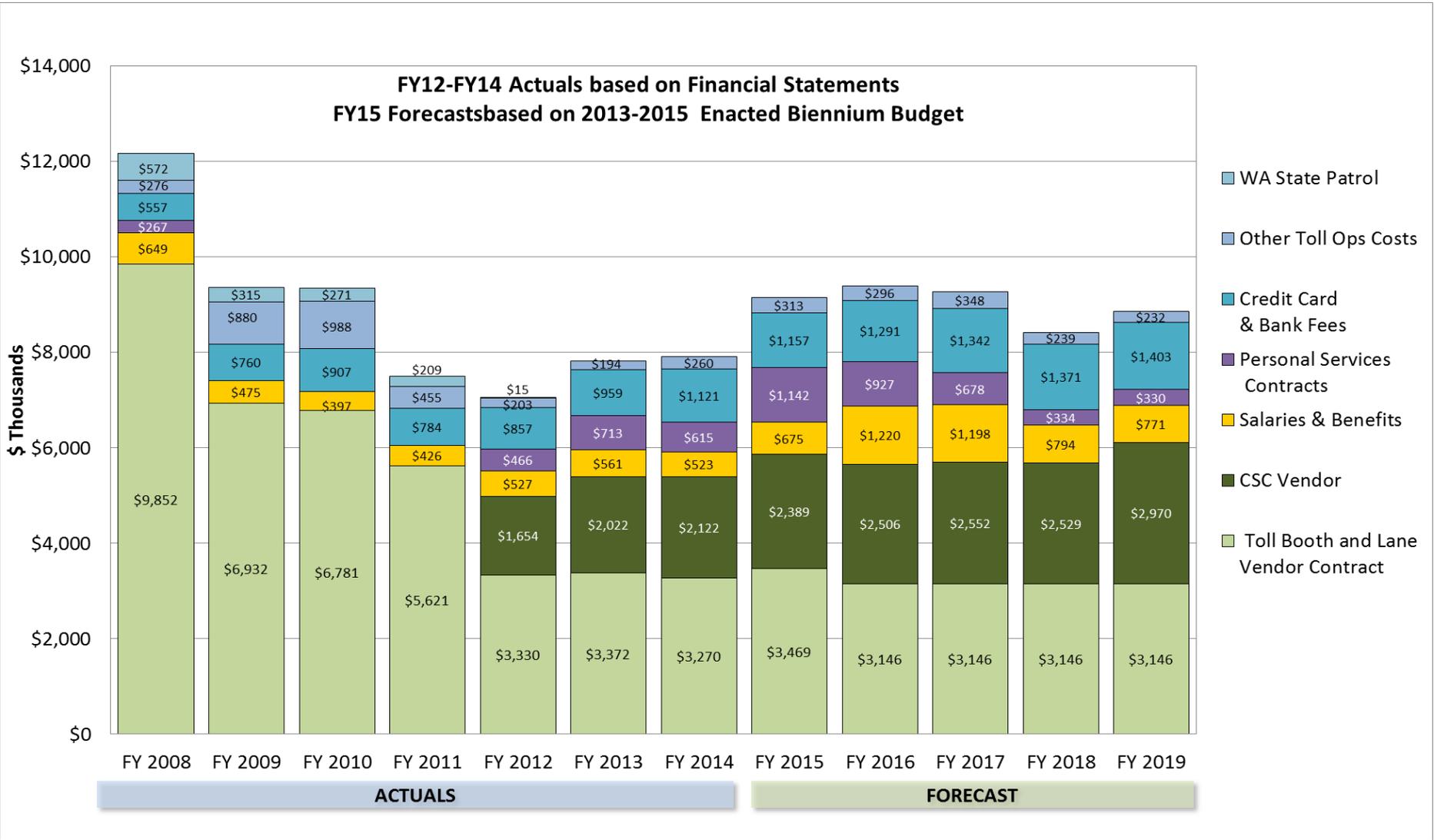
- **FY 2015 Supplemental Budget included expenses to prepare for reprocurement of customer service vendor**
  - Current CSC vendor contract expires in 2016 with possible extension to 2018
  - Contingency in case existing contractor is unable to meet requirements
  - Includes salary and consultant expenses in 2015 and 2016
- **Governor's proposed FY 2015-17 budget directs the Toll Division to become self-sufficient. Administrative positions and consultant expenses currently paid from capital funds to be funded from toll operating budget**
  - SR 16 Tacoma Narrows Bridge, SR 520 Bridge, and SR 167 HOT Lanes will each pay a share of these central administrative expenses
  - Development of new toll systems is a capital expense funded by capital projects, but expenses transition to toll operating budget at opening
- **Facility maintenance and preservation cost changes**
  - Maintenance costs higher as new bridge warranties expire
  - Bridge resurfacing in two phases

# FY 2014 Uses of Funds - Actual

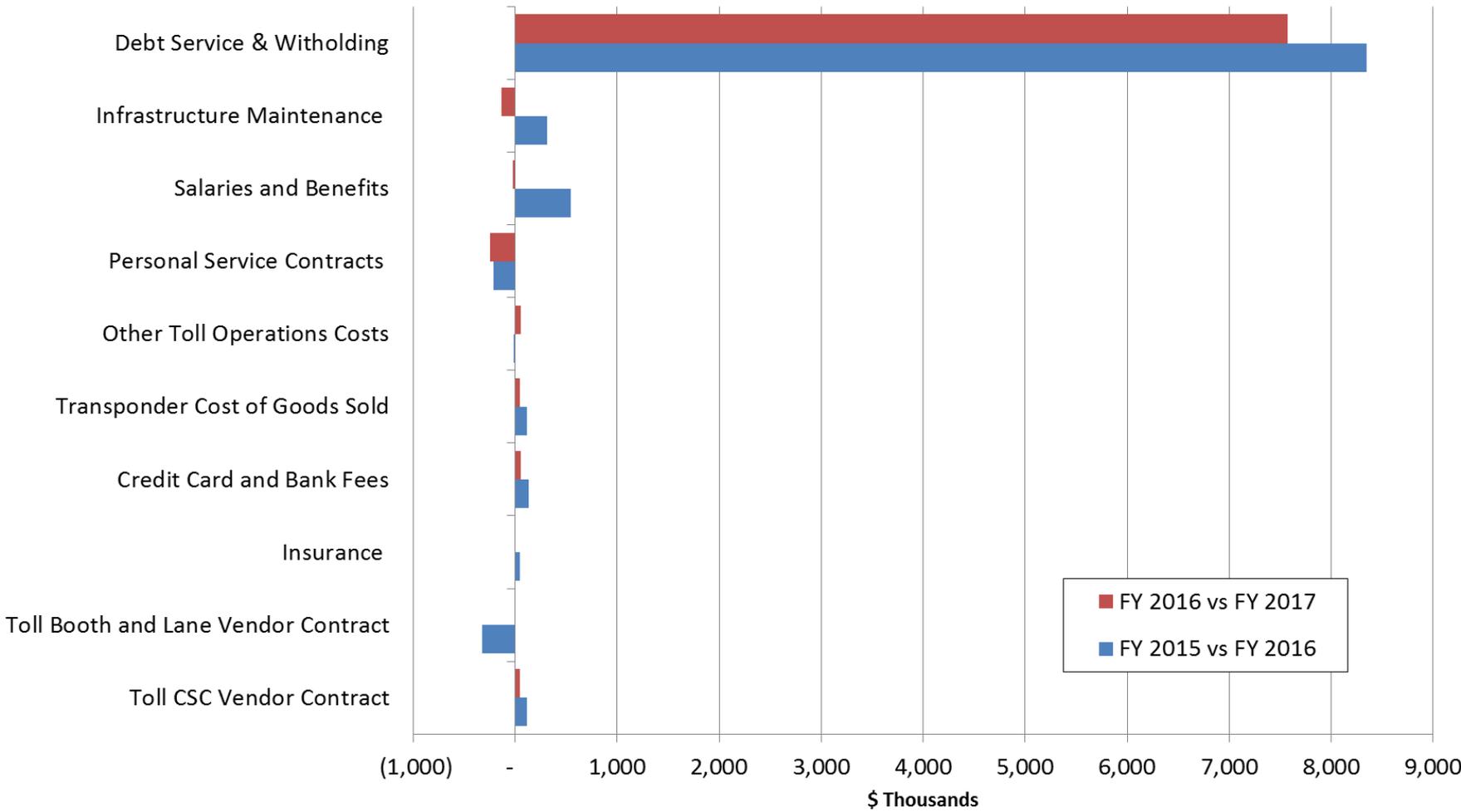


# Uses of Funds - Summary

## Historical and Budgeted Toll Operation Expenses



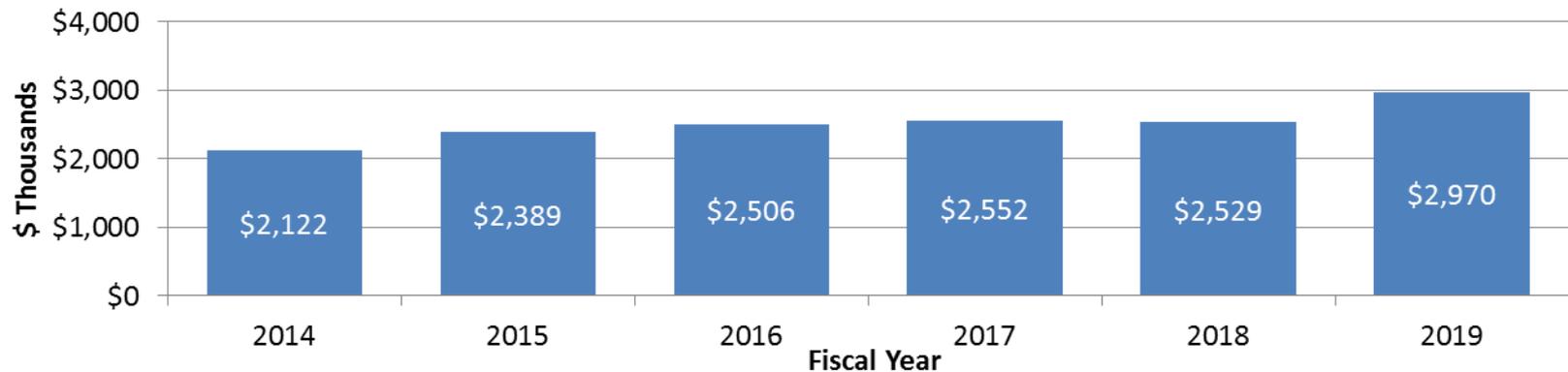
# Changes in Forecasted Expenses FY15 to FY16 and FY16 to FY17



# Use of Funds

## Toll CSC Vendor Contract

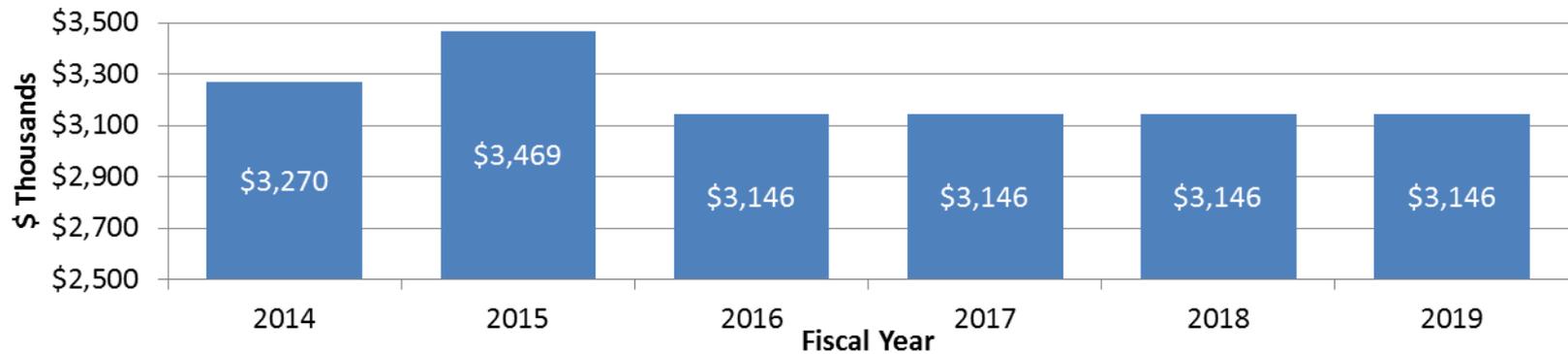
- Includes costs associated with re-procurement of a new CSC vendor
  - \$278k in FY 2015 and \$245k in FY 2016
- Re-procurement costs will be included in Preservation and Repair and Replacement in future years



# Use of Funds

## Toll Booth and Lane Vendor Contract

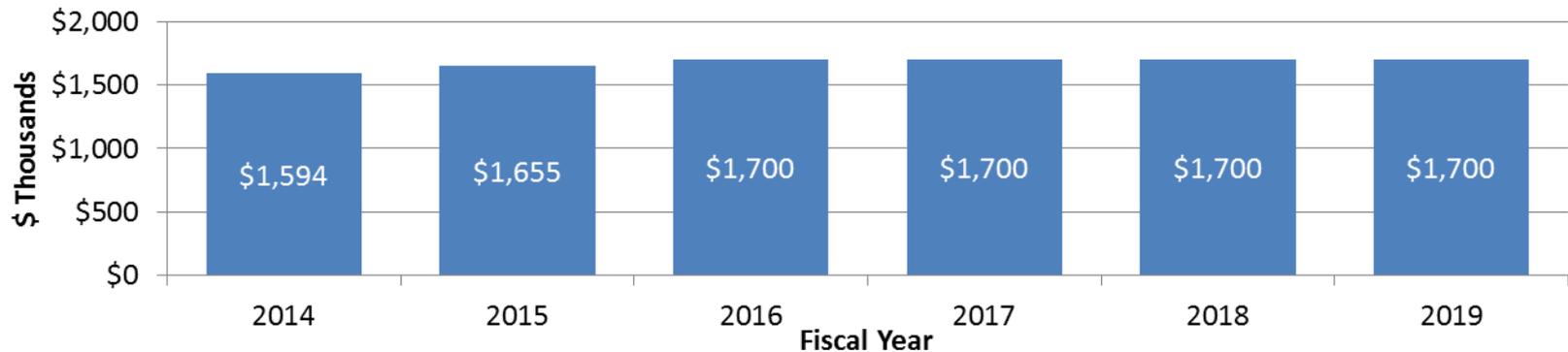
- Toll Booth and Lane Vendor contract was re-negotiated in FY 2015, with lower costs starting in FY 2016



# Use of Funds

## Insurance

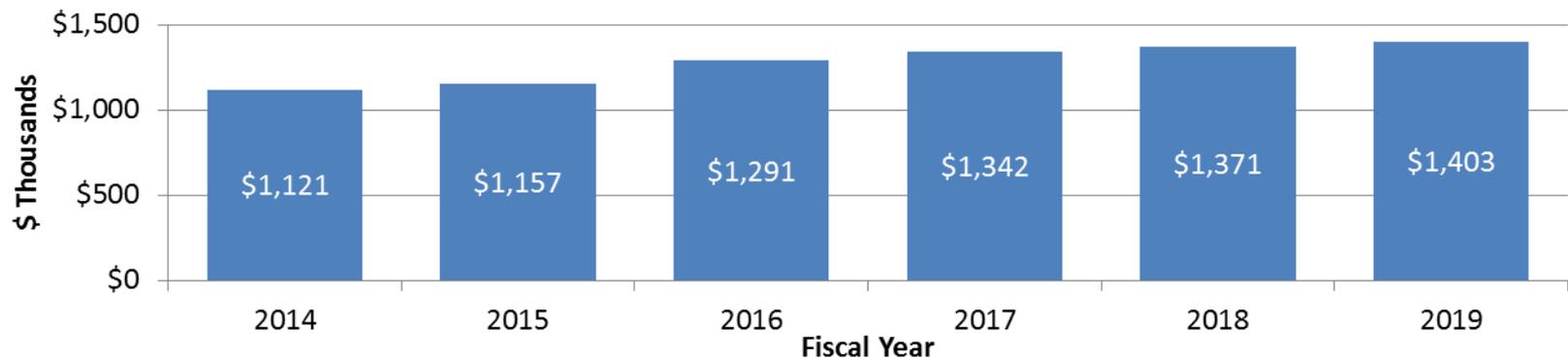
- Actual insurance costs shown through FY 2014
- Budgeted insurance costs shown for FY 2015 and beyond based on industry trends and feedback
- In addition to annual insurance payments, monthly insurance payments are made to the Department of Enterprise Services for managing the insurance process



# Use of Funds

## Credit Card and Bank Fees

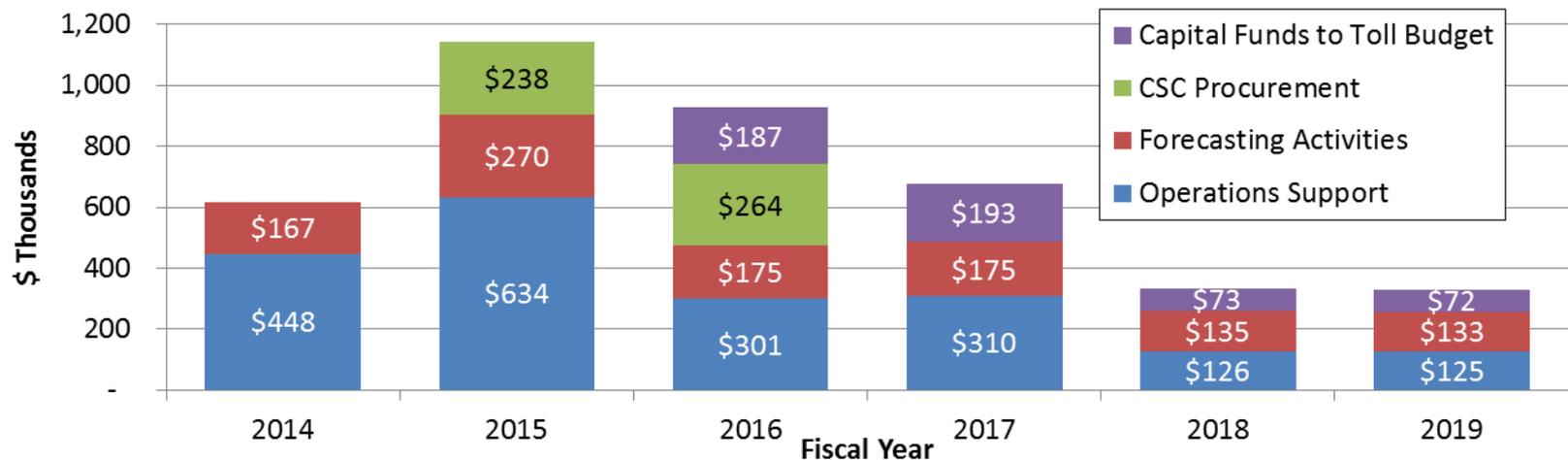
- Credit card and bank fees rise in direct proportion to revenue
- WSDOT no longer receives a discounted credit card fee rate and beginning in FY 2015, WSDOT is being charged “toll industry” rates which are slightly higher



# Use of Funds

## Personal Services Contracts

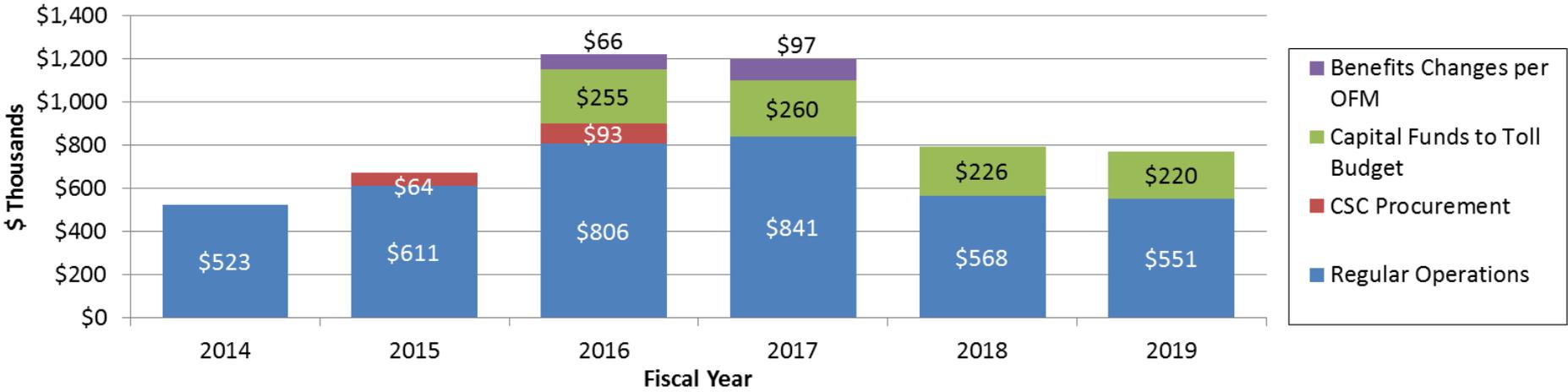
- Personal services contracts include: forecasting activities, operations support, CSC procurement costs and the transition of costs currently paid from capital funds to the toll operating budget
- Higher costs in FY 2015 and FY 2016 are primarily driven by procurement costs
- Costs are also attributable to the TNB share of the transition from capital funds to the toll operating budget
- Savings are realized in FY 2018 and FY 2019 with the addition of two facilities



# Use of Funds

## Salaries and Benefits

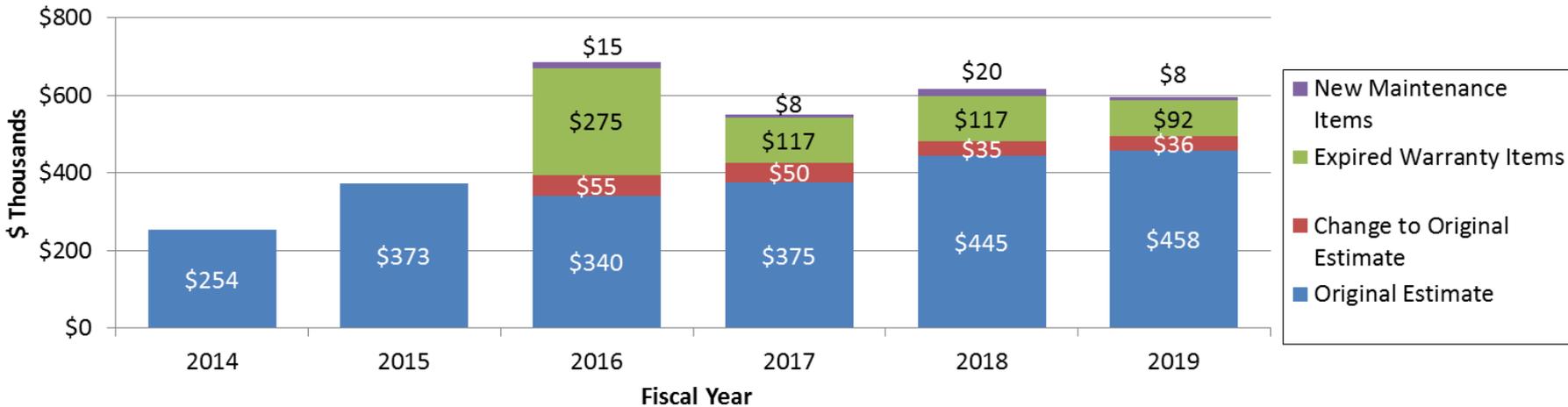
- Increased salaries and benefits are primarily attributable to the TNB share of the transition from capital funds to the toll operating budget
- This cost item also includes salaries and benefits costs related to CSC re-procurement
- A minor increase is related to a recalculation of employee benefit packages, as calculated by OFM
- Savings are realized in FY 2018 and FY 2019 with the addition of two facilities



# Use of Funds

## Infrastructure Maintenance

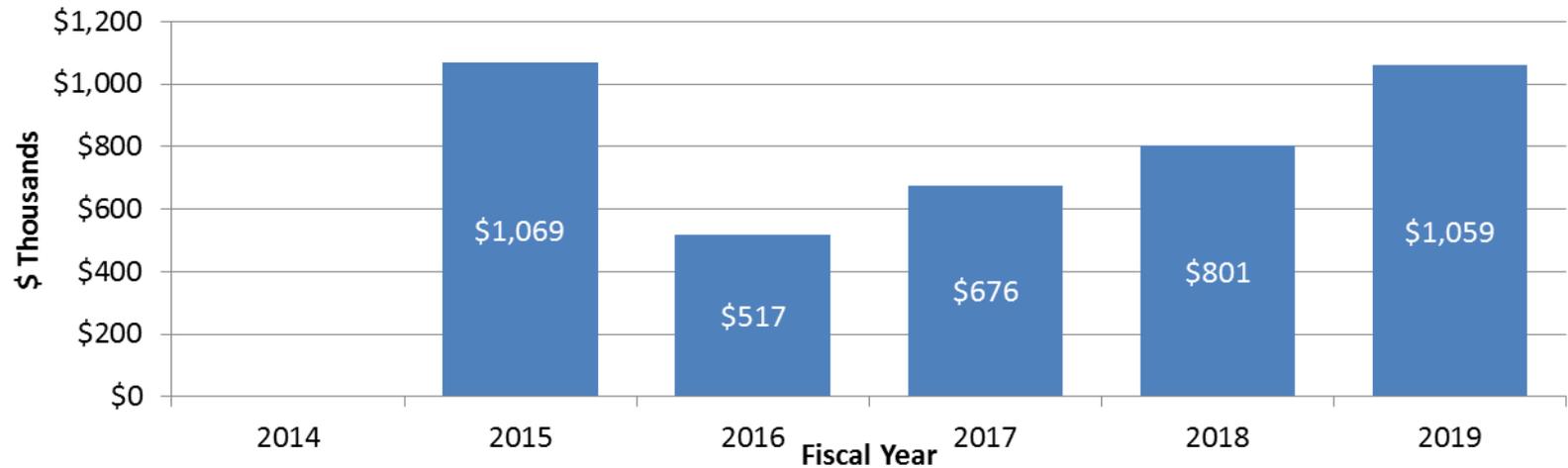
- Includes highway support staff for bridge maintenance
- Increased costs due to expired warranty maintenance items which were previously covered by warranties but which now will be funded by the toll operating budget
- New maintenance items added that are associated with the identification of additional bridge inspections required to support maintenance planning



# Use of Funds

## Preservation Repair and Replacement

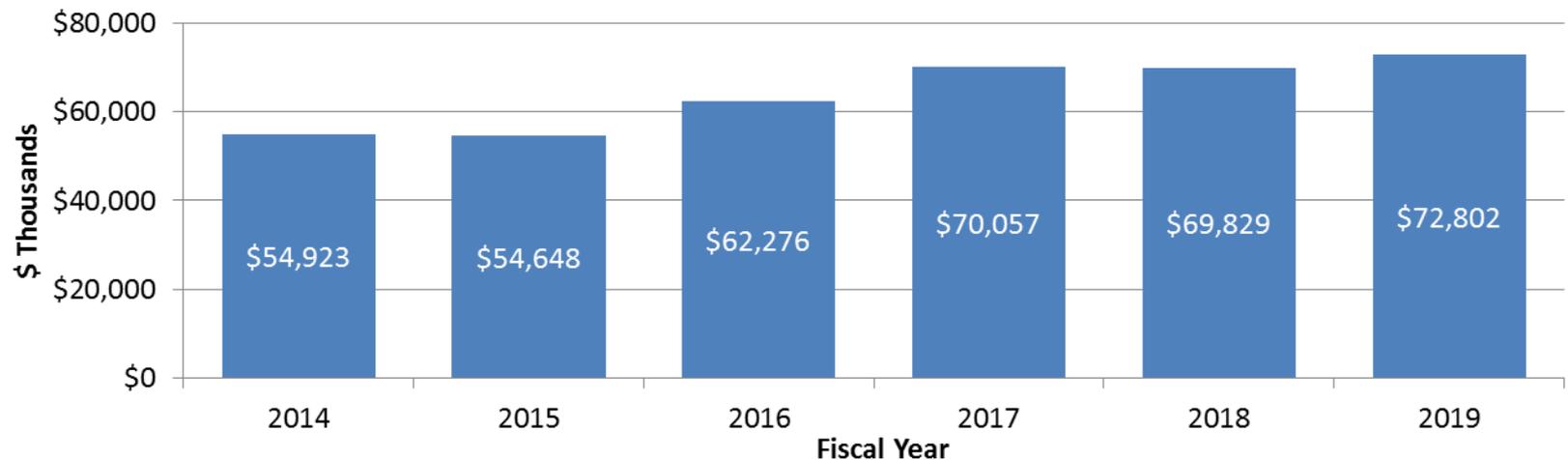
- The FY 2015 amount is driven by the \$1.06m cost for the deck resurfacing of the bridge
- Lower costs in FY 2016 and FY 2017 are related to minor improvements and upgrades, joint rehabilitation, electrical work, and required routine inspections



# Use of Funds

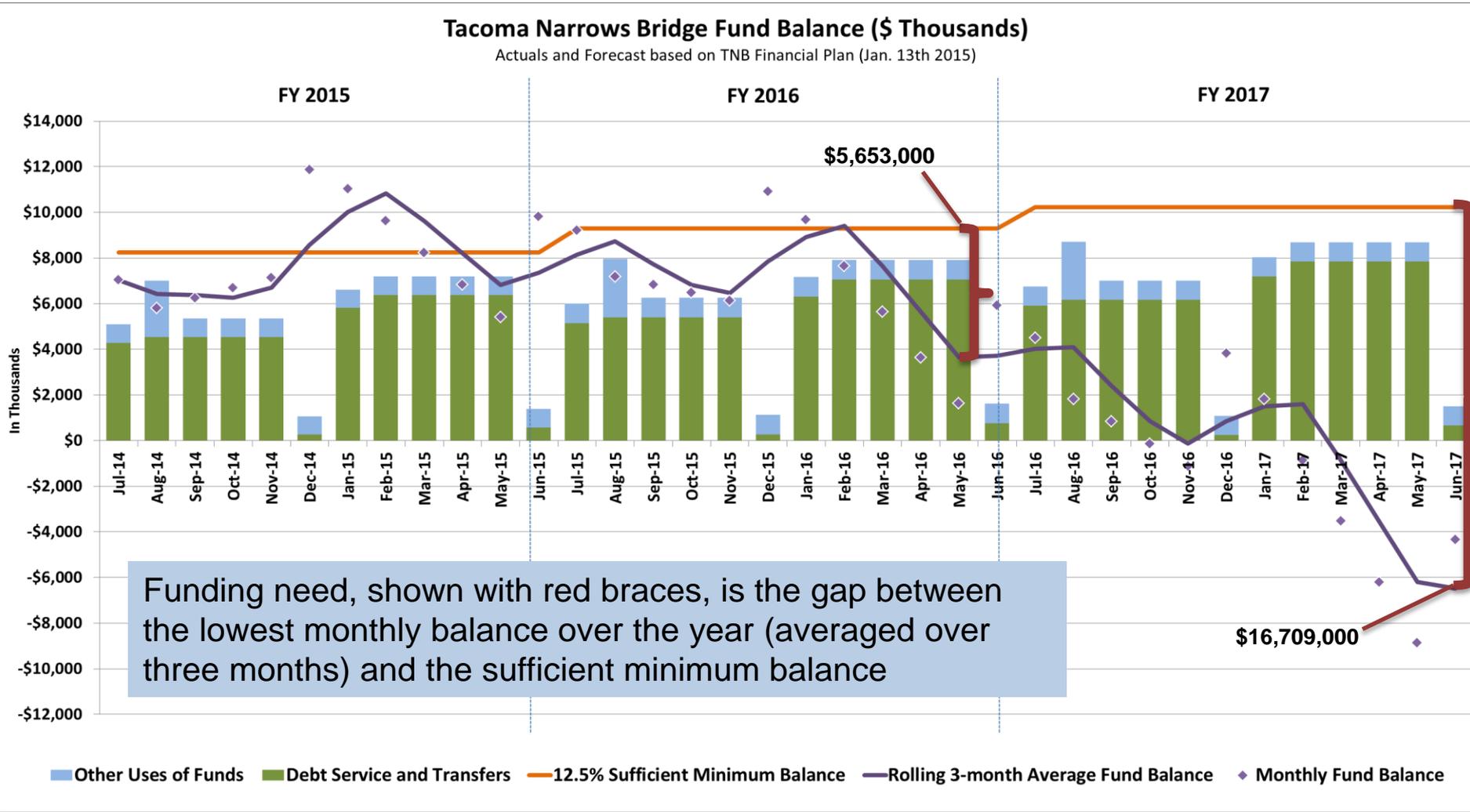
## Debt Service Payment

- The required debt service payments increase substantially in the near term due to the structure of the debt



# Sufficient Minimum Balance

## Rolling 3-month average



# For questions or further information...

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Assistant Secretary, Toll Division

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# FY 2014 Forecasted and Reported Toll Traffic

## Footnotes (slide 12)

- 1 Data is based upon the TRFC June 2013 Forecast without non-revenue transaction adjustment. The remaining months of the forecast, italicized and gray highlight are for information purposes.
  - 2 The data is based upon the TRFC November 2013 Forecast adjusted for non-revenue transactions. The first three months of the November Forecast were updated to reflect actual transactions prior to removal of duplicate and non-revenue transactions. The first three months are presented in italics and gray highlighting for informational purposes only and are not used to calculate the variance.
  - 3 The reported traffic is based on the TNB lane collection system data adjusted for duplicate and non-revenue transactions.
  - 4 The variance is a comparison between reported transactions and the June 2013 forecast for the first three months and the November 2013 forecast for the remaining nine months.
- A Backlogged Financial Reconciliations - On February 13, 2011, WSDOT transitioned tolling customer service center operations to a new vendor - Electronic Transaction Consultants Corporation (ETCC). During the transition, the 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. At this time, ETCC has not completed key reconciliations which ensure timely and accurate processing of financial transactions and accurate system reporting. Upon completion of these reconciliations, any discrepancies identified will be addressed and necessary correcting adjustments will be made.

# FY 2014 Forecasted and Reported Toll Revenue

## Footnotes (slide 13)

- 1 Data is based upon the TRFC June 2013 Forecast without non-revenue transaction adjustment. The remaining months of the forecast, italicized and gray highlight are for information purposes.
  - 2 The data is based upon the TRFC November 2013 Forecast adjusted for non-revenue transactions. The first three months of the November Forecast were updated to reflect actual transactions prior to removal of duplicate and non-revenue transactions. The first three months are presented in italics and gray highlighting for informational purposes only and are not used to calculate the variance.
  - 3 The forecasted gross potential data comes from the June 2013 monthly forecasted potential revenue for July through September and the November 2013 monthly forecasted potential revenue for October through June.
  - 4 Reported gross potential data comes from the TCS/AVI report and WSDOT's accounting system.
  - 5 The Forecasted Adjusted Gross Toll Revenue reflects adjustments for Pay By Plate Fees, less Short-term Account Discounts and Toll Revenue Not Recognized. June 2013 TRFC is used for July, August and September; November 2013 TRFC for remaining months.
  - 6 The variance is a comparison between reported revenue and the June 2013 forecast for the first three months and the November 2013 forecast for the remaining nine months.
- A Backlogged Financial Reconciliations - On February 13, 2011, WSDOT transitioned tolling customer service center operations to a new vendor - Electronic Transaction Consultants Corporation (ETCC). During the transition, the 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. At this time, ETCC has not completed key reconciliations which ensure timely and accurate processing of financial transactions and accurate system reporting. Upon completion of these reconciliations, any discrepancies identified will be addressed and necessary correcting adjustments will be made.
- B Reports in the Subsidiary Accounting System for Tolling - After the close of the fiscal year, WSDOT determined, through independent audits, that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contained weaknesses in internal control requiring revision to existing procedures and protocols. The results of the audit findings provide concern to WSDOT, and we will take appropriate actions to remediate the issues. WSDOT will aggressively pursue actions by our contracted service provider to remediate deficiencies identified through these independent audits, as we are committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

# FY 2015 Q1 Projected and Reported Traffic

## Footnotes (slide 14)

- 1 Data is based upon the TRFC November 2013 Forecast adjusted for non-revenue transactions. The remaining months of the forecast, italicized and gray highlight are for information purposes.
  - 2 The data is based upon the TRFC November 2014 Forecast adjusted for non-revenue transactions. This forecast has not been adopted yet and is still considered DRAFT.
  - 3 The reported traffic is based on the TNB lane collection system data adjusted for duplicate and non-revenue transactions.
  - 4 The variance is a comparison between reported transactions and the November 2013 forecast for the first three months and the November 2014 forecast for the remaining nine months.
- A Backlogged Financial Reconciliations - On February 13, 2011, WSDOT transitioned tolling customer service center operations to a new vendor - Electronic Transaction Consultants Corporation (ETCC). During the transition, the 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. At this time, ETCC has not completed key reconciliations which ensure timely and accurate processing of financial transactions and accurate system reporting. Upon completion of these reconciliations, any discrepancies identified will be addressed and necessary correcting adjustments will be made.

# FY 2015 Q1 Projected and Reported Revenue

## Footnotes (slide 15)

- 1 Data is based upon the TRFC November 2013 Forecast adjusted for non-revenue transactions. The remaining months of the forecast, italicized and gray highlight are for information purposes.
  - 2 The data is based upon the TRFC November 2014 Forecast adjusted for non-revenue transactions.
  - 3 The Forecasted Gross Potential data comes from the November 2013 monthly forecasted potential revenue for July through September and the November 2014 monthly forecasted potential revenue for October through June.
  - 4 The Reported Gross Potential data comes from the TCS/AVI report, ICRS/VPS report, and WSDOT's accounting system and is subject to change pending fiscal period closeout.
  - 5 The Forecasted Adjusted Gross Toll Revenue reflects adjustments for Pay By Plate Fees, less Short-term Account Discounts and Toll Revenue Not Recognized. November 2013 TRFC is used for July, August and September; November 2014 TRFC for remaining months.
  - 6 The variance is a comparison between Reported Toll Revenue and the Forecasted Adjusted Gross Toll Revenue.
- A **Backlogged Financial Reconciliations** - On February 13, 2011, WSDOT transitioned tolling customer service center operations to a new vendor - Electronic Transaction Consultants Corporation (ETCC). During the transition, the 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. At this time, ETCC has not completed key reconciliations which ensure timely and accurate processing of financial transactions and accurate system reporting. Upon completion of these reconciliations, any discrepancies identified will be addressed and necessary correcting adjustments will be made.
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